

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

JULIE O'SHAUGHNESSY, INDIVIDUALLY, )  
AND ON BEHALF OF ALL OTHERS )  
SIMILARLY SITUATED, )

*Plaintiff,*

v.

YOUNG LIVING ESSENTIAL OILS, LC )  
D/B/A YOUNG LIVING ESSENTIAL OILS, )  
THE YOUNG LIVING FOUNDATION, INC., )  
MARY YOUNG, JARED TURNER, )  
BENJAMIN RILEY, AND CO-CONSPIRATORS, )

*Defendants.*

Case No. 1:19-cv-412

**DEFENDANT YOUNG LIVING ESSENTIAL OILS, LC'S<sup>1</sup>  
MOTION TO COMPEL ARBITRATION**

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<sup>1</sup> The Young Living Foundation, Inc., Mary Young, Jared Turner, and Benjamin Riley are concurrently filing a motion to compel Plaintiff to arbitrate her claims against them in Utah.

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Plaintiff should be compelled to arbitrate her dispute against Defendant, Young Living Essential Oils, LC (“Young Living”) with JAMS in Salt Lake City, Utah, because (1) this Court has the power to compel arbitration in Utah, (2) Plaintiff entered into a valid and binding arbitration agreement with Young Living, and (3) the Arbitration Provisions contain valid delegation clauses requiring that an arbitrator determine whether this dispute falls within the scope of the Provisions.

### **FACTS AND PROCEDURAL HISTORY**

#### **I. Plaintiff Agreed to Valid and Enforceable Arbitration Provisions.**

##### **A. Plaintiff Twice Agreed to Young Living’s Arbitration Provisions.**

Young Living is a globally recognized company, founded by Mary Young and the late D. Gary Young. It is incorporated in Utah and headquartered in Lehi, Utah. Young Living creates and manufactures therapeutic essential oils and wellness solutions and, through its Members, sells those solutions to millions of customers around the world.

On May 15, 2015, to become a Member, Plaintiff enrolled online and electronically agreed to the terms of Young Living’s (1) 2014 Member Agreement (*see* Ex. C, the “2014 Member Agreement”); (2) 2014 Policies and Procedures (*see* Ex. D, the “2014 P&P”); and Compensation Plan (*see* Ex. E, the “Compensation Plan”) (together, the “2015 Agreement”). Ex. A, Barrow Aff. ¶¶ 4-7; Ex. B, Gibbons Aff. ¶¶ 5-6, 9-13. While enrolling, Plaintiff was presented a screen stating:

I have read and agree to be bound by the terms and conditions of the Agreement (which includes this Member Agreement, the Policies and Procedures, and the Compensation Plan). . . .

Ex. B, Gibbons Aff. ¶ 9. This screen also contained active hyperlinks that directed Plaintiff to the 2014 Member Agreement, 2014 P&P, and Compensation Plan, allowing Plaintiff to read the terms contained in each. Ex. A, Barrow Aff. ¶¶ 6-7; Ex. B, Gibbons Aff. ¶¶ 10-11. Below the hyperlinks was a box stating: “I have read and agree to the terms of the Young Living Essential Oils Member Agreement. . . .” Ex. B, Gibbons Aff. ¶ 12. On May 15, 2015, Plaintiff checked a box agreeing

to all of the above language. *Id.* ¶ 12. Below the click box was a bright purple button that said “Agree and Continue” that Plaintiff clicked, transmitting her acceptance and proceeding with the transaction. *Id.* ¶ 13.

Just over three years later, on July 24, 2018, Plaintiff agreed to an amended version of the P&P when she checked a box that followed terms and conditions language reading:

I have read and agree to be bound by the terms and conditions of the new Agreement, effective August 1, 2018 (which includes this Member Agreement, the Policies and Procedures, Privacy Policy, and the Compensation Plan). . . .

Ex. B, Gibbons Aff. ¶ 14. This time there were two hyperlinks following the terms and conditions language: (1) the 2018 Policies & Procedures (*see* Ex. F, the “2018 P&P”) and (2) the 2018 Policies & Procedures FAQ (*see* Ex. G, the “2018 P&P FAQ”) (collectively, “The 2018 Agreement”). *Id.* ¶ 15; Ex. A, Barrow Aff. ¶¶ 8-9. Plaintiff was again presented with the following language: “I have read and agree to the terms of the Young Living Essential Oils Member Agreement. . . .” Ex. B, Gibbons Aff. ¶ 17. Plaintiff again checked a box agreeing to the above language, and again clicked the button that said “Agree and Continue,” transmitting her acceptance and proceeding with the transaction. *Id.* ¶¶ 17-18.

In sum, when Plaintiff enrolled with Young Living in 2015, Plaintiff confirmed she read the 2014 Member Agreement, 2014 P&P, and Compensation Plan, and she affirmatively agreed to be bound by the “terms and conditions” therein. Likewise, in 2018, Plaintiff again confirmed she read and agreed to the terms of the 2018 P&P.

**B. The Arbitration Provisions Are Valid and Enforceable.**

Both the 2014 and 2018 P&Ps contain substantively identical arbitration provisions (the

“Arbitration Provisions”).<sup>2</sup> They mandate that any dispute arising out of or relating to “the Agreement” must be resolved by arbitration in Utah:

**[A]ny controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by jury or to any court.** The arbitration will be filed with, and administered by, the American Arbitration Association (“AAA”) or Judicial Arbitration and Mediation Services (JAMS) under their respective rules and procedures.

...

All arbitration proceedings will be held **in Salt Lake City, Utah. . . .**

Ex. D, 2014 P&P § 13.2.2 (emphasis added); Ex. F, 2018 P&P § 13.2.2 (emphasis added).

The 2014 and 2018 P&Ps define “the Agreement” to include the “Young Living Member Agreement. . . , these Policies and Procedures, and the Young Living Compensation Plan.” Ex. D, 2014 P&P at § 1.3; Ex. F, 2018 P&P at § 1.3. Furthermore, the governing law provisions in the P&Ps are identical, both stating that the “laws of the state of Utah will govern disputes involving the Agreement.” Ex. D, 2014 P&P at § 13.2.3; Ex. F, 2018 P&P at § 13.

Plaintiff thus agreed to the terms of the 2014 P&P, including the Arbitration Provision, when she enrolled in May 2015 and represented that she “read and agree[d] to be bound by the terms and conditions of the Agreement (which includes . . . the Policies and Procedures).” Ex. D, 2014 P&P. Furthermore, the terms of the 2014 P&P, including the Arbitration Provision, are incorporated into the 2014 Member Agreement that Plaintiff consented to in May 2015:

You acknowledge and agree that you have **carefully read and agree to comply with the Policies and Procedures** and the Compensation Plan, both of which are incorporated into and made part of this Member Agreement (collectively referred to as the “Agreement”).

Ex. C at § 5, 2014 Member Agreement. And, in July 2018, Plaintiff again agreed to the terms of

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<sup>2</sup> The Parties agree, to the extent any applicable agreement requires mediation of any dispute between the parties, the parties waive the mediation requirement at this time. Ex. I, May 31, 2019 E-mail thread between K. Eash and A. Tighe.

the 2018 P&P, including its substantively identical Arbitration Provision, when she represented that she “read and agree[d] to be bound by the terms and conditions of the new Agreement, effective August 1, 2018 (which includes . . . the Policies and Procedures).” Ex. F, 2018 P&P.

Accordingly, Plaintiff is bound by valid and enforceable Arbitration Provisions, requiring that she arbitrate all disputes with Young Living related to the Agreement in Utah.

**C. Plaintiff Breached the Arbitration Provisions When She Filed This Lawsuit.**

On April 12, 2019, ignoring the Arbitration Provisions she agreed to, Plaintiff filed this putative class action. Dkt. No. 1 (Compl.). In the Complaint, Plaintiff brings claims against defendants Young Living; the Young Living Foundation, Inc. (the “Foundation”); Young Living’s CEO (Mary Young), COO (Jared Turner), and Chief Sales Officer (Benjamin Riley) (collectively, the “Individual Defendants,” and with Young Living and the Foundation, the “Defendants”). Plaintiff alleges Defendants are operating a pyramid scheme in violation of RICO, claiming that:<sup>3</sup>

- Young Living’s Member **compensation structure**—which is set forth in Young Living’s Compensation Plan—is improperly structured as a pyramid scheme. *See, e.g., id.* ¶¶ 53–58.
- Young Living’s **business structure**—which is detailed in Young Living’s P&P and Compensation Plan—constitutes an illegal pyramid scheme. *See, e.g., id.* ¶¶ 22–38.
- She incurred financial losses and was “victimized” due to Young Living’s **improperly structured business model and compensation plan**. *Id.* ¶ 56.
- “...Young Living’s **compensation structure** [*i.e.*, the Compensation Plan that constitutes part of the Member Agreement] makes abundantly clear recruiting is prioritized over the sale of product in the Young Living system—to a fault.” *Id.* ¶ 29.
- The **terms of the Compensation Plan** unlawfully encourage members to purchase product they will be unable to sell—referred to as “inventory loading” in the Complaint—to be eligible to earn commissions. *Id.* ¶ 41.

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<sup>3</sup> For additional discussion relating to how Plaintiff’s claims arise out of the Agreement, see the Individual Defendants’ and the Foundation’s Motion to Compel Arbitration.

Plaintiff's present claims against Young Living indisputably arise out of her Agreements with Young Living, including the 2014 and 2018 P&Ps and Compensation Plan.

Plaintiff breached the Arbitration Provisions when she filed this lawsuit, forcing Young Living to file a JAMS arbitration demand, requesting that Plaintiff be held liable for her breach. Ex. H, Demand. Young Living now requests that the Court enforce the Arbitration Provisions.

### **ARGUMENT AND AUTHORITIES**

#### **I. The Legal Standard.**

In determining a motion to compel arbitration, the Fifth Circuit has held that a court should conduct “two analytical steps.” *Kubala v. Supreme Prod. Servs., Inc.*, 830 F.3d 199, 201 (5th Cir. 2016); *see also Klebba v. Netgear, Inc.*, No. 1:18-CV-438-RP, 2019 WL 453364, at \*2 (W.D. Tex. Feb. 5, 2019). First, “contract formation,” that is, a determination of whether the parties entered into an arbitration agreement. Under step one, “[w]hether the parties entered into a valid arbitration contract turns on state contract law.” *Kubala*, 830 F.3d 199, 202; *see also Carey v. 24 Hour Fitness, USA, Inc.*, 669 F.3d 202, 205 (5th Cir. 2012). In the first step, the party seeking to compel arbitration need only establish the existence of an arbitration agreement by a preponderance of the evidence. *Grant v. Houser*, 469 F. App'x 310, 315 (5th Cir. 2012).

The second step is “contract interpretation” to determine whether the particular claim or claims at issue are covered by the arbitration agreement. Similarly, the Fifth Circuit applies state law to the second query as to whether a particular claim at issue is covered by the arbitration agreement. *See, e.g., Edwards v. Doordash, Inc.*, 888 F.3d 738, 745 (5th Cir. 2018) (“We use state law to evaluate the underlying agreement.”). In determining which state law to apply, the Fifth Circuit looks to whether the agreement between the parties contains a choice of law provision, and where the provision is not challenged, applies that law. *Id.* at 745.

Step two, however, changes “where the arbitration agreement contains a delegation clause

giving the arbitrator the primary power to rule on the arbitrability of a specific claim.” *Kubala*, 830 F.3d at 201. “Where there is a purported delegation clause, a court performs the first step . . . as it always does. But the only question, after finding that there is in fact a valid agreement, is whether the purported delegation clause is in fact a delegation clause—that is, if it evinces an intent to have the arbitrator decide whether a given claim must be arbitrated.” *Klebba*, 2019 WL 453364, at \*2 (internal quotations and citation omitted). Where there is an agreement to arbitrate with a delegation clause, “absent a challenge to the delegation clause itself, [the Fifth Circuit] will consider that clause to be valid and compel arbitration.” *Doordash*, 888 F.3d at 744.

An arbitration agreement contains a delegation clause if it incorporates the JAMS Rules. *Klebba*, 2019 WL 453364, at \*2 (JAMS Rules); *see also Doordash*, 888 F.3d at 746 (5th Cir. 2018) (AAA Rules). The express incorporation of the JAMS Rules “presents clear and unmistakable evidence that the parties agreed to arbitrate arbitrability.” *Petrofac, Inc. v. DynMcDermott Petroleum Operations Co.*, 687 F.3d 671, 675 (5th Cir. 2012) (citing *Qualcomm Inc. v. Nokia Corp.*, 466 F.3d 1366, 1372–73 (Fed. Cir. 2006), *abrogated on other grounds, Henry Schein, Inc. v. Archer & White Sales, Inc.*, 139 S. Ct. 524 (2019)); *see also Cooper v. WestEnd Capital Mgmt., L.L.C.*, 832 F.3d 534, 546 (5th Cir. 2016). When parties to an arbitration agreement incorporate rules for their proceedings which include authorizing an arbitrator to decide arbitrability, such an agreement is binding. *See Qualcomm*, 466 F.3d at 1372–73 (finding a valid delegation where the agreement required disputes “be settled by arbitration in accordance with the arbitration rules of the American Arbitration Association....”).

## **II. This Court Should Compel Plaintiff to Arbitrate Her Claims.**

Here, Plaintiff twice entered into valid Arbitration Provisions with Young Living when she checked the online box agreeing “to be bound by the terms and conditions of . . . the Policies and Procedures.” *See* Ex. A, Barrow Aff. ¶¶ 4-9; Ex. B, Gibbons Aff. ¶¶ 9-18; Ex. F, 2018 P&P; Ex.

D, 2014 P&P. The Arbitration Provisions in both the 2014 and 2018 P&Ps incorporate the JAMS Rules, creating a valid delegation clause. *See* Ex. D and F at § 13.2.2. Accordingly, the Court should compel Plaintiff to arbitrate her claims with JAMS in Utah and stay this case.

**A. The Court has the Power to Compel Arbitration in Salt Lake City, Utah.**

The Fifth Circuit has held that a district court may compel arbitration in the locale designated in the arbitration agreement even if it is outside of the court’s geographical district. *See Dupuy-Busching Gen. Agency, Inc. v. Ambassador Ins. Co.*, 524 F.2d 1275, 1275–76 (5th Cir. 1975) (affirming the district court’s decision compelling arbitration in New Jersey in accordance with the arbitration agreement); *see also Kong v. Allied Prof. Ins. Co.*, 750 F.3d 1295, 1304 (11th Cir. 2014) (affirming district court compelling arbitration in California). As such, this Court has the power to compel arbitration in Salt Lake City, Utah, where the parties agreed to arbitrate.<sup>4</sup> Exs. D and F at § 13.2.2 (“All arbitration proceedings will be held in Salt Lake City, Utah”).

**B. Plaintiff Entered into an Arbitration Agreement Requiring Arbitration in Utah.**

The Utah Supreme Court has long “recognized the important public policy behind enforcing arbitration agreements as an ‘approved, practical, and inexpensive means of settling disputes and easing court congestion.’” *Cedar Surgery Center, L.L.C. v. Bonelli*, 96 P.3d 911, 914 (Utah 2004) (quoting *Chandler v. Blue Cross Blue Shield*, 833 P.2d 356, 358 (Utah 1992)); *Robinson & Wells, P.C. v. Warren*, 669 P.2d 844, 846 (Utah 1983). A “clickwrap” agreement “is

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<sup>4</sup> Even if the Court did not have the power to compel arbitration in Salt Lake City, Utah, the proper remedy would be to transfer this case, under 28 U.S.C. § 1404(a), to the District of Utah so that it may decide this Motion to Compel Arbitration. *See, e.g., Lexington Ins. Co. v. Centex Homes*, 795 F. Supp.2d 1084, 1093 (D. Hawaii 2011) (transferring matter under § 1404(a) to the Northern District of Texas so that it could compel arbitration in Dallas, Texas, according to the terms of the parties’ arbitration agreement); *Am. Int’l Specialty Lines Ins. Co. v. Massey Coal Co., Inc.*, 628 F. Supp.2d 674, 685 (E.D. Va. 2009) (transferring case under § 1404(a) to the district court in the agreed-upon location for arbitration).

a commonly used term for agreements requiring a computer user to consent to any terms or conditions by **clicking on a dialog box** on the screen **in order to proceed with a . . . transaction.**” *Hancock v. Am. Tel. and Tel. Co.*, 701 F.3d 1248, 1255 (10th Cir. 2012) (emphasis added). While Utah state courts have been silent on the issue, the Tenth Circuit, and most other jurisdictions addressing the issue, recognize and enforce clickwrap agreements. *See id.* at 1255 (declaring that “courts generally uphold clickwrap agreements”); *e.g. Klebba*, 2019 WL 453364, at \*3–5 (“Texas courts recognize the validity of clickwrap agreements”). “Courts evaluate whether a clickwrap agreement’s terms were clearly presented to the consumer, the consumer had an opportunity to read the agreement, and the consumer manifested an unambiguous acceptance of the terms.” *Hancock*, 701 F.3d at 1256. Under Utah contract law, “where a person signs a document . . . he will be bound by all of its provisions.” *Semenov v. Hill*, 982 P.2d 578, 581 (Utah. App. 1999) (quoting 17 C.J.S. Contracts § 41(f) (1963)).<sup>5</sup>

Here, Plaintiff agreed to the terms of the 2014 and 2018 P&Ps, including the Arbitration Provisions, through a clickwrap agreement on Young Living’s website. On May 15, 2015, and July 23, 2018, the terms and conditions of the Agreement on Young Living’s website stated that **“I have read and agree to be bound** by the terms and conditions of the Agreement (which includes. . . the **Policies and Procedures[.]**.” Just below those terms was a bright purple hyperlink titled “Policies and Procedures” that linked to the 2014 and 2018 Policies and

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<sup>5</sup> The Court should apply Utah law to determine whether Plaintiff entered into a valid arbitration agreement with Young Living. *See* Exs. D and F, 2014 and 2018 P&Ps § 13.2.3 (Utah choice of law provision); *Klebba*, 2019 WL 453364, at \*3 (stating that a choice-of-law provision in a contract governs issues of contract formation unless a party denies entering into agreement). The analysis, however, does not change if Texas law is applied. “Texas courts recognize the validity of clickwrap agreements.” *Fieldtech Avionics & Instruments, Inc. v. Component Control. Com., Inc.*, 262 S.W.3d 813, 818 n.1 (Tex. App.—Fort Worth 2008, no pet.); *see also Jia v. Nerium Int’l LLC*, No. 3:17-cv-03057, 2018 WL 4491163, at \*3 (N.D. Tex. Sept. 18, 2018) (“It is well established under Texas law that assent through an affirmative ‘click’ is sufficient. . .”).



Procedures, respectively. Ex. A, Barrow Aff. ¶¶ 6-9; Ex. B, Gibbons Aff. ¶¶ 10-11, 15-16. Below the hyperlink was a click box with text next to it stating “I have read and agree to the terms of the Young Living Essential Oils Member Agreement.” Ex. B, Gibbons Aff. ¶¶ 12,17. Finally, below the click box was a bright purple button that said “**Agree and Continue**” that had to be clicked to proceed with the transaction and transmit acceptance. *Id.* ¶¶ 13-18 (emphasis added).

Plaintiff thus had every opportunity to read the terms of the 2014 and 2018 P&P and every opportunity to refuse to agree to those terms, including the Arbitration Provisions. Plaintiff made a conscious decision to click the button allowing her to proceed with the transaction and transmit her acceptance, thus (1) affirmatively representing to Young Living that she had “read . . . the terms and conditions of the” 2014 and 2018 P&Ps and (2) manifesting her unambiguous acceptance to arbitrate any dispute arising out of the Agreement with Young Living in Utah. Ex. A, Barrows Aff. ¶¶ 4-9; Ex. B, Gibbons Aff. ¶¶ 9-18. As such, in 2015 and again in 2018, Plaintiff entered into valid and enforceable Arbitration Provisions with Young Living, which require this Court to compel Plaintiff to arbitrate her claims in Utah. *See Hancock*, 701 F.3d at 1255; *Cedar Surgery Center*, 96 P.3d at 914.

### **C. The Arbitration Provisions Contain a Valid Delegation Clause.**

As explained above, the Arbitration Provisions expressly incorporate the JAMS Rules. *See* Ex. D, 2014 P&P § 13.2.2; Ex. F, 2018 P&P § 13.2.2 (“The arbitration will be filed with, and administered by, . . . Judicial Arbitration and Mediation Services (JAMS) under their respective rules and procedures). The Arbitration Provisions thus contain a valid and enforceable delegation clause, and as the Fifth Circuit has explained, “[i]f there is a delegation clause, the motion to compel arbitration should be granted in almost all cases.” *Kubala*, 830 F.3d at 202; *see also Doordash*, 888 F.3d at 746 (holding that an arbitration agreement, through incorporation of the AAA rules, contained an “agreement to delegate issues of arbitrability to the arbitrator.”); *Belnap*

*v. Iasis Healthcare*, 844 F.3d 1272, 1281 (10th Cir. 2017) (“In our view, [the parties] clearly and unmistakably agreed to arbitrate arbitrability when they incorporated the JAMS Rules into the Agreement” with the language “in accordance with the rules of JAMS.”); *Petrofac*, 687 F.3d at 675 (relying on *Qualcomm*, 466 F.3d at 1372–73 which found the language “shall be settled by arbitration in accordance with the arbitration rules of [AAA]” to be a valid delegation clause).

For example, in *Klebba*, where the parties disputed the scope of the arbitration agreement and the arbitration agreement contained an enforceable delegation clause, the Court held that the question of whether plaintiff’s claim was subject to arbitration must be submitted to the arbitrator. *Klebba*, 2019 WL 453364, at \*5 (“The arbitration agreement’s scope remains in dispute, and an arbitrator may conclude that Klebba’s false advertising claim is not subject to arbitration.”). Here, the delegation language reads “under their respective rules and procedures.” Exs. D and F at § 13.2.2. This is stronger incorporation language than the “in accordance with” JAMS or AAA rules, which was found to be valid delegation language in *Qualcomm*, 466 F.3d at 1372–73, and *Belnap*, 844 F.3d at 1281.

Accordingly, any question as to whether Plaintiff’s RICO claims against Young Living fall within the scope of the Arbitration Provisions must be decided by the arbitrator.

### **CONCLUSION**

Pursuant to the Parties’ Arbitration Provisions, Young Living respectfully requests that the Court compel Plaintiff to arbitrate her claims with JAMs in Utah. If the Court, however, determines that it does not have the power to compel arbitration in Utah, the Court should transfer this case to Utah for enforcement of the Arbitration Provisions.

Dated: June 11, 2019

Respectfully Submitted,

WINSTON & STRAWN LLP

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document has been served on June 11, 2019 to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system.

/s/ Katrina G. Eash  
Katrina G. Eash

**CERTIFICATE OF CONFERENCE**

On June 7, 2019, undersigned counsel met and conferred with Plaintiff's counsel regarding this Motion. Plaintiff is opposed to the Motion.

By: /s/ Katrina G. Eash  
Katrina G. Eash

# EXHIBIT A

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

JULIE O'SHAUGHNESSY, INDIVIDUALLY, )  
AND ON BEHALF OF ALL OTHERS )  
SIMILARLY SITUATED, )

*Plaintiff,*

v.

YOUNG LIVING ESSENTIAL OILS, LC )  
D/B/A YOUNG LIVING ESSENTIAL OILS, )  
THE YOUNG LIVING FOUNDATION, INC., )  
MARY YOUNG, JARED TURNER, )  
BENJAMIN RILEY, AND CO-CONSPIRATORS, )

*Defendants.*

Case No. 1:19-cv-412

**AFFIDAVIT OF K.C. BARROW**

STATE OF UTAH )  
 )  
COUNTY OF UTAH )

I, K.C. Barrow, being duly sworn, depose and say under penalty of perjury:

1. I am the Senior Manager of Conduct Success ("Senior Manager") at Young Living Essential Oils, LC d/b/a Young Living Essential Oils ("Young Living" or the "Company"). I was the Senior Manager of Conduct and Education, International Support from June 2016 to March 2017. I have been the Senior Manager of Conduct Success since March 2017. I am over 18 years of age, am of sound mind and otherwise competent to make this Affidavit. The evidence set out in this Affidavit is based upon my personal knowledge, unless expressly stated otherwise.

2. I submit this Affidavit in support of Young Living's Motion to Compel Arbitration and to Stay Proceedings and The Young Living Foundation, Inc., Mary Young, Jared Turner, and

Benjamin Riley's Motion to Compel Arbitration and Joinder in Young Living Essential Oil LC's Motion to Compel Arbitration and Stay Proceedings in the above-captioned litigation (the "Action") (collectively, "Motions.").

3. As the Senior Manager, I oversee, manage, and am responsible for, the monitoring and alignment of Young Living Members with, among other things, the company's Policies and Procedures, Membership Agreement, and Compensation Plans (the "Agreements") for all global markets. I am also responsible for monitoring and managing the conduct success team.

4. Among other things, Young Living maintains records detailing its Members' membership details, including but not limited to the dates on which Members agreed to certain agreements with the Company, their orders, amount of commissions earned, upline sponsor and downline enrollee(s), and other information.

5. Young Living also keeps records detailing the various agreements that the Company and its Members have entered into. Those agreements include, among others, Young Living's Member Agreement, Policies and Procedures, Compensation Plan and its Terms and Conditions, and Privacy Policy (collectively, the "Agreements"). As Senior Manager, I am familiar with the manner in which Young Living's Agreements are created and maintained by virtue of my duties and responsibilities. Accordingly, I have the knowledge and ability to testify as to when versions of the Agreements became effective and when they were posted on Young Living's website.

6. Young Living had a January 2014 Member Agreement that was effective from January 2014 to May 2016 (the "2014 Member Agreement," the original record or an exact duplicate of the original record is attached to the Motions as Exhibit C). Young Living also had a November 2014 Policies & Procedures that was effective from November 2014 to July 2015 (the

“2014 P&P,” the original record or an exact duplicate of the original record is attached to the Motions as Exhibit D). And Young Living had the 2013 Compensation Plan that was effective from January 2013 to November 2018 (the “Compensation Plan,” the original record or an exact duplicate of the original record is attached to the Motions as Exhibit E). These records were made at or near the time of each act, event, condition, opinion or diagnosis set forth. It is the regular practice of Young Living to make these types of records at or near the time of each act, event, condition, opinion, or diagnosis set forth in the records. The records were made by, or from information transmitted by, persons with knowledge of the matters set forth, and it is the regular practice of Young Living for these types of records to be made by, or from information transmitted by, persons with knowledge of the matters set forth in them. The records were kept in the course of regularly conducted business activity, and it is the regular practice of Young Living to keep these types of records in the course of regularly conducted business activity. It is the regular practice of the business activity to make these records.

7. The Company’s membership records, which I monitor and utilize in the normal course of business, show that, on May 15, 2015, Plaintiff agreed to the terms and conditions of the 2014 Member Agreement, 2014 P&P, and Compensation Plan. On May 15, 2015, these documents were contained at the active hyperlinks described in Paragraph 10 of Mr. Gibbons’ Affidavit.

8. Furthermore, on July 23, 2018, the Company’s membership records show that Plaintiff agreed to the terms and conditions of an updated version of the Policies and Procedures. On that date, the active hyperlink described in Paragraph 15 of Mr. Gibbons’ Affidavit led to the Company’s updated August 2018 Policies & Procedures. Thus, on July 23, 2018, Plaintiff agreed to the terms and conditions of the August 2018 Policies & Procedures that were published on July



2, 2018 and effective from August 2018 to present (the “2018 P&P,” the original record or an exact duplicate of the original record is attached to the Motions as Exhibit F). This record was made at or near the time of each act, event, condition, opinion or diagnosis set forth, and it is the regular practice of Young Living to make this type of record at or near the time of each act, event, condition, opinion, or diagnosis set forth in the record. The record was made by, or from information transmitted by, persons with knowledge of the matters set forth, and it is the regular practice of Young Living for this type of record to be made by, or from information transmitted by, persons with knowledge of the matters set forth in them. The record was kept in the course of regularly conducted business activity, and it is the regular practice of Young Living to keep this type of record in the course of regularly conducted business activity. It is the regular practice of the business activity to make the records.

9. When Plaintiff electronically agreed on July 23, 2018, she also had access to the 2018 Policies and Procedures FAQ (the “2018 P&P FAQ”, the original record or an exact duplicate of the original record is attached to the Motions as Exhibit G). This record was made at or near the time of each act, event, condition, opinion or diagnosis set forth, and it is the regular practice of Young Living to make this type of record at or near the time of each act, event, condition, opinion, or diagnosis set forth in the record. The record was made by, or from information transmitted by, persons with knowledge of the matters set forth, and it is the regular practice of Young Living for this type of record to be made by, or from information transmitted by, persons with knowledge of the matters set forth in them. The record was kept in the course of regularly conducted business activity, and it is the regular practice of Young Living to keep this type of record in the course of regularly conducted business activity. It is the regular practice of the business activity to make the records.

10. Plaintiff became a Young Living Member on May 15, 2015.
11. Plaintiff cancelled the Company's auto-ship function and opted out of its Essential Rewards program in September 2018.
12. Plaintiff remains a member of the Company as of the date of this Affidavit.

  
K.C. Barrow

Sworn to before me this 10<sup>th</sup> of June 2019,

  
Notary Public



# EXHIBIT B

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

JULIE O'SHAUGHNESSY, INDIVIDUALLY, )  
AND ON BEHALF OF ALL OTHERS )  
SIMILARLY SITUATED, )

*Plaintiff,*

v.

YOUNG LIVING ESSENTIAL OILS, LC )  
D/B/A YOUNG LIVING ESSENTIAL OILS, )  
THE YOUNG LIVING FOUNDATION, INC., )  
MARY YOUNG, JARED TURNER, )  
BENJAMIN RILEY, AND CO-CONSPIRATORS, )

*Defendants.*

Case No. 1:19-cv-412

**AFFIDAVIT OF CHRISTOPHER GIBBONS**

STATE OF UTAH )  
COUNTY OF Utah )

I, Christopher Gibbons, being duly sworn, depose and say under penalty of perjury:

1. I submit this Affidavit in support of Young Living's Motion to Compel Arbitration and Stay Proceedings; and The Young Living Foundation, Inc., Mary Young, Jared Turner, and Benjamin Riley's Motion to Compel Arbitration and Joinder in Young Living Essential Oil LC's Motion to Compel Arbitration and Stay Proceedings.

2. I am the Senior Manager of Enterprise Architecture for Young Living Essential Oils, LC d/b/a Young Living Essential Oils ("Young Living"). I have worked on Young Living's Enterprise architecture for approximately the last 5 years. I am over 18 years of age, am of sound

mind and otherwise competent to make this Affidavit. The evidence set out in this Affidavit is based upon my personal knowledge, unless expressly stated otherwise.

3. As part of my role as Senior Manager of Enterprise Architecture, I oversee, manage, and am responsible for, Young Living's Website Design and Architecture.

4. Among other things, I supervise the design of Young Living's computer systems that track the electronic acceptances of Young Living's members to the terms of the Company's agreements.

5. These agreements include Young Living's Member Agreement, Policies and Procedures, Compensation Plan and its Terms and Conditions, and Privacy Policy (collectively, the "Agreements"). Young Living Members are required to agree to the Agreements. If a Member does not consent to the Agreements, the Company's computer software does not permit that Member to access Young Living's Member discounts and business building products.

6. Young Living maintains an Oracle database containing records of the historical content of its website, as well as records of its Members enrolling and/or clicking a check box to agree to the Agreements, referred to hereinafter as the "enrollment process."

7. I am familiar with the enrollment process on Young Living's website, including how it existed on May 15, 2015 and July 23, 2018.

8. I have access to and can run queries in Young Living's Oracle database to identify the historical content of Young Living's website and records of Members agreeing to the Agreements.

9. On May 15, 2015, Young Living's database shows Julie O'Shaughnessy ("Plaintiff") was presented with the following text:

I have read and agree to be bound by the terms and conditions of the Agreement (which includes this Member Agreement, the Policies and Procedures, and the

Compensation Plan). I certify that I am 18 years old and legally able to enter into the Agreement. I understand that I have the right to terminate my Young Living Member Agreement at any time, with or without reason, by sending written notice to the Company at the above listed address. I understand that I must purchase one of the enrollment options in order to qualify as a member and receive whole sale pricing.

10. Directly below the text described in Paragraph 9, Plaintiff was also presented with the following three hyperlinks on Young Living's website on May 15, 2015:

- a. <http://static.youngliving.com/en-US/PDFS/compensation-plan.pdf>
- b. [https://static.youngliving.com/SHARED/LEGAL/en\\_US-distributor\\_agreement.pdf](https://static.youngliving.com/SHARED/LEGAL/en_US-distributor_agreement.pdf)
- c. [https://static.youngliving.com/SHARED/LEGAL/en\\_US-policy\\_procedure.pdf](https://static.youngliving.com/SHARED/LEGAL/en_US-policy_procedure.pdf)

11. Although I do not have personal knowledge as to the specific content of the documents located at these hyperlinks as of May 15, 2015, I understand that K.C. Barrow does.

12. Directly below the text and links described in Paragraphs 9 and 10, Plaintiff clicked a check box next to the words: "I have read and agree to the terms of the Young Living Essential Oils Member Agreement. \* (This field is required)[.]"

13. For Plaintiff to proceed with the transaction and agree to the terms and conditions of "the Agreement," Plaintiff had to click a button labelled "Agree and Continue." On May 15, 2015, Plaintiff clicked the "Agree and Continue" button, thus recording her assent to the Agreement in Young Living's database.

14. On July 23, 2018, Young Living's database shows Plaintiff was presented with the following text:

I have read and agree to be bound by the terms and conditions of the new Agreement, effective August 1, 2018 (which includes this Member Agreement, the Policies and Procedures, Privacy Policy, and the Compensation Plan). I certify that I am 18 years old and legally able to enter into the Agreement. I understand that I have the right to terminate my Young Living Member Agreement at any time, with

or without reason, by sending written notice to the Company at the above listed address. I understand that I must purchase one of the enrollment options in order to qualify as a member and receive whole sale pricing.


15. Directly below the text described in Paragraph 14, Plaintiff was also presented with the following two hyperlinks on Young Living's website on July 24, 2018:

- a. <https://static.youngliving.com/en-US/PDFS/policiesandproceduresFAQ.pdf>
- b. [https://static.youngliving.com/en-US/PDFS/LEGAL/policies\\_procedures.pdf](https://static.youngliving.com/en-US/PDFS/LEGAL/policies_procedures.pdf)

16. Although I do not have personal knowledge as to the specific content of the documents located at these hyperlinks as of July 24, 2018, I understand that K.C. Barrow does.

17. Directly below the text and links described in Paragraphs 14 and 15, Plaintiff clicked a check box next to the words: "I have read and agree to the terms of the Young Living Essential Oils Member Agreement. \* (This field is required)[.]"

18. For Plaintiff to proceed with the transaction and agree to the terms and conditions of the "new Agreement," Plaintiff had to click a button labelled "Agree and Continue." On July 23, 2018, Plaintiff clicked the "Agree and Continue" button, thus recording her assent to the "new Agreement" in Young Living's database.

  
Christopher Gibbons

Sworn to before me this 11 of June 2019,

  
Notary Public



# EXHIBIT C





## U.S. Member Agreement & Essential Rewards Enrollment Form

3125 EXECUTIVE PARKWAY | LEHI, UT 84043 | USA

## Application Information

NAME (LAST, FIRST, MIDDLE) (REQUIRED)		SOCIAL SECURITY OR FEDERAL ID NO. (REQUIRED U.S.)	
CO-APPLICANT OR BUSINESS NAME (OPTIONAL)		SOCIAL SECURITY OR FEDERAL ID NO. (REQUIRED U.S.)	
HOME PHONE NO. (REQUIRED)	CELL PHONE NO.	WORK PHONE NO.	FAX NO.
STREET	CITY	STATE/PROVINCE	ZIP/POSTAL CODE
COUNTRY (REQUIRED)	LANGUAGE PREFERENCE (REQUIRED) <input type="checkbox"/> ENGLISH <input type="checkbox"/> SPANISH		
E-MAIL			

*Shipping Information* Same as above ☐

STREET	CITY/STATE/PROVINCE	ZIP/POSTAL CODE	COUNTRY (REQUIRED)
--------	---------------------	-----------------	--------------------

### Account Access Information

PIN (4 DIGITS)

PASSWORD (8-12 CHARACTERS/ALPHANUMERIC)

Enroller (person responsible for introducing and enrolling you in YL)

*Sponsor (direct upline and may also be the same as your enroller)*

NAME (LAST, FIRST, MIDDLE) (REQUIRED)	NAME (LAST, FIRST, MIDDLE) (REQUIRED)
MEMBER NO. (REQUIRED)	MEMBER NO. (REQUIRED)

I have read and agree to be bound by the terms and conditions of the Agreement (which includes this Member Agreement, the Policies and Procedures, and the Compensation Plan).

I certify that I am 18 years old and legally able to enter into the Agreement. I understand that I have the right to terminate my Young Living Member Agreement at any time, with or without reason, by sending written notice to the Company at the above listed address. I understand that I must purchase one of the enrollment options in order to qualify as a member and receive wholesale pricing.

X	
APPLICANT SIGNATURE (REQUIRED)	DATE

X	
CO-APPLICANT SIGNATURE (ONLY REQUIRED IF APPLICATION HAS A CO-APPLICANT)	DATE

**You, the buyer, may cancel this transaction at any time prior to midnight of the third business day (5 days if you reside in Alaska; 15 business days if you reside in North Dakota and are 65 or older) after the date of this transaction. See the reverse side of this form for an explanation of this right.**

Enrollment Options (select one)

**4670** BASIC STARTER KIT \$40 / 0 PV **4671** BASIC PLUS STARTER KIT \$75 / 0 PV **4672** PREMIUM STARTER KIT \$150 / 100 PV

## Shipping Method

**NOTE:** Hawaii and Alaska orders add an additional day. Domestic orders are generally shipped within two business days (excluding weekends and holidays). For additional shipping rates, please contact Customer Care at 1-800-371-3515. Shipping rates are subject to change without notice.

<input type="checkbox"/> FedEx Ground (Delivery in 5-6 days)	<input type="checkbox"/> FedEx 3-5 Day Service	<input type="checkbox"/> FedEx 2-Day Service	<input type="checkbox"/> FedEx Overnight Service
- \$7.99 1 lb.	- \$10.83 1 lb.	- \$13.88 1 lb.	- \$25.35 1 lb.
- \$8.99 2 lbs.	- \$11.72 2 lbs.	- \$15.28 2 lbs.	- \$27.90 2 lbs.
- \$9.49 3 lbs.	- \$13.49 3 lbs.	- \$17.29 3 lbs.	- \$31.11 3 lbs.

Subtotal	
Applicable Sales Tax	
Shipping + Handling	
Total	

## Essential Rewards Program

I would like to take advantage of Young Living's Essential Rewards program. Add the following items to my monthly Essential Rewards order and ship it to me on the date selected.

### Essential Rewards Order

Item No.	Description	Qty.	Price	Total

Select order processing day: If available, we will automatically ship your Essential Rewards order every month on the day you select. If that date is unavailable, your order will ship on the next available business day. My signature indicates that I have read and accepted all the terms included in the ER agreement on the back. I would like to receive my products automatically every month. I have indicated items I would like to receive, the processing date, and preferred payment method.

X		
SIGNATURE	DATE	ORDER PROCESSING DATE (1ST – 25TH)

*Payment Method (Selected method will be used for enrollment order and/or monthly Essential Rewards orders as applicable.)*

SELECT PAYMENT METHOD: ☐ VISA ☐ MC ☐ DISCOVER ☐ AMEX ☐ PERSONAL CHECK (U.S. ONLY) ☐ CERTIFIED CHECK (U.S. FUNDS) ☐ MONEY ORDER (U.S. FUNDS)

CREDIT CARD NO.      EXPIRATION DATE      KEEP CARD ON FILE

X \_\_\_\_\_  
 CARDHOLDER'S SIGNATURE CREDIT CARD BILLING ADDRESS

☐ *Electronic checking and savings draft (U.S. accounts only)*

TRANSFER/ROUTING NO	CHECKING ACCOUNT NO	SAVINGS ACCOUNT NO
---------------------	---------------------	--------------------

BILLING NAME	BILLING PHONE NO.	BILLING ADDRESS
--------------	-------------------	-----------------

Young Living Member Agreement

This Member Agreement is between you, the undersigned Applicant, and Young Living Essential Oils, LC, a Utah limited liability company, hereafter known as “Young Living.”

1. Enrolling as a Young Living Member

By completing and submitting this Member Agreement, you hereby apply to be a Young Living member. Young Living accepts this Member Agreement and grants you status as a Young Living member by creating a computer record of your member account. Young Living has the right to reject this Member Agreement for any reason.

To become a Young Living member, you must submit this Member Agreement to Young Living within 30 days of your enrollment, either through mail, by fax (which must include all parts of this document), or by agreeing to it on the official Young Living website (www.youngliving.com). If you enroll online, you will not need to submit a paper application.

While your sponsor may assist you in completing the online enrollment, you must personally review and agree to this Member Agreement; the Young Living Policies and Procedures (hereafter simply “Policies and Procedures”); and the Young Living Compensation Plan, which includes the Young Living Terms and Definitions for the Compensation Plan (the latter two documents are collectively referred to as the “Compensation Plan”).

If this Member Agreement is not received within 30 days of your enrollment, your member account will be placed on hold until this Member Agreement is received. If you fail to submit a completed Member Agreement, for whatever reason, you will consent to the Policies and Procedures and Compensation Plan in their entirety by your participation as a member and by your receipt of member pricing on your orders.

By completing and submitting this Member Agreement, you acknowledge and agree that you have not been terminated as a Young Living member within the last six month and that you have no financial interest in another member's account, unless that interest is permitted under the Policies and Procedures or is approved of in writing by Young Living.

2. Member Rights

Subject to Young Living's acceptance of this Member Agreement, Young Living grants you the right to:

- Purchase Young Living products at wholesale prices
- Offer for sale Young Living's products and services
- Sponsor new Young Living members in accordance with the terms of the Policies and Procedures

3. Enrollment Kit

To enroll as a member and receive wholesale pricing, you are required to purchase a Young Living Starter Kit. The Starter Kits contain materials designed to familiarize you with Young Living's products, services, sales techniques, sales aids, and other training materials. Young Living will repurchase resalable kits from you if you terminate this Member Agreement pursuant to the terms of the Policies and Procedures.

4. Independent Contractor Status

- You acknowledge and agree that as a Young Living member you will:
- Be an independent contractor, not an employee, agent, partner, legal representative, or franchisee of Young Living
- Not be treated as an employee for your services or for federal or state tax purposes
- Have no authority, either expressed or implied, to bind Young Living to any obligation
- Not be granted an exclusive territory nor be required to pay franchise fees
- Be responsible for paying local, state, and federal taxes due from all compensation you earn as a member
- Be responsible for paying the costs of your business, including travel, entertainment, office, clerical, legal, equipment, accounting, license fees, insurance premiums, and general expenses without advances, reimbursements, or guarantees from Young Living
- Be subject to entrepreneurial risk and be responsible for all losses that you incur as a member

5. Policies and Procedures and Compensation Plan

You acknowledge and agree that you have carefully read and agree to comply with the Policies and Procedures and the Compensation Plan, both of which are incorporated into and made a part of this Member Agreement (collectively referred to as the “Agreement”).

You understand and agree that Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living notification or publications distributed to all active members (e.g., e-Blast or e-News) or posted to an official Young Living website. Amendments will not apply retroactively to your actions that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make to the Agreement. If you are not willing to accept these changes, you must notify Young Living in writing prior to the change becoming effective. If you continue business, order product, or accept compensation or another benefit pursuant to the Agreement, those actions will constitute your acceptance of the entire amended Agreement.

6. Marketing of Products and Services

You agree to promote the sale of Young Living products in accordance with the terms and conditions outlined in the Policies and Procedures. You understand and agree that in order to receive compensation based on the Compensation Plan, you must meet all requirements outlined in that plan and not be in violation of the terms of the Agreement.

7. Termination

This Member Agreement will be effective until you voluntarily cancel the Agreement, your account becomes inactive, or Young Living terminates your member account, as outlined in the Policies and Procedures. The Non-Solicitation, Non-Competition, and Confidentiality provisions of the Agreement will survive termination of the Agreement.

8. Indemnification

You agree to indemnify and hold harmless Young Living, its officers, managers, members, directors, employees, and agents against any liability, claims, obligations, expenses (including attorney's fees), or other damages arising out of or in any way related to or connected with, allegedly or otherwise, your activities as a member, including, without limitation, any unauthorized representations or claims made by you; breach of the terms of this Agreement; or violation of or failure to comply with any applicable federal, state, or local law or regulation.

9. Jurisdiction and Choice of Law

The Agreement will be interpreted and construed in accordance with the laws of the State of Utah applicable to contracts to be performed therein. Any legal action concerning the Agreement will be brought in the state and federal courts located in Salt Lake City, Utah. Notwithstanding the foregoing, if applicant resides in Louisiana, applicant may bring an action against YL with jurisdiction and venue as provided by Louisiana law.

10. Miscellaneous

In the event any court of competent jurisdiction will declare any portion of the Agreement to be invalid, the remainder of the Agreement will not be invalidated thereby but will remain in full force and effect.

Essential Rewards Agreement

This Essential Rewards Agreement is between you, the undersigned Applicant, and Young Living Essential Oils, LC (“Young Living”). By signing this agreement, you agree to the following:

1. **Enrollment.** You may enroll in the Essential Rewards program online at www.youngliving.com or by contacting the Customer Care Department (CCD) using the contact information listed below. If you enroll over the phone, you must send a copy of this agreement to CCD within 30 days of your enrollment. Failure to do so may result in the cancellation of your Essential Rewards membership and this agreement.

Customer Care Department (CCD)

Address: 3125 W. Executive Parkway, Lehi, UT 84043

Phone: 801.371.3515 | Fax: 866.203.5666

**Monthly Ordering.** You agree to place a minimum order of 50 PV (personal volume) in Young Living products to be sent to you or a Young Living Will Call location for pickup each month. Essential Rewards orders will replace any existing monthly order placed on your account. The products that you select will continue to be sent to the address listed every month as you have indicated, unless you make changes to your product selection via the Young Living Virtual Office at www.youngliving.org or by calling CCD.

2. **Reduced Shipping.** Essential Rewards members get reduced shipping rates. Current Essential Rewards order shipping prices are maintained on the Virtual Office at www.youngliving.org. Shipping rates and discounts are subject to change without notice.

3. **Essential Rewards Points.** Each month in which you purchase at least 50 PV of product via the Essential Rewards program, you will receive Essential Rewards points (herein “Points”). Points are awarded based on the amount of PV of your Essential Rewards order and the number of months that you have consecutively participated in the Essential Rewards program, based on the following schedule:

- a. First six consecutive months of participation: 10% of Essential Rewards order's PV
- b. Second six consecutive months of participation: 15% of Essential Rewards order's PV
- c. Thirteenth month and beyond: 20% of Essential Rewards order's PV

Young Living, in its sole discretion, reserves the right to modify the point calculation schedule without notice and for any reason. A current version of the point calculation schedule is posted on the Young Living Virtual Office.

4. **Grace Month.** A grace month may be declared if, in a single month, you miss placing an order or if your order's PV falls below 50 PV. Only one grace month is available in a consecutive twelve-month period. In the month following a grace month, members can begin accumulating points at the same rate as before if they once again place Essential Rewards orders of at least 50 PV. This grace period applies only to Essential Rewards and not to commissions paid under the Young Living Compensation Plan.

5. **Redeeming Points.** Points are redeemable after two consecutive months of participation and are valid toward full PV products only. Points are generally equal to one wholesale dollar and may not be used toward shipping and taxes. While there is no limit to the number of points that can be earned on a monthly basis, a maximum of 350 points may be redeemed per month. Products purchased with Essential Rewards points are not eligible for personal or organizational volume. Points may be redeemed by contacting CCD.

6. **Automatic Payment.** You authorize Young Living Essential Oils to debit your selected payment method to cover your autoshop order, including the ordered products, shipping and handling, and sales tax. You acknowledge that first-time direct-debiting-arrangement (ACH) user's orders will be held for five days or until payment clears.

7. **Payment Method.** You agree to provide and maintain a valid method of payment on your member account. Valid payment methods include a Visa, MasterCard, American Express, or Discover card number (along with the card's expiration date) or the required information to set up an ACH on your personal U.S. checking or savings account on the date identified.

8. **Product Availability.** Specific products you have chosen to purchase through the Essential Rewards program may become unavailable. In such situations, Young Living will attempt to notify you of the change and will continue to send the remaining items. It is your responsibility to verify that the products in your order are available when shipped. You are responsible for maintaining your qualifying PV.

9. **Product Pricing.** The price of the specific products you have chosen may change due to reformulations, improvements, or other reasons. When such price changes occur, Young Living will notify you of any pricing changes and, unless directed otherwise, will continue to send the products specified at the new price.

10. **Order Cancellations and Returns.** Products you returned because of your failure to update your Essential Rewards order will be charged a 25% restocking fee. Cancellation or return of any Essential Rewards order forfeits all unused Essential Rewards points and resets your monthly participation in the program to zero.

11. **Cancellation.** To voluntarily cancel your Essential Rewards enrollment, you must contact CCD. If you do not notify CCD, your Essential Rewards order will continue to be shipped and your payment method charged. Your participation in the Essential Rewards program will be involuntarily cancelled without notice if (a) the credit card to which product purchases have been charged expires, is declined, is cancelled, or is otherwise terminated; or (b) payment via ACH from a U.S. checking or savings account is returned unpaid. Cancellation for any reason forfeits all unused Essential Rewards points and resets your monthly participation in the program to zero.

12. **Miscellaneous.** In the event any court of competent jurisdiction declares any portion of the Agreement to be invalid, the remainder of the Agreement will not be invalidated thereby but will remain in full force and effect. The Agreement constitutes the entire agreement between you and Young Living and supersedes all prior agreements; and no other promises, representations, guarantees, or agreements of any kind will be valid unless in writing and signed by both parties.

NOTICE OF RIGHT TO CANCEL (the Young Living Member Agreement)

Date of Transaction: \_\_\_\_\_

You may CANCEL this transaction, without any penalty or obligation, within THREE BUSINESS DAYS (FIVE BUSINESS DAYS IN ALASKA AND FIFTEEN BUSINESS DAYS IN NORTH DAKOTA FOR INDIVIDUALS AGE 65 AND OLDER) from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within TEN BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your residence, in substantially as good a condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract. To cancel this transaction, mail or deliver a signed and dated copy of this Cancellation Notice or any other written notice to: 3125 West Executive Parkway, Lehi, Utah 84043 NOT LATER THAN MIDNIGHT of the third business day (fifth day if you reside in Alaska; 15th business day if you reside in North Dakota and are 65 or older) following the date set forth above.

I HEREBY CANCEL THIS TRANSACTION.

Buyer's Signature

Date:

# EXHIBIT D



# YOUNG LIVING ESSENTIAL OILS, LC

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## Policies and Procedures



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## SECTION 1: Introduction

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### 1.1 Welcome

Welcome to Young Living! We are pleased that you have chosen to join the world leader in essential oils. We are dedicated to providing you with the very best products and a world-class home-based business.

Leading financial experts and business gurus agree that the home-based business sector is the wave of the future. The time you invest in becoming familiar with the Young Living business opportunity, including these Policies and Procedures, will make a significant difference in your business experience.

In these Policies and Procedures, Young Living Essential Oils, LC is referred to as Young Living; and you, the member (formerly referred to as the distributor) entering the Agreement (as defined below), are referred to as “you.” Your personal member account along with the downline that you build is referred to as your sales organization. The term “enroller” refers to the member, if any, responsible for enrolling a member. The term “sponsor” refers to a member’s immediate upline member. A member account is referred to as being “active” if the member has enrolled as a new member or purchased a product within the previous 12 month, and is “inactive” if they have not.

### 1.2 Purpose

The purpose of these Policies and Procedures is:

- To set standards of acceptable business behavior expected of you;
- To define your relationship with Young Living, your customers, and other members; and
- To assist you in building and protecting your Young Living business.

### 1.3 Policies and Compensation Plan Incorporated into the Member Agreement

Throughout these Policies and Procedures, whenever the term “Agreement” is used, it refers collectively to your Young Living Member Agreement (or simply “Member Agreement”), these Policies and Procedures, and the Young Living Compensation

Plan, which includes the Terms and Definitions for the Compensation Plan, (or simply “Compensation Plan”). These documents are incorporated by reference into the Member Agreement in their current form and as amended by Young Living from time to time. It is your responsibility to read, understand, adhere to, and ensure that you are operating under the most current version of these Policies and Procedures, as found online at [www.youngliving.com](http://www.youngliving.com).

### 1.4 Ethics

You are required to abide by the following Code of Ethics in the operation of your sales organization and your opportunity to participate in the Young Living business. Violations of the Code of Ethics may result in disciplinary action.

### Code of Ethics

- You will follow the highest standards of honesty, professionalism, and integrity in the development and operation of your sales organization.
- You will give prompt and efficient service to anyone to whom you have introduced Young Living’s products as well as to your downline members.
- You will not make negative or disparaging remarks about Young Living, Young Living founders, any Young Living competitor or their people, products, or organizations.
- You will not engage in activities that may cause losses to Young Living or another Young Living member.
- You will perform all duties of a sponsor and a leader as you build your Young Living business, including providing the necessary training and support.
- You will respect the privacy of both your upline and downline members and customers.
- You will not recruit Young Living members to other business opportunities.
- You will abide by all rules, regulations, laws, and ordinances that are applicable to the operation of your sales organization as an independent member.



## 1.5 Amendments/Acceptance

Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living publications distributed to all active members (e.g., e-News) or posted on an official Young Living website. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make. If a member is not willing to accept these changes, Young Living must be notified in writing within the 30 days prior to the change being effective. Any continued business, ordering, acceptance of a commission or bonus payout, or any other benefit by a member pursuant to this Agreement constitutes acceptance of this Agreement in whole with any and all amendments.

## SECTION 2: Becoming a Member

### 2.1 Requirements to Become a Member

To become a U.S. Young Living member, you must meet the following requirements:

- If you are an individual, be at least 18 years old, and provide a valid Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). In exceptional case, an individual as young as 16 years old may become a member with the written consent of the individual's parents and Young Living.
- If you are a business entity, provide a Federal Tax Identification Number (TIN) or Employer Identification Number (EIN).
- Read and agree to these Policies and Procedures and the Compensation Plan.
- Complete, sign, and submit a Member Agreement to Young Living within 30 days of your enrollment.
- Purchase a Young Living Start Living Kit or enrollment kit.

Young Living reserves the right, in its sole discretion, to reject your Member Agreement for any reason.

### 2.2 Member Agreement

You can submit your Member Agreement through mail, fax, or the Young Living website ([www.youngliving.com](http://www.youngliving.com)). This application must be received within 30 days of your enrollment for you to receive member benefits. If the Member Agreement is not received within 30 days, your member account will be placed on hold until the agreement is received.

### 2.3 Telephone Enrollment

You may enroll as a member over the phone. However, you must submit a completed Member Agreement that is received at the Young Living headquarters within 30 days of your telephone registration, as outlined in Section 2.2. If you are a retail customer, you may enroll over the telephone.

### 2.4 Web Applications

If you enroll on the Young Living website or on any Young Living-sponsored replicated website, you will not need to submit a paper application. While your sponsor may assist you in completing the online enrollment as a member, you must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan.

## SECTION 3: Operating Your Sales Organization

### 3.1 Independent Contractor Status

As a Young Living member, you are an independent sales contractor and are not a purchaser of a franchise or business opportunity. The agreement between you and Young Living does not create an employer/employee relationship, agency, partnership, or joint venture. You will not be treated as an employee for your services or for Federal or State tax purposes. You are responsible for paying local, state, and federal taxes due from all compensation earned as a member. You have no authority (expressed or implied) to bind Young Living to any obligation. You are encouraged to establish your own goals, hours, and methods of sale as long as you comply with applicable laws and the terms and conditions of the Agreement.



## POLICIES &amp; PROCEDURES: SECTIONS 3.2–3.4

**3.2 Retail Customers, Members, and Professionals**

Individuals may join Young Living as retail customers, members, and professional members (or simply professionals). Retail customers can purchase product directly from Young Living for personal consumption but do not participate in the Young Living member organization or Compensation Plan. Retail customers do sign a Member Agreement. Retail customers purchase products at the published retail price. Retail customers' purchases apply toward their sponsor's Organization Group Volume (OGV). Thus, orders placed by any retail customers will be included in the total sales volume for their sponsor's sales organization. A retail customer may become a member at any time by completing the requirements outlined in Section 2.1.

Members purchase product from Young Living at the published wholesale price and have the potential of earning commissions and bonuses based on qualification and achievement rank, as outlined in the Compensation Plan.

Professionals operate a professional service business that utilizes essential oils or other Young Living products or sell Young Living products through retail establishments focused on nutrition, wellness, or healthy living (and which, in Young Living's sole discretion, are not large enough to be considered regional or national chains). Examples of professionals include, but are not limited to, universities, hospitals, spas, gyms, dental offices, day care facilities, massage schools, nursing homes, long-term care facilities, medical centers, pharmacies, and nutritional supplement stores. Professionals purchase product from Young Living at a discounted retail price. Purchases made by a professional will be counted toward his/her sponsor's OGV, rank qualification, and commission under the Compensation Plan at a rate of 50%. Professionals cannot develop a downline organization, qualify for commissions under the Compensation Plan, or participate in the Essential Rewards autoship program. Professionals are governed by the Young Living Professional Account Policies and Procedures available through the Virtual Office ([www.youngliving.org](http://www.youngliving.org)).

**3.3 Same Household Sales Organizations and Duplicate Accounts**

You can have a financial interest in only one account (member account or professional account). If Young Living finds that you have an interest in multiple accounts, it will terminate your duplicate account(s), leaving only the account created first. You are specifically prohibited from creating duplicate accounts in an attempt to change lines of sponsorship, manipulate the Compensation Plan, or circumvent the Agreement in any way.

If you have a spouse (under either state or common law), your spouse may become a co-applicant on your account but may not have a separate member account unless you were both members before you were married, in which case you may do one of the following: combine your accounts and sales organizations (this option is available only if one spouse has sponsored the other), sell one of your sales organizations, terminate one of your sales organizations, or maintain separate Young Living sales organizations. If you choose to maintain separate accounts and your account later goes inactive, you will not be able to reactivate it if your spouse's account is still active. The joint sales organization will be treated as a joint tenancy with rights of survivorship.

Children, who are 18 years of age or older, of a member may become a separate member, even if they reside in the same household as a parent who is a member, as long as the child is the principal participant of the sales organization. The parent may not, however, have a financial interest in the sales organization or participate in its administration in any way.

**3.4 Actions of Household Members or Affiliated Parties**

If any individual in your immediate household engages in any activity which, if performed by you, would violate any provision of the Agreement, such activity will be deemed a violation by you; and Young Living may take disciplinary action against you pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust, or other entity (collectively "entity") violates the Agreement, such action(s) will be deemed a violation by the entity, and Young Living may take

disciplinary action against the entity. Likewise, if a member enrolls in Young Living as an entity, each affiliated party of the entity will be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

### 3.5 Actions of Upline Members

If any upline member encourages, aids, or supports a downline member in any activity which, if performed by the upline member, would violate any provision of the Agreement (e.g., creating duplicate accounts or cross recruiting), such activity will be deemed to be a violation by the upline member; and Young Living may take disciplinary action against that upline member in pursuant to these Policies and Procedures. If such violations continue, Young Living reserves the right to terminate the upline member's member account.

### 3.6 Corporations, Partnerships, Limited Liability Companies, and Trusts

A partnership, corporation, limited liability company, or trust may become a Young Living member by submitting to Young Living a partnership agreement, certificate of incorporation, articles/certificate of organization, or trust agreement along with a copy of the state registration form for the entity or a certificate of good standing for the entity issued by the state of incorporation or organization. The registration form or certificate of good standing must indicate the names of all of the shareholders, officers, members, managers, partners, or trustees of the entity ("affiliated parties") or have such included with the submission to Young Living. The entity must demonstrate that no part or participant within the entity has participation in another sales organization because no individual may participate in more than one sales organization in any form. A member may change status under the same sponsor from individual to partnership or corporation by submitting the appropriate documentation mentioned above.

Young Living reserves the right to approve or disapprove any member's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. In addition, by submitting a copy of the certificate of partnership or incorporation or other

substantiating documentation for the entity, it is certifying that no person with an interest in the new business entity has had an interest in another sales organization within 6 months of the submission of the certificate (unless it is the continuation of an existing sales organization that is changing its form of doing business).

### 3.7 Sale, Transfer, or Assignment

You may sell, transfer, or assign (collectively "Transfer") your entire downline organization by submitting a request to Young Living along with a \$25 processing fee. For your request to be granted, the following criteria must be met:

- You and the receiving party must notify Young Living in writing of your intent to Transfer the sales organization. This request must be signed and notarized.
- Young Living must approve of the receiving party prior to the Transfer.
- The receiving party must be (or must become) a Young Living member in good standing.
- If the receiving party has an existing downline, he/she must first Transfer that sales organization or have a Transfer in place and approved by Young Living before accepting the new sales organization. Alternatively, the receiving party may choose to cancel his/her existing sales organization and allow that downline to roll-up to his/her sponsor as provided in Section 3.9.
- No changes in your line of sponsorship or your downline can result from the Transfer.
- Before a Transfer will be approved, all debt obligations that you and the receiving party may have with Young Living must be satisfied.
- Before any Transfer will be approved, you and the receiving party must each be in compliance with all the terms of the Agreement.

Young Living reserves the right to approve or disapprove your request to Transfer your sales organization for any reason. You may not Transfer your sales organization to any person or entity without Young Living's written approval.

Young Living does not waive any violations of the Agreement, even though a violation may

**POLICIES & PROCEDURES: SECTIONS 3.7.1 –3.9**

have occurred under a prior owner of your sales organization. As a new owner of a preexisting sales organization, you may be responsible for violations of the Agreement made by the prior owner in connection with your sales organization. Any action that may be taken on a sales organization with the previous owner under Section 13.3 may carry over to you.

### **3.7.1 Succession**

Upon your death or your incapacitation, the rights to commissions, bonuses, and your sales organization, together with all member responsibilities, will pass to your legal heir(s) or legal representative(s) (collectively “beneficiary”). In that instance, your beneficiary must present Young Living with proof of your death or incapacitation, along with appropriate legal documentation and a properly completed Member Agreement. A W-9 form is also required from the new member. After the transfer is complete, the beneficiary will acquire the right to collect all future commissions and bonuses of your sales organization provided that he/she meets all of the qualifications necessary for the Compensation Plan. If the beneficiary already has an existing sales organization, he/she will be given 90 days to transfer one of the organizations, following the procedure set forth in Section 3.7. Young Living reserves the right to approve or reject a succession transfer.

### **3.8 Separation of a Young Living Member Business**

You may, with others, operate a single sales organization as a husband-wife partnership, regular partnership, corporation, or trust (the latter three entities are collectively referred to herein as “entities”). If your marriage ends in divorce or your entity dissolves, arrangements must immediately 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 business upline or downline of sponsorship. If divorcing spouses or a dissolving business entity fail to provide for the best interests of other members and Young Living, such actions will constitute a breach of the Agreement; and Young Living may terminate the Agreement pursuant to these Policies and Procedures. During the proceedings of a divorce or entity dissolution, the divorcing spouses or a dissolving

business entity must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the business pursuant to a notarized assignment in writing whereby the relinquishing party(ies) authorize(s) Young Living to deal directly and solely with the other party(ies). A notarized request from the person being removed is required. A new Member Agreement and W-9 form is required from the person remaining on the account.
- The parties may continue to operate the sales organization jointly on a “business-as-usual” basis, whereupon all compensation paid by Young Living will be paid in the joint names of the members or in the name of the entity to be divided as the parties may independently agree among themselves.
- The parties may operate the business pursuant to a court order involving parties.
- If one of these requirements is not met, Young Living will maintain the status quo as to how commissions are paid.

Young Living will not divide your sales organization with a divorcing spouse or with affiliate parties of a dissolving business. Similarly, Young Living will not split your commission or bonus checks between you and a divorcing spouse or affiliate parties of a dissolving entity. Young Living will recognize only one sales organization and will issue only one commission check per sales organization per commission cycle. Commission checks will always be issued to the same individual or entity, unless all parties to a sales organization agree that commissions will be due and paid to another party or by order of a court having jurisdiction over Young Living. If you have completely relinquished all of your rights as a former spouse or a former affiliate party to a sales organization, you are free to enroll as a new member under any sponsor of your choosing. However, in such case you will have no rights to any members or customers from your former sales organization. In that instance, you must develop the new business in the same manner as would any other new member.

### **3.9 Roll-Up of Marketing Organization**

When a vacancy occurs in the Young Living member



organization due to the cancellation or termination of a member account, each member in the first level immediately below the terminated member on the date of the cancellation will “roll up,” which means to move to the first level (“front line”) of the terminated member’s sponsor. For example, A sponsors B, and B sponsors C1, C2, and C3. If B terminates her business, then C1, C2, and C3 will roll up to A and become part of A’s first level. Young Living also reserves the right, in its sole discretion, to sell the sales organization that has been canceled or terminated for inappropriate behavior.

### 3.10 Taxes

#### 3.10.1 Income Taxes

You are responsible for complying with the tax laws in the jurisdiction where you reside. In the United States, you are responsible for paying local, state, and federal income taxes on any earnings generated through your sales organization. When you enroll as a member, you are required by law to provide Young Living with your Social Security Number (SSN), Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Individual Taxpayer Identification Number (ITIN) for tax reporting purposes. If you do not submit a valid SSN or TIN, you will be subject to backup withholdings, possible processing fees, customer status change, and will be required to submit a W-9 form or other tax documentation. Any fines or penalties incurred by Young Living because of an incorrect SSN, TIN, or name will be your responsibility, and you agree to reimburse Young Living for these costs. Every year, Young Living will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to you if you are a U.S. resident who falls into one of the following categories:

- Had earnings over \$600 in the previous calendar year; or
- Made purchases during the previous tax year (December to November) in excess of \$5,000.

Retail customers are not required to provide any tax information.

Changes to a SSN, TIN, EIN, or ITIN must be received via a completed W-9 form. The name and TIN on a member’s account must match IRS records.

These forms must match the signature of the owner on the account. For tax reporting purposes, changes to these numbers will result in issuance of an additional 1099 in the same tax year. No previous 1099s may be reissued under the new SSN or TIN. Earnings made before the change will be reported on the original TIN. Earnings after any change will be recorded on the new TIN.

When a sales organization is owned by two or more individuals, taxes will be reported on the primary member’s tax number.

#### 3.10.2 Sales Taxes

Young Living is required to collect and remit sales taxes on your behalf based on the published retail price of the product and according to tax rates of the state in the “ship to” address on any given order. Moreover, Young Living may be required by other countries to collect value added taxes, customs fees, or duties. You will be required to cover these additional fees.

If you have a physical business location within the United States where you are retailing product, as outlined in Section 5.11, you can apply for sales tax exemption. Please review the Member Sales Tax Exemption Information located on the Member Resource page of the Virtual Office for specific instructions and documentation on how to apply for this exemption. Young Living reserves the right to verify the validity of any documents and evidence that you submit in applying for this exemption. If you are approved for sales tax exemption, you will be solely responsible for collecting and remitting sales taxes to the appropriate jurisdictional authorities. Any questions concerning retail sales tax requirements should be directed to your tax advisor.

### 3.11 Deceptive Practices

#### 3.11.1 Unauthorized Recruiting

##### 3.11.1.1 Recruiting

During your sales organization and after your sales organization has ended, you may engage in other noncompeting business ventures; however, you may not take advantage of your knowledge of, or association with, other Young Living members, including your knowledge resulting from or

## POLICIES &amp; PROCEDURES: SECTIONS 3.11.1.2 –3.11.2

relating to your upline and downline in order to promote and expand such other business ventures. Such conduct constitutes an unwarranted and unreasonable interference with the business of other members and Young Living.

### 3.11.1.2 Non-Solicitation

During the term of the Agreement, and for a period of six months after the expiration or termination by either party for any reason of the Agreement, you agree not to solicit, directly or indirectly, other Young Living members who you did not personally enroll or sponsor; to sell, offer to sell, promote, or market other products, services, or business opportunities, investments, securities, or loans not offered or marketed by, or affiliated with, Young Living; or take any action that would cause the termination or curtailment of the business relationship between Young Living and such a Young Living member.

You recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, you agree that this non-solicitation provision will apply nationwide and to all international markets in which Young Living members are located.

The term “solicit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, inducement of, or effort to influence in any other way, either directly, indirectly, or through a third party, another Young Living member to enroll or participate in another multilevel marketing, network marketing, or direct sales company, network, business, or opportunity.

### 3.11.2 Non-Competition

If, during the term of the Agreement, you engage in a non-Young Living direct selling program, you will ensure that you operate your sales organization separately and apart from your non-Young Living program. To that end:

- You may not display Young Living promotional

materials, sales aids, products or services (“Promotional Materials”) with or in the same location as any non-Young Living Promotional Materials (related to another direct selling program or its products), or in any manner or format that enables a viewer to contemporaneously view Young Living Promotional Material and non-Young Living Promotional Material. For example, you may not present Young Living Promotional Material and non-Young Living Promotional Material on or in the same website, blog, tweet, post, text, brochure, or other printed marketing material, signage, or electronic or other communication.

- You may not offer Young Living programs, opportunities, products, or services to prospective or existing Young Living customers or members in conjunction with any non-Young Living programs, opportunities, products, or services.
- You may not offer any non-Young Living programs, opportunities, products, or services at any Young Living-related meeting, seminar, convention, webinar, teleconference, or other event.

Notwithstanding the foregoing, during the term of the Agreement and for a period of six months after the expiration or termination by either party for any reason of the Agreement, you agree not to directly or indirectly serve in any capacity as a member, representative, consultant, employee, agent, officer, director, shareholder, partner, member, or owner of or with another multilevel marketing, network marketing or direct sales company, network, business, or opportunity that promotes, sells, markets, or distributes Essential Oil as a wellness, health, beauty, nutritional, or life-style product or that engages in any business competitive to Young Living in any city, county, state, region, country, or other recognized geographic area where Young Living does business. The term “Essential Oil” will mean an extract, distillation, or derivative, in any amount, of any herb or plant grown, harvested, processed, promoted, identified as a future Young Living product, marketed, or sold by Young Living during the term of the Agreement.

You agree that Young Living has a protectable interest in its good will, Confidential Information and trade secret information. You further acknowledge that any breach of your obligations

under Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement would cause immediate and irreparable harm to Young Living for which monetary damages and other legal remedies could not adequately compensate. You further acknowledge that the restrictions set forth in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are reasonable and restrict your conduct only to the extent necessary to protect, maintain, and preserve Young Living's business interests. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement and that the enforcement of these provisions will cause no undue hardship to you. If any restriction contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are deemed to be unenforceable by a court of competent jurisdiction, you agree that such court may modify and enforce such restrictions to the extent it believes to be reasonable under the circumstances existing at that time.

### 3.11.3 Targeting Other Direct Sellers

Young Living does not condone members specifically or consciously targeting the sales force of another direct sales company to sell Young Living products or to become members for Young Living. Nor does Young Living condone the 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 you engage in such activity, you bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against you alleging that you have engaged in inappropriate recruiting activity of its sales force or customers, Young Living will not pay any of your defense costs or legal fees, nor will Young Living indemnify you for any judgment, award, or settlement.

### 3.11.4 Cross-Line Recruiting

Actual or attempted cross-line recruiting or sponsoring is strictly prohibited. "Cross-line recruiting" refers to sponsoring or attempted sponsoring of an individual or entity that already has a current Agreement on file with Young Living within a different line of sponsorship or with a different sponsor. The use of a spouse's name, trade

names, DBAs (Doing Business As), assumed names, corporations, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. You may not demean, discredit, or defame another Young Living member, especially in an attempt to entice another member to become part of your marketing organization. Young Living reserves the right to terminate your sales organization for failure to comply with this policy.

### 3.11.5 Bonus Buying and Stacking

Bonus buying and stacking are material breaches of these Policies and Procedures and are strictly and absolutely prohibited.

"Bonus buying" includes (a) the enrollment of members without their knowledge of or execution of the Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a member or customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as members or customers (phantoms); or (d) the use of a credit card by or on behalf of a member or customer when the member or customer is not the account holder of such credit card without written authorization.

The term "stacking" means: (a) the failure to transmit to Young Living, or the holding of a Member Agreement in excess of two (2) business days after its execution; (b) the placement or manipulation of Member Agreements for the purpose of maximizing compensation pursuant to the Compensation Plan; (c) providing financial assistance to members, or buying products or drop shipping through another's account for the purpose of increasing the payout of your sales organization.

## 3.12 International

Compliance with foreign laws regarding intellectual property, customs, taxation, literature content, and other direct selling guidelines is critical to successful international expansion of Young Living into new markets. Consequently, you are authorized to market and sell Young Living's products and services and to recruit and sponsor other members only in countries in which Young Living is authorized to conduct business, as listed in official Young Living literature. Because unauthorized pre-market opening activity may jeopardize Young Living's



## POLICIES &amp; PROCEDURES: SECTIONS 3.12.1–3.14

ability to enter a new market and result in loss of opportunity for many other members, those who engage in unauthorized pre-market opening activity will be subject to disciplinary measures, possibly leading to termination. You are not authorized to register product, trade names, trademarks, patents, web domains, or IP addresses in any country for or on behalf of Young Living.

You agree to indemnify Young Living for any such activity of yours that damages Young Living, including, but not limited to, loss of profit, loss of goodwill, any damages, and reasonable attorneys' fees.

If you want to sponsor members in a country officially recognized as open, you must:

- Be in good standing in the country of residence;
- Read, understand, and agree to follow the Young Living Policies and Procedures in place for that country;
- Agree to follow all applicable laws of that country; and
- Agree to any tax withholdings that may be required for that country.

You may not import or sell product into any country that is not legally importable or saleable. You agree to follow all laws in any country into which you sponsor members, including, but not limited to, all direct selling laws, all solicitation laws, all advertising laws, all claims laws, all tax laws, and any other laws that apply to operating a sales organization in a foreign country.

### 3.12.1 NFR

In some countries, member may purchase Young Living products on a not-for-resale (NFR) basis as retail customers. If you purchase NFR products, you may not resell them.

### 3.12.2 Anti-Bribery

You and your agents, employees, or consultants must not pay or give, or offer or promise to pay or give, any money or anything of value to any government official or employee, political party, or candidate for political office (collectively referred to as "Government Recipient") – or to any person, while knowing or having reason to know that all or a

portion of such money or thing of value will be paid or given to, or offered or promised to, directly or indirectly, any Government Recipient – for purposes of obtaining an unfair advantage or influencing any act or decision of a Government Recipient or inducing a Government Recipient to use his, her, or its influence with the government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, and you will cause your employees, officers, agents, and sub-consultants to do likewise.

## 3.13 Repackaging and Relabeling

You may not re-label, alter the labels of, repackage, or refill any Young Living product. Young Living's products must be sold in their original containers only. You may not use Young Living's products as ingredients in or components of any product for resale. Such relabeling or repackaging could result in severe criminal penalties. In the event this rule is violated, you agree to indemnify Young Living against any harm resulting from the repackaging or relabeling of any of its products.

## 3.14 Confidentiality Agreement

As a member of Young Living, you may be supplied with confidential information such as genealogical and organization reports, customer lists, customer information developed by Young Living or developed for and on behalf of Young Living by members (including, but not limited to, customer and member profiles and product purchase information), member lists, manufacturer and supplier information, business reports, commission or sales reports, marketing strategies and plans, product formulae, product information and other financial and business information ("Confidential Information").

All Confidential Information (whether in written, oral, or electronic form) is transmitted to you in strictest confidence on a need-to-know basis for use solely in your sales organization for Young Living business purposes only. You shall keep such information confidential and must not disclose any such information to a third party directly or indirectly. You must not use the information to compete with Young Living or for any purpose other than for promoting Young Living's program and its products and services. Upon expiration or termination by either party for any reason of the Agreement, you

must discontinue the use of such Confidential Information and destroy or promptly return to Young Living any Confidential Information in your possession. Without limiting your obligations as set forth in this Section 3.14, Young Living may further require a signed non-disclosure agreement before releasing any business information to you.

In the event of the expiration or termination by either party for any reason of the Agreement, the obligations contained in this Section 3.14 survive and are subject to legal enforcement by injunction. You further agree that in the event Young Living prevails in any legal action to enforce its rights under this Section 3.14, Young Living shall be entitled to all costs and reasonable attorneys' fees incurred in enforcing its rights under this Section 3.14.

### **3.15 Reporting Policy Violations**

You should report any violations of these Policies and Procedures by any member to the Young Living Member Conduct and Education Department by emailing [conduct@youngliving.com](mailto:conduct@youngliving.com) or calling the Customer Care Department at 800.371.3515.

### **3.16 Authorization to Transfer and Disclose Personal Information**

In order to provide support for your sales organization, you authorize Young Living to disclose personal and/or confidential information that you have provided Young Living in connection with your sales organization or that you have developed as a result of your activities as a member. You authorize Young Living to transfer and disclose this information to its parent and affiliate companies, to your upline when necessary to ensure proper upline support to you and your sales organization, and to applicable government agencies or regulatory bodies if required by law. You also authorize Young Living to disclose your personal contact information to members of your downline.

You further authorize Young Living to use your personal information for member recognition and marketing materials.

### **3.17 Authorization to Take and Use your Photo or Video**

By becoming a member with Young Living, you consent to having your image captured in photographs or videos at various Young Living-sponsored events by Young Living staff and to have those images used by Young Living as they see fit in advertising and marketing materials. You will not be compensated for this usage. If you have a religious or moral objection to having your picture taken or appearing in a video, please notify a member of Young Living's staff at the event where photographs and videos are being taken. The provisions of this Section will permanently survive the term of the Agreement.

## **SECTION 4: Sponsor's Responsibilities**

### **4.1 Sponsoring**

As a member, you have the right to sponsor other Young Living members. Each prospective member has the ultimate right to choose his/her own sponsor. If two members claim to be the sponsor of the same new member or customer, the new member has the right to choose between the two within the first 30 days. After that time, Young Living will regard the first application received by Young Living as binding.

When sponsoring a new member, you must provide the most current version of these Policies and Procedures and the Compensation Plan before he/she signs a Member Agreement or ensure that such individual has online access to these materials.

### **4.2 Sponsoring Online**

When sponsoring a new member through the online enrollment process, you may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan. You may not fill out the online application and Agreement.

### **4.3 Ongoing Supervision, Training, and Sales**

As a sponsor, you are expected to train, supervise,



## POLICIES &amp; PROCEDURES: SECTIONS 4.4–5.2

and communicate with your downline through letters, newsletters, meetings, telephone contacts, voice mail, email, trainings, and by accompanying enrollees to Young Living's training meetings. If you feel you are not getting the necessary level of support from your sponsor, you are encouraged to consult with your next upline leader or call the Customer Care Department at 1-800-371-3515. As a sponsor, you also agree to make your contact information (telephone number/email address) available to his/her downline for training and support purposes.

You should monitor the members in your downline to ensure that they do not make improper product or business claims or engage in any illegal or inappropriate conduct that violates the Agreement.

As you progress through the various levels of leadership, you will become more experienced in sales techniques, product knowledge, and understanding of the Young Living program. In that event, you may be called upon to share this knowledge with lesser experienced members within your downline.

Regardless of your level of achievement, you have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing your existing customers.

#### 4.4 Non-Disparagement

In setting the proper example for your downline, you must not disparage, slander, or defame other Young Living members, Young Living's products, the Compensation Plan, Young Living employees, or Young Living founders. Such disparagement constitutes a material breach of these Policies and Procedures and may result in termination of your sales organization.

#### 4.5 Privacy

You must take appropriate steps to safeguard and protect all private information provided to you by members in the operation of your sales organization.

## SECTION 5: Advertising

### 5.1 Use of Young Living Materials

To prevent inadvertent errors or illegal claims, you should strive to use the current Young Living literature for advertising and describing Young Living's products or programs. The materials must be used in context so as not to be misleading.

All Young Living materials—whether printed, on video or DVD, produced by sound recording, or any other electronic format—are copyrighted and may only be reproduced in whole or in part when authorized by Young Living. Anyone found copying audio, video, or written materials produced by Young Living without written approval may be subject to disciplinary action.

There is no recording permitted during any Young Living convention or meeting. Anyone found recording the Young Living convention or any other Young Living meeting will be removed and subject to disciplinary action, and the recording will be confiscated. Additionally, production or distribution of a member's notes from any Young Living event is prohibited.

### 5.2 Member-Developed Advertising Materials & Products

If you choose to produce or use advertising materials that were not developed by Young Living, you must clearly identify that the material is from an "Independent Member" and not Young Living and should not use Young Living logos, except the Independent Member logos, and trademarks without written authorization. Young Living Independent Member logos are provided by Young Living and include the phrase "Independent Member." Use of Young Living logos that do not include the phrase "Independent Member" is strictly prohibited.

Any use of advertising material not produced by Young Living must be compliant with all applicable laws and these Policies and Procedures—particularly Section 5.3. Such material must be produced in a professional and tasteful manner. Material must not be used that reflects poorly upon Young Living. Violations may subject a member to disciplinary

actions as outlined in Section 13.3.

You are not permitted to use Young Living trademarks, copyrights, or other intellectual property on marketing materials (including physical or electronic), essential oil accessories, software, branded merchandise, or other products that you distribute, or otherwise sell to others (including other Young Living members), unless you first acquire a license from Young Living. Violation of this policy may result in legal liability and disciplinary action, as outline in Section 13.3.

## 5.3 Advertising Claims and Representation

### 5.3.1 Product Claims

You are prohibited from making inaccurate and impermissible claims about any of Young Living's products. In particular, you must not make any claim that Young Living's products are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease. You must also avoid making any statements and claims that are false or misleading concerning Young Living's products. You must comply with all laws, both state and federal, regarding any statements made.

You also must not diagnose any disease or disease condition or prescribe any Young Living product unless you are a licensed medical professional authorized to do so. Anyone improperly diagnosing or prescribing Young Living's products may jeopardize the future of Young Living and all of its members and may therefore have his/her sales organization terminated.

### 5.3.2 Income Claims

You are prohibited from making any income projections to prospective members that may create false or misleading expectations. In their enthusiasm, some members are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counterproductive since new members may be disappointed if their results do not meet their expectations. The income potential of a Young Living member is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.

Young Living has prepared an Income Disclosure Statement (IDS) designed to convey truthful, timely, and comprehensive information about the income that its members have earned. A copy of the IDS is available online at [youngliving.com/IDS](http://youngliving.com/IDS). Any time that you present or discuss the Compensation Plan or make any type of income or earning representation about the Compensation Plan, you must provide any prospective members with a copy of the IDS. Income and earning representations include:

- Claims of actual, average, or projected earnings under the Compensation Plan;
- Income testimonials;
- Claims about achieving an improved lifestyle (e.g., claims about affording large homes, luxury cars, and exotic vacations); and
- Hypothetical examples of earnings under the Compensation Plan.

In any non-public meeting (e.g., a home meeting, one-on-one regardless of venue) with a prospective member(s) in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective member with a copy of the IDS. You must also display at least one 3-foot x 5-foot poster board in the front of the room in reasonably close proximity to the presenter(s), and/or continuously display a slide of the IDS throughout the duration of the Compensation Plan discussion or while making an income claim in any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.).

### 5.3.3 Compensation Plan Claims

When presenting or discussing the Compensation Plan, you must make it clear to prospective members that financial success with Young Living requires commitment, effort, and sales skill. Conversely, you must never represent that individuals can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- It's a turnkey system;

## POLICIES &amp; PROCEDURES: SECTIONS 5.3.4 –5.6

- The system will do the work for you;
- Just get in and your downline will build through spillover;
- Just join and I will build your downline for you;
- The company does all the work for you;
- You don't have to sell anything; or
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospective member to believe that he or she can be successful as a Young Living member without commitment of time and work effort.

### 5.3.4 Governmental Approval or Endorsement

State and federal regulatory agencies and officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, you may not represent or imply that Young Living or its Compensation Plan have been "approved," "endorsed," or otherwise sanctioned by any government agency.

### 5.3.5 Indemnification for Unlawful Advertising Statements

You are fully responsible for all verbal and written statements you make regarding Young Living's products, services, and the Compensation Plan that are not expressly contained in official Young Living materials. You agree to indemnify Young Living and Young Living's directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living from any liability arising from or related to your actions in the promotion and operation of your sales organization. This provision will survive the termination of the Agreement.

### 5.4 Testimonials and Meetings

At member-sponsored meetings, members should not arrange for a disease-cure, disease-

prevention, or disease-treatment testimonial, as described in Section 5.3. Nor should any disease-cure, disease-prevention, or disease-treatment testimonial be given at any such meeting. If there is an impromptu disease-cure, disease-prevention, or disease-treatment testimonial from someone, the leading member should redirect the discussion by saying something to the effect of, "Young Living supplements are designed to improve nutrition; they are not intended to diagnose, treat, cure, or prevent any disease. However, scientific research has established a connection between nutrition and many disease conditions."

Third-party scientific literature that is compliant with local, state, and federal law may be distributed at a meeting but must be placed separate and apart from promotional material.

### 5.5 Trademarks and Copyrights

The name of Young Living, Young Living Essential Oils, Young Living Lavender Farms, or any other names that may be adopted by Young Living, such as trade names, trademarks, logos, slogans of Young Living, and the web address or URL (or any names that are confusingly similar) are proprietary to Young Living and of great value. You must obtain written permission before using any Young Living logo (other than the Independent Member logo) or trademark.

### 5.6 Domain Names and Email Addresses

You may not use, register, or own any Internet domain name either in the U.S. or abroad that includes any of Young Living's trade names, trademarks, service names, service marks, product names, company names, or any derivative thereof. Nor may you incorporate or attempt to incorporate any of Young Living's trade names, trademarks, service names, service marks, product names, the company names, or any derivative thereof into any email address. In accordance with this policy, all existing member-owned domain names that violate this provision will be expected to be brought into conformance within three months of notification of a violation by Young Living. In limited circumstances, an infringing domain name or email address registration may be allowed to exist upon the signing of an annual trademark license agreement with Young Living, which will also carry a license fee. Such license agreements may be offered, withdrawn, or modified by Young Living at its own discretion at any time, and those members



with non-conforming domain name registrations who do not make such an agreement with Young Living will be expected to transfer those registrations to Young Living within the three-month time period noted above.

### 5.7 Internet Policy

Many members will use the Internet to further their businesses using websites, blogs, social media, etc. (collectively “Member Sites”). Member Sites used to promote Young Living, Young Living products, or Young Living events must display a current Young Living Independent Member logo (as described in Section 5.2) in a prominent location. Member Sites must further include the member’s member number.

Member Sites used to promote Young Living, Young Living products, or Young Living events must provide one hyperlink to the official Young Living website, [www.youngliving.com](http://www.youngliving.com). This hyperlink must be placed in at least one of the following three locations: (1) on the homepage in a place that is visible when the home page loads (without requiring scrolling), (2) on a “contact us” page or tab, or (3) on an “about our affiliates” page or tab as the first listed affiliate.

Member Sites may include current product descriptions, photographs, videos, and other media made available to members by Young Living (e.g., through the official Young Living website, the Virtual Office, or the Young Living Flickr® account). These sites may not (a) use Young Living’s trade dress; (b) make any improper product, income, or compensation plan claims, as outlined in Section 5.3; (c) promote the products or business of any other company; or (d) contain false or misleading information. Members are responsible to ensure that all users of their Member Sites comply with these requirements.

Member Sites may, at Young Living’s sole discretion, be monitored by Young Living. Failure to monitor Member Sites for any period of time does not waive Young Living’s rights to enforce the provisions of this Section.

When using social media, members may not use as their username, account name, or other identifier (collectively “Username”), any of Young Living’s trade names or company names, or any other name that may be confused with Young Living Essential Oils or suggest Young Living’s sponsorship thereof.

Username may, however, include the name “Young Living,” if they also include “Independent Member” or a similar identifier that effectively distinguishes it from a Young Living corporate account.

### 5.8 Online Classifieds, Online Auction Sites (eBay), and Online Retailing

You may use online classified ad websites (e.g., Craigslist), third party online retail stores, ecommerce websites, and online auction websites (e.g., eBay) to advertise and promote the sale of Young Living products. In order to do so, you must strictly comply with all advertising and claims provisions set forth in Section 5.12 of these Policies and Procedures not to advertise the prices of products at less than the current U.S. wholesale price. Such websites may also be used for prospecting, recruiting, and informing the public of the Young Living opportunity, provided no income or compensation plan claims are made.

### 5.9 Telephone and Email Solicitation

You may not use Young Living’s name or copyrighted materials with automatic calling devices or “boiler room” operations to solicit potential members. In addition, any email messages distributed to solicit for your business must conform to the CAN-SPAM Act and contain appropriate opt-out provisions for the recipient. Failure to opt respondents out of your email may subject you to the disciplinary action outlined in Section 13.3. You may not opt out for another member in your organization.

You may not engage in telemarketing to promote Young Living products or the Young Living opportunity or to solicit potential members. For purposes of this Section, telemarketing refers to placing of one or more outbound telephone calls to an individual without that individual’s express prior permission or invitation to call. If you violate this policy, you agree that you will indemnify Young Living and Young Living’s directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys’ fees, court costs, or lost business incurred by Young Living as a result of your telemarketing activities.

## POLICIES &amp; PROCEDURES: SECTIONS 5.10–6.1

**5.10 Young Living Personal Websites**

Young Living offers a personalized website to assist in your marketing efforts. You should contact the Customer Care Department at 1-800-371-3515 for more details or log in to your Young Living Virtual Office ([www.youngliving.org](http://www.youngliving.org)) for more information. You should be advised that by using a Young Living website, your contact information will become available to the public so that they may contact you with questions. Young Living will not be held responsible for any unintended or adverse consequences of this service.

**5.11 Commercial Outlets**

As a member, subject to the provisions of Section 5.12, you may display Young Living's products in commercial outlets only where professional services are the primary source of revenue and product sales are secondary, such as approved service-oriented establishments, including, but not limited to, health spas, beauty shops, and physicians' and chiropractors' offices.

**5.12 Minimum Advertised Price**

You may establish the price at which you resell Young Living products, as long as such sales are within the policies outlined in this Agreement. However, certain advertisements can threaten healthy competition in essential oils and wellness products, can reduce sales in Young Living products, and can cheapen the image that Young Living has worked hard to develop. Advertising with such potential effects is not acceptable to Young Living.

You may not directly or indirectly advertise Young Living products for less than the current wholesale prices (which are kept current on the official Young Living website) in any advertisement or promotional material that appears outside of a retail premises, including, but not limited to Internet, newspaper, magazines, catalogues, billboards, and direct mail.

Young Living will decide, in its sole, unilateral discretion, whether media advertising directly or indirectly, advertises Young Living products at less than the current U.S. wholesale price. The following are meant to be non-exhaustive illustrations of advertising violations: bundling and value-added offers, promotion code advertisement that result

in lower than current U.S. wholesale price, "add to cart to see pricing," couponing advertisements that results in lower-than-wholesale pricing, and rebate advertisements that result in lower-than-current U.S. wholesale pricing.

Violations of this policy constitute a material breach of the Agreement and will result in disciplinary action under Section 13.3.

**5.13 Trade Shows and Expositions**

Subject to the requirements in this Agreement, you may display and sell Young Living's products at trade shows and expositions. All literature displayed at the event must be official Young Living literature and must clearly identify yourself as an Independent Member.

**5.14 Media Inquiries**

Do not attempt to respond to media inquiries regarding Young Living, its products or services, or your sales organization. All inquiries by any type of media must be immediately referred to the Young Living Member Compliance Department. This will ensure that accurate and consistent information reaches the general public.

**SECTION 6: Sales Requirements****6.1 Product Sales and Sales Receipts**

The Compensation Plan is based upon the sale of Young Living's products and services to end consumers. You must fulfill specified personal and downline sales requirements (as well as meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. The following sales requirements must be satisfied in order for you to be eligible for commissions:

- You agree not to stock excessive inventory and to abide by the 70% rule, which is that 70% of your inventory intended for sale has been sold prior to ordering more. A minimum of 70% of you and your personally enrolled customers' orders must be sold before you purchase additional products. The sales volume of your personally enrolled customers will be included with the sales determining

compliance with the 70% requirement. You may not purchase additional product until at least 70% of the previous order has been sold to end consumers. By ordering product, you certify that you have sold or used at least 70% of all prior orders.

- You are required to furnish your customers with two copies of an official Young Living sales receipt, which specifies the date of sale, the amount of sale, and the items purchased. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights required by federal or state law. In accordance with such laws, you must verbally inform your customers of their cancellation rights. Additionally, if you sell product inventory to other members, you must provide the purchaser with a sales receipt. The member should maintain copies of all sales receipts for a period of two years and furnish them to Young Living upon request. Young Living will maintain records documenting the purchases of member's customers and direct purchase customers.

## 6.2 Non-members

You may personally sell Young Living's products to non-members. Online sales however are governed by Section 5.8.

## 6.3 Customers and Sales Requirements

Non-member and customer orders satisfy customer sales requirements.

## 6.4 Excessive Purchases of Inventory Prohibited

Young Living strictly prohibits the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions, bonuses, or advancement in the Compensation Plan.

# SECTION 7: Commissions and Bonuses

## 7.1 Commissions and Bonus Checks

To qualify for commission compensation under the Compensation Plan, you must have purchased product within the last 12 months and be in

compliance with the Agreement with no holds on your member account. Commissions will be paid out in accordance with the Compensation Plan, the current version of which is available through the Virtual Office ([www.youngliving.org](http://www.youngliving.org)). As long as you comply with the terms of the Agreement, Young Living will pay commissions on approximately

the 20th of each month for the prior month's sales. Commission amounts under \$25 will not be issued as a check but retained as a credit on account for future product purchases. You may also elect to have commissions paid via direct deposit to a bank account subject to the same rules as above. Direct deposit will be permitted based on policies determined by Young Living. Contact the Customer Care Department for more information at 800.371.3515.

## 7.2 Recap Statements

You may access detailed commission reports from the Virtual Office at [www.youngliving.org](http://www.youngliving.org). If you do not have Internet access, you may request that the report be faxed or mailed to you for a small fee.

## 7.3 Adjustments

You agree that adjustments will be made to your commission check for any processing fees, unpaid balances, or debts owed for other services. When a product is returned to Young Living for a refund or is repurchased by Young Living, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted from any future commission checks, including that of the upline. Any other debt may be offset against commission checks.

In addition, if you fail to properly provide your Social Security Number or Federal Tax Identification Number to Young Living, Young Living will deduct the necessary back-up withholdings from your commission checks as required by law.

## 7.4 Deductions/Maintenance Fees

A monthly maintenance fee is assessed each month and is used to cover accounting, processing, account maintenance, and other costs. The fee may be tax deductible, so consult your personal tax advisor for details. The fee schedule is as follows:



## POLICIES &amp; PROCEDURES: SECTIONS 7.5–8.2

Monthly Commissions	Fee
\$25–49	\$1
\$50–99	\$2
\$100–499	\$3
\$500–999	\$4
\$1,000+	\$5

are available Monday through Friday from 6 a.m. to midnight, Saturday from 7 a.m. to 5 p.m., Sunday 1:30 p.m. to midnight Mountain Time. Hours may be subject to change. For current hours, visit [youngliving.com](http://youngliving.com) and click on the “Contact Us” link. Payments can be made by ACH (U.S. banks only, bank draft), credit card, debit card, or prepaid card.

## 7.5 Errors or Questions

You should review your Commission and Bonus Recap statements and report any errors or discrepancies to Young Living within 45 days from the date on the check. Errors or discrepancies that are not brought to Young Living’s attention within 45 days will be deemed waived.

## 7.6 Commission and Bonus Checks

Young Living attempts to ensure that checks are sent to the proper address (the address on record with Young Living). If, after 90 days from its issue, a compensation check is not cashed, it will be voided and the amount credited to your account. If left unused for the applicable required statutory period, the credited amount in your account from the voided check will be submitted to the government in the state of your last known address in accordance with applicable unclaimed property laws.

## 7.7 Reissue Requests

There is a \$35 service charge for reissuing a check. This charge will be deducted from the balance owed to the member.

# SECTION 8: Ordering

## 8.1 Ordering Methods

All members may place orders by telephone, fax, mail, website, live chat, or through the Essential Rewards autoship program.

### 8.1.1 Phone

When ordering, modifying account information, or accessing your account by phone, be prepared to present all information requested on the Young Living order form, including member number and personal identification number (PIN). Live operators

### 8.1.2 Fax

When ordering by fax, print information legibly on the order form. You must include your member number on the order form along with your contact information. Payments can be made by ACH (U.S. banks only, bank draft) or credit card. Orders may be faxed to 1-866-203-5666. All item requests must come from the current product catalogue.

### 8.1.3 Mail

When ordering by mail, send completed order form with payment to:

Young Living  
Attn: Order Entry  
3125 West Executive Parkway  
Lehi, Utah 84043

Payments may be made by credit card, cashier’s check, money order, or personal check (U.S. funds only). Please do not send cash.

### 8.1.4 Young Living Website

The Young Living website makes ordering and accessing information online quick and easy. Available 24 hours a day, 7 days a week, the website allows you to place online orders. You will need your member number and password (which should be kept confidential) to establish a login and security code (four-digit PIN) at [www.youngliving.com](http://www.youngliving.com). You must keep your PIN secure and only order on your own account.

### 8.1.5 Live Chat

Orders may be placed through the live chat service available through the Young Living website.

## 8.2 Essential Rewards Autoship Program

The Young Living Essential Rewards autoship program enables you to have Young Living products

automatically shipped to you each month. Through this program you can earn free products, and qualifies you for members-only specials, and qualify for compensation under the Compensation Plan. You may learn more and sign up for the Essential Rewards autoship program in the Virtual Office ([www.youngliving.org](http://www.youngliving.org)) or by contacting the Customer Care Department at 1-800-371-3515.

### 8.3 General Ordering Policies

On mail orders with invalid or incorrect payment types, or anything else that may prevent Young Living from placing the order, Young Living will attempt to contact you by phone or email to correct the order. Young Living will make two attempts to correct the order. If these attempts are unsuccessful after five business days, the order will be cancelled.

For orders to be counted in a given month, they must be received and accepted on or before the last day of the month. Changes made to pending orders that have not yet shipped will keep the original date the order was entered. This may affect commission qualification.

If an item ordered is out of stock or discontinued, Young Living will attempt to contact you by phone or email so that you may select an alternative item, if qualifications are negatively affected. If we are unable to contact you or do not receive a response from you within two business days, Young Living will remove the item and process the order. It is your responsibility to verify that the products in your order are available when shipped.

No COD orders will be accepted.

Payment plans are not allowed when purchasing product. The balance may be paid with different credit cards but must be paid in full before the order will be shipped.

#### 8.3.1 Back Orders

Young Living may offer back orders. Back ordered products will be shipped with your next order after the product becomes available. Shipping is charged on all back orders.

#### 8.3.2 Month-End Order Processing Cutoff

The month-end order processing cutoff is the last calendar day of the month at 11:59 p.m. Mountain Time. Mailed and faxed orders must be received by the last day of the month. All mailed-in orders will be credited to the month in which they are received. Even when the end of the month falls on a weekend, holiday, or a day that the Young Living office is closed, the deadline will not normally be extended. The fax line and the website are available 7 days a week, 24 hours a day, making it possible to place all orders by the end of the month.

## SECTION 9: Shipping

### 9.1 Shipping Methods and Charges

Domestic orders are generally shipped within two business days (excluding weekends and holidays). A packing slip is included in each shipment. It contains the order number, member number and name, product code, product name, price, and the amount and method of payment. Members should keep these packing slips for personal accounting records. Package tracking is available through most major carriers.

### 9.2 Shipping Discrepancies

When you receive an order, you should check the products against the packing slip to make certain there is no discrepancy or damage. Please notify Young Living of any shipping discrepancies or damage as soon as possible. Failure to notify Young Living of any shipping discrepancy or damage within five business days of receipt of shipment will forfeit your right to request a correction.

The Return Merchandise Authorization (RMA) number is required for the processing of all shipping discrepancies or damage claims. If the RMA number is not included, Young Living will not process shipping discrepancies, issue credits, or replace damaged products. The RMA is included in each order when packaged for shipping.

To correct any problems you may have encountered with your shipments, please contact the Customer Care Department. Your Customer Care Department representative will discuss the steps to rectify



## POLICIES &amp; PROCEDURES: SECTIONS 10.1–11.1.1

the situation and issue a Return Merchandise Authorization (RMA) number.

## SECTION 10: Payment

### 10.1 Methods of Payment

Young Living accepts the following payment methods:

- Credit Cards, Debit Cards, and prepaid cards—VISA, MasterCard, American Express, and Discover. Using someone else's credit card without his/her written permission is illegal and may be grounds for termination of your sales organization as well as possible legal action.
- ACH Check Payments—U.S. checking accounts only. The Automatic Clearing House (ACH) program authorizes Young Living to draft against a member's bank account for the amount of the order. First-time ACH orders will be held for five days before being shipped.
- Money Orders or Cashier's Checks—U.S. funds (mail-in orders only).
- Personal Checks—U.S. funds (mail-in orders only).

### 10.2 Returned Checks and Insufficient Funds

It is your responsibility to ensure that there are sufficient funds available in your account to cover regular orders and autoship orders. If a personal check or ACH check is returned for non-sufficient funds (NSF), you will not be able to place orders using personal checks or ACH checks until the balance is paid with a credit card or a money order. An NSF check will be sent to a collection service, appropriate processing fees will be charged, and your account will be placed on suspension. Failure to promptly resolve an NSF check may result in legal action and possible termination of your sales organization. Any uncollected amount may be deducted from commissions.

### 10.3 Commission Check Release Form

You may choose to retain your commissions and bonuses (all or in part) in the form of a credit on your Young Living account. This credit would be used against future product purchases, in accordance with Section 7. A Commission Check Release Form must be received and approved by Young Living

before your compensation check can be issued as a credit on account.

## SECTION 11: Product Returns

### 11.1 Return Policy

Young Living reserves the right to review each return or exchange on a case-by-case basis. Returns will cause promotions, credits, commissions, and bonuses to be adjusted or reversed, both for the person making the return and for any upline members who received compensation on such purchases.

#### 11.1.1 Return Guidelines

If you are dissatisfied with any Young Living product you may return:

- Any unopened product within 30 days after shipment for a full refund in the same method of payment of the purchase price and applicable sales tax (less shipping charges).
- Any opened product within 30 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges).
- Any opened or unopened product up to 90 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges and a 10% handling fee). The credit applied for opened product will be based on the percentage of the product returned. For example if you return 50% of a product, then a credit of 50% (less shipping charges and a 10% handling fee) will be applied to your Young Living account.

If you sell products to non-members you are required to provide the same return policy as outlined in this Section 11.1. You are also responsible for returning the product to Young Living within 10 days of receiving the return from the non-member. Excessive returns may be deemed an abuse of Young Living's return policy and may result in suspension of your return privileges and/or sales organization. Damaged or incorrect shipments of products will not be subject to fees.

### 11.1.2 Returns of Inventory by Members

If you choose to terminate the Agreement, you may return any product inventory or sales aids purchased in the preceding 12 months for a refund if you are unable to sell or use the merchandise. You may return only products and sales aids that are in resalable condition, unless otherwise required by law. Resalable condition is defined as the same unopened condition as it was purchased new. You must return the products to Young Living, prepay the shipping charges, and include a letter explaining that you wish to terminate the Agreement and receive a refund. Upon receipt of the products, you will be reimbursed 90% of the net cost of original purchase price, less shipping charges. Young Living will deduct from the reimbursement any commissions, bonuses, or other incentives received by you as a result of the product you are returning. If your account is terminated, you have 90 days from the date of termination to make arrangements with Young Living regarding the repurchase of all returnable products. You acknowledge that you will be unable to return products more than 90 days from the date of termination.

### 11.1.3 Product Kits

Any product kit returned to Young Living must be complete; otherwise the kit will not be eligible for an exchange or refund. No individual items from a kit will be eligible for a refund.

### 11.1.4 Return of Promotional Product(s)

For any complimentary item(s) received by the purchaser via a qualifying purchase or through the buy-one-get-one-free promotion or other promotion, returns will be handled as follows:

- If a qualifying purchase is returned in whole or in part and negates your qualification to receive the complimentary promotional item(s), the complimentary item(s) must also be returned, or you will be charged for the free product(s).
- If one of the promotional products is returned, Young Living will not credit the member, as Young Living will assume the returned item(s) is the promoted product(s). If both products of the promotional are returned, Young Living will credit the member for the product purchased.

### 11.1.5 Montana Residents

Notwithstanding the provisions of Sections 11.1.2 and 11.1.3, if you are a resident of the State of Montana and you cancel the Member Agreement within 15 days of the date of enrollment, you may return the kit to Young Living for a 100% refund.

### 11.2 Procedures for Returns

The following procedures apply to all returns for refund, repurchase, or exchange:

- The customer or member who purchased it directly from Young Living must return the products.
- All product(s) must be returned in its original container.
- The return must have a Return Merchandise Authorization number (RMA) that may be obtained by calling the Customer Care Department at 1-800-371-3515, by emailing [custserv@youngliving.com](mailto:custserv@youngliving.com), or by submitting the request via Young Living's live chat services. The RMA number must be written on the outside of each package, or the shipment will be returned to sender.
- All returns must be shipped prepaid to Young Living. Young Living does not accept COD packages.
- If returned product is not received by Young Living's distribution center, it is the responsibility of the member to trace the shipment. Young Living is not liable for items lost or damaged in transit.
- Volume for exchanges will be counted in the month the exchange transaction was made.
- No refund will be made for subsequent returns of the same product, except when the product is damaged or defective.

Credits will be issued when Young Living has processed the return.

## SECTION 12: Member Account Management

## POLICIES &amp; PROCEDURES: SECTIONS 12.1–12.1.2

## 12.1 Changes to a Member Account

You must immediately notify Young Living of all changes to the information contained on your Member Agreement. You may update your existing information by submitting a written request indicating the changes by email to [custserv@youngliving.com](mailto:custserv@youngliving.com) or by live chat or by making such changes in the Virtual Office ([www.youngliving.org](http://www.youngliving.org)). The modifications permitted within the scope of this paragraph do not include a change of sponsor or tax information. Sponsors and enrollers are not allowed to request account changes or relay such requests.

### 12.1.1 Sponsor Changes

To protect the integrity of all marketing organizations and safeguard the hard work of all members, Young Living strongly discourages changes in sponsorship. Sponsor change requests may be made directly over the phone if within the first 5 business days of registration. After 5 business days, but within 30 days, the request must be submitted in writing via mail, email, or fax and must include the reason for the transfer. Requests submitted via email should be sent to [resolutions@youngliving.com](mailto:resolutions@youngliving.com), must come directly from the new member or the new member's enroller, and must be sent from the email address on file with Young Living. Requests cannot be submitted by another member, even in the form of a forwarded email. Young Living will not approve sponsor change requests that it deems to be intended to manipulate payment under the Compensation Plan. Young Living will not grant sponsor change requests that it deems to be excessive for a single member or for a member organization. Young Living reserves the right to make sponsor changes for any reason at any time and at its sole discretion.

Change of your sponsor will be considered only under the following circumstances:

- You may seek a sponsor change in writing by including with your request the written approval of three upline members whose income will be affected by the transfer and who have each generated at least 100 PV each month for the last six months. Your request must come directly from you, not from anyone else, including your upline members. To ensure that the upline members have submitted their approvals, it is

recommended that you request to be copied on the upline member's email correspondence to Young Living. Your request will be subject to approval of Young Living. In your written request you must indicate that you understand that your existing downline will be forfeited. Your downline members will remain in the original genealogy and will not be moved with you.

- If you have not placed an order or generated any sales for six or more consecutive months, then you are eligible to transfer to another sponsor of your choosing. You must submit your request for the sponsor change in writing before you submit any further orders, and you must indicate that you understand that your existing downline will be forfeited. Any downline members will remain in the original genealogy and will not be moved with the transferring member.
- If you register using Young Living's placement program, you reserve the right to change your sponsor within 30 days of being placed.

Problems of attitude, non-support, personality conflicts, or social preferences are not acceptable reasons for a change. A fee of \$35 will be charged for all sponsor changes made after 30 days of your registration. This fee will be charged even if the request is rejected by Young Living.

If a member and that member's enroller both submit sponsor change requests within the appropriate and allotted time frame, the request from the member will always take precedence.

### 12.1.2 Waiver of Claims

If you have changed sponsors but did not follow the appropriate procedures, as outlined in Section 12.1.1, and you have developed a downline organization in a sales organization under a new sponsor, Young Living reserves the sole and exclusive right to determine the final placement of your new downline organization. You waive any and all claims against Young Living, its officers, directors, owners, employees, and agents that relate to or arise from Young Living's decision regarding the disposition of any downline organization that develops below an organization that has improperly changed lines of sponsorship.



### 12.1.3 Sponsor Placement Program

Members who enroll without selecting a sponsor or enroller will be added to Young Living's Placement Program. Through this program, the new member will be assigned a sponsor and enroller. If a member is placed through this program, the member or his/her assigned enroller may change the new member's sponsor within 30 days, as outlined in Section 12.1.1.

### 12.2 Downline Genealogy Reports

Downline Genealogy Reports ("Report") are optional and may be ordered at any time. Members with a Young Living-sponsored personal website may receive two free emailed downline Reports per month, upon request, with all additional email Reports costing \$5 each. Members who do not have a Young Living-sponsored personal website will pay \$5 for each email Report requested. Members who wish to have the Report faxed or mailed will pay \$5 for the first 10 pages and 10 cents for each additional page. Young Living reserves the right to modify the charges described in this Section 12.2.

Downline Genealogy Reports constitute Confidential Information as set forth in and subject to Section 3.14 of the Agreement. Without limiting your obligations under Section 3.14 of the Agreement, you may not use Reports for any purpose other than for developing and supporting your sales organization. Specifically, during and after the expiration or termination by either party for any reason of the Agreement, you may not:

- Disclose any information contained in the Reports to any third party;
- Use Reports to compete with Young Living in violation of Section 3.11.2 of the Agreement;
- Use Reports to solicit any member or customer listed on the Reports or to engage in any conduct prohibited by Section 3.11.1.2 of the Agreement; or
- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Report.

At the expiration or termination by either party for any reason of the Agreement, or upon demand by Young Living, you will return the original and

all copies of Reports (including electronic files) to Young Living or destroy all copies in hard-copy, electronic, or other format of any Report in your possession. This Section 12.2 of the Agreement will survive the expiration or termination by either party for any reason of the Agreement.

### 12.3 The D. Gary Young Foundation: Young Living Outreach

By enrolling as a Young Living member, you are automatically enrolled as a non-voting member of The D. Gary Young Foundation: Young Living Outreach. The privileges associated with this class of membership include the invitation to participate (at the member's own expense where applicable) in certain member-participation charitable activities, the right to receive periodic reports of the charitable activities and accomplishments of the foundation, and the invitation to contribute to the foundation for the advancement of its charitable purposes.

## SECTION 13: Dispute Resolution and Disciplinary Action

### 13.1 Disputes with Other Members

If you have a grievance or complaint with another member regarding any practice or conduct in relationship to your sales organization, you should first discuss the problem with the other member. If this does not resolve the problem, report the problem to your upline leader who is a Silver or above to resolve the issue at a local level. If the matter cannot be resolved, it may be reported to the Young Living Member Conduct and Education Department in writing via mail, fax, or email at [conduct@youngliving.com](mailto:conduct@youngliving.com). The complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have first-hand knowledge of the improper conduct.

Upon receipt of a written complaint, the Young Living Member Conduct and Education Department will investigate the matter, review the applicable policies, and render a decision on how the dispute will be resolved. The Member Conduct and

## POLICIES &amp; PROCEDURES: SECTIONS 13.2–15.4

Education Department may impose disciplinary sanctions as provided in Section 13.3.

## 13.2 Disputes with Young Living

### 13.2.1 Mediation

Prior to instituting an arbitration with Young Living, as provided in Section 13.2.2 below, you and Young Living (collectively referred to as “parties”) will meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties will be appointed as mediator. The mediation will occur within 60 days from the date on which the mediator is appointed. The mediator’s fees and costs, as well as the costs of holding and conducting the mediation, will be divided equally between the Parties. Each party will pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party will pay its own attorney’s fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation will be held in Salt Lake City, Utah, and will last no more than two business days.

### 13.2.2 Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by jury or to any court. The arbitration will be filed with, and administered by, the American Arbitration Association (“AAA”) or Judicial Arbitration and Mediation Services (JAMS) under their respective rules and procedures. The Commercial Arbitration Rules and Mediation Procedures of the AAA are available at the AAA’s website at [www.adr.org](http://www.adr.org). The Streamlined Arbitration Rules & Procedures of JAMS are available at the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). Copies of the AAA’s Commercial Arbitration Rules and Mediation Procedures or JAM’s Streamlined Arbitration Rules & Procedures will be emailed to members upon request to the Compliance Department.

Notwithstanding the rules of the AAA or JAMS, the following will apply to all arbitration actions:

- The Federal Rules of Evidence will apply in all cases;

- The parties will be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- The parties will be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- The arbitration will occur within 180 days from the date on which the arbitrator is appointed and will last no more than five business days; and
- The parties will be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings will be held in Salt Lake City, Utah. There will be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration will be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate will survive the cancellation or termination of the Agreement.

The parties and the arbitrator will maintain the confidentiality of the entire arbitration process and will not disclose to any person not directly involved in the arbitration process:

- The substance of, or basis for, the controversy, dispute, or claim;
- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- The terms or amount of any arbitration award; or
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in these Policies and Procedures will prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect its intellectual property rights and/or to enforce its rights under the non-solicitation provision of Section 3.11.1.2.

### 13.2.3 Jurisdiction, Venue, and Choice of Law

Jurisdiction and venue of any matter not subject to arbitration will reside in any state or federal court located in Salt Lake City, Utah, unless the laws of the state or country in which the member resides expressly require otherwise, despite this jurisdiction clause. By signing the Agreement, you consent to jurisdiction within these two forums. The laws of the state of Utah will govern disputes involving the Agreement.

### 13.2.4 Louisiana Residents

Notwithstanding the provisions in Sections 13.2.1, 13.2.2, and 13.2.3, in any dispute between the company and a member who is a resident of the State of Louisiana, such member will be entitled to bring an action against Young Living in their home forum and pursuant to Louisiana law.

## 13.3 Disciplinary Actions

At Young Living's discretion, violation of any of the terms and conditions of the Agreement may result in a hold on your account, which will result in an inability to place orders and earn or receive commission checks. These violations include but are not limited to any illegal, fraudulent, deceptive, unprofessional, or unethical business conduct; non-payment of your account with Young Living; or declination of credit card or ACH authorizations. After an investigation is confirmed, Young Living may impose any or all of the following sanctions:

- Written warning clarifying the meaning and application of a specific policy or procedure and advising that a continued breach will result in further sanctions;
- Probation, which may include requiring you to take remedial action and will include follow-up monitoring by Young Living to ensure compliance with the Agreement;
- Withdrawal or denial of an award or recognition or restricting participation in Young Living-sponsored events for a specified period of time or until you satisfy certain specified conditions;
- Suspension of certain privileges of sales organization, including, but not limited to, placing a product order, participating in Young Living programs, progressing in the

compensation plan, or participating as a member for a specified period of time or until you satisfy certain specified conditions;

- Suspension and/or termination of access to the Virtual Office;
- Withholding commissions or bonuses for a specified period of time or until the member satisfies certain specified conditions;
- Imposing fair and reasonable fines or other penalties in proportion to actual damages incurred by Young Living and as permitted by law;
- Termination of the Agreement and your status as a member; and/or
- Any other measure expressly allowed within any provision of the Agreement or which Young Living deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by a member's policy violation of contractual breach.

During the period that Young Living is investigating any conduct that violates the Agreement, Young Living may withhold all or part of your bonuses and commissions. If your sales organization is involuntarily terminated, you will not be entitled to recover any commissions or bonuses withheld during the investigation period.

In situations deemed appropriate by Young Living, the company may institute legal proceedings for monetary and/or equitable relief.

### 13.4 Appeals of Disciplinary Action

In the instance that you are subject to a sanction or disciplinary action (other than a suspension pending an investigation), you may appeal the sanction to Young Living. The appeal must be in writing and received by Young Living within 15 days from the date of the disciplinary action. If the appeal is not received within the 15-day period, the sanction will be final. The appeal should be submitted with all supporting documentation. Young Living will review and reconsider the sanction or other disciplinary action, consider other appropriate action, and notify you in writing of its decision.



## POLICIES &amp; PROCEDURES: SECTIONS 14.1–15.2

**SECTION 14: Inactivity, Reactivation, and Cancellation****14.1 Inactivity**

If you do not meet the personal volume (PV) requirement in any particular month, you will not receive commissions or bonuses for the sales generated through the downline organization. If you do not purchase any products for a period of 12 consecutive months, your account will be deemed inactive, and your existing downline will roll-up to your first active upline member.

**14.2 Reactivation**

If your sales organization is deemed inactive, you may reactivate your member account by contacting the Customer Care Department and purchasing 100 PV in product or by purchasing a Starter Kit or another enrollment kit. You will be placed under your prior sponsor unless you request a new sponsor. If your prior sponsor is inactive, you will be placed under the next active upline member. You will have no claim to downline that was lost when you were dropped for inactivity.

**14.3 Involuntary Cancellation or Termination**

If your account is involuntarily canceled or terminated, you will immediately lose all rights to your downline and to any commissions or bonuses generated thereby, including those commissions or bonuses generated during the periods of activity investigated. In this case, you will receive compensation for the last full calendar month in which you were in full compliance with these Policies and Procedures prior to investigation and/or termination of sales organization.

Young Living may also terminate a sales organization at any time and for any reason upon a 30-day written notice.

If your sales organization is terminated, you will be notified by mail, the email on record, or other delivery method calculated to reach you at the address on file. Cancellation is effective on the date on which written notice is issued. Upon receipt of this notice, you must immediately cease representing yourself as a Young Living member and immediately return and delete all

intellectual property of Young Living, including Reports and other lists of downline and contact information.

If your sales organization is terminated, you may reapply to become a member 12 calendar months from the date of termination. To reapply, you must submit a letter to the Young Living Member Conduct and Education Department setting forth the reasons why you believe you should be allowed to operate a sales organization. It is within Young Living's sole discretion whether to permit your request.

**14.4 Voluntary Cancellation**

You may cancel your Agreement at any time and for any reason. Written notice must be provided to Young Living and must include your signature, printed name, member number, address, PIN, and telephone number. If you voluntarily cancel the Agreement, you may become a retail customer or member under your original sponsor. Additionally, you may reapply to become a member under a new sponsor after six months from your cancellation date.

**14.5 Effects of Cancellation**

Upon cancellation or termination, you release all rights to your member benefits, including the downline and all future commissions and bonuses resulting from the downline sales production. Upon termination, Young Living may at its sole discretion retain your sales organization, sell it, roll it up to the next active upline member, or dissolve and remove it from the sponsor's downline.

**SECTION 15: Miscellaneous****15.1 Delays**

Young Living is not responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control. This includes, without limitation, acts of God, strikes, labor difficulties, riots, wars, fire, flood, death, curtailment or interruption of a source of supply, government decrees or orders, etc.

**15.2 Partial Validity**

If any provision of the Agreement, in its current form or as it may be amended, is found to be invalid or unenforceable for any reason, only the invalid

portion(s) of the provision will be severed. The remaining terms and conditions will remain in full force and effect and will be construed as if such invalid or unenforceable provision never comprised a part of the Agreement. The Agreement will be interpreted by Young Living in the best furtherance of Young Living's business interests.

### **15.3 Waiver**

Young Living never forfeits its right to require compliance with the Agreement or with applicable laws and regulations governing business conduct. While Young Living attempts to enforce the Agreement uniformly, failure to enforce any provision of the Agreement against you does not waive Young Living's right to enforce that or other provisions. Only in rare circumstances will a policy be waived, and an authorized agent of Young Living will convey such waivers in writing. The waiver will apply only to that specific case.

### **15.4 Titles Not Substantive**

The titles and headings to these Policies and Procedures are for reference only and do not constitute and will not be construed as substantive terms of the Agreement.



# EXHIBIT E



# COMPENSATION PLAN

A series of overlapping, curved lines in shades of purple and green, sweeping from the bottom left towards the top right, creating a sense of movement and abundance.

Enjoying  
Abundance

# Creating a Foundation

Young Living's compensation plan is designed to help you achieve abundance. The Rising Star Team Bonus is the blueprint to build a solid foundation that will lead you to success.

QUALIFICATIONS	DISTRIBUTOR		STAR	SENIOR STAR	EXECUTIVE
PV	50	100	100	100	100
OGV			500	2,000	4,000
PGV					
LEG x OGV					2 x 1,000

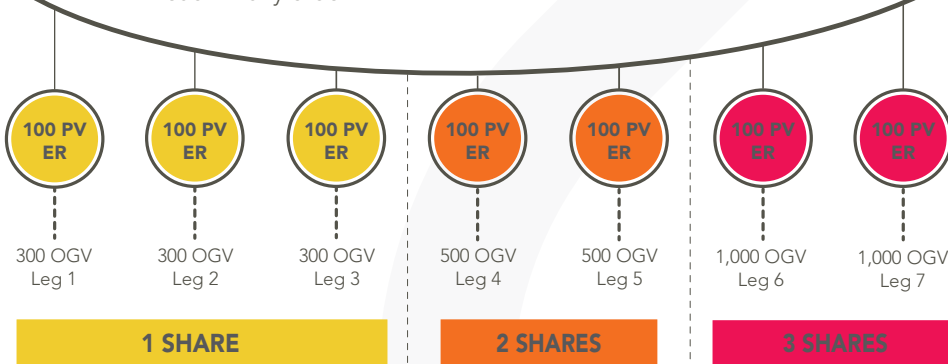
COMPENSATION	UNILEVEL COMMISSION PERCENTAGES				
LEVEL 1		8%	8%	8%	8%
LEVEL 2		5%	5%	5%	5%
LEVEL 3			4%	4%	4%
LEVEL 4				4%	4%
LEVEL 5					4%

## RISING STAR TEAM BONUS POOL

Only Stars, Senior Stars, and Executives are eligible to earn shares based on 1% of all Young Living's monthly commissionable sales. The amount paid to the distributor is determined by the number of shares he or she earns.

Qualifications:

1. Paid as a Star, Senior Star, or Executive
2. Have a 100 PV Essential Rewards order
3. Build seven qualified legs with any combination of the following: three legs of 300 OGV each, two legs of 500 OGV each, and two legs of 1,000 OGV each in any order



TOTAL POSSIBLE SHARES = 6

**MAXIMIZE YOUR EARNINGS** with additional payouts, including retail earnings, the Fast Start Bonus, and the Start Living Kit Bonus! **Learn more on the reverse of this flyer.**

# Building Your Business

Building on your foundation, you can now focus on helping others create their success.

QUALIFICATIONS	SILVER	GOLD	PLATINUM
<b>PV</b>	100	100	100
<b>OGV</b>	10,000	35,000	100,000
<b>PGV</b>	1,000	1,000	1,000
<b>LEG x OGV</b>	2 x 4,000	3 x 6,000	4 x 8,000

COMPENSATION	UNILEVEL COMMISSION PERCENTAGES		
<b>LEVEL 1</b>	8%	8%	8%
<b>LEVEL 2</b>	5%	5%	5%
<b>LEVEL 3</b>	4%	4%	4%
<b>LEVEL 4</b>	4%	4%	4%
<b>LEVEL 5</b>	4%	4%	4%

GENERATION COMMISSION PERCENTAGES			
<b>PERSONAL GENERATION</b>	2%	2%	2%
<b>GENERATION 2</b>	3%	3%	3%
<b>GENERATION 3</b>	3%	3%	3%
<b>GENERATION 4</b>		3%	3%
<b>GENERATION 5</b>			3%
<b>GENERATION 6</b>			
<b>GENERATION 7</b>			
<b>GENERATION 8</b>			

## DEFINITIONS

### **PV (Personal Volume)**

The total monthly volume of your personal orders

### **OGV (Organization Group Volume)**

The monthly volume of your entire organization

### **PGV (Personal Group Volume)**

The monthly volume in an organization, excluding any Silver or higher rank volume and any qualifying leg(s) volume

### **Leg x OGV**

The number of legs and the amount of monthly OGV required for each leg



**MAXIMIZE YOUR EARNINGS** with additional payouts, including retail earnings, the Fast Start Bonus, and the Start Living Kit Bonus! **Learn more on the reverse of this flyer.**

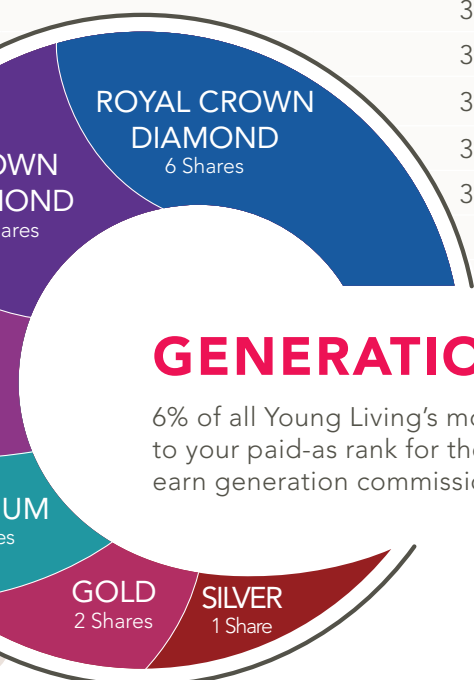
# Developing Leaders

Share the joy of an abundant life by leading others to success as you share the Young Living mission throughout the world.

QUALIFICATIONS	DIAMOND	CROWN DIAMOND	ROYAL CROWN DIAMOND
PV	100	100	100
OGV	250,000	750,000	1,500,000
PGV	1,000	1,000	1,000
LEG x OGV	5 x 15,000	6 x 20,000	6 x 35,000

COMPENSATION	UNILEVEL COMMISSION PERCENTAGES		
LEVEL 1	8%	8%	8%
LEVEL 2	5%	5%	5%
LEVEL 3	4%	4%	4%
LEVEL 4	4%	4%	4%
LEVEL 5	4%	4%	4%

GENERATION COMMISSION PERCENTAGES			
	2%	2%	2%
	3%	3%	3%
	3%	3%	3%
	3%	3%	3%
	3%	3%	3%
	3%	3%	3%
	3%	3%	3%
		3%	1%



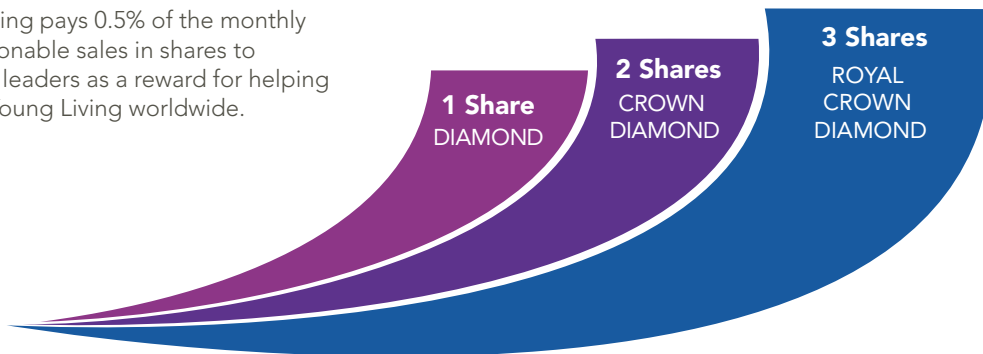
## GENERATION LEADERSHIP BONUS

6% of all Young Living's monthly commissionable sales is paid out in shares according to your paid-as rank for the month and on the leaders in your organization on which you earn generation commissions.

**MAXIMIZE YOUR EARNINGS** with additional payouts, including retail earnings, the Fast Start Bonus, and the Start Living Kit Bonus! **Learn more on the reverse of this flyer.**

## Diamond Express Profit Sharing Pool

Young Living pays 0.5% of the monthly commissionable sales in shares to Diamond leaders as a reward for helping to build Young Living worldwide.



## Diamond Elite

Our new Diamond Elite program will help our most effective distributors teach and share the Young Living opportunity throughout the world. This innovative, by-invitation program will incentivize and give our leaders rewards and world recognition for their participation. Participants in both the Diamond Elite program and the Diamond Express Profit Sharing Pool may not count their activity within the Diamond Elite program toward profit-sharing qualification. For questions, please contact [diamondelite@youngliving.com](mailto:diamondelite@youngliving.com).

## TRAVEL REWARDS BONUS

The Travel Rewards Bonus is paid out in shares from 1% of Young Living's monthly commissionable sales. This bonus is designed to assist with the travel expenses for Executives and above to enable them to attend major events and special activities.

- Half of this bonus is calculated on levels of volume. An Executive earns based on five levels of unilevel volume, and a Silver or higher rank earns shares based on their generation volume.
- The other half of this bonus is earned through meeting specific requirements, such as rank advancement, rank maintenance, and growth of an organization, designated by event.

For complete details, see Terms and Definitions.

# Additional Earning Opportunities

## FAST START BONUS

- Earn a generous 25% bonus, up to \$200 each, on your new, personally enrolled distributors' orders during the first three calendar months!
- Second-level enrollers earn 10%, up to \$80 each, on the newly enrolled distributors described above during the same time period!

## START LIVING KIT BONUS

- Earn a one-time \$25 cash bonus when your new, personally enrolled distributor orders a premium Start Living Kit! (Basic kits do not qualify.)

## RETAIL EARNINGS

- When you personally sponsor retail customers, you may earn the 24% difference between the retail and wholesale price for their orders.

Visit your Virtual Office for:

- Policies and Procedures
- Terms and Definitions
- PowerPoint of Compensation Plan
- Training Videos



Please contact:



# EXHIBIT F



# U.S. POLICIES *and* PROCEDURES

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# I: INTRODUCTION

## 1.1 WELCOME

Welcome to Young Living! We are pleased that you have chosen to join the world leader in essential oils. We are dedicated to providing you with the very best products and a world-class, home-based business.

Leading financial experts and business gurus agree that the home-based business sector is the wave of the future. The time you invest in becoming familiar with the Young Living business opportunity, including these Policies and Procedures, will make a significant difference in your business experience.

In these Policies and Procedures, Young Living Essential Oils, LC is referred to as “Young Living”; and you, the individual entering the Agreement (as defined below), is referred to as “you.” If you are a Member, your personal Member account along with the downline that you build is referred to as your sales organization.

The term “Sponsor” refers to a Member’s immediate upline Member. A Member account is referred to as being “active” if the Member enrolled as a new Member and purchased 50 PV in product within the previous 12 months and is “inactive” if he/she has not.

The term “Enroller” is the Young Living Member who enrolls a new Member into Young Living. An individual can be enrolled only once in 12 months. If any Member does not order a minimum of 50 PV for 12 consecutive months, that Member is considered inactive. See Section 12.1.1 for further details.

## 1.2 PURPOSE

The purpose of these Policies and Procedures is:

- To set standards of acceptable business behavior expected of you
- To define your relationship with Young Living, your customers, other Members, and professional account customers
- To assist you in building and protecting your Young Living business

## 1.3 POLICIES AND COMPENSATION PLAN INCORPORATED INTO THE MEMBER AGREEMENT

Throughout these Policies and Procedures, whenever the term “Agreement” is used, it refers collectively to your Young Living Member Agreement (or simply “Member Agreement”), these Policies and Procedures, the Young Living Privacy Policy, and the Young Living Compensation Plan, which includes the Terms and Definitions for the Compensation Plan (or simply, “Compensation Plan”). These documents are incorporated by reference into the Member Agreement in their current form and as amended by Young Living from time to time. It is your responsibility to read, understand, adhere to, and ensure that you are operating under the most current version of these Policies and Procedures, as found online at [YoungLiving.com](http://YoungLiving.com).

## 1.4 ETHICS

You are required to abide by the following Code of Ethics in the operation of your sales organization and your opportunity to participate in the Young Living business. Violations of the Code of Ethics may result in disciplinary action.

### CODE OF ETHICS

- You will follow the highest standards of honesty, professionalism, and integrity in the development and operation of your sales organization.
- You will give prompt and efficient service to anyone to whom you have introduced Young Living products, as well as to your downline Members.
- You will not make negative or disparaging remarks about Young Living, Young Living founders, any Young Living competitor, or their people, products, or organizations.
- You will not engage in activities that may cause losses to Young Living or another Young Living Member.
- You will perform all duties of a sponsor and a leader as you build your Young Living business, including providing the necessary training and support.
- You will respect the privacy of both your upline and downline Members and customers.
- You will not recruit Young Living Members to other business opportunities.
- You will abide by all rules, regulations, laws, and ordinances that are applicable to the operation of your sales organization as an independent Member.

## 1.5 AMENDMENTS/ACCEPTANCE

Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living publications distributed to all active Members (e.g., e-News) or posted on an official Young Living website. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make. If a Member is not willing to accept these changes, Young Living must be notified in writing within the 30 days prior to the change being effective. Any continued business, ordering, acceptance of a commission or bonus payout, or any other benefit by a Member pursuant to this Agreement constitutes acceptance of this Agreement in whole with any and all amendments.

## 2: BECOMING A MEMBER

### 2.1 REQUIREMENTS TO BECOME A MEMBER

To become a U.S. Young Living Member, you must meet the following requirements:

- If you are an individual, be at least 18 years old.
- An individual as young as 16 years old (a "Minor") may become a Member upon the following conditions: The Minor's parent or guardian must sign the Member Agreement and agree to take full responsibility for the Minor Member's account along with the Minor. The Minor will be required to operate the account using a unique form of payment for purchases on the Member account (separate from the parent or guardian.) The Minor must also re-sign the Member Agreement when the Minor turns 18 years old. Failure to re-sign within three months of his/her 18th birthday may result in a hold being placed on the Minor's account.
- If you are a business entity, provide a Federal Tax Identification Number (TIN) or Employer Identification Number (EIN).
- Read and agree to these Policies and Procedures, the Young Living Privacy Policy, and the Compensation Plan.
- Complete, sign, and submit a Member Agreement to Young Living within 30 days of your enrollment.
- Purchase a Young Living Starter Kit.
- A Social Security Number is not required to enroll as a Member. However, a Social Security Number may be required later for income tax purposes, as outlined in Section 3.11.1.

Young Living reserves the right, in its sole discretion, to reject your Member Agreement for any reason.

### 2.2 MEMBER AGREEMENT

You can submit your Member Agreement through mail, fax, or the Young Living website (YoungLiving.com). This application must be received within 30 days of your enrollment for you to receive Member benefits. If the Member Agreement is not received within 30 days, your Member account will be placed on hold until the agreement is received.

### 2.3 TELEPHONE ENROLLMENT

You may enroll as a Member over the phone. However, you must submit a completed Member Agreement that is received at the Young Living headquarters within 30 days of your telephone registration. If you are a retail customer, you may enroll over the telephone.

### 2.4 WEB ENROLLMENTS

If you enroll on the Young Living website or on any Young Living-sponsored replicated website, you will not need to submit a paper application. While your sponsor may assist you in completing the online enrollment as a Member, you must personally review and agree to the online Member Agreement, these Policies and Procedures, the Young Living Privacy Policy, and the Compensation Plan.

### 2.5 REQUIREMENTS TO BECOME A PROFESSIONAL ACCOUNT CUSTOMER

To become a Young Living professional account customer in the U.S., you must meet the following requirements:

- Provide a Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or valid Social Security Number (SSN).
- Read and agree to these Policies and Procedures, the Young Living Privacy Policy, and the Compensation Plan.
- Complete, sign, and submit a Professional Account Agreement to Young Living.
- Complete, sign, and submit a Professional Account Application to Young Living.

Young Living reserves the right, in its sole discretion, to reject your Professional Account Agreement and Professional Account Application for any reason.

## 3: OPERATING YOUR SALES ORGANIZATION

Individuals may join Young Living as retail customers, Members, and professional account customers.

### 3.1 INDEPENDENT CONTRACTOR STATUS

As a Young Living Member or professional account customer, you are an independent sales contractor and are not a purchaser of a franchise or business opportunity. The agreement between you and Young Living does not create an employer/employee relationship, agency, partnership, or joint venture. You will not be treated as an employee for your services or for federal or state tax purposes. You are responsible for paying local, state, and federal taxes due from all compensation earned as a Member. You have no authority (expressed or implied) to bind Young Living to any obligation. You are encouraged to establish your own goals, hours, and methods of sale, as long as you comply with applicable laws and the terms and conditions of the Agreement. Members purchase product from Young Living at the published wholesale price and have the potential of earning commissions and bonuses based on qualification and achievement rank, as outlined in the Compensation Plan.

### 3.2 RETAIL CUSTOMERS

Retail customers can purchase product directly from Young Living for personal consumption but do not participate in the Young Living Member organization or Compensation Plan. Retail customers are not required to sign a Member Agreement. Retail customers purchase products at the published retail price. Retail customers' purchases apply toward their sponsor's Organization Group Volume (OGV). Thus, orders placed by any retail customers will be included in the total sales volume for their sponsor's sales organization. A retail customer may become a Member at any time by completing the requirements outlined in Section 2.1.

### 3.3 PROFESSIONAL ACCOUNT CUSTOMERS

Professional account customers operate a business that uses Young Living products or sell Young Living products in a retail establishment focused on nutrition, wellness, or healthy living (and which, in Young Living's sole discretion, is not large enough to be considered a regional or national chain). Examples of professional account customers include, but are not limited to, colleges, hospitals, hotels, spas, gyms, dental and doctor offices, day care facilities, massage schools, nursing homes, long-term care facilities, pharmacies, health care providers, and nutrition stores.

Professional account customers purchase product from Young Living at a discounted price (a 40% discount as of the date of publication of this Agreement) with a reduced PV (a 50% reduction as of the date of publication of this Agreement). If a professional account customer is sponsored by a Member, that account will be placed in that sponsor's downline; and the PV from purchases made by the professional account customer will be counted toward the sponsor's OGV, rank qualification, and commission under the Compensation Plan. Professional account customers cannot develop a downline organization, qualify for commissions under the Compensation Plan, or participate in the Essential Rewards Autoship Program.

A Member may convert his/her Member account to a professional account customer by applying to become a professional account customer, as outlined in Section 2.5, and by transferring any existing downline organization or allowing that downline organization to roll up. No changes of sponsorship can take place when converting between a Member and a professional account customer.

#### 3.3.1 REQUIREMENTS TO BECOME A PROFESSIONAL ACCOUNT CUSTOMER

To become a Young Living professional account customer in the U.S, you must meet the following requirements:

- Provide a Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Social Security Number (SSN).
- Provide a current state business license, registration certificate, or professional license.
- Complete, sign, and submit a Professional Account Application & Agreement to Young Living along with the required business documents.
- Read and agree to these Policies & Procedures.

Sales tax exemption is not automatic with Professional Account approval and is not available in all States. The applicant will need to provide extra documentation to be approved for this status. Young Living reserves the right to approve or deny any requests for tax exemption based on our compliance to the laws and regulations of the applicant's State Revenue department.

Please contact [professional@YoungLiving.com](mailto:professional@YoungLiving.com) for an Application package or for additional information. Young Living reserves the right, in its sole discretion, to reject your Professional Account Agreement and Professional Account Application for any reason.

The following provisions of these Policies and Procedures do not apply to professional account customers: Section 3.8 (Sale, Transfer,

or Assignment), Section 3.8.1 (Succession), Section 3.9 (Separation of a Young Living Business), 3.12.3 (Noncompetition), Section 4.1 - 4.3 (Sponsor's Responsibilities), Section 7 (Commissions), Section 8.2 (Essential Rewards Autoship), and Section 12.2 (Downline Genealogy Reports).

### **3.3.2 SPONSORING A PROFESSIONAL ACCOUNT**

If a professional account customer is sponsored by a Member, that account will be placed in that member's downline. That sponsoring Member will be able to earn unilevel commission based on the reduced PV from purchases made by the professional account customer. This PV will be counted toward that sponsor's PGV, OGV, rank qualification, and commissions under the Compensation Plan. Volume from a Professional Account leg can count as a qualifying leg for the sponsor.

### **3.3.3 SISTER PROFESSIONAL ACCOUNT**

If a Member has an interest in a professional account in addition to his/her Member account, the professional account will be deemed a sister account to the Member's account, being located in the same leg with the Member's account on the Member's front line. Under the Compensation Plan, the reduced PV from purchases made through the Sister Professional Account will be added to the Member's PGV and OGV. The reduced PV from purchases made by the professional account customer will be counted toward the PGV, OGV, rank qualification, and commissions of the member's upline as if that PV came from the member.

If multiple Members have an interest in a professional account, the professional account must be assigned as a sister account to one and only one of the Member's accounts. Members and professional account customers are responsible to inform Young Living if they have an interest in both a Member account and a professional account. Failure to do so may result in disciplinary action pursuant to Section 13.3.

### **3.4 BENEFICIAL INTEREST IN MORE THAN ONE ACCOUNT AND DUPLICATE ACCOUNTS**

A Member may operate or have an interest, legal or equitable, in only one Member account, unless expressly permitted in this section. If Young Living finds that a Member has an unpermitted interest in multiple accounts, it will terminate the duplicate account(s), leaving only the Member account created first. You are specifically prohibited from creating duplicate accounts in an attempt to change lines of sponsorship, manipulate the Compensation Plan, or circumvent the Agreement in any way.

You may have a beneficial interest in more than one Member account if you receive an interest in another account as an inheritance (either through a direct inheritance or as a beneficiary of a trust) from another Member, you notify Young Living of the inheritance in writing (as specified in Sections 3.8 and 3.8.1), and Young Living approves of the transfer in writing. Young Living reserves the right, in its sole and absolute discretion and for any reason and at any time, to (a) deny you the option of owning an interest in your original account and an inherited account or (b) to deny you the right to earn the Generation Leadership Bonuses on the inherited account (e.g., if Young Living determines you have not demonstrated the ability to operate two sales organizations by failing to engage in leadership activities such as contacting and training your downline, participating in meetings, increasing enrollments, and/or increasing PGV and OGV within the payment levels of your downline in the recent past). If Young Living denies you the right to have a beneficial interest in a second account that you received through inheritance, it may allow you a four-month grace period to sell your interest in one of your accounts. After that grace period, the inherited account will be placed on hold or terminated.

Young Living strongly encourages and prefers that Members work together with their spouse/partner (if applicable) in building a single sales organization. However, due to divorce, separation, mutual agreement, etc., there may be an exception to this general rule. Beginning July 2, 2018, you and your spouse/partner may have separate accounts as long as the second account is sponsored as the first or second level to the other spouse's account. Young Living will periodically audit these two accounts and may terminate the latter-created account if it is found, in Young Living's sole discretion, that the latter-created account is used to manipulate the Compensation Plan, or the spouses are not complying with the 70% rule as outlined in Section 6.1. A joint sales organization will be treated as a joint tenancy with rights of survivorship. If you are a minor who is at least 16 years of age or older, you must submit a hardcopy distributor agreement signed by you and by your parent or legal guardian. Your parent or legal guardian will be required to supervise your activities. If your parent or legal guardian is a Member, then your Membership is considered a second account separate from your parent or legal guardian's account; your parent or legal guardian must be your Sponsor; and your parent or legal guardian cannot have a beneficial interest in your Member account.

### **3.5 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED PARTIES**

If any individual in your immediate household engages in any activity which, if performed by you, would violate any provision of the Agreement, such activity will be deemed a violation by you; and Young Living may take disciplinary action against you pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust, or other entity (collectively "entity") violates the Agreement, such action(s) will be deemed a violation by the entity; and Young Living may take



disciplinary action against the entity. Likewise, if a Member enrolls in Young Living as an entity, each affiliated party of the entity will be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

### 3.6 ACTIONS OF UPLINE MEMBERS

If any upline Member encourages, aids, or supports a downline Member in any activity which, if performed by the upline Member, would violate any provision of the Agreement (e.g., creating duplicate accounts or cross-line recruiting), such activity will be deemed to be a violation by the upline Member; and Young Living may take disciplinary action against that upline Member pursuant to these Policies and Procedures. If such violations continue, Young Living reserves the right to terminate the upline Member's Member account.

### 3.7 CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, AND TRUSTS

A partnership, corporation, limited liability company, or trust may become a Young Living Member by submitting to Young Living a partnership agreement, certificate of incorporation, articles/certificate of organization, or trust agreement along with a copy of the state registration form for the entity or a certificate of good standing for the entity issued by the state of incorporation or organization. The registration form or certificate of good standing must indicate the names of all shareholders, officers, Members, managers, partners, or trustees of the entity ("affiliated parties"), or have such included with the submission to Young Living. The entity must demonstrate that no part or participant within the entity has participation in another sales organization because no individual may participate in more than one sales organization in any form. A Member may change status under the same sponsor from individual to partnership or corporation by submitting the appropriate documentation mentioned above.

Young Living reserves the right to approve or disapprove any Member's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. In addition, by submitting a copy of the certificate of partnership or incorporation or other substantiating documentation for the entity, it is certifying that no person with an interest in the new business entity has had an interest in another sales organization within six (6) months of the submission of the certificate (unless it is the continuation of an existing sales organization that is changing its form of doing business).

### 3.8 SALE, TRANSFER, OR ASSIGNMENT

You may sell, transfer, or assign (collectively "transfer") your entire downline organization by submitting a request to Young Living along with a \$50 processing fee. For your request to be granted, the following criteria must be met:

- You and the receiving party must notify Young Living in writing of your intent to sell or transfer the sales organization. This request must be signed and notarized.
- Young Living must approve of the receiving party prior to the transfer.
- After the transaction, the transferring party must not retain any copies, digital or otherwise, of personal information belonging to his/her downline organization Members.
- The receiving party must be (or must become) a Young Living Member in good standing.
- If the receiving party has an existing downline, he/she must first transfer that sales organization or have a transfer in place and approved by Young Living before accepting the new sales organization.
- No changes in your line of sponsorship or your downline can result from the transfer.
- Before a transfer will be approved, all debt obligations that you and the receiving party may have with Young Living must be satisfied.
- Before any transfer will be approved, you and the receiving party must each be in compliance with all the terms of the Agreement. The individual, to whom the sales organization is sold and/or transferred, will be expected to meet leadership qualification in order to be eligible for leadership commission payouts.
- Any sale of any organization with OGV 50,000 or higher must be approved by Young Living in writing.

Young Living reserves the right to approve or disapprove your request to transfer your sales organization for any reason. You may not transfer your sales organization to any person or entity without Young Living's written approval.

Young Living does not waive any violations of the Agreement, even though a violation may have occurred under a prior owner of your sales organization. As a new owner of a preexisting sales organization, you may be responsible for violations of the Agreement made by the prior owner in connection with your sales organization. Any action that may be taken on a sales organization with the previous owner under Section 13.3 may carry over to you.

#### 3.8.1 SUCCESSION

Upon your death or your incapacitation, the rights to commissions, bonuses, and your sales organization, together with all Member responsibilities, may pass to your legal heir(s) or legal representative(s) (collectively "beneficiary") if the terms of succession are met.



Your beneficiary must present Young Living with proof of your death or incapacitation, along with appropriate legal documentation and a properly completed Member Agreement. A W-9 form is also required from the new Member. If the transfer is approved, the beneficiary will be eligible to collect all future commissions and bonuses of your sales organization provided that he/she meets all of the qualifications necessary under the Compensation Plan. Member accounts acquired under succession will not receive the same recognition benefits of original Member account owners who built the original organization; however, the beneficiary may earn recognition benefits as he/she fulfills the Member responsibilities and continues to grow the Member organization. If the beneficiary already has an existing sales organization, he/she will be subject to the terms set forth in Section 3.4. Young Living reserves the right to approve or reject a succession transfer.

### 3.9 SEPARATION OF A YOUNG LIVING MEMBER BUSINESS

You may, with others, operate a single sales organization as a husband-wife partnership, regular partnership, corporation, or trust (the latter three entities are collectively referred to herein as "entities"). If your marriage ends in divorce or your entity dissolves, arrangements must immediately 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 business upline or downline of sponsorship. If divorcing spouses or a dissolving business entity fail to provide for the best interests of other Members and Young Living, such actions will constitute a breach of the Agreement; and Young Living may terminate the Agreement pursuant to these Policies and Procedures.

During the proceedings of a divorce or entity dissolution, the divorcing spouses or a dissolving business entity must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the business pursuant to a notarized assignment in writing whereby the relinquishing party(ies) authorize(s) Young Living to deal directly and solely with the other party(ies). A notarized request from the person being removed is required. A new Member Agreement and W-9 form are required from the person remaining on the account.
- The parties may continue to operate the sales organization jointly on a "business-as-usual" basis, whereupon all compensation paid by Young Living will be paid in the joint names of the Members or in the name of the entity to be divided, as the parties may independently agree among themselves.
- The parties may operate the business pursuant to a court order involving parties.
- If one of these requirements is not met, Young Living will maintain the status quo as to how commissions are paid.

Young Living will not divide your sales organization with a divorcing spouse or with affiliate parties of a dissolving business. Similarly, Young Living will not split your commission or bonus checks between you and a divorcing spouse or affiliate parties of a dissolving entity. Young Living will recognize only one sales organization and will issue only one commission check per sales organization per commission cycle. Commission checks will always be issued to the same individual or entity, unless all parties to a sales organization agree that commissions will be due and paid to another party or by order of a court having jurisdiction over Young Living. If you have completely relinquished all of your rights as a former spouse or a former affiliate party to a sales organization, you are free to enroll as a new Member under any sponsor of your choosing. However, in such case you will have no rights to any Members or customers from your former sales organization. In that instance, you must develop the new business in the same manner as would any other new Member.

### 3.10 ROLL UP OF MARKETING ORGANIZATION

When a vacancy occurs in the Young Living Member organization due to the cancellation or termination of a Member account, each Member in the first level immediately below the terminated Member on the date of the cancellation will "roll up," which means to move to the first level ("front line") of the terminated Member's sponsor. For example, A sponsors B, and B sponsors C1, C2, and C3. If B terminates her business, then C1, C2, and C3 will roll up to A and become part of A's first level. Young Living also reserves the right, in its sole discretion, to sell the sales organization that has been canceled or terminated for inappropriate behavior.

### 3.11 TAXES

#### 3.11.1 INCOME TAXES

You are responsible for complying with the tax laws in the jurisdiction where you reside. In the United States, you are responsible for paying all local, state, and federal income taxes on any earnings generated through your sales organization. In order to assist you with your tax reporting, as you earn income and are paid over \$600 in commissions, Young Living will automatically withhold 28% income tax from your commission check for backup withholdings until you provide Young Living with a valid Social Security Number (SSN), Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Individual Taxpayer Identification Number (ITIN) for tax reporting purposes. If you do not submit a valid SSN or TIN, you will be subject to backup withholdings, possible processing fees, customer status change, and will be required to submit a W-9 form or other tax documentation. Any fines or penalties incurred by Young Living because of an incorrect SSN, TIN, or name will be your responsibility; and you agree to reimburse Young Living for these

costs. Every year, Young Living will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to you if you are a U.S. resident who falls into one of the following categories:

- Had earnings over \$600 in the previous calendar year
- Made purchases during the previous tax year (January to December) in excess of \$5,000

Retail customers are not required to provide any tax information.

Changes to a SSN, TIN, EIN, or ITIN must be received via a completed W-9 form. The name and TIN on a Member's account must match IRS records. These forms must match the signature of the owner on the account. For tax reporting purposes, changes to these numbers will result in issuance of an additional 1099 in the same tax year. No previous 1099s may be reissued under the new SSN or TIN. Earnings made before the change will be reported on the original TIN. Earnings after any change will be recorded on the new TIN. When a sales organization is owned by two or more individuals, taxes will be reported on the primary Member's tax number.

### 3.11.2 SALES TAXES

Young Living is required to collect and remit sales taxes on your behalf based on the published retail price of the product and according to tax rates of the state or country in the "ship to" address on any given order. Moreover, Young Living may be required by other countries to collect value added taxes, goods and service tax, harmonized sales tax, provincial sales tax, customs fees, or duties. You will be required to cover these additional fees.

If you have a physical business location within the United States where you are retailing product, as outlined in Section 5.11, you can apply for sales tax exemption. Members may review the Member Sales Tax Exemption Information located on the Member Resource page of the Virtual Office for specific instructions and documentation on how to apply for this exemption. Professional account customers should contact [professional@YoungLiving.com](mailto:professional@YoungLiving.com) for these instructions and documents. Young Living reserves the right to verify the validity of any documents and evidence that you submit in applying for this exemption. If you are approved for sales tax exemption, you will be solely responsible for collecting and remitting sales taxes to the appropriate jurisdictional authorities. Any questions concerning retail sales tax requirements should be directed to your tax advisor.

### 3.12 DECEPTIVE PRACTICES

#### 3.12.1 UNAUTHORIZED RECRUITING

During your Membership with Young Living and after your Membership has terminated, you may engage in other noncompeting business ventures; however, you may not take advantage of your knowledge of, or association with, other Young Living Members, including your knowledge resulting from or relating to your upline and downline in order to promote and expand such other business ventures. Such conduct constitutes an unwarranted and unreasonable interference with the business of other Members and Young Living.

#### 3.12.2 NONSOLICITATION

To qualify for compensation under Young Living's Compensation Plan, you have the ongoing responsibility to help, educate, train, motivate, and assist the Members in your sales organization. You also have the responsibility to promote Young Living products and the Young Living income opportunity. Young Living and its Members have made a great investment in the establishment of organizations consisting of Retail Customers, Professional Account Customers, and Members, from which you will benefit. This constitutes one of Young Living's most valuable assets. Young Living reserves the right to cease paying compensation to any Member, including you, who recruits any Young Living retail customers, professional account customers, or Members to participate in a Competing Business Venture (defined below). To protect the efforts of all Members in building and maintaining their sales organizations and Customer bases, and in order to protect Young Living's interest and investment in the overall customer base, Members and all Members of their immediate household are required to abide by the following policies:

(a) Nonsolicitation of Young Living Retail Customers, Professional Account Customers and Members:

- (i) During the period that this Agreement is in force, you and all Members of your immediate household are prohibited from directly, indirectly, or through a third party, recruiting any Young Living retail customers, professional account customers, or Members to participate in a Competing Business Venture, regardless of who initiates the contact.
- (ii) For a period of twelve months after cancellation or termination for any reason of this Agreement, you and all Members of your immediate household are prohibited from directly, indirectly, or through a third party, recruiting, regardless of who initiates the contact, any Young Living retail customers, professional account customers, or Members to participate in a Competing Business Venture:

- (1) who were in your sales organization or upline at any time during the term of his or her association with Young Living;

(2) with whom you had contact during the term of your association with Young Living;  
 (3) whose contact information (name, address, phone number, or email address, etc.) you or Members of your immediate household obtained at any time during the term of your association with Young Living; or  
 (4) whose contact information (name, address, phone number, or email address, etc.) you or Members of your immediate household obtained at any time from another person who obtained the information because of any other person's association with Young Living. As used herein, the term "Competing Business Venture" means any business venture offering a similar business opportunity or similar or alternative products or services to those offered by Young Living. The prohibitions under clauses (a) (i) and (a) (ii) above include, but are not limited to, presenting or assisting in the presentation of Competing Business Ventures to any Young Living retail customers, professional account customers, or Members, and implicitly or explicitly encouraging any Young Living Retail Customers, Professional Account Customers, or Members to join any Competing Business Ventures that would detract from their relationship with Young Living (as determined by Young Living in its sole discretion). It is a violation of this policy to recruit any Young Living retail customers, professional account customers, or Members to participate in a Competing Business Venture, even if you do not know that the prospect is also a Young Living retail customer, professional account customer, or Member. It is your responsibility to first determine whether the prospect is a Young Living retail customer, professional account customer, or Member before recruiting the prospect to participate in a Competing Business Venture. As used herein, the term "recruit" or "recruiting" means: (1) to enroll, enlist, or solicit an individual or entity to join a business, program, or organization, or attempt to do so; (2) to promote, influence, or encourage an individual or entity to join a business, program, or organization, or attempt to do so; or (3) to present, participate, or assist in the presentation of a business, program, organization, or its products to an individual or entity. Such recruitment constitutes a violation of this provision, whether or not the individual or entity ultimately terminates the relationship with Young Living. To constitute recruiting, such efforts or attempts may be performed either directly through personal contact (including, but not limited to, electronic and social media means) or indirectly through a third party.

The term "immediate household," as used herein, refers to married couples and other persons residing in the same home. With respect to Members, retail customers, and professional account customers that are entities (e.g., corporations, tax exempt entities, trusts, etc.) rather than individuals, "immediate household" means the shareholders, owners, directors, officers, Members, trustees, responsible parties, etc., of such entities and persons married to or residing in the same home with the persons who are the shareholders, owners, directors, officers, Members, trustees, responsible parties, etc., of such entities.

(b) During the period that this Agreement is in force, and for a period of twelve months after the cancellation or termination thereof for any reason, you and all Members of your immediate household are further prohibited from the following:

- (i) Producing literature, tapes, or promotional material of any nature (including, but not limited to, websites and emails) that are used by you or any third person to recruit Young Living retail customers, professional account customers, or Members to participate in a Competing Business Venture;
- (ii) Offering any non-Young Living products, services, or Competing Business Ventures in conjunction with the offering of Young Living products, services or income opportunity or at any Young Living meeting, seminar, launch, convention, or other Young Living function.

(c) Violation of any provision of this Section 3.12.2 constitutes your voluntary resignation and cancellation of this Agreement, effective as of the date of the violation, and:

- (i) The forfeiture by you of all commissions or bonuses payable for and after the calendar month in which the violation occurred.
- (ii) If Young Living pays any bonuses or commissions to you after the date of the violation, all bonuses and commissions for and after the calendar month in which the violation occurred shall be refunded to Young Living.
- (iii) Young Living may seek and obtain both injunctive relief and damages for violations of this Section 3.12.2. Young Living may, at its option, elect to enforce this Policy by lawsuit in a court of competent jurisdiction in Utah rather than by arbitration.
- (iv) In addition to being entitled to a refund of bonuses and commissions and to damages as described above, in the event a person or entity violates this Section 3.12.2, Young Living and any Member that experiences an adverse financial impact as a result of such person's or entity's violation of this Section 3.12.2 shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations, or other benefits that the person or entity directly or indirectly receives and/or may receive as a result of, growing out of, or in connection with any violation of this Section. Such remedy shall be in addition to and not in limitation of any damages, injunctive relief, other rights, or remedies to which Young Living is or may be entitled to by law or in equity.
- (iv) You recognize that the restrictions herein are reasonable and necessary to protect the legitimate business interests of Young Living and other Members and that such restrictions will not prevent you from working or otherwise earning a living.

(d) Violations of this Section 3.12.2 are especially detrimental to the growth and sales of other Members' Independent Young Living businesses and to Young Living's business. Consequently, Members who have knowledge that any Member has violated this Policy must immediately report that information to Young Living's Conduct Success Team at [conduct@youngliving.com](mailto:conduct@youngliving.com). The failure of a Member to report such information to Young Living will also constitute a violation of this policy. The names of those reporting violations of this Section 3.12.2 will be held in confidence.

### 3.12.3 NONCOMPETITION

If, during the term of the Agreement, you engage in a non-Young Living direct selling program, you will ensure that you operate your Young Living sales organization separately and apart from your non-Young Living program. To that end:

- You may not display Young Living promotional materials, sales aids, products, or services ("Promotional Materials") with or in the same location as any non-Young Living Promotional Materials or in any manner or format that enables a viewer to contemporaneously view Young Living Promotional Material and non-Young Living Promotional Material. For example, you may not present Young Living Promotional Material and non-Young Living Promotional Material on or in the same website, blog, tweet, post, text, brochure, other printed marketing material, signage, electronic, or other communication.
- You may not offer Young Living programs, opportunities, products, or services to prospective or existing Young Living customers or Members in conjunction with any non-Young Living programs, opportunities, products, or services.
- You may not offer any non-Young Living programs, opportunities, products, or services at any Young Living-related meeting, seminar, convention, webinar, teleconference, or other event.

Notwithstanding the foregoing, during the term of the Agreement and for a period of six (6) months after the cancellation, expiration, or termination by either party for any reason of the Agreement, you agree not to directly or indirectly serve in any capacity as a Member, representative, consultant, employee, agent, officer, director, shareholder, partner, Member, seller, distributor, or owner of or with doTERRA International, LLC or any parent or affiliate company of this company. This restriction applies to any geographic market that you (or your sales organization) serviced or within which you (or your sales organization) physically worked during the term of this Agreement.

Reaching the rank of Diamond and above is very prestigious and requires a significant time commitment to Young Living. Additionally, Members who have achieved the rank of Diamond and above are privy to additional Young Living confidential and trade secret information. To achieve this rank and participate in the Diamond Leadership Bonuses, it is important to be an example in all facets of the Young Living business and be dedicated to Young Living. Accordingly, notwithstanding the foregoing, during the term of the Agreement and for a period of six (6) months after the cancellation, expiration, or termination by either party for any reason of the Agreement, once you have achieved the rank of Diamond or above, you will not directly or indirectly serve in any capacity as a Member, representative, consultant, employee, agent, officer, director, shareholder, partner, seller, distributor, or owner of or with any other multilevel marketing, party planning, or other direct sales company, regardless of the type of products or services offered by that new entity. This restriction applies to any geographic market that you (or your sales organization) serviced or within which you (or your sales organization) physically worked during the term of this Agreement. Any Member who has achieved the rank of Diamond and is violating this policy as of July 2, 2018, will be given a grace period until December 1, 2018, to comply with this policy. Diamond ranking Members may, however, purchase products from other multi-level marketing, party planning, or other direct sales company companies solely for their personal use.

You agree that Young Living has a protectable interest in its goodwill, customer-base, Member network, confidential information, and trade secret information. You further acknowledge that any breach of your obligations under Sections 3.12.2, 3.12.3, and 3.15 of the Agreement will cause immediate and irreparable harm to Young Living for which monetary damages and other legal remedies could not adequately compensate. You further acknowledge that the restrictions set forth in Sections 3.12.2, 3.12.3, and 3.15 of the Agreement are reasonable and necessary to protect, maintain, and preserve the legitimate business interests of Young Living and other Members and restrict your conduct only to the extent necessary to protect, maintain, and preserve such business interests. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in Sections 3.12.2, 3.12.3, and 3.15 of the Agreement and that the enforcement of these provisions will cause no undue hardship to you. Member agrees that the restrictions herein will not prevent Member from working or otherwise earning a living. If any restriction contained in Sections 3.12.2, 3.12.3, and 3.15 of the Agreement is deemed to be unenforceable by a court of competent jurisdiction, you agree that such court shall modify and enforce such restrictions to the extent it believes to be reasonable under the circumstances existing at that time.

### 3.12.4 TARGETING OTHER DIRECT SELLERS

Young Living does not condone Members specifically or consciously targeting the sales force of another direct sales company to sell Young Living products or to become Members for Young Living. Nor does Young Living condone the 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



you engage in such activity, you bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against you alleging that you have engaged in inappropriate recruiting activity of its sales force or customers, Young Living will not pay any of your defense costs or legal fees, nor will Young Living indemnify you for any judgment, award, or settlement.

### 3.12.5 CROSS-LINE RECRUITING

Actual or attempted cross-line recruiting or sponsoring is strictly prohibited and will not be tolerated. "Cross-line recruiting" is defined as (a) the enrollment, indirect or otherwise, of an individual or entity that already has a current Membership with Young Living, or who has had an Agreement within the preceding six (6) calendar months, within a different line of sponsorship; (b) training current Young Living Members from different lines of sponsorship how to change sponsors in a non-permitted way in order to facilitate their move to your organization; or (c) aiding, encouraging, or facilitating the actions outlined in (a) or (b) of this definition. The use of a spouse's or relative's name, trade names, DBAs (Doing Business As), assumed names, corporations, trusts, Federal Tax Identification Numbers, or fictitious identification numbers to circumvent this policy is strictly prohibited.

You may not demean, discredit, or defame another Young Living Member, especially in an attempt to entice another Member to become part of your sales organization. Young Living reserves the right to terminate your sales organization for failure to comply with this policy.

### 3.12.6 BONUS BUYING AND STACKING

Bonus buying and stacking are material breaches of these Policies and Procedures and are strictly and absolutely prohibited and may result in the termination of your Membership.

"Bonus buying" includes (a) the enrollment of Members without their knowledge of or execution of the Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Member or customer; (c) the enrollment or attempted enrollment of nonexistent individuals or entities as Members or customers (phantoms); or (d) the use of a credit card by or on behalf of a Member or customer when the Member or customer is not the account holder of such credit card.

The term "stacking" means: (a) the failure to transmit to Young Living, or the holding of a Member Agreement, in excess of two (2) business days after its execution; (b) the manipulation of Member Agreements for the purpose of maximizing compensation pursuant to the Compensation Plan; (c) providing financial assistance to Members, buying products, or drop shipping through another's account for the purpose of increasing the payout of your sales organization.

### 3.13 INTERNATIONAL

Compliance with foreign laws regarding intellectual property, data protection, customs, taxation, literature content, and other direct selling guidelines is critical to successful international expansion of Young Living into new markets. Consequently, you are authorized to market and sell Young Living products and services and to recruit and sponsor other Members only in countries in which Young Living is authorized to conduct business, as listed in official Young Living literature. Unauthorized premarket opening activity may jeopardize Young Living's ability to enter a new market and may result in loss of opportunity for many other Members. Because of the severe possible consequences, those who engage in unauthorized premarket opening activity will be subject to disciplinary measures, possibly leading to termination. You are not authorized to register product, trade names, trademarks, patents, web domains, or IP addresses in any country for or on behalf of Young Living.

You agree to indemnify Young Living for any such activity of yours that damages Young Living, including, but not limited to, loss of profit, loss of goodwill, any damages, and reasonable attorneys' fees.

If you want to sponsor Members in a country officially recognized as open, you must do all of the following:

- Be in good standing in the country of residence.
- Read, understand, and agree to follow the Young Living Policies and Procedures in place for that country.
- Agree to follow all applicable laws of that country.
- Agree to any tax withholdings that may be required for that country.

Members may sponsor and/or enroll Members globally; however, Members may market and sell products only in countries that are legally registered with the government for business activity. Only products that have been registered for sale in that same country may be promoted and sold. Members may not import products into any country that are not legally importable or saleable. You agree to follow all laws in any country into which you sponsor Members, including, but not limited to, all direct selling laws, all solicitation laws, all advertising laws, all claims laws, all tax laws, and any other laws that apply to operating a sales organization in a foreign country.



### **3.13.1 NOT FOR RESALE (NFR) PRODUCTS AND LOCATION WHERE SERVICES ARE PERFORMED**

In some countries, Members may purchase Young Living products on a not-for-resale (NFR) basis as retail customers. If you purchase NFR products, you may not resell them.

If you are not a resident of the United States, then you agree that all services you perform in connection with your Young Living business are performed outside the United States. If you perform services within the United States in connection with your Young Living business, you agree to and will contact Young Living at [USbusinessstrips@YoungLiving.com](mailto:USbusinessstrips@YoungLiving.com) within 30 days of performing such services to report the time you spent in the United States on business activities in connection with your Young Living business.

### **3.13.2 ANTI-BRIBERY**

You and your agents, employees, or consultants must not pay or give, or offer or promise to pay or give, any money or anything of value to any government official or employee, political party, or candidate for political office (collectively referred to as "Government Recipient")—or to any person, while knowing or having reason to know that all or a portion of such money or thing of value will be paid or given to, or offered or promised to, directly or indirectly, any Government Recipient—for purposes of obtaining an unfair advantage or influencing any act or decision of a Government Recipient or inducing a Government Recipient to use his, her, or its influence with the government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality; and you will cause your employees, officers, agents, and subconsultants to do likewise.

### **3.14 REPACKAGING AND RELABELING**

You may not relabel, alter the labels of, repackage, or refill any Young Living product. Young Living's products must be sold in their original containers only. Young Living strongly recommends that you do not use Young Living products as ingredients in or components of any product for resale. If a Member uses Young Living products as an ingredient of any product for resale, the Member is strictly prohibited from using Young Living trademarks or logos in conjunction with selling such product. Such relabeling or repackaging could result in severe criminal penalties. Violation of this section may subject a Member to disciplinary actions as outlined in Section 13.3. Additionally, you agree to indemnify Young Living against any harm resulting from use of Young Living products as an ingredient and the repackaging or relabeling of any of its products.

### **3.15 CONFIDENTIALITY AGREEMENT**

As a Member of Young Living, you may be supplied with information that is of a confidential or proprietary nature such as genealogical and organization reports, customer lists, customer information developed by Young Living or developed for and in behalf of Young Living by Members (including, but not limited to, customer and Member profiles, personally identifiable information, and product purchase information), Member lists, manufacturer and supplier information, business reports, commission or sales reports, marketing strategies and plans, product formulas, product information, promotional information, and other financial and business information ("Confidential Information").

All Confidential Information (whether in written, oral, or electronic form) is transmitted to you in strictest confidence on a need-to-know basis for use solely in your sales organization for Young Living business purposes only. In certain instances (for example, with respect to promotional information supplied to high ranking Members in advance of the applicable promotions), you may not share such information within your sales organization until the promotion is disclosed to all Members by Young Living. You shall keep such information confidential, adopt reasonable security practices to safeguard the confidentiality of the information, and must not disclose any such information to a third party directly or indirectly. You and your sales organization agree to indemnify Young Living against damages incurred from any and all such unauthorized disclosures caused by you. You must not use or disclose the information to compete with Young Living or for any purpose other than for promoting Young Living's program and its products and services. You may use and disclose the Confidential Information only in strict accordance with the conditions and restrictions that Young Living may require from time to time at its sole discretion (for example, high-ranking Members may not disclose promotional information made available early to them to anyone else—including within their downline—until Young Living makes such promotional materials generally available to all Young Living Members. Upon cancellation, expiration, or termination by either party, for any reason, of the Agreement, you must discontinue the use of such Confidential Information and destroy or promptly return to Young Living any Confidential Information in your possession. Without limiting your obligations as set forth in this Section 3.15, Young Living may further require a signed nondisclosure agreement before releasing any business information to you and may require you to certify that you have returned or destroyed all Confidential Information upon termination of your Membership.

In the event of the cancellation, expiration, or termination by either party for any reason of the Agreement, the obligations contained in this Section 3.15 survive and are subject to legal enforcement by injunction, damages, and all other available remedies. You further agree that in the event Young Living prevails in any legal action to enforce its rights under this Section 3.14, Young Living shall be entitled to all costs and reasonable attorneys' fees incurred in enforcing its rights under this Section 3.15.

### 3.16 REPORTING POLICY VIOLATIONS

You should report any violations of these Policies and Procedures by any Member to the Young Living Conduct Success team by emailing [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com) or calling Member Services at 1-800-371-3515.

### 3.17 AUTHORIZATION TO TRANSFER AND DISCLOSE PERSONAL INFORMATION

In order to provide support for your sales organization, you authorize Young Living to disclose personal and/or confidential information provided to Young Living in connection with your sales organization or that you have developed as a result of your activities as a Member. You authorize Young Living to transfer and disclose this information to its parent and affiliate companies, to your upline to ensure proper upline support to you and your sales organization, and to applicable government agencies or regulatory bodies if required by law. You also authorize Young Living to share this information with companies we do business with who offer products or services we believe may be of interest to you and your customers; you may opt out of this sharing by contacting Member Services at 1-800-371-3515. You also authorize Young Living to disclose your personal contact information to Members of your downline.

You further authorize Young Living to use your personal information for Member recognition and marketing materials.

### 3.18 AUTHORIZATION TO TAKE AND USE YOUR PHOTO OR VIDEO

By becoming a Member of Young Living, you consent to having your image captured in photographs or videos at various Young Living-sponsored events by Young Living staff and to have those images used by Young Living as they see fit in advertising and marketing materials. You will not be compensated for this usage. If you have a religious or moral objection to having your picture taken or appearing in a video, it is your responsibility to notify a Member of Young Living's staff at the event where photographs and videos are being taken. The provisions of this section will permanently survive the term of the Agreement.

### 3.19 RANK RECOGNITION

The Young Living Compensation Plan pays compensation based on different ranks and the criteria set forth in that plan. Each month you may qualify for payment according to the rank in which you qualify. Members are recognized by Young Living in various ways and at various times as they achieve certain ranks. In order to be recognized at and enjoy the perks of a new, higher rank that is Silver or above, you must qualify for that rank (or above) for three consecutive months. You will be recognized as being at that new, higher rank beginning in the fourth month. In order to maintain recognition at a rank of Silver or above, after initially qualifying for that rank, you must re-qualify for that rank (or above) again within six months of the last month in which you qualified for that rank. If you fail to re-qualify for a rank for six consecutive months, you will be recognized at the highest rank you qualified for during that six month period on the seventh month and be required to re-qualify for three consecutive months before you can be recognized at the higher rank again. In August 2018, all Members will be recognized at the highest rank they have achieved as of July 2018 and will be deemed to have initially qualified for that rank, meaning they will not be required to achieve that rank for three consecutive months to be recognized at that rank. To continue to be recognized at that rank, however, they must maintain that rank, as outlined in this section.

### 3.20 NON-EXCLUSIVITY

As a Member, you will not be granted an exclusive territory nor required to pay franchise fees. Young Living reserves the right to offer its products and services through any sales channel, including through its Professional Account program and through other companies (e.g., a direct sales company in China).

## 4: SPONSOR'S RESPONSIBILITIES

### 4.1 SPONSORING

You have the right to sponsor other Young Living Members. Each prospective Member has the ultimate right to choose his/her own sponsor. If two Members claim to be the sponsor of the same new Member or customer, the new Member has the right to choose between the two within the first thirty (30) days. After that time, Young Living will regard the first application received by Young Living as binding.

When sponsoring a new Member, you must provide the most current version of these Policies and Procedures and the Compensation Plan before he/she signs a Member Agreement or ensure that such individual has online access to these materials.

## 4.2 SPONSORING ONLINE

When sponsoring a new Member through the online enrollment process, you may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan. You may not fill out the online application and Agreement for the new Member.

## 4.3 MEMBER AND SPONSOR RESPONSIBILITIES

As a sponsor, you are expected to train, supervise, and communicate with your downline through letters, newsletters, meetings, telephone contacts, voice mail, email, trainings, and by accompanying enrollees to Young Living's training meetings. If you feel you are not getting the necessary level of support from your sponsor, you are encouraged to consult with your next upline leader or call Member Services at 1.800.371.3515. As a sponsor, you also agree to make your contact information (telephone number/email address) available to your downline for training and support purposes.

You should monitor the members in your downline to ensure that they do not make improper product or business claims or engage in any illegal or inappropriate conduct that violates the Agreement.

As you progress through the various levels of leadership, you will become more experienced in sales techniques, product knowledge, and understanding of the Young Living program. In that event, you may be called upon to share this knowledge with lesser experienced members within your downline.

Regardless of your level of achievement, you have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing your existing customers. To qualify for full and complete leadership bonuses, all ranked members are required to communicate with everyone in their downline at least every three (3) months through email or social media.

## 4.4 NON-DISPARAGEMENT

In setting the proper example for your downline, you must not disparage, slander, or defame other Young Living Members, Young Living products, the Compensation Plan, Young Living employees, or Young Living founders. Such disparagement constitutes a material breach of these Policies and Procedures and may result in termination of your sales organization.

## 4.5 PRIVACY

You must take appropriate steps to safeguard and protect all private information provided to you by Members and customers in the operation of your sales organization in accordance with the Young Living Privacy Statement available at [YoungLiving.com](http://YoungLiving.com).

# 5: ADVERTISING

## 5.1 USE OF YOUNG LIVING MATERIALS

To prevent inadvertent errors or illegal claims, you should strive to use the current Young Living marketing materials, literature, and official claims and text when advertising and describing Young Living's products or programs. The materials should be used in context so as not to be misleading.

## 5.2 MEMBER-DEVELOPED ADVERTISING MATERIALS AND PRODUCTS

If you choose to produce or use advertising materials that were not developed by Young Living, you must clearly identify that the material is from an "Independent Member" or "Independent Distributor" and not Young Living.

Any use of advertising materials not produced by Young Living must be compliant with all applicable laws and these Policies and Procedures—particularly Section 5.3. Such material must be produced in a professional and tasteful manner. Material must not be used that reflects poorly upon Young Living. Violations may subject a Member to disciplinary actions as outlined in Section 13.3.

## 5.3 ADVERTISING CLAIMS AND REPRESENTATION

### 5.3.1 PRODUCT CLAIMS

You are prohibited from making inaccurate and impermissible claims about any Young Living products. In particular, you must not make any claim that Young Living products are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease.

You must also avoid making any statements and claims that are false or misleading concerning Young Living's products. You must comply with all laws, both state and federal, regarding any statements made.

You also must not diagnose any disease or disease condition or prescribe any Young Living product unless you are a licensed medical professional authorized to do so. Anyone improperly diagnosing or prescribing Young Living products may jeopardize the future of Young Living and all of its Members and may therefore have his/her sales organization terminated.

### 5.3.2 INCOME CLAIMS

You are prohibited from making any income projections to prospective Members that may create false or misleading expectations. In their enthusiasm, some Members are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counterproductive since new Members may be disappointed if their results do not meet their expectations. The earning potential of a Young Living Member is enough to be attractive in reality without resorting to artificial and unrealistic projections.

Young Living has prepared an Income Disclosure Statement (IDS) designed to convey truthful, timely, and comprehensive information about the income that its Members have earned. A copy of the IDS is available online at [YoungLiving.com/IDS](http://YoungLiving.com/IDS). Any time that you present or discuss the Compensation Plan or make any type of income or earning representation about the Compensation Plan, you must provide any prospective Members with a copy of the IDS. Income and earning representations include:

- Claims of actual, average, or projected earnings under the Compensation Plan
- Income testimonials
- Hypothetical examples of earnings under the Compensation Plan

Young Living's primary mission is not about creating luxury and riches but about helping people achieve wellness, purpose, and an abundant life. As such, you should not claim (expressly or impliedly, with words or images) that operating a Young Living business will lead to a luxurious lifestyle (large homes, luxury cars, exotic vacations, or the like) or to riches. Nor should you disclose the amount of your commission check to promote the Young Living business opportunity.

In any nonpublic meeting (e.g., a home meeting, one-on-one regardless of venue) with a prospective Member(s) in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective Member with a copy of the IDS. You must also display at least one 3-foot x 5-foot poster board in the front of the room in reasonably close proximity to the presenter(s) and/or continuously display a slide of the IDS throughout the duration of the Compensation Plan discussion or while making an income claim in any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.).

### 5.3.3 COMPENSATION PLAN CLAIMS

When presenting or discussing the Compensation Plan, you must make it clear to prospective Members that financial success with Young Living requires commitment, effort, and sales skill. Conversely, you must never represent that individuals can be successful without diligently applying themselves over an extended period of time. Examples of misrepresentations in this area include:

- Anyone can succeed with little or no effort.
- Failure to succeed is just a lack of effort.
- The system will do the work for you.
- Just get in and your downline will build through spillover.
- Just join and I will build your downline for you.
- The company does all the work for you.
- You don't have to sell anything.
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospective Member to believe that he/she can be successful as a Young Living Member without commitment of time and work effort.

### 5.3.4 GOVERNMENTAL APPROVAL OR ENDORSEMENT

State and federal regulatory agencies and officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, you may not represent or imply that Young Living or its Compensation Plan have been "approved," "endorsed," or otherwise sanctioned by any government agency.



### 5.3.5 INDEMNIFICATION FOR UNLAWFUL ADVERTISING STATEMENTS

You are fully responsible for all verbal and written statements you make regarding Young Living products, services, and the Compensation Plan that are not expressly contained in official Young Living materials. You agree to indemnify Young Living and Young Living's directors, officers, Members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living from any liability arising from or related to your actions in the promotion and operation of your sales organization. This provision will survive the termination of the Agreement.

### 5.4 TESTIMONIALS AND MEETINGS

At Member-sponsored meetings, Members should not arrange for a disease-cure, disease-prevention, or disease-treatment testimonial, as described in Section 5.3. Nor should any disease-cure, disease-prevention, or disease-treatment testimonial be given at any such meeting. If there is an impromptu disease-cure, disease-prevention, or disease-treatment testimonial from someone, the leading Member should redirect the discussion by saying something to the effect of, "Young Living supplements are designed to improve nutrition; they are not intended to diagnose, treat, cure, or prevent any disease. However, scientific research has established a connection between nutrition and many disease conditions."

Third-party scientific literature that is compliant with local, state, and federal law may be distributed at a meeting but must be placed separate and apart from promotional material.

### 5.5 TRADEMARKS AND COPYRIGHTS

The name Young Living, Young Living Essential Oils, YL, YLEO, and all other names that may be adopted by Young Living or its subsidiary or affiliate companies or used by those entities as trade names, product brand names, trademarks, logos, slogans, hashtags, web addresses, or URLs are herein referred to as "Young Living Trademarks" and are owned by Young Living.

During the term of your Young Living Membership, and only during that term, you are authorized to (a) copy and use the photographs made readily accessible on Young Living's Flickr® page (or other future-used free websites or services), the text of product and service descriptions provided by Young Living, and the videos posted to Young Living's online video sites (e.g., Young Living's Vimeo® and YouTube® pages) and (b) use, except as prohibited herein, Young Living's Trademarks (excluding Young Living's company logos) solely in connection with the development of online and printed materials for use in building and managing your Young Living sales organization.

You may not, however, use these copyrighted materials or the Young Living Trademarks in connection with any activity outside the scope of your Membership without Young Living's written authorization, nor may you sell materials containing these properties (e.g., marketing materials (including physical or electronic), essential oil accessories, swag, software or mobile apps, branded merchandise, books, brochures, movies, or other products that you sell to others (including other Young Living Members)), directly or indirectly. Upon termination or cancellation of your Membership, this license will automatically terminate, and you must immediately cease all use of Young Living Trademarks, text, photographs, and video.

You are prohibited from applying for, owning, or registering any Young Living Trademark, in whole or in part, or any confusingly similar mark as a trademark in any jurisdiction in the world. In the event you do so or have done so, you hereby agree to assign, at no cost, the trademark registration or application to Young Living within ten days of Young Living's written request.

You are prohibited from using any Young Living Trademark (or confusingly similar terms) in connection with any online paid marketing program or effort, including pay-per-click online advertising, Google AdWords, paid social ads, video content, content syndication, and display marketing.

### 5.6 DOMAIN NAMES AND EMAIL ADDRESSES

You may not use, register, or own any Internet domain name, either in the U.S. or abroad, that includes any Young Living Trademarks or any derivative thereof. Nor may you incorporate or attempt to incorporate any Young Living Trademarks or any derivative thereof into any email address. In accordance with this policy, all existing Member-owned domain names that violate this provision will be expected to be brought into conformance within three months of notification of a violation by Young Living. In limited circumstances, an infringing domain name or email address registration may be allowed to exist upon the signing of an annual trademark license agreement with Young Living, which will also carry a license fee. Such license agreements may be offered, withdrawn, or modified by Young Living at its own discretion at any time, and those Members with nonconforming domain name registrations who do not make such an agreement with Young Living will be expected to transfer those registrations to Young Living within the three-month time period noted above.



## 5.7 INTERNET POLICY

Many Members will use the Internet to further their businesses using websites, blogs, social media, etc. (collectively “Member Sites”). Member Sites used to promote Young Living, Young Living products, or Young Living events must display a current Young Living Independent Member logo in a prominent location. Member Sites must further include the Member’s Member number.

Member Sites may include current product descriptions, photographs, videos, and other media made available to Members by Young Living (e.g., through the official Young Living website, the Virtual Office, or the Young Living Flickr® account). These sites may not (a) use Young Living’s trade dress; (b) make any improper product, income, or Compensation Plan claims, as outlined in Section 5.3; (c) promote the products or business of any other company; (d) contain false or misleading information; or (e) collect, store, process, or transmit Member or customer confidential information. Members are responsible to ensure that all users of their Member Sites comply with these requirements.

Member Sites may, at Young Living’s sole discretion, be monitored by Young Living. Failure to monitor Member Sites for any period of time does not waive Young Living’s rights to enforce the provisions of this section.

When using social media, Members may not use as their username, account name, or other identifier (collectively “Username”) any of Young Living’s trade names, company names, or any other name that may be confused with Young Living Essential Oils or suggest Young Living’s sponsorship thereof. Usernames may, however, include the name “Young Living,” if they also include “Independent Member” or a similar identifier that effectively distinguishes it from a Young Living corporate account.

## 5.8 INTERNET CLASSIFIED AD SITES, AUCTION SITES, SHOPPING SITES, OR ORDER FULFILLMENT STORES RESTRICTED

As a general rule, Members and Professional Accounts may not sell or display Young Living products on any Internet classified ad site (e.g., Craigslist, etc.), marketplace (e.g., Facebook® marketplace, Walmart® marketplace, etc.), auction site, shopping site, or order fulfillment store (e.g., eBay®, Amazon®, OrderDog™.com, Overstock®.com, etc.). Further, Members may not (a) enlist or knowingly allow a third party to sell Young Living products on any Internet classified ad site, auction site, shopping site, or order fulfillment store or (b) sell products to a third party that the Member has reason to believe will sell such products on any Internet classified ad site, auction site, shopping site, or order fulfillment store. Young Living reserves the right to grant specific permission at Young Living’s sole discretion to allow exceptions to this section, provided the Member has registered the online seller name and Member number with Young Living. Members and Professional Accounts may continue to sell Young Living products on their individual URL’s and independent Members’ retail sites, provided they register their URL with Young Living and prominently display the independent distributor logo and their Member number on the URL.

Young Living reserves the right to strictly prohibit, monitor, charge a fee, and take all enforcement efforts necessary, including, but not limited to, termination of an online seller’s Member account if the Member is in violation of any laws, regulations, and these Policies and Procedures. Young Living shall be entitled to all and reasonable attorneys’ fees and related costs incurred in enforcing its rights in any action in which it is found that you violated the terms of this provision.

## 5.9 TELEPHONE AND EMAIL SOLICITATION

You may not use Young Living’s name or copyrighted materials with automatic calling devices or “boiler room” operations to solicit potential Members. In addition, any email messages distributed to solicit for your business must conform to the CAN-SPAM Act and contain appropriate opt-out provisions for the recipient. Failure to opt respondents out of your email may subject you to the disciplinary action outlined in Section 13.3. You may not opt out for another Member in your organization.

You may not engage in telemarketing to promote Young Living products or the Young Living opportunity or to solicit potential Members. For purposes of this Section, telemarketing refers to placing of one or more outbound telephone calls to an individual without that individual’s express prior permission or invitation to call.

If you violate this policy, you agree that you will indemnify Young Living and Young Living’s directors, officers, Members, shareholders, managers, employees, and agents and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys’ fees, court costs, or lost business incurred by Young Living as a result of your telemarketing activities.

## 5.10 YOUNG LIVING PERSONAL WEBSITES

Young Living offers a personalized website to assist in your marketing efforts. You should contact Member Services at 1-800-371-3515 for more details or log in to your Young Living Virtual Office (YoungLiving.org) for more information. You should be advised that by using a Young Living website, your contact information will become available to the public so that they may contact you with questions. Young Living will not be held responsible for any unintended or adverse consequences of this service.

### 5.11 COMMERCIAL OUTLETS

Subject to the provisions of Section 5.12, you may display Young Living products in commercial outlets that, in Young Living's sole discretion, are not large enough to be considered regional or national chains.

### 5.12 MINIMUM ADVERTISED PRICE

You may establish the price at which you resell Young Living products, as long as such sales are within the policies outlined in this Agreement. However, certain advertisements can threaten healthy competition of essential oils and wellness products, can reduce sales of Young Living products, and can cheapen the image that Young Living has worked hard to develop. Advertising with such potential effects is not acceptable to Young Living.

You may not directly or indirectly advertise Young Living products for less than the 10% above the current U.S. wholesale prices (which are kept current on the official Young Living website) in any advertisement or promotional material that appears outside of a retail premises, including, but not limited to, Internet, newspaper, magazines, catalogues, billboards, and direct mail.

Young Living will decide in its sole, unilateral discretion whether media advertising directly or indirectly advertises Young Living products at less than 10% above the current U.S. wholesale price. The following are meant to be non-exhaustive illustrations of advertising violations: bundling and value-added offers, promotion code advertisements that result in lower-than-current U.S. wholesale prices, "add to cart to see pricing," couponing advertisements that result in lower than 10% above U.S. wholesale pricing, and rebate advertisements that result in lower than 10% above U.S. wholesale pricing.

Notwithstanding the policies in this Section 5.12 and Section 3.12 of this Agreement, Members may offer up to only \$25 in enrollment incentives (e.g., Young Living product credit, gift cards, or a gift) plus additional reference materials as incentives to new enrollees or reactivated Members. No other discount, promotion, or incentive can be associated with new enrollees and reactivated Members.

Violations of this policy constitute a material breach of the Agreement and will result in disciplinary action under Section 13.3.

### 5.13 TRADE SHOWS AND EXPOSITIONS

Subject to the requirements in this Agreement, you may display and sell Young Living products at trade shows and expositions. All literature displayed at the event must be official Young Living literature, and you must clearly identify yourself as an Independent Distributor or Independent Member.

### 5.14 MEDIA INQUIRIES

Do not attempt to respond to media inquiries regarding Young Living, its products or services, or your sales organization. All inquiries by any type of media must be immediately referred to the Young Living Conduct Success team at [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com). This will ensure that accurate and consistent information reaches the general public.

## 6: SALES REQUIREMENTS

### 6.1 PRODUCT SALES AND SALES RECEIPTS

The Compensation Plan is based upon the sale of Young Living's products and services to end consumers. You must fulfill specified personal and downline sales requirements (as well as meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. The following sales requirements must be satisfied in order for you to be eligible for commissions:

- You agree not to stock excessive inventory and to abide by the 70% rule, which is that 70% of your inventory intended for sale has been sold prior to ordering more. A minimum of 70% of your orders and your personally enrolled customers' orders must be sold before you purchase additional products. The sales volume of your personally enrolled customers will be included with the sales determining compliance with the 70% requirement. You may not purchase additional product until at least 70% of the previous order has been sold to end consumers. By ordering product, you certify that you have sold or used at least 70% of all prior orders.
- You are required to furnish your customers with two copies of an official Young Living sales receipt, which specifies the date of sale, the amount of sale, and the items purchased. These receipts set forth the Customer Satisfaction Guarantee, as well as any consumer protection rights required by federal or state law. In accordance with such laws, you must verbally inform your customers of their cancellation rights. Additionally, if you sell product inventory to other Members, you must provide the purchaser with a

sales receipt. The Member should maintain copies of all sales receipts for a period of two years and furnish them to Young Living upon request. Young Living will maintain records documenting the purchases of Member's customers and direct purchase customers.

## 6.2 CALIFORNIA PRODUCT SALES

Certain Young Living products may not be sold to California consumers unless Young Living has labeled the product for the California market. Due to the complexity and uniqueness of California laws, such as Proposition 65, Young Living asks all Members to allow Young Living to fulfill orders destined for California. If a Member decides to sell any Young Living product into California, or directly to a California consumer, that Member hereby agrees to indemnify Young Living against any claims or liabilities that arise from the sale. If Members have questions about selling Young Living products into California, they should forward those questions to [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com).

## 6.3 NONMEMBERS

You may personally sell Young Living products to nonmembers. Online sales, however, are governed by Section 5.8.

## 6.4 CUSTOMERS AND SALES REQUIREMENTS

Nonmember and customer orders satisfy customer sales requirements.

## 6.5 EXCESSIVE PURCHASES OF INVENTORY AND FRONT-END LOADING PROHIBITED

Members will not encourage their downline or any other Member to make unnecessary product purchases that could result in a large, stagnant inventory. This is called "front-end loading" or "inventory loading" and refers to the purchase of products that are stored, destroyed, or otherwise disposed of without being consumed, not merely purchased and warehoused. Members and leaders must consume their products or sell their products to people who will consume them. If any Member is found to be buying to meet qualifications within the Compensation Plan with no provable business building, Young Living reserves the right to put the Member account on hold until it can fully investigate the qualification buying.

# 7: COMMISSIONS AND BONUSES

## 7.1 COMMISSIONS AND BONUS CHECKS

To qualify for commission compensation under the Compensation Plan, you must have purchased product within the last 12 months and be in compliance with the Agreement with no holds on your Member account. Commissions will be paid in accordance with the Compensation Plan, the current version of which is available through the Virtual Office ([YoungLiving.org](http://YoungLiving.org)). As long as you comply with the terms of the Agreement, Young Living will pay commissions on approximately the 18th of each month for the prior month's sales. Commission amounts under \$25 will not be issued as a check but retained as a credit on account for future product purchases. You may also elect to have commissions paid via direct deposit to a bank account subject to the same rules as above. Direct deposit will be permitted based on policies determined by Young Living. Contact Member Services for more information at 1-800-371-3515.

Leaders will be required to actively meet leadership requirements defined by Young Living to qualify for their commission bonuses. For more information see the Compensation Plan.

## 7.2 RECAP STATEMENTS

You may access detailed commission reports from the Virtual Office at [YoungLiving.org](http://YoungLiving.org). If you do not have Internet access, you may request that the report be faxed or mailed to you for a small fee.

## 7.3 ADJUSTMENTS

You agree that adjustments will be made to your commission check for any processing fees, unpaid balances, or debts owed for other services. When a product is returned to Young Living for a refund or is repurchased by Young Living, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted from any future commission checks, including that of the upline. Any other debt may be offset against commission checks.

In addition, if you fail to properly provide your Social Security Number or Federal Tax Identification Number to Young Living, Young Living will deduct the necessary back-up withholdings from your commission checks as required by law.

## 7.4 DEDUCTIONS/MAINTENANCE FEES

A monthly maintenance fee is assessed each month and is used to cover accounting, processing, account maintenance, and other costs. The fee may be tax deductible, so consult your personal tax advisor for details. A current maintenance fee schedule is posted on the Virtual Office.

## 7.5 ERRORS OR QUESTIONS

You should review your Commission and Bonus Recap statements and report any errors or discrepancies to Young Living within 45 days from the date on the check. Errors or discrepancies that are not brought to Young Living's attention within 45 days will be deemed waived.

## 7.6 COMMISSION AND BONUS CHECKS

Young Living attempts to ensure that checks are sent to the proper address (the address on record with Young Living). If, after 90 days from its issue, a compensation check is not cashed, it will be voided and the amount credited to your account. If left unused for the applicable required statutory period, the credited amount in your account from the voided check will be submitted to the government in the state of your last known address in accordance with applicable unclaimed property laws.

## 7.7 REISSUE REQUESTS

There is a \$35 service charge for reissuing a check. This charge will be deducted from the balance owed to the Member.

# 8: ORDERING

## 8.1 ORDERING METHODS

All Members may place orders by telephone, fax, mail, website, live chat, or through the Essential Rewards Autoship program.

### 8.1.1 PHONE

When ordering, modifying account information, or accessing your account by phone, be prepared to present all information requested on the Young Living order form, including Member number and personal identification number (PIN). Live operators are available Monday through Friday from 6 a.m. to midnight, Saturday from 7 a.m. to 5 p.m., and Sunday from 1:30 p.m. to midnight, Mountain Time. Hours may be subject to change. For current hours, visit [YoungLiving.com](http://YoungLiving.com) and click on the "Contact Us" link. Payments can be made by ACH (U.S. banks only, bank draft), credit card, debit card, or prepaid card.

### 8.1.2 FAX

When ordering by fax, print information legibly on the order form. You must include your Member number on the order form along with your contact information. Payments can be made by ACH (U.S. banks only, bank draft) or credit card. Orders may be faxed to 1-866-203-5666. All item requests must come from the current product catalog.

### 8.1.3 MAIL

When ordering by mail, send completed order form with payment to:

Young Living  
Attn: Order Entry  
3125 West Executive Parkway  
Lehi, UT 84043

Payments may be made by credit card, cashier's check, money order, or personal check (U.S. funds only). Please do not send cash.

### 8.1.4 YOUNG LIVING WEBSITE

The Young Living website makes ordering and accessing information online quick and easy. Available 24 hours a day, 7 days a week, the website allows you to place online orders. You will need your Member number and password (which should be kept confidential) to establish a login and security code (four-digit PIN) at [YoungLiving.com](http://YoungLiving.com). You must keep your PIN secure and order only on your own account.

### 8.1.5 LIVE CHAT

Orders may be placed through the live chat service available through the Young Living website.

## 8.2 ESSENTIAL REWARDS AUTOSHIP PROGRAM

The Young Living Essential Rewards Autoship Program enables you to have Young Living products automatically shipped to you each month. Through this program, you can earn free products, qualify for Members-only specials, and potentially qualify for compensation under the Compensation Plan. You may learn more and sign up for the Essential Rewards Autoship Program in the Virtual Office (YoungLiving.org) or by contacting Member Services at 1-800-371-3515.

It is advised that the Autoship order be set up to be processed between the 1st and 22nd of each month. No Autoship ordered will be processed after the 24th of the month. The earlier the order, the easier it is to solve any disputes with the payment and/or out-of-stock products. Young Living cannot be held responsible for orders that are not processed due to Member payment obligation. Through the PV Assist service, if certain products are out-of-stock, you may authorize Young Living to send alternate products.

## 8.3 GENERAL ORDERING POLICIES

On mail orders with invalid or incorrect payment types, or anything else that may prevent Young Living from placing the order, Young Living will attempt to contact you by phone or email to correct the order. Young Living will make two attempts to correct the order. If these attempts are unsuccessful after five business days, the order will be cancelled.

For orders to be counted in a given month, they must be received and accepted on or before the last day of the month. Changes made to pending orders that have not yet shipped will keep the original date the order was entered. This may affect commission qualification.

If an item ordered is out of stock or discontinued, Young Living will attempt to contact you by email so that you may select an alternative item, if qualifications are negatively affected. It is your responsibility to verify that the products in your order are available when shipped.

No COD orders will be accepted.

Payment plans are not allowed when purchasing product. The balance may be paid with different credit cards but must be paid in full before the order will be shipped.

### 8.3.1 BACK ORDERS

Young Living may offer back orders. Back ordered products will be shipped with your next order after the product becomes available. Shipping is charged on all back orders.

### 8.3.2 MONTH-END ORDER PROCESSING CUTOFF

The month-end order processing cutoff is the last calendar day of the month at 11:59 p.m., Mountain Time. Faxed orders must be received by the last day of the month. All mailed-in orders must be post marked by the last day of the month and received within the next three business days of the following month. If not received within the following three business days, the orders will be credited to the following month. All days are considered business days except for Sunday and holidays when the mail is not delivered or when the Young Living office is closed. The fax line and the website are available 7 days a week, 24 hours a day, making it possible to place all orders by the end of the month. Only mail-in orders fall under the three-day business exception.

### 8.3.3 ORDER ANOMALIES

If you have problems with your orders that cause you to be disqualified for commission payments, please contact the Resolutions Department via mail at Young Living Essential Oils, LC, Attn: Resolutions, 3125 West Executive Parkway, Lehi, UT 84043; or via email at [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com); or via fax at 1-801-418-8800.

## 9: SHIPPING

### 9.1 SHIPPING METHODS AND CHARGES

Domestic orders are generally shipped within two business days (excluding weekends and holidays). A packing slip is included in each shipment. It contains the order number, Member number and name, product code, product name, price, and the amount and method of payment. Members should keep these packing slips for personal accounting records. Package tracking is available through most major carriers.



## 9.2 SHIPPING DISCREPANCIES

When you receive an order, you should check the products against the packing slip to make certain there is no discrepancy or damage. Please notify Young Living of any shipping discrepancies or damage as soon as possible. Failure to notify Young Living of any shipping discrepancy or damage within five business days of receipt of shipment will forfeit your right to request a correction.

The Return Merchandise Authorization (RMA) number is required for the processing of all shipping discrepancies or damage claims. If the RMA number is not included, Young Living will not process shipping discrepancies, issue credits, or replace damaged products. The RMA is included in each order when packaged for shipping.

To correct any problem you may have encountered with your shipments, please contact Member Services. A Member Services representative will discuss the steps to rectify the situation and issue a Return Merchandise Authorization (RMA) number.

# 10: PAYMENT

## 10.1 METHODS OF PAYMENT

Young Living accepts the following payment methods:

- Credit Cards, Debit Cards, and Prepaid Cards—VISA, MasterCard, American Express, and Discover. Using someone else's credit card without his/her written permission is illegal and may be grounds for termination of your sales organization as well as possible legal action.
- ACH Check Payments—U.S. checking accounts only. The Automatic Clearing House (ACH) program authorizes Young Living to draft against a Member's bank account for the amount of the order. First-time ACH orders will be held for five days before being shipped.
- Money Orders or Cashier's Checks—U.S. funds (mail-in orders only).
- Personal Checks—U.S. funds (mail-in orders only).

## 10.2 RETURNED CHECKS AND INSUFFICIENT FUNDS

You are responsible to ensure that sufficient funds are available in your account to cover regular orders and Autoship orders. If a personal check or ACH check is returned for non-sufficient funds (NSF), you will not be able to place orders using personal checks or ACH checks until the balance is paid with a credit card or a money order. An NSF check will be sent to a collection service, appropriate processing fees will be charged, and your account will be placed on suspension. Failure to promptly resolve an NSF check may result in legal action and possible termination of your sales organization. Any uncollected amount may be deducted from commissions.

## 10.3 COMMISSION CHECK RELEASE FORM

You may choose to retain your commissions and bonuses (all or in part) in the form of a credit on your Young Living account. This credit would be used against future product purchases, in accordance with Section 7. A Commission Check Release Form must be received and approved by Young Living before your compensation check can be issued as a credit on account.

# 11: PRODUCT RETURNS

## 11.1 RETURN POLICY

Young Living reserves the right to review each return or exchange on a case-by-case basis. Returns will cause promotions, credits, commissions, and bonuses to be adjusted or reversed, both for the person making the return and for any upline Members who received compensation on such purchases.

### 11.1.1 RETURN GUIDELINES

If you are dissatisfied with any Young Living product, you may return:

- Any unopened product within 30 days after shipment for a full refund in the same method of payment of the purchase price and applicable sales tax (less shipping charges).
- Any opened product within 30 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges).

- Any opened or unopened product up to 90 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges and a 10% handling fee). The credit applied for opened product will be based on the percentage of the product returned. For example, if you return 50% of a product, then a credit of 50% (less shipping charges and a 10% handling fee) will be applied to your Young Living account.

If you (as a Member or professional account customer) sell product to nonmembers, you are required to provide the same return policy to the nonmember as outlined in this Section 11.1. You are also responsible for returning the product to Young Living within 10 days of receiving the return from the nonmember. Young Living will not provide refunds on or accept returns directly from nonmembers. Excessive returns may be deemed an abuse of Young Living's return policy and may result in suspension of your return privileges and/or sales organization. Damaged or incorrect shipments of products will not be subject to fees.

#### 11.1.2 RETURNS OF INVENTORY BY MEMBERS

If you choose to terminate the Agreement, you may return any product inventory or sales aids purchased in the preceding 12 months for a refund if you are unable to sell or use the merchandise. You may return only products and sales aids that are in resalable condition, unless otherwise required by law. Resalable condition is defined as the same unopened condition as it was purchased new. You must return the products to Young Living, prepay the shipping charges, and include a letter explaining that you wish to terminate the Agreement and receive a refund. Upon receipt of the products, you will be reimbursed 90% of the net cost of the original purchase price, less shipping charges. Young Living will deduct from the reimbursement any commissions, bonuses, or other incentives received by you as a result of the product you are returning. If your account is terminated, you have 90 days from the date of termination to make arrangements with Young Living regarding the repurchase of all returnable products. You acknowledge that you will be unable to return products more than 90 days from the date of termination.

#### 11.1.3 PRODUCT KITS AND COLLECTIONS

All Young Living product kits and product collections must be sold as a whole unit. Members are prohibited from selling individual items from product kits and product collections separately and promoting such activity within the Member's business organization.

Any product kit and/or collection returned to Young Living must be complete; otherwise, the kit and/or collection will not be eligible for an exchange or refund. No individual items from a kit and/or collection will be eligible for a refund.

#### 11.1.4 RETURN OF PROMOTIONAL PRODUCT(S)

For any complimentary item(s) received by the purchaser via a qualifying purchase or through the buy-one-get-one-free promotion or other promotion, returns will be handled as follows:

- If a qualifying purchase is returned in whole or in part and negates your qualification to receive the complimentary promotional item(s), the complimentary item(s) must also be returned, or you will be charged for the free product(s).
- If one of the promotional products is returned, Young Living will not credit the Member, as Young Living will assume the returned item(s) is the promotional product(s). If all promotional products are returned, Young Living will credit the Member for the product purchased.

#### 11.1.5 MONTANA RESIDENTS

Notwithstanding the provisions of Sections 11.1.2 and 11.1.3, if you are a resident of the State of Montana and you cancel the Member Agreement within 15 days of the date of enrollment, you may return the kit to Young Living for a 100% refund.

#### 11.2 PROCEDURES FOR RETURNS

The following procedures apply to all returns for refund, repurchase, or exchange:

- The customer or Member who purchased it directly from Young Living must return the product(s).
- The product(s) must be returned in its original container.
- The return must have a Return Merchandise Authorization number (RMA), which is included in each order when packaged for shipping. It may also be obtained by calling Member Services at 1-800-371-3515, by emailing [custserv@YoungLiving.com](mailto:custserv@YoungLiving.com), or by submitting the request via Young Living's live chat services. The RMA number must be written on the outside of each package, or the shipment will be returned to the sender.
- All returns must be shipped prepaid to Young Living. Young Living does not accept COD packages.
- If returned product is not received by Young Living's distribution center, it is the responsibility of the Member to trace the shipment. Young Living is not liable for items lost or damaged in transit.
- Volume for exchanges will be counted in the month the exchange transaction was made.
- No refund will be made for subsequent returns of the same product, except when the product is damaged or defective.

Credits will be issued when Young Living has processed the return.

## 12: MEMBER ACCOUNT MANAGEMENT

### 12.1 CHANGES TO A MEMBER ACCOUNT

You must immediately notify Young Living of all changes to the information contained on your Member Agreement. You may update your existing information by submitting a written request indicating the changes by email to [custserv@YoungLiving.com](mailto:custserv@YoungLiving.com), by live chat, or by making such changes in the Virtual Office ([YoungLiving.org](http://YoungLiving.org)). The modifications permitted within the scope of this paragraph do not include a change of sponsor or tax information. Sponsors and enrollers are not allowed to request account changes or relay such requests.

#### 12.1.1 SPONSOR CHANGES

To protect the integrity of all marketing organizations and to safeguard the hard work of all Members, Young Living strongly discourages changes in sponsorship. Young Living recognizes, however, that extenuating circumstances may exist that necessitate a change in sponsorship. Therefore, a request for sponsorship change will be considered only under the following circumstances:

- Only one (1) free sponsor/enroller change request can be made within the first thirty (30) calendar days of enrollment with the approval of the Member OR current enroller. Sponsor/enroller change requests may be made directly over the phone if within the first five (5) calendar days of registration. After 5 calendar days, but within 30 days, the request must be submitted in writing via mail, email, fax, or other method or form required by Young Living. Requests submitted via email should be sent to [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com). The email or form must come directly from the new Member or the new Member's enroller and must be sent from the email address on file with Young Living. Requests cannot be submitted by another Member, even in the form of a forwarded email.
- Sponsor changes must be made prior to the end of the last calendar day of each month to be recognized in that month. If the Sponsor change is submitted after the last calendar day of the month but within the 30 days of enrollment, the Sponsor change will not be recognized until the following month. Young Living shall not be responsible for a delay in sponsor change due to the timeliness of the submission of a sponsor change request as outlined herein and within the thirty (30) days. If within the thirty (30) days both the enroller and the downline Member submit a request for a sponsor/enroller change, the downline Member's request will always take precedence. Only newly enrolled Members and reactivating Members are authorized to request any sponsor change for their individual accounts within thirty (30) days of the enrollment or reactivation. Such changes cannot be made at the request of upline or family members.
- Under exceptional, extenuating conditions, a Member may request a sponsor change after the thirty (30) days of enrollment by completing a Three Active Upline Approved Sponsor Change Request Form and submitting a nonrefundable \$35 processing fee to Young Living via mail at Young Living Essential Oils, LC, Attn: Resolutions, 3125 West Executive Parkway, Lehi, UT 84043; or via email at [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com) or via fax at 1-801-418-8800. "Three Active Upline" is defined as the first three (3) Members in the Member's upline that have generated 100 PV actively for six (6) consecutive months. The nonrefundable \$35 processing fee must be paid either by check or credit card and will not be refunded upon a denial of a sponsor change request. Young Living will not consider a sponsor change until it receives all documentation with the required signatures.
- If one of the upline Members does not respond within a period of sixty (60) days, the Member may request to be moved under the sponsor of his/her choice. The Member must demonstrate that he/she has made a good faith effort to contact all three upline sponsors. The good faith effort will require the Member to provide sufficient evidence to prove he/she has tried for a period of sixty (60) days to contact the upline Member via email, certified mail, etc.; and the upline Member has ignored or has been nonresponsive to the request. The evidence must be submitted to the Conduct Success Team at [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com). If the Member cannot provide evidence of a good faith effort, Young Living may deny the request at its sole discretion. If a sponsor change is successful through the Three Active Upline, the Member's original organization downline will roll up to the next upline and remain in the original genealogy. If there is a dispute concerning a signature of one or more of the Three Active Upline approval, the Conduct Success team will investigate the approvals; and Young Living may reject the sponsor change request and restore the Member to the original sponsor. No enroller changes will be allowed after thirty (30) days of the initial Member enrollment. Young Living reserves the right to approve and/or deny all sponsor change requests in its sole discretion.
- If a Member is unable to get approval from his/her three active upline, the Member may choose to go six months without placing an order to effect a change to a new sponsor. At the end of six months, the Member may request a sponsor change by emailing [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com) and paying a \$35 fee. The new sponsor cannot become the Enroller. When a Member moves from the original downline to a new downline, the Enroller status/bonus becomes null and void.

- A Member may request a sponsor change if the Member's sponsor has not provided support to the Member for over a period of two (2) years, and the Member has filed a grievance with Young Living that includes the following: (a) The sponsor/upline Member does not contact the Member over the period of two (2) years; (b) the sponsor/upline Member does not respond to requests for help; (c) the sponsor/upline Member does not offer support, mentoring, business building information, etc. The Member must submit the grievance to [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com). Young Living will conduct a full investigation into the grievance; and if the grievance appears substantiated, Young Living may allow the sponsor change. The Member requesting the change must pay the nonrefundable \$35 processing fee.
- If the Member has not placed an order or generated at least 50 cumulative PV for twelve (12) consecutive months, the Member account will be dropped for inactivity around the middle of the following month after twelve (12) months of inactivity. The existing downline will roll up to the next upline and remain in the original genealogy. Upon reactivation of an account terminated for inactivity, the Member may sign up under a new sponsor and enroller.

Requests cannot be submitted by another Member. Young Living will not approve sponsor change requests that it deems to be intended to manipulate payment under the Compensation Plan and reserves the right to make sponsor changes for any reason at any time and at its sole discretion.

If a member enrolled in Young Living or ordered products in the previous month and his or her sponsor or enroller changes during the first five business days of the month, that change may affect the previous month's rank, qualification, and payout.

### 12.1.2 WAIVER OF CLAIMS

If you have changed sponsors but did not follow the appropriate procedures, as outlined in Section 12.1.1 and you have developed a downline organization in a sales organization under a new sponsor, Young Living reserves the sole and exclusive right to determine the final placement of your new downline organization. You waive any and all claims against Young Living, its officers, directors, owners, employees, and agents that relate to or arise from Young Living's decision regarding the disposition of any downline organization that develops below an organization that has improperly changed lines of sponsorship.

### 12.1.3 SPONSOR PLACEMENT PROGRAM

When a new Member enrolls without a designated sponsor or enroller, he/she is deemed an orphan. The Young Living Placement Program generally assigns orphans a sponsor and an enroller who resides in or near the same area code or geographical area of the orphan and/or who speaks the same language as the orphan. Eligible sponsors and enrollers generally include Executive, Silver, and Gold ranking Members who actively support their downlines, have growing sales results, have grown their sales organizations in the month in which a new orphan becomes available, are active in participating in Young Living events and programs (e.g., Essential Rewards), and who actively work to support the mission of Young Living.

The Young Living Placement Program is directed by Young Living's executive management team, which reserves the right to assign any orphan as it sees fit in its sole discretion.

The recipient should be enrolled in the Autoship program and conscientiously engaged in the Young Living business.

The new Member has 30 days to change from the assigned new sponsor to another sponsor of his/her choice, as outlined in Section 12.1.1.

## 12.2 DOWNLINE GENEALOGY REPORTS

Downline Genealogy Reports ("Reports") are optional and may be ordered at any time. Members with a Young Living-sponsored personal website may receive two free emailed downline Reports per month, upon request, with all additional email Reports costing \$5 each. Members who do not have a Young Living-sponsored personal website will pay \$5 for each email Report requested. Members who wish to have the Report faxed or mailed will pay \$5 for the first 10 pages and 10 cents for each additional page. Young Living reserves the right to modify the charges described in this Section 12.2.

Downline Genealogy Reports constitute Confidential Information as set forth in and subject to Section 3.15 of the Agreement. Without limiting your obligations under Section 3.15 of the Agreement, you may not use Reports for any purpose other than for developing and supporting your sales organization. Specifically, during and after the expiration or termination by either party for any reason of the Agreement, you may not:

- Disclose any information contained in the Reports to any third party
- Use Reports to compete with Young Living in violation of Section 3.12 of the Agreement
- Use Reports to solicit any Member or customer listed on the Reports or to engage in any conduct prohibited by Section 3.12 of the Agreement



- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Report

At the expiration or termination by either party for any reason of the Agreement, or upon demand by Young Living, you will return the original and all copies of Reports (including electronic files) to Young Living or destroy all copies in hardcopy, electronic, or other format of any Report in your possession. This Section 12.2 of the Agreement will survive the expiration or termination by either party for any reason of the Agreement.

### 12.3 THE D. GARY YOUNG, YOUNG LIVING FOUNDATION

By enrolling as a Young Living Member, you are automatically enrolled as a nonvoting member of The D. Gary Young, Young Living Foundation ("Foundation"). The privileges associated with this class of membership include the invitation to participate (at the Member's own expense where applicable) in certain Member-participation charitable activities, the right to receive periodic reports of the charitable activities and accomplishments of the Foundation, and the invitation to contribute to the Foundation for the advancement of its charitable purposes.

## 13: DISPUTE RESOLUTION AND DISCIPLINARY ACTION

### 13.1 DISPUTES WITH OTHER MEMBERS

If you have a grievance or complaint with another Member regarding any practice or conduct in relationship to your sales organization, you should first discuss the problem with the other Member. If this does not resolve the problem, report the problem to your upline leader who is a Silver or above to resolve the issue at a local level. If the matter cannot be resolved, it may be reported to the Young Living Member Conduct Success team in writing via mail, fax, or email at [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com). The complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have firsthand knowledge of the improper conduct.

Upon receipt of a written complaint, the Young Living Member Conduct Success team will investigate the matter, review the applicable policies, and render a decision on how the dispute will be resolved. The Member Conduct Success team may impose disciplinary sanctions as provided in Section 13.3.

### 13.2 DISPUTES WITH YOUNG LIVING

#### 13.2.1 MEDIATION

Prior to instituting an arbitration with Young Living, as provided in Section 13.2.2 below, you and Young Living (collectively referred to as "parties") will meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through nonbinding mediation. One individual who is mutually acceptable to the parties will be appointed as mediator. The mediation will occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, will be divided equally between the Parties. Each party will pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party will pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation will be held in Salt Lake City, Utah, and will last no more than two business days.

#### 13.2.2 ARBITRATION

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by jury or to any court. The arbitration will be filed with, and administered by, the American Arbitration Association ("AAA") or Judicial Arbitration and Mediation Services ("JAMS") under their respective rules and procedures. The Commercial Arbitration Rules and Mediation Procedures of the AAA are available at the AAA's website at [adr.org](http://adr.org). The Streamlined Arbitration Rules & Procedures of JAMS are available at the JAMS website at [jamsadr.com](http://jamsadr.com). Copies of the AAA's Commercial Arbitration Rules and Mediation Procedures or JAM's Streamlined Arbitration Rules & Procedures will be emailed to Members upon request to the Member Conduct Success team.

Notwithstanding the rules of the AAA or JAMS, all of the following will apply to all arbitration actions:

- The Federal Rules of Evidence will apply in all cases.
- The parties will be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure.
- The parties will be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure.
- The arbitration will occur within 180 days from the date on which the arbitrator is appointed and will last no more than five



business days.

- The parties will be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings will be held in Salt Lake City, Utah. There will be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration will be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate will survive the cancellation or termination of the Agreement.

The parties and the arbitrator will maintain the confidentiality of the entire arbitration process and will not disclose to any person not directly involved in the arbitration process:

- The substance of, or basis for, the controversy, dispute, or claim
- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration
- The terms or amount of any arbitration award
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case

Notwithstanding the foregoing, nothing in these Policies and Procedures will prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction, a permanent injunction, or other relief available to safeguard and protect its intellectual property rights and/or to enforce its rights under the nonsolicitation and noncompetition provisions of Section 3.12.

### 13.2.3 JURISDICTION, VENUE, AND CHOICE OF LAW

Jurisdiction and venue of any matter not subject to arbitration will reside in any state or federal court located in Salt Lake City, Utah, unless the laws of the state or country in which the Member resides expressly require otherwise, despite this jurisdiction clause. By signing the Agreement, you consent to jurisdiction within these two forums. The laws of the state of Utah will govern disputes involving the Agreement.

### 13.2.4 LOUISIANA RESIDENTS

Notwithstanding the provisions in Sections 13.2.1, 13.2.2, and 13.2.3, in any dispute between the company and a Member who is a resident of the State of Louisiana, such Member will be entitled to bring an action against Young Living in his/her home forum and pursuant to Louisiana law.

### 13.2.5 WAIVER OF CLASS ACTIONS AND CLASS ARBITRATIONS

YOU AND YOUNG LIVING AGREE THAT EACH PARTY MAY BRING DISPUTES AGAINST THE OTHER PARTY ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, INCLUDING, WITHOUT LIMITATION, FEDERAL OR STATE CLASS ACTIONS OR CLASS ARBITRATIONS. ACCORDINGLY, UNDER THE ARBITRATION PROCEDURES OUTLINED IN THIS SECTION, AN ARBITRATOR SHALL NOT COMBINE OR CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS WITHOUT THE WRITTEN CONSENT OF ALL AFFECTED PARTIES TO AN ARBITRATION PROCEEDING. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, YOU AND YOUNG LIVING AGREE THAT NO DISPUTE SHALL PROCEED BY WAY OF CLASS ARBITRATION WITHOUT THE WRITTEN CONSENT OF ALL AFFECTED PARTIES.

### 13.3 DISCIPLINARY ACTIONS

At Young Living's sole discretion, violation of any of the terms and conditions of the Agreement may result in a hold on your account, which will result in an inability to place orders and earn or receive commission checks. These violations include, but are not limited to, any illegal, fraudulent, deceptive, unprofessional, or unethical business conduct; breach of any terms of this Agreement (including, without limitation, your breach of confidentiality obligations); nonpayment of your account with Young Living; or declination of credit card or ACH authorizations. At Young Living's sole discretion, Young Living may impose any sanction or no sanction for any of the foregoing violations, including, but not limited to, the following:

- Written warning clarifying the meaning and application of a specific policy or procedure and advising that a continued breach will result in further sanctions
- Probation, which may include requiring you to take remedial action and will include follow-up monitoring by Young Living to ensure compliance with the Agreement
- Withdrawal or denial of an award and incentive or recognition or restricting participation in Young Living-sponsored events for a specified period of time or until you satisfy certain specified conditions
- Suspension of certain privileges of sales organization, including, but not limited to, placing a product order, participating in Young Living programs and promotions, participating in high-ranking Member phone calls, progressing in the Compensation Plan, or

participating as a Member for a specified period of time or until you satisfy certain specified conditions

- Suspension and/or termination of access to the Virtual Office
- Withholding part or all of commissions or bonuses for a specified period of time or until the Member satisfies certain specified conditions
- Imposing fair and reasonable fines or other penalties in proportion to actual damages incurred by Young Living and as permitted by law
- Termination of the Agreement and your status as a Member
- Reassign all or part of the Member's organization
- Any other measure expressly allowed within any provision of the Agreement or which Young Living deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by a Member's policy violation of contractual breach

During any period that Young Living is investigating any conduct that violates the Agreement, Young Living may withhold all or part of your bonuses and commissions. If your sales organization is involuntarily terminated, you will not be entitled to recover any commissions or bonuses withheld during the investigation period. In situations deemed appropriate by Young Living, the company may institute legal proceedings for monetary and/or equitable relief.

### 13.4 APPEALS OF DISCIPLINARY ACTION

In the instance that you are subject to a sanction or disciplinary action (other than a suspension pending an investigation), you may appeal the sanction to Young Living. The appeal must be in writing and be received by Young Living within 15 days from the date of the disciplinary action. If the appeal is not received within the 15-day period, the sanction will be final. The appeal should be submitted with all supporting documentation. Young Living will review and reconsider the sanction or other disciplinary action, consider other appropriate action, and notify you in writing of its decision.

## 14: INACTIVITY, REACTIVATION, AND CANCELLATION

### 14.1 INACTIVITY

If you do not meet the personal volume (PV) requirement in any particular month, you will not receive commissions or bonuses for the sales generated through the downline organization. If you do not purchase a minimum of 50 accumulated PV for a period of 12 consecutive months, your account will be deemed inactive, and your existing downline will roll up to your first active upline Member.

### 14.2 REACTIVATION

If you are a Member and your sales organization is deemed inactive, you may reactivate your Member account by contacting Member Services and purchasing 100 PV in product or by purchasing a Starter Kit or other enrollment kit. Professional account customers may reactivate their account by submitting a new Professional Account Agreement.

When reactivating, you will be placed under your prior sponsor, unless you request a new sponsor. If your prior sponsor is inactive, you will be placed under the next active upline Member. You will have no claim to downline that was lost when you were dropped for inactivity. Professional account customers may reactivate their account by submitting a new Professional Account Agreement.

### 14.3 INVOLUNTARY CANCELLATION OR TERMINATION

If your account is involuntarily canceled or terminated, you will immediately lose all rights to your downline and to any commissions or bonuses generated thereby, including those commissions or bonuses generated during the periods of activity investigated. In this case, you will receive compensation for the last full calendar month in which you were in full compliance with these Policies and Procedures prior to investigation and/or termination of your sales organization.

Young Living may, in its sole discretion, terminate, upon notice, the Membership of any Member who (a) breaches any provision of the Member Agreement, the Membership Application, or these Policies and Procedures; (b) engages in any conduct that may bring disrepute in any way to Young Living (or any of its officers, agents, or employees), the nutritional supplement and personal care products industry, or the direct sales industry; or (c) violates government laws, regulations, ordinances, or any Young Living guideline. Young Living may also, upon notice, terminate the Membership of any Member who, through his/her capacity as a Member, files any legal action proceeding or induces or facilitates any government agency to file any action against Young Living, which Young Living considers, within its sole discretion, to be without legal foundation or basis in fact.

Young Living may also terminate a sales organization at any time and for any reason upon a 30-day written notice.

If your sales organization is terminated, you will be notified by mail, the email on record, or other delivery method calculated to reach you at the address on file. Cancellation is effective on the date on which written notice is issued. Upon receipt of this notice, you must immediately cease representing yourself as a Young Living Member and immediately return and delete all intellectual property of Young Living, including reports and other lists of downline and contact information.

If your sales organization is terminated, you may reapply to become a Member 12 calendar months from the date of termination. To reapply, you must submit a letter to the Young Living Member Conduct Success team (conduct@YoungLiving.com) setting forth the reasons why you believe you should be allowed to operate a sales organization. It is within Young Living's sole discretion whether to permit your request.

#### 14.4 VOLUNTARY CANCELLATION

You may cancel your Agreement at any time and for any reason. Written notice must be provided to Young Living and must include your signature, printed name, Member number, address, PIN, and telephone number.

If you voluntarily cancel the Agreement, you may become a retail customer or Member within 6 months of cancellation in the same position as your original account and under your original sponsor. Additionally, you may reapply to become a Member under a new sponsor after 6 months from your cancellation date.

#### 14.5 EFFECTS OF CANCELLATION

Upon cancellation or termination, you release all rights to your Member benefits, including the downline and all future commissions and bonuses resulting from the downline sales production. Upon termination, Young Living may at its sole discretion retain your sales organization, sell it, roll it up to the next active upline Member, or dissolve and remove it from the sponsor's downline.

## 15. MISCELLANEOUS

#### 15.1 DELAYS

Young Living is not responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control. This includes, without limitation, acts of God, strikes, labor difficulties, riots, wars, fire, flood, death, curtailment or interruption of a source of supply, government decrees or orders, etc.

#### 15.2 PARTIAL VALIDITY

If any provision of the Agreement, in its current form or as it may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision will be severed. The remaining terms and conditions will remain in full force and effect and will be construed as if such invalid or unenforceable provision never comprised a part of the Agreement. The Agreement will be interpreted by Young Living in the best furtherance of Young Living's business interests.

#### 15.3 WAIVER

Young Living never forfeits its right to require compliance with the Agreement or with applicable laws and regulations governing business conduct. For example, any action or inaction by Young Living regarding any conduct that violates this Agreement shall not be deemed a waiver of any of Young Living's rights or acquiescence in the conduct. Young Living retains sole discretion to take or not to take any and all actions it deems appropriate in light of any conduct that violates the Agreement by any Member or customer. Failure to enforce any provision of the Agreement against you or any other Member or customer does not waive Young Living's right to enforce that or other provisions. Only in rare circumstances will a policy be waived, and an authorized agent of Young Living will convey such waivers in writing. The waiver will apply only to that specific case.

#### 15.4 TITLES NOT SUBSTANTIVE

The titles and headings to these Policies and Procedures are for reference only and do not constitute and will not be construed as substantive terms of the Agreement.

# EXHIBIT G



YOUNG LIVING'S UPDATED  
**POLICIES AND PROCEDURES FAQ**  
*(United States)*



We're updating the global Policies and Procedures. These updates have been published and will take effect on August 1, 2018. On July 2, the updated version can be found in Virtual Office for you to review. To help you understand the updates, below are some questions and answers about the most notable updates and changes.



## SPONSORS AND ENROLLERS

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### *How many days do members have to change sponsors after enrollment?*

Members can make one free sponsor/enroller change request within the first 30 calendar days of enrollment. Under the last version, members were allowed 20 calendar days.

For further information, please see section 12.1.1 of the Policies and Procedures.

### *What happens when a member enrolls without a designated sponsor or enroller?*

When a member enrolls without a designated sponsor or enroller, the member is placed in the Young Living Placement Program, which is operated at the sole discretion of Young Living. Typically, the member is assigned a sponsor and an enroller who resides in or near the same area code or geographical area and/or who speaks the same languages as the member. Eligible sponsors and enrollers generally include Executive, Silver, and Gold members who actively support their downlines and have growing sales results.

For further information, please consult section 12.1.3 of the U.S Policies and Procedures.

## SUCCESSION AND HOUSEHOLD ACCOUNTS

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### *Can I have interest in more than one account?*

In the past, a member could only have a beneficial interest in one account. Young Living has created an exception if you receive an interest in another account as an inheritance—either through direct inheritance or as a beneficiary of a trust—from another member. Young Living reserves the right in its sole and absolute discretion, and for any reason and at any time, to deny you the option of owning an interest in your original account and an inherited account or to deny you the right to earn Generation Leadership Bonuses on the inherited account.

For further information, please see section 3.4 of the U.S Policies and Procedures.

### *Can my spouse/partner and I have separate accounts?*

In the past, a member and their spouse/partner were required to share an account. Young Living still encourages and prefers that members work together with their spouse/partner (if applicable) in building a single sales organization. However, due to divorce, separation, mutual agreement, etc., there may be an exception to this general rule. Beginning August 1, 2018, a member and their spouse/partner may have separate accounts as long as the second account is sponsored as the first or second level to the other spouse's account. Young Living will periodically audit these two accounts and may terminate the latter-created account if it is found, in Young Living's sole discretion, that the latter-created account is used to manipulate the Compensation Plan, or the spouses are not complying with the 70 percent rule as outlined in Section 6.1 of the Policy and Procedures.

## DISCLOSURE OF PERSONAL INFORMATION

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### *To whom can Young Living disclose my personal information?*

To provide support to your sales organization, Young Living can disclose your personal contact information to:

- Members of your downline
- Young Living's parent and affiliate companies
- Applicable government agencies or regulatory bodies as required by law
- Companies who sell supporting products that Young Living believes you may be interested in

You may opt out of sharing by contacting Member Services by phone at 1.800.371.3515.

For further information, please see section 3.17 of the U.S Policies and Procedures.

## RANK RECOGNITION

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### *Are there changes in the way members receive recognition for their rank?*

Yes; the definitions for qualifying to be recognized by Young Living at a rank and maintaining a rank have changed:

- Qualifying for rank recognition: Achieving a rank for three consecutive months
- Maintaining a rank recognition: Achieving a rank at least once within six months of qualifying for the rank

As of August 1, 2018, Young Living will change the recognized rank requirements for Silvers and above. On August 1, you will continue to be recognized at your highest achieved rank. This means that if you achieved the rank of Diamond at some point on or before July 31, 2018, you will be recognized as a Diamond on August 1, 2018.

To maintain your current recognized rank as of August 1, 2018, you will need to achieve that rank again at least once within six months of August 1, 2018. If you fail to achieve that rank within six consecutive months, you will be recognized at the highest achieved rank for which you have been paid (achieved) during that six-month period, and you will be required to requalify for the lost rank(s) before you can be recognized at that rank again. Requalification for a lost rank(s) includes achieving that rank for three consecutive months before receiving recognition. You will be recognized at the higher rank beginning in the fourth month.

To maintain your recognized rank going forward, you will need to achieve that rank at least once within six months of being recognized at that rank. You will need to requalify for this recognized rank every six months to maintain the recognized rank.

Recognized Rank should not be confused with your Highest Achieved or Paid Rank (commissions payout). If you hit a certain rank in a month, your compensation under the Compensation Plan will be paid out at that "Paid Rank" under the Compensation Plan.

For further information, please see section 3.19 of the U.S. Policies and Procedures.

## PROMOTION OF YOUR YOUNG LIVING BUSINESS

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### *What should I be aware of when promoting my Young Living business online?*

There are many great resources to use when promoting your Young Living business online. Product descriptions, photographs, videos, and other media available to members through official Young Living websites, including Virtual Office, Young Living's Flickr, Young Living's YouTube channel, and Young Living's Vimeo account, can be used to help promote your business online. It is important to use the Young Living Independent Distributor logo and your member number on your website and social media content. Members should avoid using any Young Living trademark or similar terms relating to any online paid marketing program or effort, including pay-per-click online advertising, Google AdWords, paid social ads, video content, content syndication, and display marketing.

For further information, please see section 5.5 of the U.S. Policies and Procedures.

### *Are there restrictions on how I can use Young Living's brands and logos and Young Living text and media? If so, what are they?*

As a member of Young Living, you may use Young Living's trademarks—e.g., Young Living's brand names and logos—and Young Living's product and marketing materials, videos, and photographs, which are available on Young Living's Flickr webpage and YouTube page, to develop online and printed materials for use in building and managing your sales organization. However, you are not permitted to use Young Living's trademarks and copyrighted materials for other purposes. These include using them on essential oil accessories, swag, jewelry, software or mobile apps, book, brochures, movies, or other branded merchandise that you directly or indirectly sell to others, including other members. You are also prohibited from using Young Living's trademarks in online paid marketing, such as pay-per-click online advertising, Google AdWords, paid social ads, video content, content syndication, and display marketing.

For further information, please see section 5.5 of the U.S. Policies and Procedures.

### *Can I get exclusive territory rights?*

Young Living does not grant exclusive territories, nor does it require members to pay franchise fees. Young Living also reserves the right to offer its products through other sales channels.

## INCOME CLAIMS

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### *Can I disclose the amount of my commission check to promote the Young Living opportunity?*

No, you should not disclose your commission check to promote the Young Living business. This includes sharing photos of your check or disclosing your check amount. It is important that you do not lead a prospective member to believe that he or she can be successful as a Young Living member without the time and work that is typically required to build a successful business. Disclosing the amount of your commission check is considered an improper representation of the Compensation Plan. This does not mean that you cannot discuss the Compensation Plan or earning potential to prospective members. However, when you do, you must ensure that you are truthful, that you avoid claims regarding wealth and luxury, and that you provide a copy of the Income Disclosure Statement ([YoungLiving.com/IDS](http://YoungLiving.com/IDS)).

For further information, please see section 5.3.2 of the U.S. Policies and Procedures.

## INVOLVEMENT WITH OTHER BUSINESS VENTURES AND/OR ANOTHER DIRECT SALES COMPANY

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### *Can I invite Young Living members to join other business ventures?*

You and the members of your immediate household may not recruit Young Living members to join other business ventures, regardless of the type of products or services offered through the business venture. This policy extends to a period of 12 months after a cancellation or termination of your Young Living account.

For further information, please see section 3.12.2 of the U.S. Policies and Procedures.

### *Can I be a part of another direct sales company if I am a member of Young Living?*

Yes, but you are prohibited from being a part of any company specifically listed in section 3.12.3 of the Policies and Procedures. The exception to this general rule is that members reaching the prestigious rank of Diamond and above may not be a part of any other direct sales company. Diamonds will be given a grace period until December 1, 2018, to comply with this policy.

If you are part of another direct selling company, you must run the two businesses completely separately. However, if there is any comingling of your second business with your Young Living business, you will be subject to applicable penalties, including the potential termination of your Young Living business. Comingling includes promoting another direct sales product to your Young Living membership, as well as all the other forms of prohibited activities outlined in the updated section 3.12.2.

All ranks may, as consumers, purchase products from other direct selling companies that are not strictly prohibited under Young Living's Policies and Procedures.

For further information, please see section 3.12.3 of the U.S. Policies and Procedures.

## CALIFORNIA PRODUCT SALES

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### *Can I resell Young Living products in California?*

Certain Young Living products cannot be sold to California consumers unless Young Living has labeled the product for the California market. Due to the complexity and uniqueness of California laws, such as Proposition 65, Young Living asks all members to allow Young Living to fulfill orders destined for California. If you decide to sell any Young Living product in California, you indemnify Young Living against any claims or liabilities that arise from the sale.

For further information, please see section 6.2 of the U.S. Policies and Procedures.



## PROFESSIONAL ACCOUNT CUSTOMERS

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### *What are the requirements of becoming a Professional Account?*

To become a Young Living Professional Account customer in the U.S, you must meet the following requirements:

- Provide a Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Social Security Number (SSN)
- Provide a current state business license, registration certificate, or professional license
- Complete, sign, and submit a Professional Account Application & Agreement to Young Living, along with the required business documents
- Read and agree to the Policies and Procedures

Please contact [professional@youngliving.com](mailto:professional@youngliving.com) for an application package or for additional information. Young Living reserves the right, in its sole discretion, to reject your Professional Account Agreement and Professional Account Application for any reason. .

For further information, please see section 3.3 of the U.S. Policies and Procedures.

## CROSS - LINE RECRUITING

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### *What is cross-line recruiting?*

Cross-line recruiting is the enrollment of an individual who already has a current membership with Young Living or has had an agreement within the last six months within a different line of sponsorship.

For further information, please see section 3.12.5 of the U.S. Policies and Procedures.

## INTERNET AND ONLINE SALES

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### *Can members sell Young Living products online?*

Members and Professional Account customers can sell Young Living products on their individual URLs and independent member retail sites. To do so, they must register their URL with Young Living by emailing [onlinesales@youngliving.com](mailto:onlinesales@youngliving.com). Members must display the Independent Distributor logo and their member number on the URL.

For further information, please see section 5.8 of the U.S. Policies and Procedures.

### *Can members sell Young Living products on Internet classified ad sites, marketplace sites, auction sites, shopping sites, or order fulfillment stores?*

No; members and Professional Accounts may not sell Young Living products on Internet classified ad sites, marketplace sites, auction sites, shopping sites, or order fulfillment stores. This includes but is not limited to: Craigslist, Facebook Marketplace, Walmart Marketplace, eBay, Amazon, OrderDog.com, and

Overstock.com. Young Living reserves the right to strictly prohibit, monitor, charge a fee, and take all enforcement efforts necessary, including, but not limited to, termination of an online seller's member account if the member is in violation of any laws, regulations, and these Policies and Procedures. If attorneys' fees and related costs are incurred by Young Living for enforcing its rights in any action in which it is found that a member violated the terms of this provision, the member will be responsible for paying Young Living's attorneys' fees and related costs.

For further information, please see section 5.8 of the U.S. Policies and Procedures.

*Can a member allow or sell products to a third party that may sell Young Living products on any Internet classified ad sites, marketplace sites, auction sites, shopping sites, or order fulfillment stores?*

No; members cannot knowingly allow a third party to sell Young Living products on any Internet classified ad sites, marketplace sites, auction sites, shopping sites, or order fulfillment stores.

For further information, please see section 5.8 of the U.S. Policies and Procedures.

*Are there any exceptions to the online sales policy?*

Young Living reserves the right to grant specific permission at Young Living's sole discretion to allow exceptions, provided the member has registered the seller name and member number with Young Living.

For further information, please see section 5.8 of the U.S. Policies and Procedures.



# EXHIBIT H



# Demand for Arbitration Form

Instructions for Submittal of Arbitration to JAMS

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## INSTRUCTIONS

Please submit this form to your local JAMS Resolution Center. Once the below items are received, a JAMS professional will contact all parties to commence and coordinate the arbitration process, including the appointment of an arbitrator and scheduling a hearing date.

☎ 1-800-352-JAMS

🌐 [www.jamsadr.com](http://www.jamsadr.com)

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If you wish to proceed with an arbitration by executing and serving a Demand for Arbitration on the appropriate party, please submit the following items to JAMS with the requested number of copies:

**A. Demand for Arbitration (2 copies)**

**B. Proof of service of the Demand on the appropriate party (2 copies)**

**C. Entire contract containing the arbitration clause (2 copies)**

- To the extent there are any court orders or stipulations relevant to this arbitration demand, e.g. an order compelling arbitration, please also include two copies.

**D. Administrative Fees**

- For two-party matters, the Filing Fee is \$1,500. For matters involving three or more parties, the filing fee is \$2,000. The entire Filing Fee must be paid in full to expedite the commencement of the proceedings. Thereafter, a Case Management Fee of 12% will be assessed against all Professional Fees, including time spent for hearings, pre- and post-hearing reading and research and award preparation. JAMS also charges a \$1,500 filing fee for counterclaims. For matters involving consumers, the consumer is only required to pay \$250. See JAMS Policy on Consumer Arbitrations Pursuant to Pre-Dispute Clauses. For matters based on a clause or agreement that is required as a condition of employment, the employee is only required to pay \$400. See JAMS Policy on Employment Arbitrations, Minimum Standards of Fairness.
- A refund of \$600 will be issued if the matter is withdrawn within five days of filing. After five days, the filing fee is non-refundable.

**Once completed, please submit to your local JAMS Resolution Center.**

Resolution Center locations can be found on the JAMS website at: <http://www.jamsadr.com/locations/>.



# Demand for Arbitration Form (continued)

Instructions for Submittal of Arbitration to JAMS

## TO RESPONDENT (PARTY ON WHOM DEMAND FOR ARBITRATION IS MADE)

Add more respondents on page 6.

RESPONDENT NAME	Julie O'Shaughnessy		
ADDRESS	9526 Westminster Glen		
CITY	Austin	STATE	Texas
		ZIP	78730
PHONE		FAX	
		EMAIL	

## RESPONDENT'S REPRESENTATIVE OR ATTORNEY (IF KNOWN)

REPRESENTATIVE/ATTORNEY	Austin Tighe		
FIRM/COMPANY	Nix Patterson, LLP		
ADDRESS	3600 N. Capital of Texas Highway, Suite B350		
CITY	Austin	STATE	Texas
		ZIP	78746
PHONE	512-328-5333	FAX	
		EMAIL	atighe@nixlaw.com

## FROM CLAIMANT

Add more claimants on page 7.

CLAIMANT NAME	Young Living Essential Oils, LC		
ADDRESS	3125 Executive Parkway		
CITY	Lehi	STATE	Utah
		ZIP	84043
PHONE		FAX	
		EMAIL	

## CLAIMANT'S REPRESENTATIVE OR ATTORNEY (IF KNOWN)

REPRESENTATIVE/ATTORNEY	Tom Melsheimer		
FIRM/COMPANY	Winston & Strawn		
ADDRESS	2121 N. Pearl St.		
CITY	Dallas	STATE	Texas
		ZIP	75201
PHONE	2144536500	FAX	2144536400
		EMAIL	tmelsheimer@winston.com





# Demand for Arbitration Form (continued)

Instructions for Submittal of Arbitration to JAMS

## MEDIATION IN ADVANCE OF THE ARBITRATION

☐

If mediation in advance of the arbitration is desired, please check here and a JAMS Case Manager will assist the parties in coordinating a mediation session.

## NATURE OF DISPUTE / CLAIMS & RELIEF SOUGHT BY CLAIMANT

CLAIMANT HEREBY DEMANDS THAT YOU SUBMIT THE FOLLOWING DISPUTE TO FINAL AND BINDING ARBITRATION.  
A MORE DETAILED STATEMENT OF CLAIMS MAY BE ATTACHED IF NEEDED.

Please see attached exhibits:

- Exhibit A - Nature of Dispute
- Exhibit B - 2014 Member Agreement
- Exhibit C - 2014 Policies and Procedures
- Exhibit D - 2016 Member Agreement
- Exhibit E - 2017 Policies and Procedures

AMOUNT IN CONTROVERSY (US DOLLARS)

Unknown



# Demand for Arbitration Form (continued)

Instructions for Submittal of Arbitration to JAMS

## ARBITRATION AGREEMENT

This demand is made pursuant to the arbitration agreement which the parties made as follows. *Please cite location of arbitration provision and attach two copies of entire agreement.*

### ARBITRATION PROVISION LOCATION

U.S. Member Agreement (effective January 2014), Policies and Procedures (effective November 2014), Section 13.2.2, page 26; U.S. Member Agreement (effective May 2016), Policies and Procedures (effective March 1, 2017), Section 13.2.2, page 30.

## RESPONSE

The respondent may file a response and counter-claim to the above-stated claim according to the applicable arbitration rules. *Send the original response and counter-claim to the claimant at the address stated above with two copies to JAMS.*

## REQUEST FOR HEARING

REQUESTED LOCATION      Salt Lake City, Utah

## ELECTION FOR EXPEDITED PROCEDURES (IF COMPREHENSIVE RULES APPLY)

See: *Comprehensive Rule 16.1*

☐

By checking the box to the left, Claimant requests that the Expedited Procedures described in JAMS Comprehensive Rules 16.1 and 16.2 be applied in this matter. Respondent shall indicate not later than seven (7) days from the date this Demand is served whether it agrees to the Expedited Procedures.

## SUBMISSION INFORMATION

SIGNATURE

A handwritten signature in dark ink, appearing to read "Katrina Eash", is written over a horizontal line.

DATE

5/31/2019

NAME  
(PRINT/TYPED)

Katrina Eash



# Demand for Arbitration Form (continued)

## Instructions for Submittal of Arbitration to JAMS

Completion of this section is required for all consumer or employment claims.

### CONSUMER AND EMPLOYMENT ARBITRATION

Please indicate if this is a CONSUMER ARBITRATION. For purposes of this designation, and whether this case will be administered in California or elsewhere, JAMS is guided by *California Rules of Court Ethics Standards for Neutral Arbitrators, Standard 2(d) and (e)*, as defined below, and the JAMS Consumer and Employment Minimum Standards of Procedural Fairness:

☐ **YES**, this is a CONSUMER ARBITRATION.

☒ **NO**, this is not a CONSUMER ARBITRATION.

"Consumer arbitration" means an arbitration conducted under a pre-dispute arbitration provision contained in a contract that meets the criteria listed in paragraphs (1) through (3) below. "Consumer arbitration" excludes arbitration proceedings conducted under or arising out of public or private sector labor-relations laws, regulations, charter provisions, ordinances, statutes, or agreements.

1. The contract is with a consumer party, as defined in these standards;
2. The contract was drafted by or on behalf of the non-consumer party; and
3. The consumer party was required to accept the arbitration provision in the contract.

"Consumer party" is a party to an arbitration agreement who, in the context of that arbitration agreement, is any of the following:

1. An individual who seeks or acquires, including by lease, any goods or services primarily for personal, family, or household purposes including, but not limited to, financial services, insurance, and other goods and services as defined in section 1761 of the Civil Code;
2. An individual who is an enrollee, a subscriber, or insured in a health-care service plan within the meaning of section 1345 of the Health and Safety Code or health-care insurance plan within the meaning of section 106 of the Insurance Code;
3. An individual with a medical malpractice claim that is subject to the arbitration agreement; or
4. An employee or an applicant for employment in a dispute arising out of or relating to the employee's employment or the applicant's prospective employment that is subject to the arbitration agreement.

In addition, JAMS is guided by its Consumer Minimum Standards and Employment Minimum Standards when determining whether a matter is a consumer matter.

If Respondent disagrees with the assertion of Claimant regarding whether this IS or IS NOT a CONSUMER ARBITRATION, Respondent should communicate this objection in writing to the JAMS Case Manager and Claimant within seven (7) calendar days of service of the Demand for Arbitration.

### EMPLOYMENT MATTERS

If this is an EMPLOYMENT matter, Claimant must complete the following information:

Private arbitration companies are required to collect and publish certain information at least quarterly, and make it available to the public in a computer-searchable format. In employment cases, this includes the amount of the employee's annual wage. The employee's name will not appear in the database, but the employer's name will be published. Please check the applicable box below:

☐ Less than \$100,000    ☐ \$100,000 to \$250,000    ☐ More than \$250,000    ☐ Decline to State

### WAIVER OF ARBITRATION FEES

In certain states (e.g. California), the law provides that consumers (as defined above) with a gross monthly income of less than 300% of the federal poverty guidelines are entitled to a waiver of the arbitration fees. In those cases, the respondent must pay 100% of the fees. Consumers must submit a declaration under oath stating the consumer's monthly income and the number of persons living in his or her household. Please contact JAMS at 1-800-352-5267 for further information. Note: this requirement is not applicable in all states.





# Demand for Arbitration Form (continued)

Instructions for Submittal of Arbitration to JAMS

## RESPONDENT #2 (PARTY ON WHOM DEMAND FOR ARBITRATION IS MADE)

RESPONDENT NAME		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL

### RESPONDENT'S REPRESENTATIVE OR ATTORNEY (IF KNOWN)

REPRESENTATIVE/ATTORNEY		
FIRM/COMPANY		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL

## RESPONDENT #3 (PARTY ON WHOM DEMAND FOR ARBITRATION IS MADE)

RESPONDENT NAME		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL

### RESPONDENT'S REPRESENTATIVE OR ATTORNEY (IF KNOWN)

REPRESENTATIVE/ATTORNEY		
FIRM/COMPANY		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL



# Demand for Arbitration Form (continued)

Instructions for Submittal of Arbitration to JAMS

## CLAIMANT #2

CLAIMANT NAME		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL

### CLAIMANT'S REPRESENTATIVE OR ATTORNEY (IF KNOWN)

REPRESENTATIVE/ATTORNEY		
FIRM/COMPANY		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL

## CLAIMANT #3

CLAIMANT NAME		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL

### CLAIMANT'S REPRESENTATIVE OR ATTORNEY (IF KNOWN)

REPRESENTATIVE/ATTORNEY		
FIRM/COMPANY		
ADDRESS		
CITY	STATE	ZIP
PHONE	FAX	EMAIL



# **EXHIBIT A**

**Exhibit A**

**Description of the Dispute**

Julie O'Shaughnessy ("Respondent") breached her arbitration agreement with Young Living Essential Oils, LC ("Young Living" or "Claimant"), forcing Young Living to file this demand to obtain damages for Respondent's failure to comply with the arbitration agreement.

Young Living is a globally recognized company, founded by Mary Young and the late D. Gary Young. Through its Members, Young Living sells therapeutic essential oils and wellness solutions to millions of customers around the world. Respondent is a former Young Living Member.

On or about May 15, 2015, Respondent entered into a U.S. Member Agreement and Essential Rewards Enrollment Form ("2014 Member Agreement") (attached as Ex. B) that incorporates by reference and includes Young Living's Policies and Procedures, effective November 2014 ("2014 Policies") (attached as Ex. C) (together, the "2015 Agreement"). *See* Ex. B at 2; Ex. C. In relevant part, § 13.2.2 of the 2014 Policies states that "any controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by jury or to any court." Ex. C at 25-26. Further, in the same section of the 2014 Policies, the parties agree that "[t]he parties and the arbitrator will maintain the confidentiality of the entire arbitration process and will not disclose to any person not directly involved in the arbitration process: the substance of, or basis for, the controversy, dispute, or claim[.]" *Id.* at 26.

On or about July 23, 2018, Respondent signed a new version of the U.S. Member Agreement and Essential Rewards Enrollment Form ("2016 Member Agreement") (attached as Ex. D). Like its predecessor, the 2016 Agreement incorporated Young Living's Policies and Procedures, effective March 1, 2017 ("2017 Policies") (attached as Ex. E) (together, the "2018

Agreement”), and the 2017 Policies contained the same arbitration agreement that was contained in the 2014 Policies. *Compare* Ex. D at 2; Ex. E at 30-31, *with* Ex. B at 2; Ex. C at 25-26. Respondent placed her final order with Young Living on August 30, 2018, and opted out of the Young Living Essential Rewards program on or about September 26, 2018.

On April 12, 2019, Respondent breached her agreement to arbitrate her disputes with Young Living and to keep those disputes confidential. Rather than filing an arbitration demand, Respondent filed a federal lawsuit in the Western District of Texas, Case No. 1:19-cv-00412, against Young Living, The Young Living Foundation, Inc., Mary Young, Jared Turner, Benjamin Riley, and Jane and John Doe co-conspirators for damages and other relief. In her Complaint, Respondent publicly, and wrongly, accuses Young Living of being a pyramid scheme and violating numerous provisions of the Racketeer Influenced Corrupt Organizations Act (“RICO”). Respondent alleges that the pyramid scheme activity occurred in connection with her distributorship with Young Living, thus admitting that her allegations against Young Living arise out of the 2015 and 2018 Agreements, which include her agreements to arbitrate the dispute. *See* Ex. B at 2; Ex. C at 25-26; Ex. D at 2; Ex. E at 30-31. Furthermore, Respondent’s lawsuit lays out in great detail the facts surrounding her pyramid scheme allegations, which has brought undue media attention and scrutiny to Young Living, and has caused Young Living to incur substantial litigation costs and expenses.

Young Living has thus been forced to bring the following claims against Respondent: (1) breach of contract, as to the Arbitration provision in § 13.2.2 of the 2014 Member Agreement and 2014 Policies; (2) breach of contract, as to the Confidentiality provision in § 13.2.2 of the 2014 Member Agreement and 2014 Policies; (3) breach of contract, as to the Arbitration provision in § 13.2.2 of the 2016 Member Agreement and 2017 Policies; and (4) breach of contract, as to the

Confidentiality provision in § 13.2.2 of the 2016 Member Agreement and 2017 Policies. Young Living seeks judgment against the Respondent for (1) reputation damages as a result of Respondent's breach; (2) the cost incurred, including attorneys' fees, from defending against the lawsuit Respondent filed in federal court; (3) attorneys' fees incurred as a result of this arbitration; (4) arbitration costs; (5) pre-judgment and post-judgment interest; and (6) any and all other equitable relief that the arbitrator deems just and proper.

# **EXHIBIT B**





This Member Agreement is between you, the undersigned Applicant, and Young Living Essential Oils, LC, a Utah limited liability company, hereafter known as “Young Living.”

1. Enrolling as a Young Living Member

By completing and submitting this Member Agreement, you hereby apply to be a Young Living member. Young Living accepts this Member Agreement and grants you status as a Young Living member by creating a computer record of your member account. Young Living has the right to reject this Member Agreement for any reason.

To become a Young Living member, you must submit this Member Agreement to Young Living within 30 days of your enrollment, either through mail, by fax (which must include all parts of this document), or by agreeing to it on the official Young Living website (www.youngliving.com). If you enroll online, you will not need to submit a paper application.

While your sponsor may assist you in completing the online enrollment, you must personally review and agree to this Member Agreement; the Young Living Policies and Procedures (hereafter simply “Policies and Procedures”); and the Young Living Compensation Plan, which includes the Young Living Terms and Definitions for the Compensation Plan (the latter two documents are collectively referred to as the “Compensation Plan”).

If this Member Agreement is not received within 30 days of your enrollment, your member account will be placed on hold until this Member Agreement is received. If you fail to submit a completed Member Agreement, for whatever reason, you will consent to the Policies and Procedures and Compensation Plan in their entirety by your participation as a member and by your receipt of member pricing on your orders.

By completing and submitting this Member Agreement, you acknowledge and agree that you have not been terminated as a Young Living member within the last six month and that you have no financial interest in another member's account, unless that interest is permitted under the Policies and Procedures or is approved of in writing by Young Living.

2. Member Rights

Subject to Young Living's acceptance of this Member Agreement, Young Living grants you the right to:

- Purchase Young Living products at wholesale prices
- Offer for sale Young Living's products and services
- Sponsor new Young Living members in accordance with the terms of the Policies and Procedures

3. Enrollment Kit

To enroll as a member and receive wholesale pricing, you are required to purchase a Young Living Starter Kit. The Starter Kits contain materials designed to familiarize you with Young Living's products, services, sales techniques, sales aids, and other training materials. Young Living will repurchase resalable kits from you if you terminate this Member Agreement pursuant to the terms of the Policies and Procedures.

4. Independent Contractor Status

- You acknowledge and agree that as a Young Living member you will:
- Be an independent contractor, not an employee, agent, partner, legal representative, or franchisee of Young Living
- Not be treated as an employee for your services or for federal or state tax purposes
- Have no authority, either expressed or implied, to bind Young Living to any obligation
- Not be granted an exclusive territory nor be required to pay franchise fees
- Be responsible for paying local, state, and federal taxes due from all compensation you earn as a member
- Be responsible for paying the costs of your business, including travel, entertainment, office, clerical, legal, equipment, accounting, license fees, insurance premiums, and general expenses without advances, reimbursements, or guarantees from Young Living
- Be subject to entrepreneurial risk and be responsible for all losses that you incur as a member

5. Policies and Procedures and Compensation Plan

You acknowledge and agree that you have carefully read and agree to comply with the Policies and Procedures and the Compensation Plan, both of which are incorporated into and made a part of this Member Agreement (collectively referred to as the “Agreement”).

You understand and agree that Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living notification or publications distributed to all active members (e.g., e-Blast or e-News) or posted to an official Young Living website. Amendments will not apply retroactively to your actions that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make to the Agreement. If you are not willing to accept these changes, you must notify Young Living in writing prior to the change becoming effective. If you continue business, order product, or accept compensation or another benefit pursuant to the Agreement, those actions will constitute your acceptance of the entire amended Agreement.

6. Marketing of Products and Services

You agree to promote the sale of Young Living products in accordance with the terms and conditions outlined in the Policies and Procedures. You understand and agree that in order to receive compensation based on the Compensation Plan, you must meet all requirements outlined in that plan and not be in violation of the terms of the Agreement.

7. Termination

This Member Agreement will be effective until you voluntarily cancel the Agreement, your account becomes inactive, or Young Living terminates your member account, as outlined in the Policies and Procedures. The Non-Solicitation, Non-Competition, and Confidentiality provisions of the Agreement will survive termination of the Agreement.

8. Indemnification

You agree to indemnify and hold harmless Young Living, its officers, managers, members, directors, employees, and agents against any liability, claims, obligations, expenses (including attorney's fees), or other damages arising out of or in any way related to or connected with, allegedly or otherwise, your activities as a member, including, without limitation, any unauthorized representations or claims made by you; breach of the terms of this Agreement; or violation of or failure to comply with any applicable federal, state, or local law or regulation.

9. Jurisdiction and Choice of Law

The Agreement will be interpreted and construed in accordance with the laws of the State of Utah applicable to contracts to be performed therein. Any legal action concerning the Agreement will be brought in the state and federal courts located in Salt Lake City, Utah. Notwithstanding the foregoing, if applicant resides in Louisiana, applicant may bring an action against YL with jurisdiction and venue as provided by Louisiana law.

10. Miscellaneous

In the event any court of competent jurisdiction will declare any portion of the Agreement to be invalid, the remainder of the Agreement will not be invalidated thereby but will remain in full force and effect.

Essential Rewards Agreement

This Essential Rewards Agreement is between you, the undersigned Applicant, and Young Living Essential Oils, LC (“Young Living”). By signing this agreement, you agree to the following:

1. **Enrollment.** You may enroll in the Essential Rewards program online at www.youngliving.com or by contacting the Customer Care Department (CCD) using the contact information listed below. If you enroll over the phone, you must send a copy of this agreement to CCD within 30 days of your enrollment. Failure to do so may result in the cancellation of your Essential Rewards membership and this agreement.

Customer Care Department (CCD)

Address: 3125 W. Executive Parkway, Lehi, UT 84043

Phone: 801.371.3515 | Fax: 866.203.5666

**Monthly Ordering.** You agree to place a minimum order of 50 PV (personal volume) in Young Living products to be sent to you or a Young Living Will Call location for pickup each month. Essential Rewards orders will replace any existing monthly order placed on your account. The products that you select will continue to be sent to the address listed every month as you have indicated, unless you make changes to your product selection via the Young Living Virtual Office at www.youngliving.org or by calling CCD.

2. **Reduced Shipping.** Essential Rewards members get reduced shipping rates. Current Essential Rewards order shipping prices are maintained on the Virtual Office at www.youngliving.org. Shipping rates and discounts are subject to change without notice.

3. **Essential Rewards Points.** Each month in which you purchase at least 50 PV of product via the Essential Rewards program, you will receive Essential Rewards points (herein “Points”). Points are awarded based on the amount of PV of your Essential Rewards order and the number of months that you have consecutively participated in the Essential Rewards program, based on the following schedule:

- a. First six consecutive months of participation: 10% of Essential Rewards order's PV
- b. Second six consecutive months of participation: 15% of Essential Rewards order's PV
- c. Thirteenth month and beyond: 20% of Essential Rewards order's PV

Young Living, in its sole discretion, reserves the right to modify the point calculation schedule without notice and for any reason. A current version of the point calculation schedule is posted on the Young Living Virtual Office.

4. **Grace Month.** A grace month may be declared if, in a single month, you miss placing an order or if your order's PV falls below 50 PV. Only one grace month is available in a consecutive twelve-month period. In the month following a grace month, members can begin accumulating points at the same rate as before if they once again place Essential Rewards orders of at least 50 PV. This grace period applies only to Essential Rewards and not to commissions paid under the Young Living Compensation Plan.

5. **Redeeming Points.** Points are redeemable after two consecutive months of participation and are valid toward full PV products only. Points are generally equal to one wholesale dollar and may not be used toward shipping and taxes. While there is no limit to the number of points that can be earned on a monthly basis, a maximum of 350 points may be redeemed per month. Products purchased with Essential Rewards points are not eligible for personal or organizational volume. Points may be redeemed by contacting CCD.

6. **Automatic Payment.** You authorize Young Living Essential Oils to debit your selected payment method to cover your autoshop order, including the ordered products, shipping and handling, and sales tax. You acknowledge that first-time direct-debiting-arrangement (ACH) user's orders will be held for five days or until payment clears.

7. **Payment Method.** You agree to provide and maintain a valid method of payment on your member account. Valid payment methods include a Visa, MasterCard, American Express, or Discover card number (along with the card's expiration date) or the required information to set up an ACH on your personal U.S. checking or savings account on the date identified.

8. **Product Availability.** Specific products you have chosen to purchase through the Essential Rewards program may become unavailable. In such situations, Young Living will attempt to notify you of the change and will continue to send the remaining items. It is your responsibility to verify that the products in your order are available when shipped. You are responsible for maintaining your qualifying PV.

9. **Product Pricing.** The price of the specific products you have chosen may change due to reformulations, improvements, or other reasons. When such price changes occur, Young Living will notify you of any pricing changes and, unless directed otherwise, will continue to send the products specified at the new price.

10. **Order Cancellations and Returns.** Products you returned because of your failure to update your Essential Rewards order will be charged a 25% restocking fee. Cancellation or return of any Essential Rewards order forfeits all unused Essential Rewards points and resets your monthly participation in the program to zero.

11. **Cancellation.** To voluntarily cancel your Essential Rewards enrollment, you must contact CCD. If you do not notify CCD, your Essential Rewards order will continue to be shipped and your payment method charged. Your participation in the Essential Rewards program will be involuntarily cancelled without notice if (a) the credit card to which product purchases have been charged expires, is declined, is cancelled, or is otherwise terminated; or (b) payment via ACH from a U.S. checking or savings account is returned unpaid. Cancellation for any reason forfeits all unused Essential Rewards points and resets your monthly participation in the program to zero.

12. **Miscellaneous.** In the event any court of competent jurisdiction declares any portion of the Agreement to be invalid, the remainder of the Agreement will not be invalidated thereby but will remain in full force and effect. The Agreement constitutes the entire agreement between you and Young Living and supersedes all prior agreements; and no other promises, representations, guarantees, or agreements of any kind will be valid unless in writing and signed by both parties.

NOTICE OF RIGHT TO CANCEL (the Young Living Member Agreement)

Date of Transaction: \_\_\_\_\_

You may CANCEL this transaction, without any penalty or obligation, within THREE BUSINESS DAYS (FIVE BUSINESS DAYS IN ALASKA AND FIFTEEN BUSINESS DAYS IN NORTH DAKOTA FOR INDIVIDUALS AGE 65 AND OLDER) from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within TEN BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your residence, in substantially as good a condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract. To cancel this transaction, mail or deliver a signed and dated copy of this Cancellation Notice or any other written notice to: 3125 West Executive Parkway, Lehi, Utah 84043 NOT LATER THAN MIDNIGHT of the third business day (fifth day if you reside in Alaska; 15th business day if you reside in North Dakota and are 65 or older) following the date set forth above.

I HEREBY CANCEL THIS TRANSACTION.

Buyer's Signature

Date:

# EXHIBIT C



# YOUNG LIVING ESSENTIAL OILS, LC

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## Policies and Procedures



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## SECTION 1: Introduction

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### 1.1 Welcome

Welcome to Young Living! We are pleased that you have chosen to join the world leader in essential oils. We are dedicated to providing you with the very best products and a world-class home-based business.

Leading financial experts and business gurus agree that the home-based business sector is the wave of the future. The time you invest in becoming familiar with the Young Living business opportunity, including these Policies and Procedures, will make a significant difference in your business experience.

In these Policies and Procedures, Young Living Essential Oils, LC is referred to as Young Living; and you, the member (formerly referred to as the distributor) entering the Agreement (as defined below), are referred to as “you.” Your personal member account along with the downline that you build is referred to as your sales organization. The term “enroller” refers to the member, if any, responsible for enrolling a member. The term “sponsor” refers to a member’s immediate upline member. A member account is referred to as being “active” if the member has enrolled as a new member or purchased a product within the previous 12 month, and is “inactive” if they have not.

### 1.2 Purpose

The purpose of these Policies and Procedures is:

- To set standards of acceptable business behavior expected of you;
- To define your relationship with Young Living, your customers, and other members; and
- To assist you in building and protecting your Young Living business.

### 1.3 Policies and Compensation Plan Incorporated into the Member Agreement

Throughout these Policies and Procedures, whenever the term “Agreement” is used, it refers collectively to your Young Living Member Agreement (or simply “Member Agreement”), these Policies and Procedures, and the Young Living Compensation

Plan, which includes the Terms and Definitions for the Compensation Plan, (or simply “Compensation Plan”). These documents are incorporated by reference into the Member Agreement in their current form and as amended by Young Living from time to time. It is your responsibility to read, understand, adhere to, and ensure that you are operating under the most current version of these Policies and Procedures, as found online at [www.youngliving.com](http://www.youngliving.com).

### 1.4 Ethics

You are required to abide by the following Code of Ethics in the operation of your sales organization and your opportunity to participate in the Young Living business. Violations of the Code of Ethics may result in disciplinary action.

### Code of Ethics

- You will follow the highest standards of honesty, professionalism, and integrity in the development and operation of your sales organization.
- You will give prompt and efficient service to anyone to whom you have introduced Young Living’s products as well as to your downline members.
- You will not make negative or disparaging remarks about Young Living, Young Living founders, any Young Living competitor or their people, products, or organizations.
- You will not engage in activities that may cause losses to Young Living or another Young Living member.
- You will perform all duties of a sponsor and a leader as you build your Young Living business, including providing the necessary training and support.
- You will respect the privacy of both your upline and downline members and customers.
- You will not recruit Young Living members to other business opportunities.
- You will abide by all rules, regulations, laws, and ordinances that are applicable to the operation of your sales organization as an independent member.

## 1.5 Amendments/Acceptance

Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living publications distributed to all active members (e.g., e-News) or posted on an official Young Living website. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make. If a member is not willing to accept these changes, Young Living must be notified in writing within the 30 days prior to the change being effective. Any continued business, ordering, acceptance of a commission or bonus payout, or any other benefit by a member pursuant to this Agreement constitutes acceptance of this Agreement in whole with any and all amendments.

## SECTION 2: Becoming a Member

### 2.1 Requirements to Become a Member

To become a U.S. Young Living member, you must meet the following requirements:

- If you are an individual, be at least 18 years old, and provide a valid Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). In exceptional case, an individual as young as 16 years old may become a member with the written consent of the individual's parents and Young Living.
- If you are a business entity, provide a Federal Tax Identification Number (TIN) or Employer Identification Number (EIN).
- Read and agree to these Policies and Procedures and the Compensation Plan.
- Complete, sign, and submit a Member Agreement to Young Living within 30 days of your enrollment.
- Purchase a Young Living Start Living Kit or enrollment kit.

Young Living reserves the right, in its sole discretion, to reject your Member Agreement for any reason.

### 2.2 Member Agreement

You can submit your Member Agreement through mail, fax, or the Young Living website ([www.youngliving.com](http://www.youngliving.com)). This application must be received within 30 days of your enrollment for you to receive member benefits. If the Member Agreement is not received within 30 days, your member account will be placed on hold until the agreement is received.

### 2.3 Telephone Enrollment

You may enroll as a member over the phone. However, you must submit a completed Member Agreement that is received at the Young Living headquarters within 30 days of your telephone registration, as outlined in Section 2.2. If you are a retail customer, you may enroll over the telephone.

### 2.4 Web Applications

If you enroll on the Young Living website or on any Young Living-sponsored replicated website, you will not need to submit a paper application. While your sponsor may assist you in completing the online enrollment as a member, you must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan.

## SECTION 3: Operating Your Sales Organization

### 3.1 Independent Contractor Status

As a Young Living member, you are an independent sales contractor and are not a purchaser of a franchise or business opportunity. The agreement between you and Young Living does not create an employer/employee relationship, agency, partnership, or joint venture. You will not be treated as an employee for your services or for Federal or State tax purposes. You are responsible for paying local, state, and federal taxes due from all compensation earned as a member. You have no authority (expressed or implied) to bind Young Living to any obligation. You are encouraged to establish your own goals, hours, and methods of sale as long as you comply with applicable laws and the terms and conditions of the Agreement.



## POLICIES &amp; PROCEDURES: SECTIONS 3.2–3.4

### 3.2 Retail Customers, Members, and Professionals

Individuals may join Young Living as retail customers, members, and professional members (or simply professionals). Retail customers can purchase product directly from Young Living for personal consumption but do not participate in the Young Living member organization or Compensation Plan. Retail customers do not need to sign a Member Agreement. Retail customers purchase products at the published retail price. Retail customers' purchases apply toward their sponsor's Organization Group Volume (OGV). Thus, orders placed by any retail customers will be included in the total sales volume for their sponsor's sales organization. A retail customer may become a member at any time by completing the requirements outlined in Section 2.1.

Members purchase product from Young Living at the published wholesale price and have the potential of earning commissions and bonuses based on qualification and achievement rank, as outlined in the Compensation Plan.

Professionals operate a professional service business that utilizes essential oils or other Young Living products or sell Young Living products through retail establishments focused on nutrition, wellness, or healthy living (and which, in Young Living's sole discretion, are not large enough to be considered regional or national chains). Examples of professionals include, but are not limited to, universities, hospitals, spas, gyms, dental offices, day care facilities, massage schools, nursing homes, long-term care facilities, medical centers, pharmacies, and nutritional supplement stores. Professionals purchase product from Young Living at a discounted retail price. Purchases made by a professional will be counted toward his/her sponsor's OGV, rank qualification, and commission under the Compensation Plan at a rate of 50%. Professionals cannot develop a downline organization, qualify for commissions under the Compensation Plan, or participate in the Essential Rewards autoship program. Professionals are governed by the Young Living Professional Account Policies and Procedures available through the Virtual Office ([www.youngliving.org](http://www.youngliving.org)).

### 3.3 Same Household Sales Organizations and Duplicate Accounts

You can have a financial interest in only one account (member account or professional account). If Young Living finds that you have an interest in multiple accounts, it will terminate your duplicate account(s), leaving only the account created first. You are specifically prohibited from creating duplicate accounts in an attempt to change lines of sponsorship, manipulate the Compensation Plan, or circumvent the Agreement in any way.

If you have a spouse (under either state or common law), your spouse may become a co-applicant on your account but may not have a separate member account unless you were both members before you were married, in which case you may do one of the following: combine your accounts and sales organizations (this option is available only if one spouse has sponsored the other), sell one of your sales organizations, terminate one of your sales organizations, or maintain separate Young Living sales organizations. If you choose to maintain separate accounts and your account later goes inactive, you will not be able to reactivate it if your spouse's account is still active. The joint sales organization will be treated as a joint tenancy with rights of survivorship.

Children, who are 18 years of age or older, of a member may become a separate member, even if they reside in the same household as a parent who is a member, as long as the child is the principal participant of the sales organization. The parent may not, however, have a financial interest in the sales organization or participate in its administration in any way.

### 3.4 Actions of Household Members or Affiliated Parties

If any individual in your immediate household engages in any activity which, if performed by you, would violate any provision of the Agreement, such activity will be deemed a violation by you; and Young Living may take disciplinary action against you pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust, or other entity (collectively "entity") violates the Agreement, such action(s) will be deemed a violation by the entity, and Young Living may take

disciplinary action against the entity. Likewise, if a member enrolls in Young Living as an entity, each affiliated party of the entity will be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

### 3.5 Actions of Upline Members

If any upline member encourages, aids, or supports a downline member in any activity which, if performed by the upline member, would violate any provision of the Agreement (e.g., creating duplicate accounts or cross recruiting), such activity will be deemed to be a violation by the upline member; and Young Living may take disciplinary action against that upline member in pursuant to these Policies and Procedures. If such violations continue, Young Living reserves the right to terminate the upline member's member account.

### 3.6 Corporations, Partnerships, Limited Liability Companies, and Trusts

A partnership, corporation, limited liability company, or trust may become a Young Living member by submitting to Young Living a partnership agreement, certificate of incorporation, articles/certificate of organization, or trust agreement along with a copy of the state registration form for the entity or a certificate of good standing for the entity issued by the state of incorporation or organization. The registration form or certificate of good standing must indicate the names of all of the shareholders, officers, members, managers, partners, or trustees of the entity ("affiliated parties") or have such included with the submission to Young Living. The entity must demonstrate that no part or participant within the entity has participation in another sales organization because no individual may participate in more than one sales organization in any form. A member may change status under the same sponsor from individual to partnership or corporation by submitting the appropriate documentation mentioned above.

Young Living reserves the right to approve or disapprove any member's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. In addition, by submitting a copy of the certificate of partnership or incorporation or other

substantiating documentation for the entity, it is certifying that no person with an interest in the new business entity has had an interest in another sales organization within 6 months of the submission of the certificate (unless it is the continuation of an existing sales organization that is changing its form of doing business).

### 3.7 Sale, Transfer, or Assignment

You may sell, transfer, or assign (collectively "Transfer") your entire downline organization by submitting a request to Young Living along with a \$25 processing fee. For your request to be granted, the following criteria must be met:

- You and the receiving party must notify Young Living in writing of your intent to Transfer the sales organization. This request must be signed and notarized.
- Young Living must approve of the receiving party prior to the Transfer.
- The receiving party must be (or must become) a Young Living member in good standing.
- If the receiving party has an existing downline, he/she must first Transfer that sales organization or have a Transfer in place and approved by Young Living before accepting the new sales organization. No changes in your line of sponsorship or your downline can result from the Transfer.
- Before a Transfer will be approved, all debt obligations that you and the receiving party may have with Young Living must be satisfied.
- Before any Transfer will be approved, you and the receiving party must each be in compliance with all the terms of the Agreement.

Young Living reserves the right to approve or disapprove your request to Transfer your sales organization for any reason. You may not Transfer your sales organization to any person or entity without Young Living's written approval.

Young Living does not waive any violations of the Agreement, even though a violation may have occurred under a prior owner of your sales organization. As a new owner of a preexisting sales organization, you may be responsible for violations of the Agreement made by the prior owner in



## POLICIES &amp; PROCEDURES: SECTIONS 3.7.1 –3.9

connection with your sales organization. Any action that may be taken on a sales organization with the previous owner under Section 13.3 may carry over to you.

### 3.7.1 Succession

Upon your death or your incapacitation, the rights to commissions, bonuses, and your sales organization, together with all member responsibilities, will pass to your legal heir(s) or legal representative(s) (collectively “beneficiary”). In that instance, your beneficiary must present Young Living with proof of your death or incapacitation, along with appropriate legal documentation and a properly completed Member Agreement. A W-9 form is also required from the new member. After the transfer is complete, the beneficiary will acquire the right to collect all future commissions and bonuses of your sales organization provided that he/she meets all of the qualifications necessary for the Compensation Plan. If the beneficiary already has an existing sales organization, he/she will be given 90 days to transfer one of the organizations, following the procedure set forth in Section 3.7. Young Living reserves the right to approve or reject a succession transfer.

### 3.8 Separation of a Young Living Member Business

You may, with others, operate a single sales organization as a husband-wife partnership, regular partnership, corporation, or trust (the latter three entities are collectively referred to herein as “entities”). If your marriage ends in divorce or your entity dissolves, arrangements must immediately 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 business upline or downline of sponsorship. If divorcing spouses or a dissolving business entity fail to provide for the best interests of other members and Young Living, such actions will constitute a breach of the Agreement; and Young Living may terminate the Agreement pursuant to these Policies and Procedures. During the proceedings of a divorce or entity dissolution, the divorcing spouses or a dissolving business entity must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the business pursuant to a

notarized assignment in writing whereby the relinquishing party(ies) authorize(s) Young Living to deal directly and solely with the other party(ies). A notarized request from the person being removed is required. A new Member Agreement and W-9 form is required from the person remaining on the account.

- The parties may continue to operate the sales organization jointly on a “business-as-usual” basis, whereupon all compensation paid by Young Living will be paid in the joint names of the members or in the name of the entity to be divided as the parties may independently agree among themselves.
- The parties may operate the business pursuant to a court order involving parties.
- If one of these requirements is not met, Young Living will maintain the status quo as to how commissions are paid.

Young Living will not divide your sales organization with a divorcing spouse or with affiliate parties of a dissolving business. Similarly, Young Living will not split your commission or bonus checks between you and a divorcing spouse or affiliate parties of a dissolving entity. Young Living will recognize only one sales organization and will issue only one commission check per sales organization per commission cycle. Commission checks will always be issued to the same individual or entity, unless all parties to a sales organization agree that commissions will be due and paid to another party or by order of a court having jurisdiction over Young Living. If you have completely relinquished all of your rights as a former spouse or a former affiliate party to a sales organization, you are free to enroll as a new member under any sponsor of your choosing. However, in such case you will have no rights to any members or customers from your former sales organization. In that instance, you must develop the new business in the same manner as would any other new member.

### 3.9 Roll-Up of Marketing Organization

When a vacancy occurs in the Young Living member organization due to the cancellation or termination of a member account, each member in the first level immediately below the terminated member on the date of the cancellation will “roll up,” which means to move to the first level (“front line”) of

the terminated member's sponsor. For example, A sponsors B, and B sponsors C1, C2, and C3. If B terminates her business, then C1, C2, and C3 will roll up to A and become part of A's first level. Young Living also reserves the right, in its sole discretion, to sell the sales organization that has been canceled or terminated for inappropriate behavior.

### 3.10 Taxes

#### 3.10.1 Income Taxes

You are responsible for complying with the tax laws in the jurisdiction where you reside. In the United States, you are responsible for paying local, state, and federal income taxes on any earnings generated through your sales organization. When you enroll as a member, you are required by law to provide Young Living with your Social Security Number (SSN), Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Individual Taxpayer Identification Number (ITIN) for tax reporting purposes. If you do not submit a valid SSN or TIN, you will be subject to backup withholdings, possible processing fees, customer status change, and will be required to submit a W-9 form or other tax documentation. Any fines or penalties incurred by Young Living because of an incorrect SSN, TIN, or name will be your responsibility, and you agree to reimburse Young Living for these costs. Every year, Young Living will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to you if you are a U.S. resident who falls into one of the following categories:

- Had earnings over \$600 in the previous calendar year; or
- Made purchases during the previous tax year (December to November) in excess of \$5,000.

Retail customers are not required to provide any tax information.

Changes to a SSN, TIN, EIN, or ITIN must be received via a completed W-9 form. The name and TIN on a member's account must match IRS records. These forms must match the signature of the owner on the account. For tax reporting purposes, changes to these numbers will result in issuance of an additional 1099 in the same tax year. No previous 1099s may be reissued under the new SSN or TIN.

Earnings made before the change will be reported on the original TIN. Earnings after any change will be recorded on the new TIN.

When a sales organization is owned by two or more individuals, taxes will be reported on the primary member's tax number.

#### 3.10.2 Sales Taxes

Young Living is required to collect and remit sales taxes on your behalf based on the published retail price of the product and according to tax rates of the state in the "ship to" address on any given order. Moreover, Young Living may be required by other countries to collect value added taxes, customs fees, or duties. You will be required to cover these additional fees.

If you have a physical business location within the United States where you are retailing product, as outlined in Section 5.11, you can apply for sales tax exemption. Please review the Member Sales Tax Exemption Information located on the Member Resource page of the Virtual Office for specific instructions and documentation on how to apply for this exemption. Young Living reserves the right to verify the validity of any documents and evidence that you submit in applying for this exemption. If you are approved for sales tax exemption, you will be solely responsible for collecting and remitting sales taxes to the appropriate jurisdictional authorities. Any questions concerning retail sales tax requirements should be directed to your tax advisor.

### 3.11 Deceptive Practices

#### 3.11.1 Unauthorized Recruiting

##### 3.11.1.1 Recruiting

During your sales organization and after your sales organization has ended, you may engage in other noncompeting business ventures; however, you may not take advantage of your knowledge of, or association with, other Young Living members, including your knowledge resulting from or relating to your upline and downline in order to promote and expand such other business ventures. Such conduct constitutes an unwarranted and unreasonable interference with the business of other members and Young Living.

## POLICIES &amp; PROCEDURES: SECTIONS 3.11.1.2 –3.11.2

**3.11.1.2 Non-Solicitation**

During the term of the Agreement, and for a period of six months after the expiration or termination by either party for any reason of the Agreement, you agree not to solicit, directly or indirectly, other Young Living members who you did not personally enroll or sponsor; to sell, offer to sell, promote, or market other products, services, or business opportunities, investments, securities, or loans not offered or marketed by, or affiliated with, Young Living; or take any action that would cause the termination or curtailment of the business relationship between Young Living and such a Young Living member.

You recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, you agree that this non-solicitation provision will apply nationwide and to all international markets in which Young Living members are located.

The term “solicit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, inducement of, or effort to influence in any other way, either directly, indirectly, or through a third party, another Young Living member to enroll or participate in another multilevel marketing, network marketing, or direct sales company, network, business, or opportunity.

**3.11.2 Non-Competition**

If, during the term of the Agreement, you engage in a non-Young Living direct selling program, you will ensure that you operate your sales organization separately and apart from your non-Young Living program. To that end:

- You may not display Young Living promotional materials, sales aids, products or services (“Promotional Materials”) with or in the same location as any non-Young Living Promotional Materials (related to another direct selling program or its products), or in any manner or format that enables a viewer to contemporaneously view Young Living

Promotional Material and non-Young Living Promotional Material. For example, you may not present Young Living Promotional Material and non-Young Living Promotional Material on or in the same website, blog, tweet, post, text, brochure, or other printed marketing material, signage, or electronic or other communication.

- You may not offer Young Living programs, opportunities, products, or services to prospective or existing Young Living customers or members in conjunction with any non-Young Living programs, opportunities, products, or services.
- You may not offer any non-Young Living programs, opportunities, products, or services at any Young Living-related meeting, seminar, convention, webinar, teleconference, or other event.

Notwithstanding the foregoing, during the term of the Agreement and for a period of six months after the expiration or termination by either party for any reason of the Agreement, you agree not to directly or indirectly serve in any capacity as a member, representative, consultant, employee, agent, officer, director, shareholder, partner, member, or owner of or with another multilevel marketing, network marketing or direct sales company, network, business, or opportunity that promotes, sells, markets, or distributes Essential Oil as a wellness, health, beauty, nutritional, or life-style product or that engages in any business competitive to Young Living in any city, county, state, region, country, or other recognized geographic area where Young Living does business. The term “Essential Oil” will mean an extract, distillation, or derivative, in any amount, of any herb or plant grown, harvested, processed, promoted, identified as a future Young Living product, marketed, or sold by Young Living during the term of the Agreement.

You agree that Young Living has a protectable interest in its good will, Confidential Information and trade secret information. You further acknowledge that any breach of your obligations under Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement would cause immediate and irreparable harm to Young Living for which monetary damages and other legal remedies could not adequately compensate. You further acknowledge that the restrictions set forth in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are reasonable and



restrict your conduct only to the extent necessary to protect, maintain, and preserve Young Living's business interests. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement and that the enforcement of these provisions will cause no undue hardship to you. If any restriction contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are deemed to be unenforceable by a court of competent jurisdiction, you agree that such court may modify and enforce such restrictions to the extent it believes to be reasonable under the circumstances existing at that time.

### 3.11.3 Targeting Other Direct Sellers

Young Living does not condone members specifically or consciously targeting the sales force of another direct sales company to sell Young Living products or to become members for Young Living. Nor does Young Living condone the 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 you engage in such activity, you bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against you alleging that you have engaged in inappropriate recruiting activity of its sales force or customers, Young Living will not pay any of your defense costs or legal fees, nor will Young Living indemnify you for any judgment, award, or settlement.

### 3.11.4 Cross-Line Recruiting

Actual or attempted cross-line recruiting or sponsoring is strictly prohibited. "Cross-line recruiting" refers to sponsoring or attempted sponsoring of an individual or entity that already has a current Agreement on file with Young Living within a different line of sponsorship or with a different sponsor. The use of a spouse's name, trade names, DBAs (Doing Business As), assumed names, corporations, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. You may not demean, discredit, or defame another Young Living member, especially in an attempt to entice another member to become part of your marketing organization. Young Living reserves the

right to terminate your sales organization for failure to comply with this policy.

### 3.11.5 Bonus Buying and Stacking

Bonus buying and stacking are material breaches of these Policies and Procedures and are strictly and absolutely prohibited.

"Bonus buying" includes (a) the enrollment of members without their knowledge of or execution of the Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a member or customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as members or customers (phantoms); or (d) the use of a credit card by or on behalf of a member or customer when the member or customer is not the account holder of such credit card without written authorization.

The term "stacking" means: (a) the failure to transmit to Young Living, or the holding of a Member Agreement in excess of two (2) business days after its execution; (b) the placement or manipulation of Member Agreements for the purpose of maximizing compensation pursuant to the Compensation Plan; (c) providing financial assistance to members, or buying products or drop shipping through another's account for the purpose of increasing the payout of your sales organization.

## 3.12 International

Compliance with foreign laws regarding intellectual property, customs, taxation, literature content, and other direct selling guidelines is critical to successful international expansion of Young Living into new markets. Consequently, you are authorized to market and sell Young Living's products and services and to recruit and sponsor other members only in countries in which Young Living is authorized to conduct business, as listed in official Young Living literature. Because unauthorized pre-market opening activity may jeopardize Young Living's ability to enter a new market and result in loss of opportunity for many other members, those who engage in unauthorized pre-market opening activity will be subject to disciplinary measures, possibly leading to termination. You are not authorized to register product, trade names, trademarks, patents, web domains, or IP addresses in any country for or

## POLICIES &amp; PROCEDURES: SECTIONS 3.12.1–3.14

on behalf of Young Living.

You agree to indemnify Young Living for any such activity of yours that damages Young Living, including, but not limited to, loss of profit, loss of goodwill, any damages, and reasonable attorneys' fees.

If you want to sponsor members in a country officially recognized as open, you must:

- Be in good standing in the country of residence;
- Read, understand, and agree to follow the Young Living Policies and Procedures in place for that country;
- Agree to follow all applicable laws of that country; and
- Agree to any tax withholdings that may be required for that country.

You may not import or sell product into any country that is not legally importable or saleable. You agree to follow all laws in any country into which you sponsor members, including, but not limited to, all direct selling laws, all solicitation laws, all advertising laws, all claims laws, all tax laws, and any other laws that apply to operating a sales organization in a foreign country.

### 3.12.1 NFR

In some countries, member may purchase Young Living products on a not-for-resale (NFR) basis as retail customers. If you purchase NFR products, you may not resell them.

### 3.12.2 Anti-Bribery

You and your agents, employees, or consultants must not pay or give, or offer or promise to pay or give, any money or anything of value to any government official or employee, political party, or candidate for political office (collectively referred to as "Government Recipient") – or to any person, while knowing or having reason to know that all or a portion of such money or thing of value will be paid or given to, or offered or promised to, directly or indirectly, any Government Recipient – for purposes of obtaining an unfair advantage or influencing any act or decision of a Government Recipient or inducing a Government Recipient to use his, her, or its influence with the government or instrumentality

thereof to affect or influence any act or decision of such government or instrumentality, and you will cause your employees, officers, agents, and sub-consultants to do likewise.

### 3.13 Repackaging and Relabeling

You may not re-label, alter the labels of, repack, or refill any Young Living product. Young Living's products must be sold in their original containers only. You may not use Young Living's products as ingredients in or components of any product for resale. Such relabeling or repackaging could result in severe criminal penalties. In the event this rule is violated, you agree to indemnify Young Living against any harm resulting from the repackaging or relabeling of any of its products.

### 3.14 Confidentiality Agreement

As a member of Young Living, you may be supplied with confidential information such as genealogical and organization reports, customer lists, customer information developed by Young Living or developed for and on behalf of Young Living by members (including, but not limited to, customer and member profiles and product purchase information), member lists, manufacturer and supplier information, business reports, commission or sales reports, marketing strategies and plans, product formulae, product information and other financial and business information ("Confidential Information").

All Confidential Information (whether in written, oral, or electronic form) is transmitted to you in strictest confidence on a need-to-know basis for use solely in your sales organization for Young Living business purposes only. You shall keep such information confidential and must not disclose any such information to a third party directly or indirectly. You must not use the information to compete with Young Living or for any purpose other than for promoting Young Living's program and its products and services. Upon expiration or termination by either party for any reason of the Agreement, you must discontinue the use of such Confidential Information and destroy or promptly return to Young Living any Confidential Information in your possession. Without limiting your obligations as set forth in this Section 3.14, Young Living may further require a signed non-disclosure agreement before releasing any business information to you.



In the event of the expiration or termination by either party for any reason of the Agreement, the obligations contained in this Section 3.14 survive and are subject to legal enforcement by injunction. You further agree that in the event Young Living prevails in any legal action to enforce its rights under this Section 3.14, Young Living shall be entitled to all costs and reasonable attorneys' fees incurred in enforcing its rights under this Section 3.14.

### **3.15 Reporting Policy Violations**

You should report any violations of these Policies and Procedures by any member to the Young Living Member Conduct and Education Department by emailing [conduct@youngliving.com](mailto:conduct@youngliving.com) or calling the Customer Care Department at 800.371.3515.

### **3.16 Authorization to Transfer and Disclose Personal Information**

In order to provide support for your sales organization, you authorize Young Living to disclose personal and/or confidential information that you have provided Young Living in connection with your sales organization or that you have developed as a result of your activities as a member. You authorize Young Living to transfer and disclose this information to its parent and affiliate companies, to your upline when necessary to ensure proper upline support to you and your sales organization, and to applicable government agencies or regulatory bodies if required by law. You also authorize Young Living to disclose your personal contact information to members of your downline.

You further authorize Young Living to use your personal information for member recognition and marketing materials.

### **3.17 Authorization to Take and Use your Photo or Video**

By becoming a member with Young Living, you consent to having your image captured in photographs or videos at various Young Living-sponsored events by Young Living staff and to have those images used by Young Living as they see fit in advertising and marketing materials. You will not be compensated for this usage. If you have a

religious or moral objection to having your picture taken or appearing in a video, please notify a member of Young Living's staff at the event where photographs and videos are being taken. The provisions of this Section will permanently survive the term of the Agreement.

## **SECTION 4: Sponsor's Responsibilities**

### **4.1 Sponsoring**

As a member, you have the right to sponsor other Young Living members. Each prospective member has the ultimate right to choose his/her own sponsor. If two members claim to be the sponsor of the same new member or customer, the new member has the right to choose between the two within the first 30 days. After that time, Young Living will regard the first application received by Young Living as binding.

When sponsoring a new member, you must provide the most current version of these Policies and Procedures and the Compensation Plan before he/she signs a Member Agreement or ensure that such individual has online access to these materials.

### **4.2 Sponsoring Online**

When sponsoring a new member through the online enrollment process, you may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan. You may not fill out the online application and Agreement.

### **4.3 Ongoing Supervision, Training, and Sales**

As a sponsor, you are expected to train, supervise, and communicate with your downline through letters, newsletters, meetings, telephone contacts, voice mail, email, trainings, and by accompanying enrollees to Young Living's training meetings. If you feel you are not getting the necessary level of support from your sponsor, you are encouraged to consult with your next upline leader or call the Customer Care Department at 1-800-371-3515. As a sponsor, you also agree to make your contact information (telephone number/email address)

## POLICIES &amp; PROCEDURES: SECTIONS 4.4–5.2

available to his/her downline for training and support purposes.

You should monitor the members in your downline to ensure that they do not make improper product or business claims or engage in any illegal or inappropriate conduct that violates the Agreement.

As you progress through the various levels of leadership, you will become more experienced in sales techniques, product knowledge, and understanding of the Young Living program. In that event, you may be called upon to share this knowledge with lesser experienced members within your downline.

Regardless of your level of achievement, you have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing your existing customers.

#### 4.4 Non-Disparagement

In setting the proper example for your downline, you must not disparage, slander, or defame other Young Living members, Young Living's products, the Compensation Plan, Young Living employees, or Young Living founders. Such disparagement constitutes a material breach of these Policies and Procedures and may result in termination of your sales organization.

#### 4.5 Privacy

You must take appropriate steps to safeguard and protect all private information provided to you by members in the operation of your sales organization.

### SECTION 5: Advertising

#### 5.1 Use of Young Living Materials

To prevent inadvertent errors or illegal claims, you should strive to use the current Young Living literature for advertising and describing Young Living's products or programs. The materials must be used in context so as not to be misleading.

All Young Living materials—whether printed, on video or DVD, produced by sound recording, or any other electronic format—are copyrighted and

may only be reproduced in whole or in part when authorized by Young Living. Anyone found copying audio, video, or written materials produced by Young Living without written approval may be subject to disciplinary action.

There is no recording permitted during any Young Living convention or meeting. Anyone found recording the Young Living convention or any other Young Living meeting will be removed and subject to disciplinary action, and the recording will be confiscated. Additionally, production or distribution of a member's notes from any Young Living event is prohibited.

#### 5.2 Member-Developed Advertising Materials & Products

If you choose to produce or use advertising materials that were not developed by Young Living, you must clearly identify that the material is from an "Independent Member" and not Young Living and should not use Young Living logos, except the Independent Member logos, and trademarks without written authorization. Young Living Independent Member logos are provided by Young Living and include the phrase "Independent Member." Use of Young Living logos that do not include the phrase "Independent Member" is strictly prohibited.

Any use of advertising material not produced by Young Living must be compliant with all applicable laws and these Policies and Procedures—particularly Section 5.3. Such material must be produced in a professional and tasteful manner. Material must not be used that reflects poorly upon Young Living. Violations may subject a member to disciplinary actions as outlined in Section 13.3.

You are not permitted to use Young Living trademarks, copyrights, or other intellectual property on marketing materials (including physical or electronic), essential oil accessories, software, branded merchandise, or other products that you distribute, or otherwise sell to others (including other Young Living members), unless you first acquire a license from Young Living. Violation of this policy may result in legal liability and disciplinary action, as outline in Section 13.3.

## 5.3 Advertising Claims and Representation

### 5.3.1 Product Claims

You are prohibited from making inaccurate and impermissible claims about any of Young Living's products. In particular, you must not make any claim that Young Living's products are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease. You must also avoid making any statements and claims that are false or misleading concerning Young Living's products. You must comply with all laws, both state and federal, regarding any statements made.

You also must not diagnose any disease or disease condition or prescribe any Young Living product unless you are a licensed medical professional authorized to do so. Anyone improperly diagnosing or prescribing Young Living's products may jeopardize the future of Young Living and all of its members and may therefore have his/her sales organization terminated.

### 5.3.2 Income Claims

You are prohibited from making any income projections to prospective members that may create false or misleading expectations. In their enthusiasm, some members are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counterproductive since new members may be disappointed if their results do not meet their expectations. The income potential of a Young Living member is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.

Young Living has prepared an Income Disclosure Statement (IDS) designed to convey truthful, timely, and comprehensive information about the income that its members have earned. A copy of the IDS is available online at [youngliving.com/IDS](http://youngliving.com/IDS). Any time that you present or discuss the Compensation Plan or make any type of income or earning representation about the Compensation Plan, you must provide any prospective members with a copy of the IDS. Income and earning representations include:

- Claims of actual, average, or projected earnings under the Compensation Plan;

- Income testimonials;
- Claims about achieving an improved lifestyle (e.g., claims about affording large homes, luxury cars, and exotic vacations); and
- Hypothetical examples of earnings under the Compensation Plan.

In any non-public meeting (e.g., a home meeting, one-on-one regardless of venue) with a prospective member(s) in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective member with a copy of the IDS. You must also display at least one 3-foot x 5-foot poster board in the front of the room in reasonably close proximity to the presenter(s), and/or continuously display a slide of the IDS throughout the duration of the Compensation Plan discussion or while making an income claim in any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.).

### 5.3.3 Compensation Plan Claims

When presenting or discussing the Compensation Plan, you must make it clear to prospective members that financial success with Young Living requires commitment, effort, and sales skill. Conversely, you must never represent that individuals can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- It's a turnkey system;
- The system will do the work for you;
- Just get in and your downline will build through spillover;
- Just join and I will build your downline for you;
- The company does all the work for you;
- You don't have to sell anything; or
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan. It is important that you do not make these or any



## POLICIES &amp; PROCEDURES: SECTIONS 5.3.4 –5.7

other representations that could lead a prospective member to believe that he or she can be successful as a Young Living member without commitment of time and work effort.

### 5.3.4 Governmental Approval or Endorsement

State and federal regulatory agencies and officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, you may not represent or imply that Young Living or its Compensation Plan have been “approved,” “endorsed,” or otherwise sanctioned by any government agency.

### 5.3.5 Indemnification for Unlawful Advertising Statements

You are fully responsible for all verbal and written statements you make regarding Young Living’s products, services, and the Compensation Plan that are not expressly contained in official Young Living materials. You agree to indemnify Young Living and Young Living’s directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys’ fees, court costs, or lost business incurred by Young Living from any liability arising from or related to your actions in the promotion and operation of your sales organization. This provision will survive the termination of the Agreement.

### 5.4 Testimonials and Meetings

At member-sponsored meetings, members should not arrange for a disease-cure, disease-prevention, or disease-treatment testimonial, as described in Section 5.3. Nor should any disease-cure, disease-prevention, or disease-treatment testimonial be given at any such meeting. If there is an impromptu disease-cure, disease-prevention, or disease-treatment testimonial from someone, the leading member should redirect the discussion by saying something to the effect of, “Young Living supplements are designed to improve nutrition; they are not intended to diagnose, treat, cure, or prevent any disease. However, scientific research has established a connection between nutrition and many disease conditions.”

Third-party scientific literature that is compliant with local, state, and federal law may be distributed at a meeting but must be placed separate and apart from promotional material.

### 5.5 Trademarks and Copyrights

The name of Young Living, Young Living Essential Oils, Young Living Lavender Farms, or any other names that may be adopted by Young Living, such as trade names, trademarks, logos, slogans of Young Living, and the web address or URL (or any names that are confusingly similar) are proprietary to Young Living and of great value. You must obtain written permission before using any Young Living logo (other than the Independent Member logo) or trademark.

### 5.6 Domain Names and Email Addresses

You may not use, register, or own any Internet domain name either in the U.S. or abroad that includes any of Young Living’s trade names, trademarks, service names, service marks, product names, company names, or any derivative thereof. Nor may you incorporate or attempt to incorporate any of Young Living’s trade names, trademarks, service names, service marks, product names, the company names, or any derivative thereof into any email address. In accordance with this policy, all existing member-owned domain names that violate this provision will be expected to be brought into conformance within three months of notification of a violation by Young Living. In limited circumstances, an infringing domain name or email address registration may be allowed to exist upon the signing of an annual trademark license agreement with Young Living, which will also carry a license fee. Such license agreements may be offered, withdrawn, or modified by Young Living at its own discretion at any time, and those members with non-conforming domain name registrations who do not make such an agreement with Young Living will be expected to transfer those registrations to Young Living within the three-month time period noted above.

### 5.7 Internet Policy

Many members will use the Internet to further their businesses using websites, blogs, social media, etc. (collectively “Member Sites”). Member Sites used to promote Young Living, Young Living products, or Young Living events must display a current Young Living Independent Member logo (as described in Section 5.2) in a prominent location. Member Sites

must further include the member's member number.

Member Sites may include current product descriptions, photographs, videos, and other media made available to members by Young Living (e.g., through the official Young Living website, the Virtual Office, or the Young Living Flickr® account). These sites may not (a) use Young Living's trade dress; (b) make any improper product, income, or compensation plan claims, as outlined in Section 5.3; (c) promote the products or business of any other company; or (d) contain false or misleading information. Members are responsible to ensure that all users of their Member Sites comply with these requirements.

Member Sites may, at Young Living's sole discretion, be monitored by Young Living. Failure to monitor Member Sites for any period of time does not waive Young Living's rights to enforce the provisions of this Section.

When using social media, members may not use as their username, account name, or other identifier (collectively "Username"), any of Young Living's trade names or company names, or any other name that may be confused with Young Living Essential Oils or suggest Young Living's sponsorship thereof. Usernames may, however, include the name "Young Living," if they also include "Independent Member" or a similar identifier that effectively distinguishes it from a Young Living corporate account.

### **5.8 Internet Classified Ad Sites, Auction Sites, Shopping Sites, or Order Fulfillment Stores Restricted**

As a general rule, members and Professional Accounts may not sell or display Young Living products on any internet classified ad site (i.e. Craigslist, etc.), auction site, shopping site, or order fulfillment store (i.e. eBay®, Amazon®, OrderDog™.com, Overstock®.com, etc.). Further, members may not (1) enlist or knowingly allow a third party to sell Young Living products on any internet classified ad site, auction site, shopping site, or order fulfillment store; or (2) sell products to a third party that the member has reason to believe will sell such products on any internet classified ad site, auction site, shopping site, or order fulfillment store. Young Living reserves the right to grant specific permission at Young Living's sole discretion to allow exceptions to this section provided the member has registered the online seller name and member number with Young Living. Members and Professional Accounts may continue to sell Young Living Product on their individual URL's and independent distributors retail sites provided they register their URL with Young Living and prominently display the independent distributor logo or the Professional Account Logo and their member number or Professional Account number on the URL. Young Living reserves the right to

## **POLICIES & PROCEDURES: SECTIONS 5.8–5.10**

strictly prohibit, monitor, charge a fee, and take all limited to termination of an online seller's member account if the member is in violation of any laws, regulations and these policies and procedures. These changes will be effective as of November 1, 2014.

### **5.9 Telephone and Email Solicitation**

You may not use Young Living's name or copyrighted materials with automatic calling devices or "boiler room" operations to solicit potential members. In addition, any email messages distributed to solicit for your business must conform to the CAN-SPAM Act and contain appropriate opt-out provisions for the recipient. Failure to opt respondents out of your email may subject you to the disciplinary action outlined in Section 13.3. You may not opt out for another member in your organization.

You may not engage in telemarketing to promote Young Living products or the Young Living opportunity or to solicit potential members. For purposes of this Section, telemarketing refers to placing of one or more outbound telephone calls to an individual without that individual's express prior permission or invitation to call. If you violate this policy, you agree that you will indemnify Young Living and Young Living's directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living as a result of your telemarketing activities.

### **5.10 Young Living Personal Websites**

Young Living offers a personalized website to assist in your marketing efforts. You should contact the Customer Care Department at 1-800-371-3515 or more details or log in to your Young Living Virtual Office (www.youngliving.org) for more information. You should be advised that by using a Young Living website, your contact information will become available to the public so that they may contact you with questions. Young Living will not be held responsible for any unintended or adverse consequences of this service.

### **5.11 Commercial Outlets**

As a member, subject to the provisions of Section 5.12, you may display Young Living's products in commercial outlets only where professional services are the primary source of revenue and product sales are secondary, such as approved service-oriented establishments, including, but not limited to, health spas, beauty shops, and physicians' and chiropractors' offices.



## POLICIES &amp; PROCEDURES: SECTIONS 5.12–6.1

**5.12 Minimum Advertised Price**

You may establish the price at which you resell Young Living products, as long as such sales are within the policies outlined in this Agreement. However, certain advertisements can threaten healthy competition in essential oils and wellness products, can reduce sales in Young Living products, and can cheapen the image that Young Living has worked hard to develop. Advertising with such potential effects is not acceptable to Young Living.

You may not directly or indirectly advertise Young Living products for less than the current wholesale prices (which are kept current on the official Young Living website) in any advertisement or promotional material that appears outside of a retail premises, including, but not limited to Internet, newspaper, magazines, catalogues, billboards, and direct mail.

Young Living will decide, in its sole, unilateral discretion, whether media advertising directly or indirectly, advertises Young Living products at less than the current U.S. wholesale price. The following are meant to be non-exhaustive illustrations of advertising violations: bundling and value-added offers, promotion code advertisement that result in lower than current U.S. wholesale price, “add to cart to see pricing,” couponing advertisements that results in lower-than-wholesale pricing, and rebate advertisements that result in lower-than-current U.S. wholesale pricing.

Violations of this policy constitute a material breach of the Agreement and will result in disciplinary action under Section 13.3.

**5.13 Trade Shows and Expositions**

Subject to the requirements in this Agreement, you may display and sell Young Living’s products at trade shows and expositions. All literature displayed at the event must be official Young Living literature and must clearly identify yourself as an Independent Member.

**5.14 Media Inquiries**

Do not attempt to respond to media inquiries regarding Young Living, its products or services, or your sales organization. All inquiries by any type of media must be immediately referred to the Young

Living Member Compliance Department. This will ensure that accurate and consistent information reaches the general public.

**SECTION 6: Sales Requirements****6.1 Product Sales and Sales Receipts**

The Compensation Plan is based upon the sale of Young Living’s products and services to end consumers. You must fulfill specified personal and downline sales requirements (as well as meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. The following sales requirements must be satisfied in order for you to be eligible for commissions:

- You agree not to stock excessive inventory and to abide by the 70% rule, which is that 70% of your inventory intended for sale has been sold prior to ordering more. A minimum of 70% of you and your personally enrolled customers’ orders must be sold before you purchase additional products. The sales volume of your personally enrolled customers will be included with the sales determining compliance with the 70% requirement. You may not purchase additional product until at least 70% of the previous order has been sold to end consumers. By ordering product, you certify that you have sold or used at least 70% of all prior orders.
- You are required to furnish your customers with two copies of an official Young Living sales receipt, which specifies the date of sale, the amount of sale, and the items purchased. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights required by federal or state law. In accordance with such laws, you must verbally inform your customers of their cancellation rights. Additionally, if you sell product inventory to other members, you must provide the purchaser with a sales receipt. The member should maintain copies of all sales receipts for a period of two years and furnish them to Young Living upon request. Young Living will maintain records documenting the purchases of member’s customers and direct purchase customers.

## 6.2 Non-members

You may personally sell Young Living's products to non-members. Online sales however are governed by Section 5.8.

## 6.3 Customers and Sales Requirements

Non-member and customer orders satisfy customer sales requirements.

## 6.4 Excessive Purchases of Inventory Prohibited

Young Living strictly prohibits the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions, bonuses, or advancement in the Compensation Plan.

# SECTION 7: Commissions and Bonuses

## 7.1 Commissions and Bonus Checks

To qualify for commission compensation under the Compensation Plan, you must have purchased product within the last 12 months and be in compliance with the Agreement with no holds on your member account. Commissions will be paid out in accordance with the Compensation Plan, the current version of which is available through the Virtual Office ([www.youngliving.org](http://www.youngliving.org)). As long as you comply with the terms of the Agreement, Young Living will pay commissions on approximately

the 20th of each month for the prior month's sales. Commission amounts under \$25 will not be issued as a check but retained as a credit on account for future product purchases. You may also elect to have commissions paid via direct deposit to a bank account subject to the same rules as above. Direct deposit will be permitted based on policies determined by Young Living. Contact the Customer Care Department for more information at 800.371.3515.

## 7.2 Recap Statements

You may access detailed commission reports from the Virtual Office at [www.youngliving.org](http://www.youngliving.org). If you do not have Internet access, you may request that the report be faxed or mailed to you for a small fee.

## 7.3 Adjustments

You agree that adjustments will be made to your commission check for any processing fees, unpaid balances, or debts owed for other services. When a product is returned to Young Living for a refund or is repurchased by Young Living, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted from any future commission checks, including that of the upline. Any other debt may be offset against commission checks.

In addition, if you fail to properly provide your Social Security Number or Federal Tax Identification Number to Young Living, Young Living will deduct the necessary back-up withholdings from your commission checks as required by law.

## 7.4 Deductions/Maintenance Fees

A monthly maintenance fee is assessed each month and is used to cover accounting, processing, account maintenance, and other costs. The fee may be tax deductible, so consult your personal tax advisor for details. A current maintenance fee schedule is posted on the Virtual Office.

## 7.5 Errors or Questions

You should review your Commission and Bonus Recap statements and report any errors or discrepancies to Young Living within 45 days from the date on the check. Errors or discrepancies that are not brought to Young Living's attention within 45 days will be deemed waived.

## 7.6 Commission and Bonus Checks

Young Living attempts to ensure that checks are sent to the proper address (the address on record with Young Living). If, after 90 days from its issue, a compensation check is not cashed, it will be voided and the amount credited to your account. If left unused for the applicable required statutory period, the credited amount in your account from the voided check will be submitted to the government in the state of your last known address in accordance with applicable unclaimed property laws.

## 7.7 Reissue Requests

There is a \$35 service charge for reissuing a check.

## POLICIES &amp; PROCEDURES: SECTIONS 8.1–8.3

This charge will be deducted from the balance owed to the member.

## SECTION 8: Ordering

### 8.1 Ordering Methods

All members may place orders by telephone, fax, mail, website, live chat, or through the Essential Rewards autoship program.

#### 8.1.1 Phone

When ordering, modifying account information, or accessing your account by phone, be prepared to present all information requested on the Young Living order form, including member number and personal identification number (PIN). Live operators are available Monday through Friday from 6 a.m. to midnight, Saturday from 7 a.m. to 5 p.m., Sunday 1:30 p.m. to midnight Mountain Time (Live Chat only). Hours may be subject to change. For current hours, visit [youngliving.com](http://youngliving.com) and click on the "Contact Us" link. Payments can be made by ACH (U.S. banks only, bank draft), credit card, debit card, or prepaid card.

#### 8.1.2 Fax

When ordering by fax, print information legibly on the order form. You must include your member number on the order form along with your contact information. Payments can be made by ACH (U.S. banks only, bank draft) or credit card. Orders may be faxed to 1-866-203-5666. All item requests must come from the current product catalogue.

#### 8.1.3 Mail

When ordering by mail, send completed order form with payment to:

Young Living  
Attn: Order Entry  
3125 West Executive Parkway  
Lehi, Utah 84043

Payments may be made by credit card, cashier's check, money order, or personal check (U.S. funds only). Please do not send cash.

#### 8.1.4 Young Living Website

The Young Living website makes ordering and accessing information online quick and easy. Available 24 hours a day, 7 days a week, the website allows you to place online orders. You will need your member number and password (which should be kept confidential) to establish a login and security code (four-digit PIN) at [www.youngliving.com](http://www.youngliving.com). You must keep your PIN secure and only order on your own account.

#### 8.1.5 Live Chat

Orders may be placed through the live chat service available through the Young Living website.

### 8.2 Essential Rewards Autoship Program

The Young Living Essential Rewards autoship program enables you to have Young Living products automatically shipped to you each month. Through this program you can earn free products, and qualifies you for members-only specials, and qualify for compensation under the Compensation Plan. You may learn more and sign up for the Essential Rewards autoship program in the Virtual Office ([www.youngliving.org](http://www.youngliving.org)) or by contacting the Customer Care Department at 1-800-371-3515.

### 8.3 General Ordering Policies

On mail orders with invalid or incorrect payment types, or anything else that may prevent Young Living from placing the order, Young Living will attempt to contact you by phone or email to correct the order. Young Living will make two attempts to correct the order. If these attempts are unsuccessful after five business days, the order will be cancelled.

For orders to be counted in a given month, they must be received and accepted on or before the last day of the month. Changes made to pending orders that have not yet shipped will keep the original date the order was entered. This may affect commission qualification.

If an item ordered is out of stock or discontinued, Young Living will attempt to contact you by phone or email so that you may select an alternative item, if qualifications are negatively affected. If we are unable to contact you or do not receive a response from you within two business days, Young Living will remove the item and process the order. It is your



responsibility to verify that the products in your order are available when shipped.

No COD orders will be accepted.

Payment plans are not allowed when purchasing product. The balance may be paid with different credit cards but must be paid in full before the order will be shipped.

### 8.3.1 Back Orders

Young Living may offer back orders. Back ordered products will be shipped with your next order after the product becomes available. Shipping is charged on all back orders.

### 8.3.2 Month-End Order Processing Cutoff

The month-end order processing cutoff is the last calendar day of the month at 11:59 p.m. Mountain Time. Mailed and faxed orders must be received by the last day of the month. All mailed-in orders will be credited to the month in which they are received. Even when the end of the month falls on a weekend, holiday, or a day that the Young Living office is closed, the deadline will not normally be extended. The fax line and the website are available 7 days a week, 24 hours a day, making it possible to place all orders by the end of the month.

## SECTION 9: Shipping

### 9.1 Shipping Methods and Charges

Domestic orders are generally shipped within two business days (excluding weekends and holidays). A packing slip is included in each shipment. It contains the order number, member number and name, product code, product name, price, and the amount and method of payment. Members should keep these packing slips for personal accounting records. Package tracking is available through most major carriers.

### 9.2 Shipping Discrepancies

When you receive an order, you should check the products against the packing slip to make certain there is no discrepancy or damage. Please notify Young Living of any shipping discrepancies or

damage as soon as possible. Failure to notify Young Living of any shipping discrepancy or damage within five business days of receipt of shipment will forfeit your right to request a correction.

The Return Merchandise Authorization (RMA) number is required for the processing of all shipping discrepancies or damage claims. If the RMA number is not included, Young Living will not process shipping discrepancies, issue credits, or replace damaged products. The RMA is included in each order when packaged for shipping.

To correct any problems you may have encountered with your shipments, please contact the Customer Care Department. Your Customer Care Department representative will discuss the steps to rectify the situation and issue a Return Merchandise Authorization (RMA) number.

## SECTION 10: Payment

### 10.1 Methods of Payment

Young Living accepts the following payment methods:

- Credit Cards, Debit Cards, and prepaid cards—VISA, MasterCard, American Express, and Discover. Using someone else's credit card without his/her written permission is illegal and may be grounds for termination of your sales organization as well as possible legal action.
- ACH Check Payments—U.S. checking accounts only. The Automatic Clearing House (ACH) program authorizes Young Living to draft against a member's bank account for the amount of the order. First-time ACH orders will be held for five days before being shipped.
- Money Orders or Cashier's Checks—U.S. funds (mail-in orders only).
- Personal Checks—U.S. funds (mail-in orders only).

### 10.2 Returned Checks and Insufficient Funds

It is your responsibility to ensure that there are sufficient funds available in your account to cover regular orders and autoship orders. If a personal check or ACH check is returned for non-sufficient funds (NSF), you will not be able to place orders

## POLICIES &amp; PROCEDURES: SECTIONS 10.3–11.1.3

using personal checks or ACH checks until the balance is paid with a credit card or a money order. An NSF check will be sent to a collection service, appropriate processing fees will be charged, and your account will be placed on suspension. Failure to promptly resolve an NSF check may result in legal action and possible termination of your sales organization. Any uncollected amount may be deducted from commissions.

### 10.3 Commission Check Release Form

You may choose to retain your commissions and bonuses (all or in part) in the form of a credit on your Young Living account. This credit would be used against future product purchases, in accordance with Section 7. A Commission Check Release Form must be received and approved by Young Living before your compensation check can be issued as a credit on account.

## SECTION 11: Product Returns

### 11.1 Return Policy

Young Living reserves the right to review each return or exchange on a case-by-case basis. Returns will cause promotions, credits, commissions, and bonuses to be adjusted or reversed, both for the person making the return and for any upline members who received compensation on such purchases.

#### 11.1.1 Return Guidelines

If you are dissatisfied with any Young Living product you may return:

- Any unopened product within 30 days after shipment for a full refund in the same method of payment of the purchase price and applicable sales tax (less shipping charges).
- Any opened product within 30 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges).
- Any opened or unopened product up to 90 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges and a 10% handling fee). The credit applied for opened product will be based on the percentage of the product returned. For example if you return 50% of a product, then a credit of 50% (less shipping charges and a 10%

handling fee) will be applied to your Young Living account.

If you sell products to non-members you are required to provide the same return policy as outlined in this Section 11.1. You are also responsible for returning the product to Young Living within 10 days of receiving the return from the non-member. Excessive returns may be deemed an abuse of Young Living's return policy and may result in suspension of your return privileges and/or sales organization. Damaged or incorrect shipments of products will not be subject to fees.

#### 11.1.2 Returns of Inventory by Members

If you choose to terminate the Agreement, you may return any product inventory or sales aids purchased in the preceding 12 months for a refund if you are unable to sell or use the merchandise. You may return only products and sales aids that are in resalable condition, unless otherwise required by law. Resalable condition is defined as the same unopened condition as it was purchased new. You must return the products to Young Living, prepay the shipping charges, and include a letter explaining that you wish to terminate the Agreement and receive a refund. Upon receipt of the products, you will be reimbursed 90% of the net cost of original purchase price, less shipping charges. Young Living will deduct from the reimbursement any commissions, bonuses, or other incentives received by you as a result of the product you are returning. If your account is terminated, you have 90 days from the date of termination to make arrangements with Young Living regarding the repurchase of all returnable products. You acknowledge that you will be unable to return products more than 90 days from the date of termination.

#### 11.1.3 Product Kits

All Young Living product kits and product collections must be sold as a whole unit. Members or Professional Account Customers are prohibited from selling individual items from product kits and product collections separately and promoting such activity within the member's business organization. All product kits and product collections that are returned to Young Living must be complete; otherwise the product kit and/or product collection will not be eligible for an exchange or refund. No individual items from a product kit and/or collection will be eligible for a refund. These changes will be effective as of November 1, 2014.



### 11.1.4 Return of Promotional Product(s)

For any complimentary item(s) received by the purchaser via a qualifying purchase or through the buy-one-get-one-free promotion or other promotion, returns will be handled as follows:

- If a qualifying purchase is returned in whole or in part and negates your qualification to receive the complimentary promotional item(s), the complimentary item(s) must also be returned, or you will be charged for the free product(s).
- If one of the promotional products is returned, Young Living will not credit the member, as Young Living will assume the returned item(s) is the promoted product(s). If both products of the promotional are returned, Young Living will credit the member for the product purchased.

### 11.1.5 Montana Residents

Notwithstanding the provisions of Sections 11.1.2 and 11.1.3, if you are a resident of the State of Montana and you cancel the Member Agreement within 15 days of the date of enrollment, you may return the kit to Young Living for a 100% refund.

### 11.2 Procedures for Returns

The following procedures apply to all returns for refund, repurchase, or exchange:

- The customer or member who purchased it directly from Young Living must return the products.
- All product(s) must be returned in its original container.
- The return must have a Return Merchandise Authorization number (RMA) that may be obtained by calling the Customer Care Department at 1-800-371-3515, by emailing [custserv@youngliving.com](mailto:custserv@youngliving.com), or by submitting the request via Young Living's live chat services. The RMA number must be written on the outside of each package, or the shipment will be returned to sender.
- All returns must be shipped prepaid to Young Living. Young Living does not accept COD packages.
- If returned product is not received by Young Living's distribution center, it is the

responsibility of the member to trace the shipment. Young Living is not liable for items lost or damaged in transit.

- Volume for exchanges will be counted in the month the exchange transaction was made.
- No refund will be made for subsequent returns of the same product, except when the product is damaged or defective.

Credits will be issued when Young Living has processed the return.

## SECTION 12: Member Account Management

### 12.1 Changes to a Member Account

You must immediately notify Young Living of all changes to the information contained on your Member Agreement. You may update your existing information by submitting a written request indicating the changes by email to [custserv@youngliving.com](mailto:custserv@youngliving.com) or by live chat or by making such changes in the Virtual Office ([www.youngliving.org](http://www.youngliving.org)). The modifications permitted within the scope of this paragraph do not include a change of sponsor or tax information. Sponsors and enrollers are not allowed to request account changes or relay such requests.

#### 12.1.1 Sponsor Changes

To protect the integrity of all marketing organizations and safeguard the hard work of all members, Young Living strongly discourages changes in sponsorship. Sponsor change requests may be made directly over the phone if within the first 5 business days of registration. After 5 business days, but within 30 days, the request must be submitted in writing via mail, email, or fax and must include the reason for the transfer. Requests submitted via email should be sent to [resolutions@youngliving.com](mailto:resolutions@youngliving.com), must come directly from the new member or the new member's enroller, and must be sent from the email address on file with Young Living. Requests cannot be submitted by another member, even in the form of a forwarded email. Young Living will not approve sponsor change requests that it deems to be intended to manipulate payment under the Compensation Plan. Young

## POLICIES &amp; PROCEDURES: SECTIONS 12.1.2 –12.2

Living will not grant sponsor change requests that it deems to be excessive for a single member or for a member organization. Young Living reserves the right to make sponsor changes for any reason at any time and at its sole discretion.

Change of your sponsor will be considered only under the following circumstances:

- You may seek a sponsor change in writing by including with your request the written approval of the first three upline members whose income will be affected by the transfer and who have each generated at least 100 PV each month for the last six months. Your request must come directly from you, not from anyone else, including your upline members. To ensure that the upline members have submitted their approvals, it is recommended that you request to be copied on the upline member's email correspondence to Young Living. Your request will be subject to approval of Young Living. In your written request you must indicate that you understand that your existing downline will be forfeited. Your downline members will remain in the original genealogy and will not be moved with you.
- If you have not placed an order or generated any sales for six or more consecutive months, then you are eligible to transfer to another sponsor of your choosing. You must submit your request for the sponsor change in writing before you submit any further orders, and you must indicate that you understand that your existing downline will be forfeited. Any downline members will remain in the original genealogy and will not be moved with the transferring member.
- If you register using Young Living's placement program, you reserve the right to change your sponsor within 30 days of being placed.

Problems of attitude, non-support, personality conflicts, or social preferences are not acceptable reasons for a change. A fee of \$35 will be charged for all sponsor changes made after 30 days of your registration. This fee will be charged even if the request is rejected by Young Living.

If a member and that member's enroller both submit sponsor change requests within the appropriate and

allotted time frame, the request from the member will always take precedence.

### 12.1.2 Waiver of Claims

If you have changed sponsors but did not follow the appropriate procedures, as outlined in Section 12.1.1, and you have developed a downline organization in a sales organization under a new sponsor, Young Living reserves the sole and exclusive right to determine the final placement of your new downline organization. You waive any and all claims against Young Living, its officers, directors, owners, employees, and agents that relate to or arise from Young Living's decision regarding the disposition of any downline organization that develops below an organization that has improperly changed lines of sponsorship.

### 12.1.3 Sponsor Placement Program

Members who enroll without selecting a sponsor or enroller will be added to Young Living's Placement Program. Through this program, the new member will be assigned a sponsor and enroller. If a member is placed through this program, the member or his/her assigned enroller may change the new member's sponsor within 30 days, as outlined in Section 12.1.1.

### 12.2 Downline Genealogy Reports

Downline Genealogy Reports ("Report") are optional and may be ordered at any time. Members with a Young Living-sponsored personal website may receive two free emailed downline Reports per month, upon request, with all additional email Reports costing \$5 each. Members who do not have a Young Living-sponsored personal website will pay \$5 for each email Report requested. Members who wish to have the Report faxed or mailed will pay \$5 for the first 10 pages and 10 cents for each additional page. Young Living reserves the right to modify the charges described in this Section 12.2.

Downline Genealogy Reports constitute Confidential Information as set forth in and subject to Section 3.14 of the Agreement. Without limiting your obligations under Section 3.14 of the Agreement, you may not use Reports for any purpose other than for developing and supporting your sales organization. Specifically, during and after the expiration or termination by either party for any

reason of the Agreement, you may not:

- Disclose any information contained in the Reports to any third party;
- Use Reports to compete with Young Living in violation of Section 3.11.2 of the Agreement;
- Use Reports to solicit any member or customer listed on the Reports or to engage in any conduct prohibited by Section 3.11.1.2 of the Agreement; or
- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Report.

At the expiration or termination by either party for any reason of the Agreement, or upon demand by Young Living, you will return the original and all copies of Reports (including electronic files) to Young Living or destroy all copies in hard-copy, electronic, or other format of any Report in your possession. This Section 12.2 of the Agreement will survive the expiration or termination by either party for any reason of the Agreement.

### 12.3 The D. Gary Young Foundation: Young Living Outreach

By enrolling as a Young Living member, you are automatically enrolled as a non-voting member of The D. Gary Young Foundation: Young Living Outreach. The privileges associated with this class of membership include the invitation to participate (at the member's own expense where applicable) in certain member-participation charitable activities, the right to receive periodic reports of the charitable activities and accomplishments of the foundation, and the invitation to contribute to the foundation for the advancement of its charitable purposes.

## SECTION 13: Dispute Resolution and Disciplinary Action

### 13.1 Disputes with Other Members

If you have a grievance or complaint with another member regarding any practice or conduct in relationship to your sales organization, you should first discuss the problem with the other member. If this does not resolve the problem, report the

problem to your upline leader who is a Silver or above to resolve the issue at a local level. If the matter cannot be resolved, it may be reported to the Young Living Member Conduct and Education Department in writing via mail, fax, or email at [conduct@youngliving.com](mailto:conduct@youngliving.com). The complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have first-hand knowledge of the improper conduct.

Upon receipt of a written complaint, the Young Living Member Conduct and Education Department will investigate the matter, review the applicable policies, and render a decision on how the dispute will be resolved. The Member Conduct and Education Department may impose disciplinary sanctions as provided in Section 13.3.

### 13.2 Disputes with Young Living

#### 13.2.1 Mediation

Prior to instituting an arbitration with Young Living, as provided in Section 13.2.2 below, you and Young Living (collectively referred to as "parties") will meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties will be appointed as mediator. The mediation will occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, will be divided equally between the Parties. Each party will pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party will pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation will be held in Salt Lake City, Utah, and will last no more than two business days.

#### 13.2.2 Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by jury or



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to any court. The arbitration will be filed with, and administered by, the American Arbitration Association ("AAA") or Judicial Arbitration and Mediation Services (JAMS) under their respective rules and procedures. The Commercial Arbitration Rules and Mediation Procedures of the AAA are available at the AAA's website at [www.adr.org](http://www.adr.org). The Streamlined Arbitration Rules & Procedures of JAMS are available at the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). Copies of the AAA's Commercial Arbitration Rules and Mediation Procedures or JAM's Streamlined Arbitration Rules & Procedures will be emailed to members upon request to the Compliance Department.

Notwithstanding the rules of the AAA or JAMS, the following will apply to all arbitration actions:

- The Federal Rules of Evidence will apply in all cases;
- The parties will be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- The parties will be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- The arbitration will occur within 180 days from the date on which the arbitrator is appointed and will last no more than five business days; and
- The parties will be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings will be held in Salt Lake City, Utah. There will be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration will be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate will survive the cancellation or termination of the Agreement.

The parties and the arbitrator will maintain the confidentiality of the entire arbitration process and will not disclose to any person not directly involved in the arbitration process:

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

- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- The terms or amount of any arbitration award; or
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in these Policies and Procedures will prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect its intellectual property rights and/or to enforce its rights under the non-solicitation provision of Section 3.11.1.2.

### 13.2.3 Jurisdiction, Venue, and Choice of Law

Jurisdiction and venue of any matter not subject to arbitration will reside in any state or federal court located in Salt Lake City, Utah, unless the laws of the state or country in which the member resides expressly require otherwise, despite this jurisdiction clause. By signing the Agreement, you consent to jurisdiction within these two forums. The laws of the state of Utah will govern disputes involving the Agreement.

### 13.2.4 Louisiana Residents

Notwithstanding the provisions in Sections 13.2.1, 13.2.2, and 13.2.3, in any dispute between the company and a member who is a resident of the State of Louisiana, such member will be entitled to bring an action against Young Living in their home forum and pursuant to Louisiana law.

### 13.3 Disciplinary Actions

At Young Living's discretion, violation of any of the terms and conditions of the Agreement may result in a hold on your account, which will result in an inability to place orders and earn or receive commission checks. These violations include but are not limited to any illegal, fraudulent, deceptive, unprofessional, or unethical business conduct; non-payment of your account with Young Living; or declination of credit card or ACH authorizations.

After an investigation is confirmed, Young Living may impose any or all of the following sanctions:

- Written warning clarifying the meaning and application of a specific policy or procedure and advising that a continued breach will result in further sanctions;
- Probation, which may include requiring you to take remedial action and will include follow-up monitoring by Young Living to ensure compliance with the Agreement;
- Withdrawal or denial of an award or recognition or restricting participation in Young Living-sponsored events for a specified period of time or until you satisfy certain specified conditions;
- Suspension of certain privileges of sales organization, including, but not limited to, placing a product order, participating in Young Living programs, progressing in the compensation plan, or participating as a member for a specified period of time or until you satisfy certain specified conditions;
- Suspension and/or termination of access to the Virtual Office;
- Withholding commissions or bonuses for a specified period of time or until the member satisfies certain specified conditions;
- Imposing fair and reasonable fines or other penalties in proportion to actual damages incurred by Young Living and as permitted by law;
- Termination of the Agreement and your status as a member; and/or
- Any other measure expressly allowed within any provision of the Agreement or which Young Living deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by a member's policy violation of contractual breach.

During the period that Young Living is investigating any conduct that violates the Agreement, Young Living may withhold all or part of your bonuses and commissions. If your sales organization is involuntarily terminated, you will not be entitled to recover any commissions or bonuses withheld during the investigation period.

In situations deemed appropriate by Young Living, the company may institute legal proceedings for

monetary and/or equitable relief.

### 13.4 Appeals of Disciplinary Action

In the instance that you are subject to a sanction or disciplinary action (other than a suspension pending an investigation), you may appeal the sanction to Young Living. The appeal must be in writing and received by Young Living within 15 days from the date of the disciplinary action. If the appeal is not received within the 15-day period, the sanction will be final. The appeal should be submitted with all supporting documentation. Young Living will review and reconsider the sanction or other disciplinary action, consider other appropriate action, and notify you in writing of its decision.

## SECTION 14: Inactivity, Reactivation, and Cancellation

### 14.1 Inactivity

If you do not meet the personal volume (PV) requirement in any particular month, you will not receive commissions or bonuses for the sales generated through the downline organization. If you do not purchase any products for a period of 12 consecutive months, your account will be deemed inactive, and your existing downline will roll-up to your first active upline member.

### 14.2 Reactivation

If your sales organization is deemed inactive, you may reactivate your member account by contacting the Customer Care Department and purchasing 100 PV in product or by purchasing a Starter Kit or another enrollment kit. You will be placed under your prior sponsor unless you request a new sponsor. If your prior sponsor is inactive, you will be placed under the next active upline member. You will have no claim to downline that was lost when you were dropped for inactivity.

### 14.3 Involuntary Cancellation or Termination

If your account is involuntarily canceled or terminated, you will immediately lose all rights to your downline and to any commissions or bonuses generated thereby,



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including those commissions or bonuses generated during the periods of activity investigated. In this case, you will receive compensation for the last full calendar month in which you were in full compliance with these Policies and Procedures prior to investigation and/or termination of sales organization.

Young Living may also terminate a sales organization at any time and for any reason upon a 30-day written notice.

If your sales organization is terminated, you will be notified by mail, the email on record, or other delivery method calculated to reach you at the address on file. Cancellation is effective on the date on which written notice is issued. Upon receipt of this notice, you must immediately cease representing yourself as a Young Living member and immediately return and delete all intellectual property of Young Living, including Reports and other lists of downline and contact information.

If your sales organization is terminated, you may reapply to become a member 12 calendar months from the date of termination. To reapply, you must submit a letter to the Young Living Member Conduct and Education Department setting forth the reasons why you believe you should be allowed to operate a sales organization. It is within Young Living's sole discretion whether to permit your request.

#### **14.4 Voluntary Cancellation**

You may cancel your Agreement at any time and for any reason. Written notice must be provided to Young Living and must include your signature, printed name, member number, address, PIN, and telephone number. If you voluntarily cancel the Agreement, you may become a retail customer or member under your original sponsor. Additionally, you may reapply to become a member under a new sponsor after six months from your cancellation date.

#### **14.5 Effects of Cancellation**

Upon cancellation or termination, you release all rights to your member benefits, including the downline and all future commissions and bonuses resulting from the downline sales production. Upon termination, Young Living may at its sole discretion retain your sales organization, sell it, roll it up to the next active upline member, or dissolve and remove it from the sponsor's downline.

### **SECTION 15: Miscellaneous**

#### **15.1 Delays**

Young Living is not responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control. This includes, without limitation, acts of God, strikes, labor difficulties, riots, wars, fire, flood, death, curtailment or interruption of a source of supply, government decrees or orders, etc.

#### **15.2 Partial Validity**

If any provision of the Agreement, in its current form or as it may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision will be severed. The remaining terms and conditions will remain in full force and effect and will be construed as if such invalid or unenforceable provision never comprised a part of the Agreement. The Agreement will be interpreted by Young Living in the best furtherance of Young Living's business interests.

#### **15.3 Waiver**

Young Living never forfeits its right to require compliance with the Agreement or with applicable laws and regulations governing business conduct. While Young Living attempts to enforce the Agreement uniformly, failure to enforce any provision of the Agreement against you does not waive Young Living's right to enforce that or other provisions. Only in rare circumstances will a policy be waived, and an authorized agent of Young Living will convey such waivers in writing. The waiver will apply only to that specific case.

#### **15.4 Titles Not Substantive**

The titles and headings to these Policies and Procedures are for reference only and do not constitute and will not be construed as substantive terms of the Agreement.

# EXHIBIT D



U.S. Member Agreement & Essential Rewards Enrollment Form

3125 EXECUTIVE PARKWAY | LEHI, UT 84043 | USA

Application Information

NAME (LAST, FIRST, MIDDLE) (REQUIRED)		SOCIAL SECURITY OR FEDERAL ID NO. (REQUIRED U.S.)	
CO-APPLICANT OR BUSINESS NAME (OPTIONAL)		SOCIAL SECURITY OR FEDERAL ID NO. (REQUIRED U.S.)	
HOME PHONE NO. (REQUIRED)	CELL PHONE NO.	WORK PHONE NO.	FAX NO.
STREET	CITY	STATE/PROVINCE	ZIP/POSTAL CODE
COUNTRY (REQUIRED)		LANGUAGE PREFERENCE (REQUIRED) <input type="checkbox"/> ENGLISH <input type="checkbox"/> SPANISH	
E-MAIL		DATE OF BIRTH	

Shipping Information Same as above ☐

STREET	CITY/STATE/PROVINCE	ZIP/POSTAL CODE	COUNTRY (REQUIRED)
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Account Access Information

PIN (4 DIGITS)	PASSWORD (8–12 CHARACTERS/ALPHANUMERIC)
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Enroller (person responsible for introducing and enrolling you in YL)

Sponsor (direct upline and may also be the same as your enroller)

NAME (LAST, FIRST, MIDDLE) (REQUIRED)	NAME (LAST, FIRST, MIDDLE) (REQUIRED)
MEMBER NO. (REQUIRED)	MEMBER NO. (REQUIRED)

I have read and agree to be bound by the terms and conditions of the Agreement (which includes this Member Agreement, the Policies and Procedures, and the Compensation Plan).

I certify that I am 18 years old and legally able to enter into the Agreement and agree to be bound by and liable to the terms and conditions in this Agreement or I am a minor at least 16 years old and the Co-Applicant is my parent or guardian who has legal authority to consent for me to enter into this Agreement. I the Co-Applicant give my consent to allow the minor to enter into this Agreement and agree to be liable for the minors compliance to the terms listed in the Agreement. I understand that I have the right to terminate my Young Living Member Agreement at any time, with or without reason, by sending written notice to the Company at the above listed address. I understand that I must purchase one of the enrollment options in order to qualify as a member and receive wholesale pricing.

X	DATE
APPLICANT SIGNATURE (REQUIRED)	

X	DATE
CO-APPLICANT SIGNATURE (ONLY REQUIRED IF APPLICATION HAS A CO-APPLICANT)	

You, the buyer, may cancel this transaction at any time prior to midnight of the third business day (5 days if you reside in Alaska; 15 business days if you reside in North Dakota and are 65 or older) after the date of this transaction. See the reverse side of this form for an explanation of this right.

Enrollment Options (select one)

☐ 5463 PREMIUM STARTER KIT W/ DEWDROP \$160 ☐ 5466 PREMIUM STARTER KIT W/ THIEVES \$160 ☐ 5467 PREMIUM STARTER KIT W/ NINGXIA \$170 ☐ 5460 BASIC STARTER KIT \$45

☐ 5468 PREMIUM MILITARY ADDRESS KIT \$160 ☐ 5465 PREMIUM STARTER KIT W/ ARIA \$260 ☐ 5470 PREMIUM STARTER KIT W/ RAINSTONE \$205

Shipping Method

NOTE: Hawaii and Alaska orders add an additional day. Domestic orders are generally shipped within two business days (excluding weekends and holidays). For additional shipping rates, please contact Member Services at 1-800-371-3515. Shipping rates are subject to change without notice.

<input type="checkbox"/> FedEx Ground (Delivery in 5–6 days)	<input type="checkbox"/> FedEx 3–5 Day Service	<input type="checkbox"/> FedEx 2–Day Service	<input type="checkbox"/> FedEx Overnight Service
- \$7.99 1 lb.	- \$10.83 1 lb.	- \$13.88 1 lb.	- \$25.35 1 lb.
- \$8.99 2 lbs.	- \$11.72 2 lbs.	- \$15.28 2 lbs.	- \$27.90 2 lbs.
- \$9.49 3 lbs.	- \$13.49 3 lbs.	- \$17.29 3 lbs.	- \$31.11 3 lbs.

Subtotal	
Applicable Sales Tax	
Shipping + Handling	
Total	

Essential Rewards Program

I would like to take advantage of Young Living's Essential Rewards program. Add the following items to my monthly Essential Rewards order and ship it to me on the date selected.

Essential Rewards Order

Item No.	Description	Qty.	Price	Total

Select order processing day: If available, we will automatically ship your Essential Rewards order every month on the day you select. If that date is unavailable, your order will ship on the next available business day. My signature indicates that I have read and accepted all the terms included in the ER agreement on the back. I would like to receive my products automatically every month. I have indicated items I would like to receive, the processing date, and preferred payment method.

X	DATE	ORDER PROCESSING DATE (1ST – 25TH)
SIGNATURE		

Payment Method (Selected method will be used for enrollment order and/or monthly Essential Rewards orders as applicable.)

SELECT PAYMENT METHOD: ☐ VISA ☐ MC ☐ DISCOVER ☐ AMEX ☐ PERSONAL CHECK (U.S. ONLY) ☐ CERTIFIED CHECK (U.S. FUNDS) ☐ MONEY ORDER (U.S. FUNDS)

<input type="text"/>	<input type="text"/>	<input type="text"/>
CREDIT CARD NO.	EXPIRATION DATE	KEEP CARD ON FILE

X	CREDIT CARD BILLING ADDRESS
CARDHOLDER'S SIGNATURE	

☐ Electronic checking and savings draft (U.S. accounts only)

TRANSFER/ROUTING NO.	CHECKING ACCOUNT NO.	SAVINGS ACCOUNT NO.
BILLING NAME	BILLING PHONE NO.	BILLING ADDRESS

This Member Agreement is between you, the undersigned Applicant, and Young Living Essential Oils, LC, a Utah limited liability company, hereafter known as “Young Living.”

1. Enrolling as a Young Living Member

By completing and submitting this Member Agreement, you hereby apply to be a Young Living member. Young Living accepts this Member Agreement and grants you status as a Young Living member by creating a computer record of your member account. Young Living has the right to reject this Member Agreement for any reason.

To become a Young Living member you must submit this Member Agreement to Young Living within 30 days of your enrollment either through mail, or fax (which must include all parts of this document) or by agreeing to it on the official Young Living website (www.youngliving.com). If you enroll online, you will not need to submit a paper application. While your sponsor may assist you in completing the online enrollment, you must personally review and agree to this Member Agreement; the Young Living Policies and Procedures (hereafter simply “Policies and Procedures”); and the Young Living Compensation Plan, which includes the Young Living Terms and Definitions for the Compensation Plan (the latter two documents are collectively referred to as the “Compensation Plan”).

If this Member Agreement is not received within 30 days of your enrollment, your member account will be placed on hold until this Member Agreement is received. If you fail to submit a completed Member Agreement, for whatever reason, you will consent to the Policies and Procedures and Compensation Plan in their entirety by your participation as a member and by your receipt of member pricing on your orders.

By completing and submitting this Member Agreement, you acknowledge and agree that you have not been terminated as Young Living member within the last six month and that you have no financial interest in another members account, unless that interest is permitted under the Policies and Procedures or is approved of in writing by Young Living.

If you are enrolling as a minor or co-signing this Member Agreement as a parent or guardian of a minor that is at least 16 years of age, you acknowledge that the minor will be required to re-sign the Member Agreement within three (3) months of their 18th birthday or a hold will be placed on the Member account.

2. Member Rights

Subject to Young Living’s acceptance of this Member Agreement, Young Living grants you the right to:

- purchase Young Living products at wholesale prices;
- offer for sale Young Living’s products and services; and
- sponsor new Young Living members, in accordance with terms of the Policies and Procedures.

3. Enrollment Kit

To enroll as a member and receive wholesale pricing, you are required to purchase a Young Living Starter Kit. The Starter Kits contain materials designed to familiarize you with Young Living’s products, services, sales techniques, sales aids, and other training materials. Young Living will repurchase resalable kits from you if you terminate this Member Agreement pursuant to the terms of the Policies and Procedures.

4. Independent Contractor Status

You acknowledge and agree that as a Young Living member you will:

- be an independent contractor, and not an employee, agent, partner, legal representative, or franchisee of Young Living;
- not be treated as an employee for your services or for Federal or State tax purposes;
- have no authority, either expressed or implied, to bind Young Living to any obligation;
- not be granted an exclusive territory, nor required to pay franchise fees;
- be responsible for paying local, state, and federal taxes due from all compensation you earn as a member;
- be responsible for paying the costs of your business including travel, entertainment, office, clerical, legal, equipment, accounting, license fees, insurance premiums, and general expenses, without advances, reimbursements or guarantees from Young Living; and
- be subject to entrepreneurial risk and responsible for all losses that you incur as a member.

Policies and Procedures & Compensation Plan

You acknowledge and agree you have carefully read and agree to comply with the Policies and Procedures and the Compensation Plan, both of which are incorporated into and made a part of this Member Agreement (collectively referred to as the “Agreement”).

You understand and agree that Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living notification or publications distributed to all active members (e.g., e-Blast or e-News) or posted to an official Young Living website. Amendments will not apply retroactively to your actions that occurred prior to the effective date of the amendment. By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make to the Agreement. If you are not willing to accept these changes, you must notify Young Living in writing prior to the change becoming effective. If you continue business, order product, or accept compensation or another benefit pursuant to the Agreement, those actions will constitute your acceptance of the entire amended Agreement.

5. Marketing of Products and Services

You agree to promote the sale of Young Living products in accordance with the terms and conditions outlined in the Policies and Procedures.

You understand and agree that in order to receive compensation based on the Compensation Plan you must meet all requirements outlined in that plan and not be in violation of the terms of the Agreement.

6. Termination

This Member Agreement will be effective until you voluntarily cancel the Agreement, your account becomes inactive, or Young Living terminates your member account, as outlined in the Policies and Procedures.

The Non-Solicitation, Non-Competition, and Confidentiality provisions of the Agreement will survive termination of the Agreement.

7. Assignment

This Member Agreement cannot be sold or assigned without the written approval of Young Living. All permitted successors in interest or assigns must comply with all terms of this Member Agreement. Young Living may assign the Agreement at any time.

8. Indemnification

You agree to indemnify and hold harmless Young Living, its officers, managers, members directors, employees, and agents against any liability, claims, obligations, expenses (including attorney’s fees), or other damages arising out of or in any way related to or connected with, allegedly or otherwise, your activities as a member including, without limitation, any unauthorized representations or claims made by you; breach of the terms of this Agreement; or violation of or failure to comply with any applicable federal, state, or local law or regulation.

9. Jurisdiction and Choice of Law

The Agreement will be interpreted and construed in accordance with the laws of the State of Utah applicable to contracts to be performed therein. Any legal action concerning the Agreement will be brought in the state and federal courts located in Salt Lake City, Utah. Notwithstanding the foregoing, if applicant resides in Louisiana, applicant may bring an action against YL with jurisdiction and venue as provided by Louisiana law.

10. Miscellaneous

In the event any court of competent jurisdiction will declare any portion of the Agreement to be invalid, the remainder of the Agreement will not be invalidated thereby but will remain in full force and effect.

11. Entire Agreement

The Agreement, which may be amended from time to time, constitutes the entire agreement between you and Young Living and supersedes all prior agreements, and no other promises, representations, guarantees, or agreements of any kind will be valid unless in writing and signed by both parties. Only an instrument in writing signed by all parties may modify this Agreement unless otherwise provided for in this Agreement.

12. Remedies for Breach

You agree that any breach by you of the Agreement will immediately and irreparably harm Young Living and cannot be made whole solely by monetary damages. You agree that the remedy at law for any breach of any provision of the Agreement will be inadequate; and that in addition to any other remedies, in law or in equity it may have, Young Living will be entitled, without the necessity of proving actual damages, to temporary and permanent injunctive relief to prevent the breach of any provision of the Agreement and/or to compel specific performance of the Agreement.

Essential Rewards Agreement

This Essential Rewards Agreement is between you, the undersigned Applicant, and Young Living Essential Oils, LC (“Young Living”). By signing this agreement, you agree to the following:

- 1. Enrollment.** You may enroll in the Essential Rewards program online at www.youngliving.com or by contacting the Member Services Department using the contact information listed below. If you enroll over the phone, you must send a copy of this agreement to Member Services within 30 days of your enrollment. Failure to do so may result in the cancellation of your Essential Rewards membership and this agreement.

Member Services  
Address: 3125 W. Executive Parkway, Lehi, UT 84043  
Phone: 801.371.3515 | Fax: 866.203.5666
- 2. Monthly Ordering.** You agree to place a minimum order of 50 PV (personal volume) in Young Living products to be sent to you or a Young Living Will Call location for pickup each month. Essential Rewards orders will replace any existing monthly order placed on your account. The products that you select will continue to be sent to the address listed every month as you have indicated, unless you make changes to your product selection via the Young Living Virtual Office at www.youngliving.org or by calling Member Services.
- 3. Reduced Shipping.** Essential Rewards members get reduced shipping rates. Current Essential Rewards order shipping prices are maintained on the Virtual Office at www.youngliving.org. Shipping rates and discounts are subject to change without notice.
- 4. Essential Rewards Points.** Each month in which you purchase at least 50 PV of product via the Essential Rewards program, you will receive Essential Rewards points (herein “Points”). Points are awarded based on the amount of PV of your Essential Rewards order and the number of months that you have consecutively participated in the Essential Rewards program, based on the following schedule:

a. First six consecutive months of participation: 10% of Essential Rewards order’s PV

b. Second six consecutive months of participation: 15% of Essential Rewards order’s PV

c. Thirteenth month and beyond: 20% of Essential Rewards order’s PV

Young Living, in its sole discretion, reserves the right to modify the point calculation schedule without notice and for any reason. A current version of the point calculation schedule is posted on the Young Living Virtual Office.

- 5. Grace Month.** A grace month may be declared if, in a single month, you miss placing an order or if your order’s PV falls below 50 PV. Only one grace month is available in a consecutive twelve-month period. In the month following a grace month, members can begin accumulating points at the same rate as before if they once again place Essential Rewards orders of at least 50 PV. This grace period applies only to Essential Rewards and not to commissions paid under the Young Living Compensation Plan.
- 6. Redeeming Points.** Points are redeemable after two consecutive months of participation and are valid toward full PV products only. Points are generally equal to one wholesale dollar and may not be used toward shipping and taxes. While there is no limit to the number of points that can be earned on a monthly basis, a maximum of 350 points may be redeemed per month. Products purchased with Essential Rewards points are not eligible for personal or organizational volume. Points may be redeemed by contacting Member Services.
- 7. Automatic Payment.** You authorize Young Living Essential Oils to debit your selected payment method to cover your autoshop order, including the ordered products, shipping and handling, and sales tax. You acknowledge that first-time direct-debiting-arrangement (ACH) user’s orders will be held for five days or until payment clears.
- 8. Payment Method.** You agree to provide and maintain a valid method of payment on your member account. Valid payment methods include a Visa, MasterCard, American Express, or Discover card number (along with the card’s expiration date) or the required information to set up an ACH on your personal U.S. checking or savings account on the date identified.
- 9. Product Availability.** Specific products you have chosen to purchase through the Essential Rewards program may become unavailable. In such situations, Young Living will attempt to notify you of the change and will continue to send the remaining items. It is your responsibility to verify that the products in your order are available when shipped. You are responsible for maintaining your qualifying PV.
- 10. Product Pricing.** The price of the specific products you have chosen may change due to reformulations, improvements, or other reasons. When such price changes occur, Young Living will notify you of any pricing changes and, unless directed otherwise, will continue to send the products specified at the new price.
- 11. Order Cancellations and Returns.** Products you returned because of your failure to update your Essential Rewards order will be charged a 25% restocking fee. Cancellation or return of any Essential Rewards order forfeits all unused Essential Rewards points and resets your monthly participation in the program to zero.
- 12. Cancellation.** To voluntarily cancel your Essential Rewards enrollment, you must contact Member Services. If you do not notify Member Services, your Essential Rewards order will continue to be shipped and your payment method charged. Your participation in the Essential Rewards program will be involuntarily cancelled without notice if (a) the credit card to which product purchases have been charged expires, is declined, is cancelled, or is otherwise terminated; or (b) payment via ACH from a U.S. checking or savings account is returned unpaid. Cancellation for any reason forfeits all unused Essential Rewards points and resets your monthly participation in the program to zero.
- 13. Miscellaneous.** In the event any court of competent jurisdiction declares any portion of the Agreement to be invalid, the remainder of the Agreement will not be invalidated thereby but will remain in full force and effect. The Agreement constitutes the entire agreement between you and Young Living and supersedes all prior agreements; and no other promises, representations, guarantees, or agreements of any kind will be valid unless in writing and signed by both parties.

Notice of Right to Cancel

Date of Transaction: \_\_\_\_\_

You may CANCEL this transaction, without any penalty or obligation, within THREE BUSINESS DAYS (FIVE BUSINESS DAYS IN ALASKA AND FIFTEEN BUSINESS DAYS IN NORTH DAKOTA FOR INDIVIDUALS AGE 65 AND OLDER) from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within TEN BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract. To cancel this transaction, mail or deliver a signed and dated copy of this Cancellation Notice or any other written notice to: 3125 West Executive Parkway, Lehi, Utah 84043 NOT LATER THAN MIDNIGHT of the third business day (fifth day if you reside in Alaska; 15th business day if you reside in North Dakota and are 65 or older) following the date set forth above.

I HEREBY CANCEL THIS TRANSACTION.

Buyer’s Signature

Date:

# EXHIBIT E





# U.S. POLICIES *and* PROCEDURES

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# I: INTRODUCTION

## 1.1 WELCOME

Welcome to Young Living! We are pleased that you have chosen to join the world leader in essential oils. We are dedicated to providing you with the very best products and a world-class home-based business.

Leading financial experts and business gurus agree that the home-based business sector is the wave of the future. The time you invest in becoming familiar with the Young Living business opportunity, including these Policies and Procedures, will make a significant difference in your business experience.

In these Policies and Procedures, Young Living Essential Oils, LC is referred to as Young Living; and you, the individual entering the Agreement (as defined below), is referred to as “you.” If you are a member, your personal member account along with the downline that you build is referred to as your sales organization.

The term “Sponsor” refers to a member’s immediate upline member. A member account is referred to as being “active” if the member enrolled as a new member and purchased product within the previous 12 months and is “inactive” if he/she has not.

The term “Enroller” is the Young Living member who enrolls a new member into Young Living. An individual can be enrolled only once in 12 months. If any member does not place a minimum order for 12 consecutive months, that member is considered inactive and deleted from the Young Living database. If an inactive member decides to later join Young Living with a new sponsor, the new sponsor becomes the new enroller and/or sponsor entitled to all enroller bonuses. If a current Young Living member decides to go inactive for six months in order to change a new sponsor in compliance with Young Living Policies and Procedures, the new sponsor cannot become the Enroller. When a member moves to a new downline different from the original downline, the Enroller status/bonus becomes null and void. The Enroller cannot be transferred except within the same downline with the written request of the original Enroller. Any and all changes are subject to Young Living’s approval and discretion.

## 1.2 PURPOSE

The purpose of these Policies and Procedures is:

- To set standards of acceptable business behavior expected of you
- To define your relationship with Young Living, your customers, other members, and professional account customers
- To assist you in building and protecting your Young Living business

## 1.3 POLICIES AND COMPENSATION PLAN INCORPORATED INTO THE MEMBER AGREEMENT

Throughout these Policies and Procedures, whenever the term “Agreement” is used, it refers collectively to your Young Living Member Agreement (or simply “Member Agreement”), these Policies and Procedures, and the Young Living Compensation Plan, which includes the Terms and Definitions for the Compensation Plan (or simply, “Compensation Plan”). These documents are incorporated by reference into the Member Agreement in their current form and as amended by Young Living from time to time. It is your responsibility to read, understand, adhere to, and ensure that you are operating under the most current version of these Policies and Procedures, as found online at [YoungLiving.com](http://YoungLiving.com).

## 1.4 ETHICS

You are required to abide by the following Code of Ethics in the operation of your sales organization and your opportunity to participate in the Young Living business. Violations of the Code of Ethics may result in disciplinary action.

### CODE OF ETHICS

- You will follow the highest standards of honesty, professionalism, and integrity in the development and operation of your sales organization.
- You will give prompt and efficient service to anyone to whom you have introduced Young Living products, as well as to your downline members.
- You will not make negative or disparaging remarks about Young Living, Young Living founders, any Young Living competitor, or their people, products, or organizations.
- You will not engage in activities that may cause losses to Young Living or another Young Living member
- You will perform all duties of a sponsor and a leader as you build your Young Living business, including providing the necessary training and support.

- You will respect the privacy of both your upline and downline members and customers.
- You will not recruit Young Living members to other business opportunities.
- You will abide by all rules, regulations, laws, and ordinances that are applicable to the operation of your sales organization as an independent member.

### 1.5 AMENDMENTS/ACCEPTANCE

Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living publications distributed to all active members (e.g., e-News) or posted on an official Young Living website. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make. If a member is not willing to accept these changes, Young Living must be notified in writing within the 30 days prior to the change being effective. Any continued business, ordering, acceptance of a commission or bonus payout, or any other benefit by a member pursuant to this Agreement constitutes acceptance of this Agreement in whole with any and all amendments.

## 2: BECOMING A MEMBER

### 2.1 REQUIREMENTS TO BECOME A MEMBER

To become a U.S. Young Living member, you must meet the following requirements:

- If you are an individual, be at least 18 years old
- An individual as young as 16 years old (a "Minor") may become a member upon the following conditions: The Minor's parent or guardian must sign the Member Agreement and agree to take full responsibility for the Minor member's account along with the Minor. The Minor will be required to operate the account using a unique form of payment for purchases on the member account (separate from the parent or guardian.) The Minor must also re-sign the Member Agreement when the Minor turns 18 years old. Failure to re-sign within three months of his/her 18th birthday may result in a hold being placed on the Minor's account.
- If you are a business entity, provide a Federal Tax Identification Number (TIN) or Employer Identification Number (EIN).
- Read and agree to these Policies and Procedures and the Compensation Plan.
- Complete, sign, and submit a Member Agreement to Young Living within 30 days of your enrollment.
- Purchase a Young Living Starter Kit.

Young Living reserves the right, in its sole discretion, to reject your Member Agreement for any reason.

### 2.2 MEMBER AGREEMENT

You can submit your Member Agreement through mail, fax, or the Young Living website (YoungLiving.com). This application must be received within 30 days of your enrollment for you to receive member benefits. If the Member Agreement is not received within 30 days, your member account will be placed on hold until the agreement is received.

### 2.3 TELEPHONE ENROLLMENT

You may enroll as a member over the phone. However, you must submit a completed Member Agreement that is received at the Young Living headquarters within 30 days of your telephone registration, as outlined in Section 2.2. If you are a retail customer, you may enroll over the telephone.

### 2.4 WEB APPLICATIONS

If you enroll on the Young Living website or on any Young Living-sponsored replicated website, you will not need to submit a paper application. While your sponsor may assist you in completing the online enrollment as a member, you must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan.

### 2.5 REQUIREMENTS TO BECOME A PROFESSIONAL ACCOUNT CUSTOMER

To become a Young Living professional account customer in the U.S., you must meet the following requirements:

- Provide a Federal Tax Identification Number (TIN) Employer Identification Number (EIN), or valid Social Security number (SSN).
- Read and agree to these Policies and Procedures and the Compensation Plan.
- Complete, sign, and submit a Professional Account Agreement to Young Living.
- Complete, sign, and submit a Professional Account Application to Young Living.



Young Living reserves the right, in its sole discretion, to reject your Professional Account Agreement and Professional Account Application for any reason.

## 3: OPERATING YOUR SALES ORGANIZATION

### 3.1 INDEPENDENT CONTRACTOR STATUS

As a Young Living member, you are an independent sales contractor and are not a purchaser of a franchise or business opportunity. The agreement between you and Young Living does not create an employer/employee relationship, agency, partnership, or joint venture. You will not be treated as an employee for your services or for Federal or State tax purposes. You are responsible for paying local, state, and federal taxes due from all compensation earned as a member. You have no authority (expressed or implied) to bind Young Living to any obligation. You are encouraged to establish your own goals, hours, and methods of sale, as long as you comply with applicable laws and the terms and conditions of the Agreement.

### 3.2 RETAIL CUSTOMERS, PROFESSIONAL ACCOUNT CUSTOMERS, AND MEMBERS

Individuals may join Young Living as retail customers, members, and professional account customers.

Retail customers can purchase product directly from Young Living for personal consumption but do not participate in the Young Living member organization or Compensation Plan. Retail customers are not required to sign a Member Agreement. Retail customers purchase products at the published retail price. Retail customers' purchases apply toward their sponsor's Organization Group Volume (OGV). Thus, orders placed by any retail customers will be included in the total sales volume for their sponsor's sales organization. A retail customer may become a member at any time by completing the requirements outlined in Section 2.1.

Members purchase product from Young Living at the published wholesale price and have the potential of earning commissions and bonuses based on qualification and achievement rank, as outlined in the Compensation Plan.

Professional account customers operate a business that uses Young Living products or sell Young Living products in a retail establishment focused on nutrition, wellness, or healthy living (and which, in Young Living's sole discretion, is not large enough to be considered a regional or national chain). Examples of professional account customers include, but are not limited to, colleges, hospitals, hotels, spas, gyms, dental and doctor offices, day care facilities, massage schools, nursing homes, long-term care facilities, pharmacies, health care providers, and nutrition stores. Professional account customers purchase product from Young Living at a discounted price and have a reduced PV. If a professional account customer is sponsored by a member, that account will be placed in that sponsor's downline; and the PV from purchases made by the professional account customer will be counted toward the sponsor's PGV, OGV, rank qualification, and commission under the Compensation Plan. Professional account customers cannot develop a downline organization, qualify for commissions under the Compensation Plan, or participate in the Essential Rewards Autoship Program. Please contact [professional@YoungLiving.com](mailto:professional@YoungLiving.com) for an application or for additional information. The following provisions of these Policies and Procedures do not apply to professional account customers: Section 3.7 (Sale, Transfer, or Assignment), Section 3.7.1 (Succession), Section 3.8 (Separation of a Young Living Business), 3.11.2 (Noncompetition), Section 4.1 - 4.3 and 4.5 (Sponsor's Responsibilities), Section 7 (Commissions), Section 8.2 (Essential Rewards Autoship), and Section 12.2 (Downline Genealogy Reports).

A member may convert his/her member account to a professional account customer by applying to become a professional account customer, as outlined in Section 2.5, and by transferring any existing downline organization or allowing that downline organization to roll up. No changes of sponsorship can take place when converting between a member and a professional account customer.

If a member has an interest in a professional account, the professional account will be deemed a sister account to the member's account, being located in the same leg with the member's account on the member's frontline. PV from purchases made through the sister professional account will be added only to the member's PGV, OGV, rank qualification, and commission under the Compensation Plan at a rate of 50%. Commissions and/or bonuses will not be paid to the professional account. Volume from a professional account leg will not count as a qualifying leg for the member. If multiple members have an interest in a professional account, the professional account must be assigned as a sister account to one and only one of the members' accounts. Members and professional account customers are responsible to inform Young Living if they have an interest in both a member account and a professional account. Failure to do so may result in disciplinary action pursuant to Section 13.3.

### 3.3 SAME HOUSEHOLD SALES ORGANIZATIONS AND DUPLICATE ACCOUNTS

A member may operate or have an interest, legal or equitable, in only one member account. If Young Living finds that a member has an interest in multiple accounts, it will terminate the duplicate account(s), leaving only the member account created first. You are specifically prohibited from creating duplicate accounts in an attempt to change lines of sponsorship, manipulate the Compensation Plan, or circumvent the Agreement in any way.

If you have a spouse (under either state or common law), your spouse may become a co-applicant on your account but may not have a separate account unless you were both members before you were married, in which case you may do one of the following: combine your accounts and sales organization (this option is available only if one spouse has sponsored the other), sell one of your organizations, terminate one of your sales organizations, or maintain separate Young Living sales organizations. If you choose to maintain separate accounts and your account later goes inactive, you will not be able to reactivate it if your spouse's account is still active. The joint sales organization will be treated as a joint tenancy with rights of survivorship.

If you are a minor who is at least 16 years of age or older, you must submit a hardcopy distributor agreement signed by you and by your parent or legal guardian. Your parent or legal guardian will be required to supervise your activities. If your parent or legal guardian is a member, then

- Your membership is considered a second account separate from your parent or legal guardian's account;
- Your parent or legal guardian must be your Sponsor; and
- Your parent or legal guardian cannot have a beneficial interest in your member account.

### 3.4 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED PARTIES

If any individual in your immediate household engages in any activity which, if performed by you, would violate any provision of the Agreement, such activity will be deemed a violation by you; and Young Living may take disciplinary action against you pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust, or other entity (collectively "entity") violates the Agreement, such action(s) will be deemed a violation by the entity; and Young Living may take disciplinary action against the entity. Likewise, if a member enrolls in Young Living as an entity, each affiliated party of the entity will be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

### 3.5 ACTIONS OF UPLINE MEMBERS

If any upline member encourages, aids, or supports a downline member in any activity which, if performed by the upline member, would violate any provision of the Agreement (e.g., creating duplicate accounts or cross-line recruiting), such activity will be deemed to be a violation by the upline member; and Young Living may take disciplinary action against that upline member pursuant to these Policies and Procedures. If such violations continue, Young Living reserves the right to terminate the upline member's member account.

### 3.6 CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, AND TRUSTS

A partnership, corporation, limited liability company, or trust may become a Young Living member by submitting to Young Living a partnership agreement, certificate of incorporation, articles/certificate of organization, or trust agreement along with a copy of the state registration form for the entity or a certificate of good standing for the entity issued by the state of incorporation or organization. The registration form or certificate of good standing must indicate the names of all of the shareholders, officers, members, managers, partners, or trustees of the entity ("affiliated parties"), or have such included with the submission to Young Living. The entity must demonstrate that no part or participant within the entity has participation in another sales organization because no individual may participate in more than one sales organization in any form. A member may change status under the same sponsor from individual to partnership or corporation by submitting the appropriate documentation mentioned above.

Young Living reserves the right to approve or disapprove any member's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. In addition, by submitting a copy of the certificate of partnership or incorporation or other substantiating documentation for the entity, it is certifying that no person with an interest in the new business entity has had an interest in another sales organization within six (6) months of the submission of the certificate (unless it is the continuation of an existing sales organization that is changing its form of doing business).

### 3.7 SALE, TRANSFER, OR ASSIGNMENT

You may sell, transfer, or assign (collectively "Transfer") your entire downline organization by submitting a request to Young Living along with a \$50 processing fee. For your request to be granted, the following criteria must be met:

- You and the receiving party must notify Young Living in writing of your intent to sell or transfer the sales organization. This request must be signed and notarized.

- Young Living must approve of the receiving party prior to the Transfer.
- The receiving party must be (or must become) a Young Living member in good standing.
- If the receiving party has an existing downline, he/she must first transfer that sales organization or have a transfer in place and approved by Young Living before accepting the new sales organization.
- Alternatively, the receiving party may choose to cancel his/her existing sales organization and allow that downline to roll up to his/her sponsor, as provided in Section 3.9.
- No changes in your line of sponsorship or your downline can result from the Transfer.
- Before a Transfer will be approved, all debt obligations that you and the receiving party may have with Young Living must be satisfied.
- Before any Transfer will be approved, you and the receiving party must each be in compliance with all the terms of the Agreement.
- The individual, to whom the sales organization is sold and/or transferred, will be expected to meet leadership qualification in order to be eligible for leadership commission payouts.

Young Living reserves the right to approve or disapprove your request to Transfer your sales organization for any reason. You may not Transfer your sales organization to any person or entity without Young Living's written approval.

Young Living does not waive any violations of the Agreement, even though a violation may have occurred under a prior owner of your sales organization. As a new owner of a preexisting sales organization, you may be responsible for violations of the Agreement made by the prior owner in connection with your sales organization. Any action that may be taken on a sales organization with the previous owner under Section 13.3 may carry over to you.

### 3.7.1 SUCCESSION

Upon your death or your incapacitation, the rights to commissions, bonuses, and your sales organization, together with all member responsibilities, may pass to your legal heir(s) or legal representative(s) (collectively "beneficiary") if the terms of succession are met. Your beneficiary must present Young Living with proof of your death or incapacitation, along with appropriate legal documentation and a properly completed Member Agreement. A W-9 form is also required from the new member. If the transfer is approved, the beneficiary will be eligible to collect all future commissions and bonuses of your sales organization provided that he/she meets all of the qualifications necessary under the Compensation Plan. Member accounts acquired under succession will not receive the same recognition benefits of original member account owners who built the original organization; however, the beneficiary may earn recognition benefits as they fulfill the member responsibilities and continue to grow the member organization. If the beneficiary already has an existing sales organization, he/she will be given 90 days to transfer or sell one of the organizations, following the procedure set forth in Section 3.7. Young Living reserves the right to approve or reject a succession transfer.

### 3.8 SEPARATION OF A YOUNG LIVING MEMBER BUSINESS

You may, with others, operate a single sales organization as a husband-wife partnership, regular partnership, corporation, or trust (the latter three entities are collectively referred to herein as "entities"). If your marriage ends in divorce or your entity dissolves, arrangements must immediately 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 business upline or downline of sponsorship. If divorcing spouses or a dissolving business entity fail to provide for the best interests of other members and Young Living, such actions will constitute a breach of the Agreement; and Young Living may terminate the Agreement pursuant to these Policies and Procedures.

During the proceedings of a divorce or entity dissolution, the divorcing spouses or a dissolving business entity must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the business pursuant to a notarized assignment in writing whereby the relinquishing party(ies) authorize(s) Young Living to deal directly and solely with the other party(ies). A notarized request from the person being removed is required. A new Member Agreement and W-9 form are required from the person remaining on the account.
- The parties may continue to operate the sales organization jointly on a "business-as-usual" basis, whereupon all compensation paid by Young Living will be paid in the joint names of the members or in the name of the entity to be divided, as the parties may independently agree among themselves.
- The parties may operate the business pursuant to a court order involving parties.
- If one of these requirements is not met, Young Living will maintain the status quo as to how commissions are paid.

Young Living will not divide your sales organization with a divorcing spouse or with affiliate parties of a dissolving business. Similarly, Young Living will not split your commission or bonus checks between you and a divorcing spouse or affiliate parties of a dissolving entity. Young Living will recognize only one sales organization and will issue only one commission check per sales organization per commission cycle. Commission checks will always be issued to the same individual or entity, unless all parties to a sales organization

agree that commissions will be due and paid to another party or by order of a court having jurisdiction over Young Living. If you have completely relinquished all of your rights as a former spouse or a former affiliate party to a sales organization, you are free to enroll as a new member under any sponsor of your choosing. However, in such case you will have no rights to any members or customers from your former sales organization. In that instance, you must develop the new business in the same manner as would any other new member.

### 3.9 ROLL UP OF MARKETING ORGANIZATION

When a vacancy occurs in the Young Living member organization due to the cancellation or termination of a member account, each member in the first level immediately below the terminated member on the date of the cancellation will "roll up," which means to move to the first level ("front line") of the terminated member's sponsor. For example, A sponsors B, and B sponsors C1, C2, and C3. If B terminates her business, then C1, C2, and C3 will roll up to A and become part of A's first level. Young Living also reserves the right, in its sole discretion, to sell the sales organization that has been canceled or terminated for inappropriate behavior.

### 3.10 TAXES

You are responsible for complying with the tax laws in the jurisdiction where you reside. In the United States, you are responsible for paying local, state, and federal income taxes on any earnings generated through your sales organization. In order to assist you with your tax reporting, as you earn income and are paid over \$600 in commissions, Young Living will automatically withhold 28% income tax from your commission check for backup withholdings until you provide Young Living with a valid Social Security Number (SSN), Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Individual Taxpayer Identification Number (ITIN) for tax reporting purposes. If you do not submit a valid SSN or TIN, you will be subject to backup withholdings, possible processing fees, customer status change, and will be required to submit a W-9 form or other tax documentation. Any fines or penalties incurred by Young Living because of an incorrect SSN, TIN, or name will be your responsibility; and you agree to reimburse Young Living for these costs. Every year, Young Living will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to you if you are a U.S. resident who falls into one of the following categories:

- Had earnings over \$600 in the previous calendar year
- Made purchases during the previous tax year (December to November) in excess of \$5,000

Retail customers are not required to provide any tax information.

Changes to a SSN, TIN, EIN, or ITIN must be received via a completed W-9 form. The name and TIN on a member's account must match IRS records. These forms must match the signature of the owner on the account. For tax reporting purposes, changes to these numbers will result in issuance of an additional 1099 in the same tax year. No previous 1099s may be reissued under the new SSN or TIN. Earnings made before the change will be reported on the original TIN. Earnings after any change will be recorded on the new TIN.

When a sales organization is owned by two or more individuals, taxes will be reported on the primary member's tax number.

#### 3.10.1 INCOME TAXES

You are responsible for complying with the tax laws in the jurisdiction where you reside. In the United States, you are responsible for paying local, state, and federal income taxes on any earnings generated through your sales organization. In order to assist you with your tax reporting, as you earn income and are paid over \$600 in commissions, Young Living will automatically withhold 28% income tax from your commission check for backup withholdings until you provide Young Living with a valid Social Security Number (SSN), Federal Tax Identification Number (TIN), Employer Identification Number (EIN), or Individual Taxpayer Identification Number (ITIN) for tax reporting purposes. If you do not submit a valid SSN or TIN, you will be subject to backup withholdings, possible processing fees, customer status change, and will be required to submit a W-9 form or other tax documentation. Any fines or penalties incurred by Young Living because of an incorrect SSN, TIN, or name will be your responsibility; and you agree to reimburse Young Living for these costs. Every year, Young Living will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to you if you are a U.S. resident who falls into one of the following categories:

- Had earnings over \$600 in the previous calendar year
- Made purchases during the previous tax year (December to November) in excess of \$5,000

Retail customers are not required to provide any tax information.

Changes to a SSN, TIN, EIN, or ITIN must be received via a completed W-9 form. The name and TIN on a member's account must match IRS records. These forms must match the signature of the owner on the account. For tax reporting purposes, changes to these numbers will result in issuance of an additional 1099 in the same tax year. No previous 1099s may be reissued under the new SSN or



TIN. Earnings made before the change will be reported on the original TIN. Earnings after any change will be recorded on the new TIN.

When a sales organization is owned by two or more individuals, taxes will be reported on the primary member's tax number.

### 3.10.2 SALES TAXES

Young Living is required to collect and remit sales taxes on your behalf based on the published retail price of the product and according to tax rates of the state in the "ship to" address on any given order. Moreover, Young Living may be required by other countries to collect value added taxes, customs fees, or duties. You will be required to cover these additional fees.

If you have a physical business location within the United States where you are retailing product, as outlined in Section 5.11, you can apply for sales tax exemption. Members may review the Member Sales Tax Exemption Information located on the Member Resource page of the Virtual Office for specific instructions and documentation on how to apply for this exemption. Professional account customers should contact professional@YoungLiving.com for these instructions and documents. Young Living reserves the right to verify the validity of any documents and evidence that you submit in applying for this exemption. If you are approved for sales tax exemption, you will be solely responsible for collecting and remitting sales taxes to the appropriate jurisdictional authorities. Any questions concerning retail sales tax requirements should be directed to your tax advisor.

## 3.11 DECEPTIVE PRACTICES

### 3.11.1 UNAUTHORIZED RECRUITING

#### 3.11.1.1 RECRUITING

During your membership with Young Living and after your membership has terminated, you may engage in other noncompeting business ventures; however, you may not take advantage of your knowledge of, or association with, other Young Living members, including your knowledge resulting from or relating to your upline and downline in order to promote and expand such other business ventures. Such conduct constitutes an unwarranted and unreasonable interference with the business of other members and Young Living.

#### 3.11.1.2 NON-SOLICITATION

During the term of the Agreement, and for a period of six (6) months after the cancellation, expiration, or termination by either party for any reason of the Agreement, you agree not to solicit, directly or indirectly, other Young Living members who you did not personally enroll or sponsor; to sell, offer to sell, promote, or market other products, services, or business opportunities, investments, securities, or loans not offered or marketed by, or affiliated with, Young Living; or take any action that would cause the termination or curtailment of the business relationship between Young Living and such a Young Living member.

The term "solicit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, inducement of, or effort to influence in any other way, either directly, indirectly, or through a third party, another Young Living member to enroll or participate in another multilevel marketing, network marketing, or direct sales company, network, business, or opportunity.

### 3.11.2 NONCOMPETITION

If, during the term of the Agreement, you engage in a non-Young Living direct selling program, you will ensure that you operate your sales organization separately and apart from your non-Young Living program. To that end:

- You may not display Young Living promotional materials, sales aids, products, or services ("Promotional Materials") with or in the same location as any non-Young Living Promotional Materials (related to another direct selling program or its products), or in any manner or format that enables a viewer to contemporaneously view Young Living Promotional Material and non-Young Living Promotional Material. For example, you may not present Young Living Promotional Material and non-Young Living Promotional Material on or in the same website, blog, tweet, post, text, brochure, or other printed marketing material, signage, or electronic or other communication.
- You may not offer Young Living programs, opportunities, products, or services to prospective or existing Young Living customers or members in conjunction with any non-Young Living programs, opportunities, products, or services.
- You may not offer any non-Young Living programs, opportunities, products, or services at any Young Living-related meeting, seminar, convention, webinar, teleconference, or other event.

Notwithstanding the foregoing, during the term of the Agreement and for a period of six (6) months after the cancellation, expiration, or termination by either party for any reason of the Agreement, you agree not to directly or indirectly serve in any capacity as a member, representative, consultant, employee, agent, officer, director, shareholder, partner, member, or owner of or with another



multilevel marketing, network marketing or direct sales company, network, business, or opportunity that promotes, sells, markets, or distributes Essential Oil as a wellness, health, beauty, nutritional, or life-style product or that engages in any business competitive to Young Living in any city, county, state, region, country, or other recognized geographic area where Young Living does business. The term "Essential Oil" will mean an extract, distillation, or derivative, in any amount, of any herb or plant grown, harvested, processed, promoted, identified as a future Young Living product, marketed, or sold by Young Living during the term of the Agreement.

You agree that Young Living has a protectable interest in its goodwill, confidential information, and trade secret information. You further acknowledge that any breach of your obligations under Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement would cause immediate and irreparable harm to Young Living for which monetary damages and other legal remedies could not adequately compensate. You further acknowledge that the restrictions set forth in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are reasonable and restrict your conduct only to the extent necessary to protect, maintain, and preserve Young Living's business interests. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement and that the enforcement of these provisions will cause no undue hardship to you. If any restriction contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are deemed to be unenforceable by a court of competent jurisdiction, you agree that such court may modify and enforce such restrictions to the extent it believes to be reasonable under the circumstances existing at that time.

### **3.11.3 TARGETING OTHER DIRECT SELLERS**

Young Living does not condone members specifically or consciously targeting the sales force of another direct sales company to sell Young Living products or to become members for Young Living. Nor does Young Living condone the 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 you engage in such activity, you bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against you alleging that you have engaged in inappropriate recruiting activity of its sales force or customers, Young Living will not pay any of your defense costs or legal fees, nor will Young Living indemnify you for any judgment, award, or settlement.

### **3.11.4 CROSS-LINE RECRUITING**

Actual or attempted cross-line recruiting or sponsoring is strictly prohibited. "Cross-line recruiting" is defined as the enrollment, indirect or otherwise, of an individual or entity that already has a current membership with Young Living, or who has had an Agreement within the preceding six (6) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs (Doing Business As), assumed names, corporations, trusts, Federal Tax Identification Numbers, or fictitious identification numbers to circumvent this policy is strictly prohibited.

You may not demean, discredit, or defame another Young Living member, especially in an attempt to entice another member to become part of your marketing organization. Young Living reserves the right to terminate your sales organization for failure to comply with this policy.

### **3.11.5 BONUS BUYING, FRONT-END LOADING, AND STACKING**

Bonus buying and stacking are material breaches of these Policies and Procedures and are strictly and absolutely prohibited, and may result in the termination of your membership.

"Bonus buying" includes (a) the enrollment of members without their knowledge of or execution of the Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a member or customer; (c) the enrollment or attempted enrollment of nonexistent individuals or entities as members or customers (phantoms); or (d) the use of a credit card by or on behalf of a member or customer when the member or customer is not the account holder of such credit card without written authorization.

The term "stacking" means: (a) the failure to transmit to Young Living, or the holding of a Member Agreement, in excess of two (2) business days after its execution; (b) the manipulation of Member Agreements for the purpose of maximizing compensation pursuant to the Compensation Plan; (c) providing financial assistance to members, buying products, or drop shipping through another's account for the purpose of increasing the payout of your sales organization.

### **3.12 INTERNATIONAL**

Compliance with foreign laws regarding intellectual property, customs, taxation, literature content, and other direct selling guidelines is critical to successful international expansion of Young Living into new markets. Consequently, you are authorized to market and sell Young Living products and services and to recruit and sponsor other members only in countries in which Young Living is authorized to conduct business, as listed in official Young Living literature. Unauthorized premarket opening activity may jeopardize Young Living's ability to enter a new market and may result in loss of opportunity for many other members. Because of the severe possible consequences, those who engage in unauthorized premarket opening activity will be subject to disciplinary measures, possibly leading

to termination. You are not authorized to register product, trade names, trademarks, patents, web domains, or IP addresses in any country for or on behalf of Young Living.

You agree to indemnify Young Living for any such activity of yours that damages Young Living, including, but not limited to, loss of profit, loss of goodwill, any damages, and reasonable attorneys' fees.

If you want to sponsor members in a country officially recognized as open, you must do all of the following:

- Be in good standing in the country of residence.
- Read, understand, and agree to follow the Young Living Policies and Procedures in place for that country.
- Agree to follow all applicable laws of that country.
- Agree to any tax withholdings that may be required for that country.

Members may sponsor and/or enroll members globally; however, members may only market and sell products in countries that are legally registered with the government for business activity. Only products that have been registered for sell in that same country may be promoted and sold. Members may not import products into any country that is not legally importable or saleable. You agree to follow all laws in any country into which you sponsor members, including, but not limited to, all direct selling laws, all solicitation laws, all advertising laws, all claims laws, all tax laws, and any other laws that apply to operating a sales organization in a foreign country.

### 3.12.1 NFR

In some countries, members may purchase Young Living products on a not-for-resale (NFR) basis as retail customers. If you purchase NFR products, you may not resell them.

### 3.12.2 ANTI-BRIBERY

You and your agents, employees, or consultants must not pay or give, or offer or promise to pay or give, any money or anything of value to any government official or employee, political party, or candidate for political office (collectively referred to as "Government Recipient")—or to any person, while knowing or having reason to know that all or a portion of such money or thing of value will be paid or given to, or offered or promised to, directly or indirectly, any Government Recipient—for purposes of obtaining an unfair advantage or influencing any act or decision of a Government Recipient or inducing a Government Recipient to use his, her, or its influence with the government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality; and you will cause your employees, officers, agents, and sub-consultants to do likewise.

### 3.13 REPACKAGING AND RELABELING

You may not relabel, alter the labels of, repackage, or refill any Young Living product. Young Living's products must be sold in their original containers only. Young Living strongly recommends that you do not use Young Living products as ingredients in or components of any product for resale. If a member uses Young Living products as an ingredient of any product for resale, the member is strictly prohibited from using Young Living trademarks or logos in conjunction with selling such product. Such relabeling or repackaging could result in severe criminal penalties. Violation of this section may subject a member to disciplinary actions as outlined in Section 13.3. Additionally, you agree to indemnify Young Living against any harm resulting from use of Young Living products as an ingredient and the repackaging or relabeling of any of its products.

### 3.14 CONFIDENTIALITY AGREEMENT

As a member of Young Living, you may be supplied with confidential information such as genealogical and organization reports, customer lists, customer information developed by Young Living or developed for and on behalf of Young Living by members (including, but not limited to, customer and member profiles and product purchase information), member lists, manufacturer and supplier information, business reports, commission or sales reports, marketing strategies and plans, product formulae, product information, and other financial and business information ("Confidential Information").

All Confidential Information (whether in written, oral, or electronic form) is transmitted to you in strictest confidence on a need-to-know basis for use solely in your sales organization for Young Living business purposes only. You shall keep such information confidential and must not disclose any such information to a third party directly or indirectly. You must not use the information to compete with Young Living or for any purpose other than for promoting Young Living's program and its products and services. Upon cancellation, expiration, or termination by either party for any reason of the Agreement, you must discontinue the use of such Confidential Information and destroy or promptly return to Young Living any Confidential Information in your possession. Without limiting your obligations as set forth in this Section 3.14, Young Living may further require a signed nondisclosure agreement before releasing any business information to you.

In the event of the cancellation, expiration, or termination by either party for any reason of the Agreement, the obligations contained in this Section 3.14 survive and are subject to legal enforcement by injunction. You further agree that in the event Young Living prevails

in any legal action to enforce its rights under this Section 3.14, Young Living shall be entitled to all costs and reasonable attorneys' fees incurred in enforcing its rights under this Section 3.14.

### 3.15 REPORTING POLICY VIOLATIONS

You should report any violations of these Policies and Procedures by any member to the Young Living Member Conduct and Education Department by emailing [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com) or calling Member Services at 1-800-371-3515.

### 3.16 AUTHORIZATION TO TRANSFER AND DISCLOSE PERSONAL INFORMATION

In order to provide support for your sales organization, you authorize Young Living to disclose personal and/or confidential information that you have provided Young Living in connection with your sales organization or that you have developed as a result of your activities as a member. You authorize Young Living to transfer and disclose this information to its parent and affiliate companies, to your upline when necessary to ensure proper upline support to you and your sales organization, and to applicable government agencies or regulatory bodies if required by law. You also authorize Young Living to disclose your personal contact information to members of your downline.

You further authorize Young Living to use your personal information for member recognition and marketing materials.

### 3.17 AUTHORIZATION TO TAKE AND USE YOUR PHOTO OR VIDEO

By becoming a member of Young Living, you consent to having your image captured in photographs or videos at various Young Living-sponsored events by Young Living staff and to have those images used by Young Living as they see fit in advertising and marketing materials. You will not be compensated for this usage. If you have a religious or moral objection to having your picture taken or appearing in a video, please notify a member of Young Living's staff at the event where photographs and videos are being taken. The provisions of this section will permanently survive the term of the Agreement.

## 4: SPONSOR'S RESPONSIBILITIES

### 4.1 SPONSORING

Members have the right to sponsor other Young Living members. Each prospective member has the ultimate right to choose his/her own sponsor. If two members claim to be the sponsor of the same new member or customer, the new member has the right to choose between the two within the first twenty (20) days. After that time, Young Living will regard the first application received by Young Living as binding.

When sponsoring a new member, you must provide the most current version of these Policies and Procedures and the Compensation Plan before he/she signs a Member Agreement or ensure that such individual has online access to these materials.

### 4.2 SPONSORING ONLINE

When sponsoring a new member through the online enrollment process, you may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan. You may not fill out the online application and Agreement.

### 4.3 ONGOING SUPERVISION, TRAINING, AND SALES

As a sponsor, you are expected to train, supervise, and communicate with your downline through letters, newsletters, meetings, telephone contacts, voice mail, email, trainings, and by accompanying enrollees to Young Living's training meetings. If you feel you are not getting the necessary level of support from your sponsor, you are encouraged to consult with your next upline leader or call Member Services at 1-800-371- 3515. As a sponsor, you also agree to make your contact information (telephone number/email address) available to his/her downline for training and support purposes.

You should monitor the members in your downline to ensure that they do not make improper product or business claims or engage in any illegal or inappropriate conduct that violates the Agreement.

As you progress through the various levels of leadership, you will become more experienced in sales techniques, product knowledge, and understanding of the Young Living program. In that event, you may be called upon to share this knowledge with lesser experienced members within your downline.

Regardless of your level of achievement, you have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing your existing customers. To qualify for full and complete leadership bonuses, all ranked members are required to communicate with everyone in their downline at least every three (3) months through email or social media.

#### 4.4 NON-DISPARAGEMENT

In setting the proper example for your downline, you must not disparage, slander, or defame other Young Living members, Young Living products, the Compensation Plan, Young Living employees, or Young Living founders. Such disparagement constitutes a material breach of these Policies and Procedures and may result in termination of your sales organization.

#### 4.5 PRIVACY

You must take appropriate steps to safeguard and protect all private information provided to you by members in the operation of your sales organization.

## 5: ADVERTISING

### 5.1 USE OF YOUNG LIVING MATERIALS

To prevent inadvertent errors or illegal claims, you should strive to use the current Young Living literature for advertising and describing Young Living's products or programs. The materials must be used in context so as not to be misleading.

All Young Living materials—whether printed, on video or DVD, produced by sound recording, or any other electronic format—are copyrighted. You may reproduce these materials for use in developing your own advertising materials that you use in connection with the development of your Young Living business and that of your downline. You may not, however, use these materials in connection with any business activity outside of the scope of your membership.

There is no recording permitted during any Young Living convention or meeting. Anyone found recording the Young Living convention or any other Young Living meeting will be removed and subject to disciplinary action, and the recording will be confiscated. Additionally, production or distribution of a member's notes from any Young Living event is prohibited.

### 5.2 MEMBER-DEVELOPED ADVERTISING MATERIALS AND PRODUCTS

If you choose to produce or use advertising materials that were not developed by Young Living, you must clearly identify that the material is from an "Independent Member" or "Independent Distributor" and not Young Living. You should not use Young Living logos or trademarks without written authorization, with the exception of any logos provided specifically for members on the Virtual Office. Professional account customers may use only logos prepared and authorized for professional account customers.

Any use of advertising materials not produced by Young Living must be compliant with all applicable laws and these Policies and Procedures—particularly Section 5.3. Such material must be produced in a professional and tasteful manner. Material must not be used that reflects poorly upon Young Living. Violations may subject a member to disciplinary actions as outlined in Section 13.3.

You and any company that you have an ownership interest in are not permitted to use Young Living trademarks, copyrights, or other intellectual property on marketing materials (including physical or electronic), essential oil accessories, software, branded merchandise, or other products that you sell to others (including other Young Living members), unless you first acquire a license from Young Living. Violation of this policy may result in legal liability and disciplinary action, as outlined in Section 13.3.

### 5.3 ADVERTISING CLAIMS AND REPRESENTATION

#### 5.3.1 PRODUCT CLAIMS

You are prohibited from making inaccurate and impermissible claims about any Young Living products. In particular, you must not make any claim that Young Living products are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease. You must also avoid making any statements and claims that are false or misleading concerning Young Living's products. You must comply with all laws, both state and federal, regarding any statements made.

You also must not diagnose any disease or disease condition or prescribe any Young Living product unless you are a licensed medical professional authorized to do so. Anyone improperly diagnosing or prescribing Young Living products may jeopardize the future of

Young Living and all of its members and may therefore have his/her sales organization terminated.

### 5.3.2 INCOME CLAIMS

You are prohibited from making any income projections to prospective members that may create false or misleading expectations. In their enthusiasm, some members are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counterproductive since new members may be disappointed if their results do not meet their expectations. The income potential of a Young Living member is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.

Young Living has prepared an Income Disclosure Statement (IDS) designed to convey truthful, timely, and comprehensive information about the income that its members have earned. A copy of the IDS is available online at [YoungLiving.com/IDS](http://YoungLiving.com/IDS). Any time that you present or discuss the Compensation Plan or make any type of income or earning representation about the Compensation Plan, you must provide any prospective members with a copy of the IDS. Income and earning representations include:

- Claims of actual, average, or projected earnings under the Compensation Plan
- Income testimonials
- Claims about achieving an improved lifestyle (e.g., claims about affording large homes, luxury cars, and exotic vacations)
- Hypothetical examples of earnings under the Compensation Plan

In any nonpublic meeting (e.g., a home meeting, one-on-one regardless of venue) with a prospective member(s) in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective member with a copy of the IDS. You must also display at least one 3-foot x 5-foot poster board in the front of the room in reasonably close proximity to the presenter(s) and/or continuously display a slide of the IDS throughout the duration of the Compensation Plan discussion or while making an income claim in any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.).

### 5.3.3 COMPENSATION PLAN CLAIMS

When presenting or discussing the Compensation Plan, you must make it clear to prospective members that financial success with Young Living requires commitment, effort, and sales skill. Conversely, you must never represent that individuals can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- It's a turnkey system.
- The system will do the work for you.
- Just get in and your downline will build through spillover.
- Just join and I will build your downline for you.
- The company does all the work for you.
- You don't have to sell anything.
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospective member to believe that he or she can be successful as a Young Living member without commitment of time and work effort.

### 5.3.4 GOVERNMENTAL APPROVAL OR ENDORSEMENT

State and federal regulatory agencies and officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, you may not represent or imply that Young Living or its Compensation Plan have been "approved," "endorsed," or otherwise sanctioned by any government agency.

### 5.3.5 INDEMNIFICATION FOR UNLAWFUL ADVERTISING STATEMENTS

You are fully responsible for all verbal and written statements you make regarding Young Living products, services, and the Compensation Plan that are not expressly contained in official Young Living materials. You agree to indemnify Young Living and Young Living's directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living from any liability arising from or related to your actions in the promotion and operation of your sales organization. This provision will survive the termination of the Agreement.

### 5.4 TESTIMONIALS AND MEETINGS

At member-sponsored meetings, members should not arrange for a disease-cure, disease-prevention, or disease-treatment



testimonial, as described in Section 5.3. Nor should any disease-cure, disease-prevention, or disease-treatment testimonial be given at any such meeting. If there is an impromptu disease-cure, disease-prevention, or disease-treatment testimonial from someone, the leading member should redirect the discussion by saying something to the effect of, "Young Living supplements are designed to improve nutrition; they are not intended to diagnose, treat, cure, or prevent any disease. However, scientific research has established a connection between nutrition and many disease conditions."

Third-party scientific literature that is compliant with local, state, and federal law may be distributed at a meeting but must be placed separate and apart from promotional material.

## 5.5 TRADEMARKS AND COPYRIGHTS

The name of Young Living, Young Living Essential Oils, Young Living Lavender Farms, or any other names that may be adopted by Young Living, such as trade names, trademarks, logos, slogans of Young Living, and the web address or URL (or any names that are confusingly similar) are proprietary to Young Living and of great value. You must obtain written permission before using any Young Living logo (other than the Independent Member logo) or trademark.

## 5.6 DOMAIN NAMES AND EMAIL ADDRESSES

You may not use, register, or own any Internet domain name either in the U.S. or abroad that includes any of Young Living's trade names, trademarks, service names, service marks, product names, company names, or any derivative thereof. Nor may you incorporate or attempt to incorporate any of Young Living's trade names, trademarks, service names, service marks, product names, the company names, or any derivative thereof into any email address. In accordance with this policy, all existing member-owned domain names that violate this provision will be expected to be brought into conformance within three months of notification of a violation by Young Living. In limited circumstances, an infringing domain name or email address registration may be allowed to exist upon the signing of an annual trademark license agreement with Young Living, which will also carry a license fee. Such license agreements may be offered, withdrawn, or modified by Young Living at its own discretion at any time, and those members with nonconforming domain name registrations who do not make such an agreement with Young Living will be expected to transfer those registrations to Young Living within the three-month time period noted above.

## 5.7 INTERNET POLICY

Many members will use the Internet to further their businesses using websites, blogs, social media, etc. (collectively "Member Sites"). Member Sites used to promote Young Living, Young Living products, or Young Living events must display a current Young Living Independent Member logo (as described in Section 5.2) in a prominent location. Member Sites must further include the member's member number.

Member Sites may include current product descriptions, photographs, videos, and other media made available to members by Young Living (e.g., through the official Young Living website, the Virtual Office, or the Young Living Flickr® account). These sites may not (a) use Young Living's trade address; (b) make any improper product, income, or compensation plan claims, as outlined in Section 5.3; (c) promote the products or business of any other company; or (d) contain false or misleading information. Members are responsible to ensure that all users of their Member Sites comply with these requirements.

Member Sites may, at Young Living's sole discretion, be monitored by Young Living. Failure to monitor Member Sites for any period of time does not waive Young Living's rights to enforce the provisions of this section.

When using social media, members may not use as their username, account name, or other identifier (collectively "Username"), any of Young Living's trade names or company names, or any other name that may be confused with Young Living Essential Oils or suggest Young Living's sponsorship thereof. Usernames may, however, include the name "Young Living," if they also include "Independent Member" or a similar identifier that effectively distinguishes it from a Young Living corporate account.

## 5.8 INTERNET CLASSIFIED AD SITES, AUCTION SITES, SHOPPING SITES, OR ORDER FULFILLMENT STORES RESTRICTED

As a general rule, members and Professional Accounts may not sell or display Young Living products on any Internet classified ad site (e.g., Craigslist, etc.), auction site, shopping site, or order fulfillment store (e.g., eBay®, Amazon®, OrderDog™.com, Overstock®.com, etc.). Further, members may not (1) enlist or knowingly allow a third party to sell Young Living products on any Internet classified ad site, auction site, shopping site, or order fulfillment store or (2) sell products to a third party that the member has reason to believe will sell such products on any Internet classified ad site, auction site, shopping site, or order fulfillment store. Young Living reserves the right to grant specific permission at Young Living's sole discretion to allow exceptions to this section provided the member has registered the online seller name and member number with Young Living. Members and Professional Accounts may continue to sell Young Living products on their individual URL's and independent distributors' retail sites provided they register their URL with Young

Living and prominently display the independent distributor logo and their member number on the URL.

Young Living reserves the right to strictly prohibit, monitor, charge a fee, and take all enforcement efforts necessary, including, but not limited to, termination of an online seller's member account if the member is in violation of any laws, regulations, and these policies and procedures.

### 5.9 TELEPHONE AND EMAIL SOLICITATION

You may not use Young Living's name or copyrighted materials with automatic calling devices or "boiler room" operations to solicit potential members. In addition, any email messages distributed to solicit for your business must conform to the CAN-SPAM Act and contain appropriate opt-out provisions for the recipient. Failure to opt respondents out of your email may subject you to the disciplinary action outlined in Section 13.3. You may not opt out for another member in your organization.

You may not engage in telemarketing to promote Young Living products or the Young Living opportunity or to solicit potential members. For purposes of this Section, telemarketing refers to placing of one or more outbound telephone calls to an individual without that individual's express prior permission or invitation to call. If you violate this policy, you agree that you will indemnify Young Living and Young Living's directors, officers, members, shareholders, managers, employees, and agents and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living as a result of your telemarketing activities.

### 5.10 YOUNG LIVING PERSONAL WEBSITES

Young Living offers a personalized website to assist in your marketing efforts. You should contact Member Services at 1-800-371-3515 for more details or log in to your Young Living Virtual Office (YoungLiving.org) for more information. You should be advised that by using a Young Living website, your contact information will become available to the public so that they may contact you with questions. Young Living will not be held responsible for any unintended or adverse consequences of this service.

### 5.11 COMMERCIAL OUTLETS

Subject to the provisions of Section 5.12, you may display Young Living products in commercial outlets that, in Young Living's sole discretion, are not large enough to be considered regional or national chains.

### 5.12 MINIMUM ADVERTISED PRICE

You may establish the price at which you resell Young Living products, as long as such sales are within the policies outlined in this Agreement. However, certain advertisements can threaten healthy competition of essential oils and wellness products, can reduce sales of Young Living products, and can cheapen the image that Young Living has worked hard to develop. Advertising with such potential effects is not acceptable to Young Living.

You may not directly or indirectly advertise Young Living products for less than the 10% above the current U.S. wholesale prices (which are kept current on the official Young Living website) in any advertisement or promotional material that appears outside of a retail premises, including, but not limited to, Internet, newspaper, magazines, catalogues, billboards, and direct mail.

Young Living will decide in its sole, unilateral discretion whether media advertising directly or indirectly advertises Young Living products at less than 10% above the current U.S. wholesale price. The following are meant to be nonexhaustive illustrations of advertising violations: bundling and value-added offers, promotion code advertisements that result in lower-than-current U.S. wholesale prices, "add to cart to see pricing," couponing advertisements that result in lower than 10% above U.S. wholesale pricing, and rebate advertisements that result in lower than 10% above U.S. wholesale pricing.

Notwithstanding the policies in this Section 5.12 and Section 3.11.5 of this Agreement, members may offer up to only \$25 in enrollment incentives (e.g. Young Living product credit, gift cards, or a gift), plus additional reference materials as desired as incentives to new enrollees or reactivated members. No other discount, promotion, or monetary incentive can be associated with new enrollees and reactivated members.

Violations of this policy constitute a material breach of the Agreement and will result in disciplinary action under Section 13.3.

### 5.13 TRADE SHOWS AND EXPOSITIONS

Subject to the requirements in this Agreement, you may display and sell Young Living products at trade shows and expositions. All literature displayed at the event must be official Young Living literature, and you must clearly identify yourself as an Independent Distributor or Independent Member.

## 5.14 MEDIA INQUIRIES

Do not attempt to respond to media inquiries regarding Young Living, its products or services, or your sales organization. All inquiries by any type of media must be immediately referred to the Young Living Member Conduct and Education Department. This will ensure that accurate and consistent information reaches the general public.

# 6: SALES REQUIREMENTS

## 6.1 PRODUCT SALES AND SALES RECEIPTS

The Compensation Plan is based upon the sale of Young Living's products and services to end consumers. You must fulfill specified personal and downline sales requirements (as well as meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. The following sales requirements must be satisfied in order for you to be eligible for commissions:

- You agree not to stock excessive inventory and to abide by the 70% rule, which is that 70% of your inventory intended for sale has been sold prior to ordering more. A minimum of 70% of you and your personally enrolled customers' orders must be sold before you purchase additional products. The sales volume of your personally enrolled customers will be included with the sales determining compliance with the 70% requirement. You may not purchase additional product until at least 70% of the previous order has been sold to end consumers. By ordering product, you certify that you have sold or used at least 70% of all prior orders.
- You are required to furnish your customers with two copies of an official Young Living sales receipt, which specifies the date of sale, the amount of sale, and the items purchased. These receipts set forth the Customer Satisfaction Guarantee, as well as any consumer protection rights required by federal or state law. In accordance with such laws, you must verbally inform your customers of their cancellation rights. Additionally, if you sell product inventory to other members, you must provide the purchaser with a sales receipt. The member should maintain copies of all sales receipts for a period of two years and furnish them to Young Living upon request. Young Living will maintain records documenting the purchases of member's customers and direct purchase customers.

## 6.2 NONMEMBERS

You may personally sell Young Living products to nonmembers. Online sales, however, are governed by Section 5.8.

## 6.3 CUSTOMERS AND SALES REQUIREMENTS

Nonmember and customer orders satisfy customer sales requirements.

## 6.4 EXCESSIVE PURCHASES OF INVENTORY PROHIBITED

Members will not encourage their downline or any other member to make unnecessary product purchases that could result in a large stagnant inventory. This is called "front-end loading" or "inventory loading" and refers to the purchase of products that are stored, destroyed, or otherwise disposed of without being consumed, not merely purchased and warehoused. Members and leaders must consume their products or sell their products to people who will consume them. If any member is found to be buying to meet qualifications within the Compensation Plan with no provable business building, Young Living reserves the right to put the member account on hold until it can fully investigate the qualification buying.

# 7: COMMISSIONS AND BONUSES

## 7.1 COMMISSIONS AND BONUS CHECKS

To qualify for commission compensation under the Compensation Plan, you must have purchased product within the last 12 months and be in compliance with the Agreement with no holds on your member account. Commissions will be paid in accordance with the Compensation Plan, the current version of which is available through the Virtual Office (YoungLiving.org). As long as you comply with the terms of the Agreement, Young Living will pay commissions on approximately the 20th of each month for the prior month's sales. Commission amounts under \$25 will not be issued as a check but retained as a credit on account for future product purchases. You may also elect to have commissions paid via direct deposit to a bank account subject to the same rules as above. Direct deposit will be permitted based on policies determined by Young Living. Contact Member Services for more information at 1-800-371-3515.

Leaders will be required to actively meet leadership requirements defined by Young Living to qualify for their commission bonuses. For more information see the Compensation Plan.

## 7.2 RECAP STATEMENTS

You may access detailed commission reports from the Virtual Office at YoungLiving.org. If you do not have Internet access, you may request that the report be faxed or mailed to you for a small fee.

## 7.3 ADJUSTMENTS

You agree that adjustments will be made to your commission check for any processing fees, unpaid balances, or debts owed for other services. When a product is returned to Young Living for a refund or is repurchased by Young Living, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted from any future commission checks, including that of the upline. Any other debt may be offset against commission checks.

In addition, if you fail to properly provide your Social Security Number or Federal Tax Identification Number to Young Living, Young Living will deduct the necessary back-up withholdings from your commission checks as required by law.

## 7.4 DEDUCTIONS/MAINTENANCE FEES

A monthly maintenance fee is assessed each month and is used to cover accounting, processing, account maintenance, and other costs. The fee may be tax deductible, so consult your personal tax advisor for details. A current maintenance fee schedule is posted on the Virtual Office.

## 7.5 ERRORS OR QUESTIONS

You should review your Commission and Bonus Recap statements and report any errors or discrepancies to Young Living within 45 days from the date on the check. Errors or discrepancies that are not brought to Young Living's attention within 45 days will be deemed waived.

## 7.6 COMMISSION AND BONUS CHECKS

Young Living attempts to ensure that checks are sent to the proper address (the address on record with Young Living). If, after 90 days from its issue, a compensation check is not cashed, it will be voided and the amount credited to your account. If left unused for the applicable required statutory period, the credited amount in your account from the voided check will be submitted to the government in the state of your last known address in accordance with applicable unclaimed property laws.

## 7.7 REISSUE REQUESTS

There is a \$35 service charge for reissuing a check. This charge will be deducted from the balance owed to the member.

# 8: ORDERING

## 8.1 ORDERING METHODS

All members may place orders by telephone, fax, mail, website, live chat, or through the Essential Rewards autoship program.

### 8.1.1 PHONE

When ordering, modifying account information, or accessing your account by phone, be prepared to present all information requested on the Young Living order form, including member number and personal identification number (PIN). Live operators are available Monday through Friday from 6 a.m. to midnight, Saturday from 7 a.m. to 5 p.m., and Sunday from 1:30p.m. to midnight, Mountain Time. Hours may be subject to change. For current hours, visit YoungLiving.com and click on the "Contact Us" link. Payments can be made by ACH (U.S. banks only, bank draft), credit card, debit card, or prepaid card.

### 8.1.2 FAX

When ordering by fax, print information legibly on the order form. You must include your member number on the order form along with your contact information. Payments can be made by ACH (U.S. banks only, bank draft) or credit card.

Orders may be faxed to 1-866-203-5666. All item requests must come from the current product catalog.

### 8.1.3 MAIL

When ordering by mail, send completed order form with payment to:

Young Living  
Attn: Order Entry  
3125 West Executive Parkway  
Lehi, UT 84043

Payments may be made by credit card, cashier's check, money order, or personal check (U.S. funds only). Please do not send cash.

### 8.1.4 YOUNG LIVING WEBSITE

The Young Living website makes ordering and accessing information online quick and easy. Available 24 hours a day, 7 days a week, the website allows you to place online orders. You will need your member number and password (which should be kept confidential) to establish a login and security code (four- digit PIN) at YoungLiving.com. You must keep your PIN secure and order only on your own account.

### 8.1.5 LIVE CHAT

Orders may be placed through the live chat service available through the Young Living website.

## 8.2 ESSENTIAL REWARDS AUTOSHIP PROGRAM

The Young Living Essential Rewards Autoship Program enables you to have Young Living products automatically shipped to you each month. Through this program you can earn free products, qualify for members-only specials, and qualify for compensation under the Compensation Plan. You may learn more and sign up for the Essential Rewards Autoship Program in the Virtual Office (YoungLiving.org) or by contacting Member Services at 1-800-371-3515.

It is advised that the Autoship order be set up to be processed between the 1st and 20th of each month. No Autoship ordered will be processed after the 24th of the month. The earlier the order, the easier it is to solve any disputes with the payment and out-of-stock products. Young Living cannot be held responsible for orders that are not processed due to member payment obligation. If certain product are out-of-stock, Young Living will send an alternate product to the member. If the member is not satisfied with the alternative product, the member may return the product pursuant to Young Living's return policy or exchange the product for an item of equal value.

## 8.3 GENERAL ORDERING POLICIES

On mail orders with invalid or incorrect payment types, or anything else that may prevent Young Living from placing the order, Young Living will attempt to contact you by phone or email to correct the order. Young Living will make two attempts to correct the order. If these attempts are unsuccessful after five business days, the order will be cancelled.

For orders to be counted in a given month, they must be received and accepted on or before the last day of the month. Changes made to pending orders that have not yet shipped will keep the original date the order was entered. This may affect commission qualification.

If an item ordered is out of stock or discontinued, Young Living will attempt to contact you by phone or email so that you may select an alternative item, if qualifications are negatively affected. If we are unable to contact you or do not receive a response from you within two business days, Young Living will remove the item and process the order. It is your responsibility to verify that the products in your order are available when shipped.

No COD orders will be accepted.

Payment plans are not allowed when purchasing product. The balance may be paid with different credit cards but must be paid in full before the order will be shipped.

### 8.3.1 BACK ORDERS

Young Living may offer back orders. Back ordered products will be shipped with your next order after the product becomes available. Shipping is charged on all back orders.



### 8.3.2 MONTH-END ORDER PROCESSING CUTOFF

The month-end order processing cutoff is the last calendar day of the month at 11:59 p.m., Mountain Time. Faxed orders must be received by the last day of the month. All mailed-in orders must be post marked by the last day of the month and received within the next three business days of the following month. If not received within the following three business days, the orders will be credited to the following month. All days are considered business days except for Sunday and holidays when the mail is not delivered or when the Young Living office is closed. The fax line and the website are available 7 days a week, 24 hours a day, making it possible to place all orders by the end of the month. Only mail-in orders fall under the three-day business exception.

## 9: SHIPPING

### 9.1 SHIPPING METHODS AND CHARGES

Domestic orders are generally shipped within two business days (excluding weekends and holidays). A packing slip is included in each shipment. It contains the order number, member number and name, product code, product name, price, and the amount and method of payment. Members should keep these packing slips for personal accounting records. Package tracking is available through most major carriers.

### 9.2 SHIPPING DISCREPANCIES

When you receive an order, you should check the products against the packing slip to make certain there is no discrepancy or damage. Please notify Young Living of any shipping discrepancies or damage as soon as possible. Failure to notify Young Living of any shipping discrepancy or damage within five business days of receipt of shipment will forfeit your right to request a correction.

The Return Merchandise Authorization (RMA) number is required for the processing of all shipping discrepancies or damage claims. If the RMA number is not included, Young Living will not process shipping discrepancies, issue credits, or replace damaged products. The RMA is included in each order when packaged for shipping.

To correct any problems you may have encountered with your shipments, please contact Member Services. A Member Services representative will discuss the steps to rectify the situation and issue a Return Merchandise Authorization (RMA) number.

## 10: PAYMENT

### 10.1 METHODS OF PAYMENT

Young Living accepts the following payment methods:

- Credit Cards, Debit Cards, and Prepaid Cards—VISA, MasterCard, American Express, and Discover. Using someone else's credit card without his/her written permission is illegal and may be grounds for termination of your sales organization as well as possible legal action.
- ACH Check Payments—U.S. checking accounts only. The Automatic Clearing
- House (ACH) program authorizes Young Living to draft against a member's bank account for the amount of the order. First-time ACH orders will be held for five days before being shipped.
- Money Orders or Cashier's Checks—U.S. funds (mail-in orders only).
- Personal Checks—U.S. funds (mail-in orders only).

### 10.2 RETURNED CHECKS AND INSUFFICIENT FUNDS

You are responsible to ensure that sufficient funds are available in your account to cover regular orders and Autoship orders. If a personal check or ACH check is returned for non-sufficient funds (NSF), you will not be able to place orders using personal checks or ACH checks until the balance is paid with a credit card or a money order. An NSF check will be sent to a collection service, appropriate processing fees will be charged, and your account will be placed on suspension. Failure to promptly resolve an NSF check may result in legal action and possible termination of your sales organization. Any uncollected amount may be deducted from commissions.

### 10.3 COMMISSION CHECK RELEASE FORM

You may choose to retain your commissions and bonuses (all or in part) in the form of a credit on your Young Living account. This

credit would be used against future product purchases, in accordance with Section 7. A Commission Check Release Form must be received and approved by Young Living before your compensation check can be issued as a credit on account.

## II: PRODUCT RETURNS

### 11.1 RETURN POLICY

Young Living reserves the right to review each return or exchange on a case-by-case basis. Returns will cause promotions, credits, commissions, and bonuses to be adjusted or reversed, both for the person making the return and for any upline members who received compensation on such purchases.

#### 11.1.1 RETURN GUIDELINES

If you are dissatisfied with any Young Living product, you may return:

- Any unopened product within 30 days after shipment for a full refund in the same method of payment of the purchase price and applicable sales tax (less shipping charges).
- Any opened product within 30 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges).
- Any opened or unopened product up to 90 days after shipment for a credit on your Young Living account of the purchase price and applicable sales tax (less shipping charges and a 10% handling fee). The credit applied for opened product will be based on the percentage of the product returned. For example, if you return 50% of a product, then a credit of 50% (less shipping charges and a 10% handling fee) will be applied to your Young Living account.

If you (as a member or professional account customer) sell product to nonmembers, you are required to provide the same return policy to the nonmember as outlined in this Section 11.1. You are also responsible for returning the product to Young Living within 10 days of receiving the return from the nonmember. Young Living will not provide refunds on or accept returns directly from nonmembers. Excessive returns may be deemed an abuse of Young Living's return policy and may result in suspension of your return privileges and/or sales organization. Damaged or incorrect shipments of products will not be subject to fees

#### 11.1.2 RETURNS OF INVENTORY BY MEMBERS

If you choose to terminate the Agreement, you may return any product inventory or sales aids purchased in the preceding 12 months for a refund if you are unable to sell or use the merchandise. You may return only products and sales aids that are in resalable condition, unless otherwise required by law. Resalable condition is defined as the same unopened condition as it was purchased new. You must return the products to Young Living, prepay the shipping charges, and include a letter explaining that you wish to terminate the Agreement and receive a refund. Upon receipt of the products, you will be reimbursed 90% of the net cost of original purchase price, less shipping charges. Young Living will deduct from the reimbursement any commissions, bonuses, or other incentives received by you as a result of the product you are returning. If your account is terminated, you have 90 days from the date of termination to make arrangements with Young Living regarding the repurchase of all returnable products. You acknowledge that you will be unable to return products more than 90 days from the date of termination.

#### 11.1.3 PRODUCT KITS AND COLLECTIONS

All Young Living product kits and product collections must be sold as a whole unit. Members are prohibited from selling individual items from product kits and product collections separately and promoting such activity within the member's business organization.

Any product kit and/or collection returned to Young Living must be complete; otherwise, the kit and/or collection will not be eligible for an exchange or refund. No individual items from a kit and/or collection will be eligible for a refund.

#### 11.1.4 RETURN OF PROMOTIONAL PRODUCT(S)

For any complimentary item(s) received by the purchaser via a qualifying purchase or through the buy- one-get-one-free promotion or other promotion, returns will be handled as follows:

- If a qualifying purchase is returned in whole or in part and negates your qualification to receive the complimentary promotional item(s), the complimentary item(s) must also be returned, or you will be charged for the free product(s).
- If one of the promotional products is returned, Young Living will not credit the member, as Young Living will assume the returned item(s) is the promotional product(s). If all promotional products are returned, Young Living will credit the member for the product purchased.

### 11.1.5 MONTANA RESIDENTS

Notwithstanding the provisions of Sections 11.1.2 and 11.1.3, if you are a resident of the State of Montana and you cancel the Member Agreement within 15 days of the date of enrollment, you may return the kit to Young Living for a 100% refund.

### 11.2 PROCEDURES FOR RETURNS

The following procedures apply to all returns for refund, repurchase, or exchange:

- The customer or member who purchased it directly from Young Living must return the products.
- The product(s) must be returned in its original container.
- The return must have a Return Merchandise Authorization number (RMA) that may be obtained by calling Member Services at 1-800-371-3515, by emailing [custserv@YoungLiving.com](mailto:custserv@YoungLiving.com), or by submitting the request via Young Living's live chat services. The RMA number must be written on the outside of each package, or the shipment will be returned to the sender.
- All returns must be shipped prepaid to Young Living. Young Living does not accept COD packages.
- If returned product is not received by Young Living's distribution center, it is the responsibility of the member to trace the shipment. Young Living is not liable for items lost or damaged in transit.
- Volume for exchanges will be counted in the month the exchange transaction was made.
- No refund will be made for subsequent returns of the same product, except when the product is damaged or defective.

Credits will be issued when Young Living has processed the return.

## 12: MEMBER ACCOUNT MANAGEMENT

### 12.1 CHANGES TO A MEMBER ACCOUNT

You must immediately notify Young Living of all changes to the information contained on your Member Agreement. You may update your existing information by submitting a written request indicating the changes by email to [custserv@YoungLiving.com](mailto:custserv@YoungLiving.com), by live chat, or by making such changes in the Virtual Office ([YoungLiving.org](http://YoungLiving.org)). The modifications permitted within the scope of this paragraph do not include a change of sponsor or tax information. Sponsors and enrollers are not allowed to request account changes or relay such requests.

#### 12.1.1 SPONSOR CHANGES

To protect the integrity of all marketing organizations and to safeguard the hard work of all members, Young Living strongly discourages changes in sponsorship. Young Living recognizes, however, that there may exist extenuating circumstances that necessitate a change in sponsorship. Therefore, a request for sponsorship change will be considered only under the following circumstances:

- Only one (1) free sponsor/enroller change request can be made within the first twenty (20) calendar days of enrollment with the approval of the member OR current enroller. Sponsor/enroller change requests may be made directly over the phone if within the first five (5) business days of registration. After 5 business days, but within 20 days, the request must be submitted in writing via mail, email, fax, or other method or form required by Young Living. Requests after the initial five (5) days must be submitted via email or other method prescribed by Young Living to [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com). The email and or form must come directly from the new member or the new member's enroller, and must be sent from the email address on file with Young Living. Requests cannot be submitted by another member, even in the form of a forwarded email.
- Sponsor changes must be made prior to the last day of each calendar month to be recognized in that month. If the Sponsor change is submitted on or after the last day of the calendar month but within the 20 days of enrollment, the Sponsor change will not be recognized until the following month. Young Living shall not be responsible for a delay in sponsor change due to the timeliness of the submission of a sponsor change request as outlined herein and within the twenty (20) days. If within the twenty (20) days both the enroller and the downline member submit a request for a sponsor/enroller change, the downline member's request will always take precedence. The member or enroller can contact Member Services to submit the sponsor change request during the twenty (20)-day period.
- Under exceptional extenuating conditions, a member may request a sponsor change after the twenty (20) days of enrollment by completing a Three Active Upline Approved Sponsor Change Request Form and submitting a nonrefundable \$35 processing fee to Young Living via mail at Young Living Essential Oils, LC, Attn: Resolutions, 3125 West Executive Parkway, Lehi, UT 84043; or via email at [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com) or via facsimile at 1-801-418-8800. "Three Active Upline" is defined as the three (3) members in the member's upline that have generated 100 PV actively for six (6) consecutive months. The nonrefundable \$35 processing fee must be paid either by check or credit card and will not be refunded upon a denial of a sponsor change request. Young Living will not consider a sponsor change until it receives all documentation with the required signatures. If one of the

upline members does not respond within a period of sixty (60) days, the member may request to be moved under the sponsor of his/her choice.

- The member must demonstrate that he/she has made a good faith effort to contact all three upline sponsors. The good faith effort will require the member to provide sufficient evidence to prove they have tried for a period of sixty (60) days to contact the upline member via email, certified mail, etc., and the upline member has ignored or has been nonresponsive to the request. If the member cannot provide evidence of a good faith effort, Young Living may deny the request at its sole discretion. If a sponsor change is successful through the Three Active Upline the member's original organization downline will roll up to the next upline and remain in the original genealogy. If there is a dispute concerning a signature of one or more of the Three Active Upline approval, the Conduct and Education team will investigate the approvals, and Young Living may reject the sponsor change request and restore the member to the original sponsor. No enroller changes will be allowed after twenty (20) days of the initial member enrollment.
- Young Living reserves the right to approve and/or deny all sponsor change requests in its sole discretion.
- A member may request a sponsor change if the member's sponsor has not provided support to the member for over a period of two (2) years and the member has filed a grievance with Young Living that includes the following: (1) The sponsor/upline member does not contact the member over the period of two (2) years; (2) the sponsor/upline member does not respond to requests for help; (3) the sponsor/upline member does not offer support, mentoring, business building information, etc. The member must submit the grievance to [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com). Young Living will conduct a full investigation into the grievance; and if the grievance appears substantiated, Young Living may allow the sponsor change. The member requesting the change must pay the nonrefundable \$35 processing fee.
- If the member has not placed an order or generated at least 50 cumulative PV for twelve (12) consecutive months, the member account will be dropped for inactivity around the middle of the following month after twelve (12) months of inactivity. The existing downline will roll up to the next upline and remain in the original genealogy. Upon reactivation of an account terminated for inactivity, the member may sign up under a new sponsor and enroller.

Requests cannot be submitted by another member. Young Living will not approve sponsor change requests that it deems to be intended to manipulate payment under the Compensation Plan and reserves the right to make sponsor changes for any reason at any time and at its sole discretion.

### 12.1.2 WAIVER OF CLAIMS

If you have changed sponsors but did not follow the appropriate procedures, as outlined in Section 12.1.1 and you have developed a downline organization in a sales organization under a new sponsor, Young Living reserves the sole and exclusive right to determine the final placement of your new downline organization.

You waive any and all claims against Young Living, its officers, directors, owners, employees, and agents that relate to or arise from Young Living's decision regarding the disposition of any downline organization that develops below an organization that has improperly changed lines of sponsorship.

### 12.1.3 SPONSOR PLACEMENT PROGRAM

Members who enroll without selecting a sponsor or enroller will be added to Young Living's Placement Program. Through this program, the new member will be assigned a sponsor and an enroller. If a member is placed through this program, the member or his/her assigned enroller may change the new member's sponsor within 20 days, as outlined in Section 12.1.1.

### 12.2 DOWNLINE GENEALOGY REPORTS

Downline Genealogy Reports ("Reports") are optional and may be ordered at any time. Members with a Young Living-sponsored personal website may receive two free emailed downline Reports per month, upon request, with all additional email Reports costing \$5 each. Members who do not have a Young Living-sponsored personal website will pay \$5 for each email Report requested.

Members who wish to have the Report faxed or mailed will pay \$5 for the first 10 pages and 10 cents for each additional page. Young Living reserves the right to modify the charges described in this Section 12.2.

Downline Genealogy Reports constitute Confidential Information as set forth in and subject to Section 3.14 of the Agreement. Without limiting your obligations under Section 3.14 of the Agreement, you may not use Reports for any purpose other than for developing and supporting your sales organization. Specifically, during and after the expiration or termination by either party for any reason of the Agreement, you may not:

- Disclose any information contained in the Reports to any third party
- Use Reports to compete with Young Living in violation of Section 3.11.2 of the Agreement
- Use Reports to solicit any member or customer listed on the Reports or to engage in any conduct prohibited by Section 3.11.1.2 of the Agreement
- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Report

At the expiration or termination by either party for any reason of the Agreement, or upon demand by Young Living, you will return the original and all copies of Reports (including electronic files) to Young Living or destroy all copies in hard-copy, electronic, or other format of any Report in your possession. This Section 12.2 of the Agreement will survive the expiration or termination by either party for any reason of the Agreement.

### 12.3 THE D. GARY YOUNG FOUNDATION: YOUNG LIVING OUTREACH

By enrolling as a Young Living member, you are automatically enrolled as a nonvoting member of The D. Gary Young Foundation: Young Living Outreach. The privileges associated with this class of membership include the invitation to participate (at the member's own expense where applicable) in certain member- participation charitable activities, the right to receive periodic reports of the charitable activities and accomplishments of the foundation, and the invitation to contribute to the foundation for the advancement of its charitable purposes.

## 13: DISPUTE RESOLUTION AND DISCIPLINARY ACTION

### 13.1 DISPUTES WITH OTHER MEMBERS

If you have a grievance or complaint with another member regarding any practice or conduct in relationship to your sales organization, you should first discuss the problem with the other member. If this does not resolve the problem, report the problem to your upline leader who is a Silver or above to resolve the issue at a local level. If the matter cannot be resolved, it may be reported to the Young Living Member Conduct and Education Department in writing via mail, fax, or email at [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com). The complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have firsthand knowledge of the improper conduct.

Upon receipt of a written complaint, the Young Living Member Conduct and Education Department will investigate the matter, review the applicable policies, and render a decision on how the dispute will be resolved. The Member Conduct and Education Department may impose disciplinary sanctions as provided in Section 13.3.

### 13.2 DISPUTES WITH YOUNG LIVING

#### 13.2.1 MEDIATION

Prior to instituting an arbitration with Young Living, as provided in Section 13.2.2 below, you and Young Living (collectively referred to as "parties") will meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through nonbinding mediation. One individual who is mutually acceptable to the parties will be appointed as mediator. The mediation will occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, will be divided equally between the Parties. Each party will pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party will pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation will be held in Salt Lake City, Utah, and will last no more than two business days.

#### 13.2.2 ARBITRATION

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by jury or to any court. The arbitration will be filed with, and administered by, the American Arbitration Association ("AAA") or Judicial Arbitration and Mediation Services ("JAMS") under their respective rules and procedures. The Commercial Arbitration Rules and Mediation Procedures of the AAA are available at the AAA's website at [adr.org](http://adr.org). The Streamlined Arbitration Rules & Procedures of JAMS are available at the JAMS website at [jamsadr.com](http://jamsadr.com). Copies of the AAA's Commercial Arbitration Rules and Mediation Procedures or JAM's Streamlined Arbitration Rules & Procedures will be emailed to members upon request to the Member Conduct and Education Department.

Notwithstanding the rules of the AAA or JAMS, all of the following will apply to all arbitration actions:

- The Federal Rules of Evidence will apply in all cases.
- The parties will be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure.
- The parties will be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure.



- The arbitration will occur within 180 days from the date on which the arbitrator is appointed and will last no more than five business days.
- The parties will be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings will be held in Salt Lake City, Utah. There will be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration will be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate will survive the cancellation or termination of the Agreement.

The parties and the arbitrator will maintain the confidentiality of the entire arbitration process and will not disclose to any person not directly involved in the arbitration process:

- The substance of, or basis for, the controversy, dispute, or claim
- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration
- The terms or amount of any arbitration award
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case

Notwithstanding the foregoing, nothing in these Policies and Procedures will prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction, a permanent injunction, or other relief available to safeguard and protect its intellectual property rights and/or to enforce its rights under the non-solicitation provision of Section 3.11.1.2.

### 13.2.3 JURISDICTION, VENUE, AND CHOICE OF LAW

Jurisdiction and venue of any matter not subject to arbitration will reside in any state or federal court located in Salt Lake City, Utah, unless the laws of the state or country in which the member resides expressly require otherwise, despite this jurisdiction clause. By signing the Agreement, you consent to jurisdiction within these two forums. The laws of the state of Utah will govern disputes involving the Agreement.

### 13.2.4 LOUISIANA RESIDENTS

Notwithstanding the provisions in Sections 13.2.1, 13.2.2, and 13.2.3, in any dispute between the company and a member who is a resident of the State of Louisiana, such member will be entitled to bring an action against Young Living in his/her home forum and pursuant to Louisiana law.

### 13.3 DISCIPLINARY ACTIONS

At Young Living's discretion, violation of any of the terms and conditions of the Agreement may result in a hold on your account, which will result in an inability to place orders and earn or receive commission checks. These violations include, but are not limited to, any illegal, fraudulent, deceptive, unprofessional, or unethical business conduct; nonpayment of your account with Young Living; or declination of credit card or ACH authorizations. After an investigation is confirmed, Young Living may impose any or all of the following sanctions:

- Written warning clarifying the meaning and application of a specific policy or procedure and advising that a continued breach will result in further sanctions
- Probation, which may include requiring you to take remedial action and will include follow-up monitoring by Young Living to ensure compliance with the Agreement
- Withdrawal or denial of an award or recognition or restricting participation in Young Living-sponsored events for a specified period of time or until you satisfy certain specified conditions
- Suspension of certain privileges of sales organization, including, but not limited to, placing a product order, participating in Young Living programs, progressing in the compensation plan, or participating as a member for a specified period of time or until you satisfy certain specified conditions
- Suspension and/or termination of access to the Virtual Office
- Withholding commissions or bonuses for a specified period of time or until the member satisfies certain specified conditions
- Imposing fair and reasonable fines or other penalties in proportion to actual damages incurred by Young Living and as permitted by law
- Termination of the Agreement and your status as a member
- Reassign all or part of the member's organization
- Any other measure expressly allowed within any provision of the Agreement or which Young Living deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by a member's policy violation of contractual breach

During the period that Young Living is investigating any conduct that violates the Agreement, Young Living may withhold all or part of your bonuses and commissions. If your sales organization is involuntarily terminated, you will not be entitled to recover any commissions or bonuses withheld during the investigation period. In situations deemed appropriate by Young Living, the company may institute legal proceedings for monetary and/or equitable relief.

#### 13.4 APPEALS OF DISCIPLINARY ACTION

In the instance that you are subject to a sanction or disciplinary action (other than a suspension pending an investigation), you may appeal the sanction to Young Living. The appeal must be in writing and be received by Young Living within 15 days from the date of the disciplinary action. If the appeal is not received within the 15-day period, the sanction will be final. The appeal should be submitted with all supporting documentation. Young Living will review and reconsider the sanction or other disciplinary action, consider other appropriate action, and notify you in writing of its decision.

## 14: INACTIVITY, REACTIVATION, AND CANCELLATION

### 14.1 INACTIVITY

If you do not meet the personal volume (PV) requirement in any particular month, you will not receive commissions or bonuses for the sales generated through the downline organization. If you do not purchase a minimum of 50 accumulative PV for a period of 12 consecutive months, your account will be deemed inactive, and your existing downline will roll up to your first active upline member.

### 14.2 REACTIVATION

If you are a member and your sales organization is deemed inactive, you may reactivate your member account by contacting Member Services and purchasing 100 PV in product or by purchasing a Starter Kit or other enrollment kit. Professional account customers may reactivate their account by submitting a new Professional Account Agreement.

When reactivating, you will be placed under your prior sponsor, unless you request a new sponsor. If your prior sponsor is inactive, you will be placed under the next active upline member. You will have no claim to downline that was lost when you were dropped for inactivity. Professional account customers may reactivate their account by submitting a new Professional Account Agreement.

### 14.3 INVOLUNTARY CANCELLATION OR TERMINATION

If your account is involuntarily canceled or terminated, you will immediately lose all rights to your downline and to any commissions or bonuses generated thereby, including those commissions or bonuses generated during the periods of activity investigated. In this case, you will receive compensation for the last full calendar month in which you were in full compliance with these Policies and Procedures prior to investigation and/or termination of your sales organization.

Young Living may, in its sole discretion, terminate, upon notice, the Membership of any Member who (i) breaches any provision of the Member Agreement, the Membership Application, or these Policies and Procedures; (ii) engages in any conduct that may bring disrepute in any way to Young Living (or any of its officers, agents, or employees), the nutritional supplement and personal care products industry or the direct sales industry; or (iii) violates government laws, regulations, ordinances, or any Young Living guideline. Young Living may also, upon notice, terminate the Membership of any Member who, through his or her capacity as a Member, files any legal action proceeding or induces or facilitates any government agency to file any action against Young Living, which Young Living considers, within its sole discretion, to be without legal foundation or basis in fact.

Young Living may also terminate a sales organization at any time and for any reason upon a 30-day written notice.

If your sales organization is terminated, you will be notified by mail, the email on record, or other delivery method calculated to reach you at the address on file. Cancellation is effective on the date on which written notice is issued. Upon receipt of this notice, you must immediately cease representing yourself as a Young Living member and immediately return and delete all intellectual property of Young Living, including Reports and other lists of downline and contact information.

If your sales organization is terminated, you may reapply to become a member 12 calendar months from the date of termination. To reapply, you must submit a letter to the Young Living Member Conduct and Education Department (to [conduct@YoungLiving.com](mailto:conduct@YoungLiving.com)).

com) setting forth the reasons why you believe you should be allowed to operate a sales organization. It is within Young Living's sole discretion whether to permit your request.

#### 14.4 VOLUNTARY CANCELLATION

You may cancel your Agreement at any time and for any reason. Written notice must be provided to Young Living and must include your signature, printed name, member number, address, PIN, and telephone number.

If you voluntarily cancel the Agreement, you may become a retail customer or member under your original sponsor. Additionally, you may reapply to become a member under a new sponsor after six (6) months from your cancellation date.

#### 14.5 EFFECTS OF CANCELLATION

Upon cancellation or termination, you release all rights to your member benefits, including the downline and all future commissions and bonuses resulting from the downline sales production. Upon termination, Young Living may at its sole discretion retain your sales organization, sell it, roll it up to the next active upline member, or dissolve and remove it from the sponsor's downline.

## 15. MISCELLANEOUS

#### 15.1 DELAYS

Young Living is not responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control. This includes, without limitation, acts of God, strikes, labor difficulties, riots, wars, fire, flood, death, curtailment or interruption of a source of supply, government decrees or orders, etc.

#### 15.2 PARTIAL VALIDITY

If any provision of the Agreement, in its current form or as it may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision will be severed. The remaining terms and conditions will remain in full force and effect and will be construed as if such invalid or unenforceable provision never comprised a part of the Agreement. The Agreement will be interpreted by Young Living in the best furtherance of Young Living's business interests.

#### 15.3 WAIVER

Young Living never forfeits its right to require compliance with the Agreement or with applicable laws and regulations governing business conduct. While Young Living attempts to enforce the Agreement uniformly, failure to enforce any provision of the Agreement against you does not waive Young Living's right to enforce that or other provisions. Only in rare circumstances will a policy be waived, and an authorized agent of Young Living will convey such waivers in writing. The waiver will apply only to that specific case.

#### 15.4 TITLES NOT SUBSTANTIVE

The titles and headings to these Policies and Procedures are for reference only and do not constitute and will not be construed as substantive terms of the Agreement.

**PROOF OF SERVICE OF ARBITRATION DEMAND**

I certify that on May 31, 2019, a copy of Claimant Young Living Essential Oils, LC's Demand for Arbitration Form and Exhibits A-E was e-mailed to counsel for Respondent, Julie O'Shaughnessy, at [atighe@nixlaw.com](mailto:atighe@nixlaw.com). A copy was further sent via Federal Express to counsel for Respondent at the following address:

Austin Tighe  
Nix Patterson LLP  
3600 N Capital of Texas Highway  
Suite B350  
Austin, Texas 78746

Copies of Claimant Young Living Essential Oils, LC's Demand for Arbitration Form and Exhibits A-E were hand-delivered to the JAMS Dallas Office at 8401 N. Central Expressway, Suite 610, Dallas, Texas 75225 on May 31, 2019.

Signed May 31, 2019.



Katrina G. Eash  
WINSTON & STRAWN LLP  
2121 N. Pearl Street, Suite 900  
Dallas, TX 75201  
(214) 453-6500  
[keash@winston.com](mailto:keash@winston.com)

# EXHIBIT I



**From:** [Austin Tighe](#)  
**To:** [Eash, Katrina](#)  
**Cc:** [David Rowe](#); [rlinkin@dwmlaw.com](#); [Melsheimer, Tom](#); [Sanders, John C.C.](#); [Chan, Lisa C.](#); [Jackie Taylor](#); [Emily S. Luthy, ACP](#); [Fechner, Michael](#)  
**Subject:** Re: Mediation Provisions  
**Date:** Friday, May 31, 2019 4:49:50 PM  
**Attachments:** [image001.png](#)  
[image002.jpg](#)

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Katrina,

We confirm our agreement, with the following caveat: By agreeing, Plaintiff does not waive any challenges or defenses to the applicability or effect of the documents you attached to your email.

Have a good weekend.

Best,

Austin Tighe  
**Nix Patterson LLP**  
Austin TX  
512.328.5333  
[atighe@nixlaw.com](mailto:atighe@nixlaw.com)  
[www.nixlaw.com](http://www.nixlaw.com)



---

**From:** "Eash, Katrina" <KEash@winston.com>  
**Date:** Friday, May 31, 2019 at 1:43 PM  
**To:** Austin Tighe <atighe@nixlaw.com>  
**Cc:** David Rowe <drowe@dbcllp.com>, "rlinkin@dwmlaw.com" <rlinkin@dwmlaw.com>, "Melsheimer, Tom" <TMelsheimer@winston.com>, "Sanders, John C.C." <JSanders@winston.com>, "Chan, Lisa C." <LChan@winston.com>, Jackie Taylor <jtaylor@dbcllp.com>, "Emily S. Luthy, ACP" <Eluthy@dbcllp.com>, "Eash, Katrina" <KEash@winston.com>, "Fechner, Michael" <MFechner@winston.com>  
**Subject:** YL: Mediation Provisions

Hi Guys: Thanks for the call this morning. It was nice to meet you all.

As discussed, we have attached the operative policies and procedures which include the mediation provision.

Please confirm that to the extent that any applicable agreement requires mediation of any dispute between the parties, the parties have agreed to waive the mediation requirement at this time. This waiver is without prejudice to any other rights and/or obligations that the parties have under the agreements.

Thanks,  
Katrina

**Katrina G. Eash**

**Partner**

Winston & Strawn LLP  
2121 North Pearl Street, Suite 900  
Dallas, TX 75201

D: +1 214-453-6477

F: +1 214-453-6400

[Bio](#) | [VCard](#) | [Email](#) | [winston.com](#)



---

**From:** Eash, Katrina <KEash@winston.com>

**Sent:** Thursday, May 30, 2019 10:16 AM

**To:** Austin Tighe <atighe@nixlaw.com>

**Cc:** David Rowe <drowe@dbcllp.com>; rlinkin@dwmrlaw.com; Melsheimer, Tom <TMelsheimer@winston.com>; Sanders, John C.C. <JSanders@winston.com>; Chan, Lisa C. <LChan@winston.com>; Jackie Taylor <jtaylor@dbcllp.com>; Emily S. Luthy, ACP <Eluthy@dbcllp.com>

**Subject:** Re: O'Shaughnessy v. YL -- Call

It does. We will circulate an invite.

Sent from my iPhone

On May 30, 2019, at 8:24 AM, Austin Tighe <[atighe@nixlaw.com](mailto:atighe@nixlaw.com)> wrote:

Katrina-does 11 am tomorrow work for you?

Sent from my iPhone

On May 30, 2019, at 8:43 AM, Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)> wrote:

Morning Austin: Following up on this; when are you all available for a call?

**Katrina G. Eash**

**Partner**

Winston & Strawn LLP  
2121 North Pearl Street, Suite 900  
Dallas, TX 75201

D: +1 214-453-6477

F: +1 214-453-6400

[Bio](#) | [VCard](#) | [Email](#) | [winston.com](http://winston.com)

<image001.jpg>

---

**From:** Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)>

**Sent:** Tuesday, May 28, 2019 8:58 PM

**To:** Austin Tighe <[atighe@nixlaw.com](mailto:atighe@nixlaw.com)>; David Rowe  
<[drowe@dbcllp.com](mailto:drowe@dbcllp.com)>; [rlinkin@dwmlaw.com](mailto:rlinkin@dwmlaw.com)

**Cc:** Melsheimer, Tom <[TMelsheimer@winston.com](mailto:TMelsheimer@winston.com)>; Sanders, John C.C.  
<[JSanders@winston.com](mailto:JSanders@winston.com)>; Chan, Lisa C. <[LChan@winston.com](mailto:LChan@winston.com)>; Jackie  
Taylor <[jtaylor@dbcllp.com](mailto:jtaylor@dbcllp.com)>; Emily S. Luthy, ACP <[Eluthy@dbcllp.com](mailto:Eluthy@dbcllp.com)>;  
Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)>

**Subject:** RE: O'Shaughnessy v. YL -- Call

Hi Austin – It appears that the invite time I sent you did not work for you. Please let us know a few timeslots that you are all available. We will choose one and circulate an invite.

**Katrina G. Eash**

**Partner**

Winston & Strawn LLP  
2121 North Pearl Street, Suite 900  
Dallas, TX 75201

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F: +1 214-453-6400

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<image002.jpg>

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**From:** Austin Tighe <[atighe@nixlaw.com](mailto:atighe@nixlaw.com)>

**Sent:** Tuesday, May 28, 2019 5:41 PM

**To:** Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)>; David Rowe <[drowe@dbcllp.com](mailto:drowe@dbcllp.com)>; [rlinkin@dwmlaw.com](mailto:rlinkin@dwmlaw.com)  
**Cc:** Melsheimer, Tom <[TMelsheimer@winston.com](mailto:TMelsheimer@winston.com)>; Sanders, John C.C. <[JSanders@winston.com](mailto:JSanders@winston.com)>; Chan, Lisa C. <[LChan@winston.com](mailto:LChan@winston.com)>; Jackie Taylor <[jtaylor@dbcllp.com](mailto:jtaylor@dbcllp.com)>; Emily S. Luthy, ACP <[Eluthy@dbcllp.com](mailto:Eluthy@dbcllp.com)>  
**Subject:** Re: O'Shaughnessy v. YL -- Call

I will check my availability for Thursday. I may have a small window of time, since it may be a very short conversation. Our client's Member Agreement (attached) doesn't have a mediation requirement.

Best,

Austin Tighe  
**Nix Patterson LLP**  
Austin TX  
512.328.5333  
[atighe@nixlaw.com](mailto:atighe@nixlaw.com)  
[www.nixlaw.com](http://www.nixlaw.com)  
<image003.png>

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**From:** "Eash, Katrina" <[KEash@winston.com](mailto:KEash@winston.com)>  
**Date:** Tuesday, May 28, 2019 at 5:36 PM  
**To:** David Rowe <[drowe@dbcllp.com](mailto:drowe@dbcllp.com)>, Austin Tighe <[atighe@nixlaw.com](mailto:atighe@nixlaw.com)>, "[rlinkin@dwmlaw.com](mailto:rlinkin@dwmlaw.com)" <[rlinkin@dwmlaw.com](mailto:rlinkin@dwmlaw.com)>  
**Cc:** "Melsheimer, Tom" <[TMelsheimer@winston.com](mailto:TMelsheimer@winston.com)>, "Sanders, John C.C." <[JSanders@winston.com](mailto:JSanders@winston.com)>, "Chan, Lisa C." <[LChan@winston.com](mailto:LChan@winston.com)>, Jackie Taylor <[jtaylor@dbcllp.com](mailto:jtaylor@dbcllp.com)>, "Emily S. Luthy, ACP" <[Eluthy@dbcllp.com](mailto:Eluthy@dbcllp.com)>, "Eash, Katrina" <[KEash@winston.com](mailto:KEash@winston.com)>  
**Subject:** RE: O'Shaughnessy v. YL -- Call

Thanks, David. We will shoot you an invite for Thursday.

**Katrina G. Eash**

**Partner**

Winston & Strawn LLP  
2121 North Pearl Street, Suite 900  
Dallas, TX 75201

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F: +1 214-453-6400

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<image006.jpg>

---

**From:** David Rowe <[drowe@dbcllp.com](mailto:drowe@dbcllp.com)>

**Sent:** Tuesday, May 28, 2019 11:21 AM

**To:** Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)>; [atighe@nixlaw.com](mailto:atighe@nixlaw.com);  
[rlinkin@dwmrlaw.com](mailto:rlinkin@dwmrlaw.com)

**Cc:** Melsheimer, Tom <[TMelsheimer@winston.com](mailto:TMelsheimer@winston.com)>; Sanders, John C.C.  
<[JSanders@winston.com](mailto:JSanders@winston.com)>; Chan, Lisa C. <[LChan@winston.com](mailto:LChan@winston.com)>; Jackie  
Taylor <[jtaylor@dbcllp.com](mailto:jtaylor@dbcllp.com)>; Emily S. Luthy, ACP <[Eluthy@dbcllp.com](mailto:Eluthy@dbcllp.com)>

**Subject:** RE: O'Shaughnessy v. YL -- Call

Hey, Katrina. Thanks for reaching out. I'll be in the car, driving back from Midland tomorrow afternoon and should be able to talk from ~2:00 pm to 5:00 pm. On Thursday, I'm wide open except for a lunch meeting.

**David Rowe**

**DuBOIS BRYANT & CAMPBELL**

303 Colorado, Suite 2300  
Austin, TX 78701

**D:**(512) 381-8020

**M:**(512) 923-5125

**F:**(512) 457-8008

[bio](#)

<image007.jpg>

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---

**From:** Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)>



**Sent:** Tuesday, May 28, 2019 11:08 AM

**To:** [atighe@nixlaw.com](mailto:atighe@nixlaw.com); [rlinkin@dwmlaw.com](mailto:rlinkin@dwmlaw.com); David Rowe  
<[drowe@dbcllp.com](mailto:drowe@dbcllp.com)>

**Cc:** Eash, Katrina <[KEash@winston.com](mailto:KEash@winston.com)>; Melsheimer, Tom  
<[TMelsheimer@winston.com](mailto:TMelsheimer@winston.com)>; Sanders, John C.C.  
<[JSanders@winston.com](mailto:JSanders@winston.com)>; Chan, Lisa C. <[LChan@winston.com](mailto:LChan@winston.com)>

**Subject:** O'Shaughnessy v. YL -- Call

Counsel: I am reaching out about the lawsuit your client, Julie O'Shaughnessy, filed against Young Living and certain other defendants.

We would like to discuss a few procedural matters with you this week, including the mediation requirement in the Young Living Policies and Procedures.

Please let us know your availability over the next few days.

Best,  
Katrina

**Katrina G. Eash**

**Partner**

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F: +1 214-453-6400

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<image006.jpg>

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**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

JULIE O'SHAUGHNESSY, INDIVIDUALLY, )  
AND ON BEHALF OF ALL OTHERS )  
SIMILARLY SITUATED, )

*Plaintiff,*

v.

YOUNG LIVING ESSENTIAL OILS, LC )  
D/B/A YOUNG LIVING ESSENTIAL OILS, )  
THE YOUNG LIVING FOUNDATION, INC., )  
MARY YOUNG, JARED TURNER, )  
BENJAMIN RILEY, AND CO-CONSPIRATORS, )

*Defendants.*

Case No. 1:19-cv-412

**[PROPOSED] ORDER GRANTING DEFENDANT YOUNG LIVING ESSENTIAL OILS,  
LC'S MOTION TO COMPEL ARBITRATION**

Before the Court is Young Living Essential Oils, LC's Motion to Compel Arbitration. The Motion is GRANTED. Plaintiff shall arbitrate her claims against Young Living Essential Oils, LC. It is further ordered that this case is STAYED pending the outcome of arbitration.

Signed \_\_\_\_\_, 2019.

\_\_\_\_\_  
U.S. District Judge Lee Yeakel