



POLICIES, PROCEDURES AND COMPENSATION PLAN

United States & Canada

The Policies and Procedures in Section I outline the rules that AdvoCare Independent Distributors must follow. The Compensation Plan in Section II provides the opportunity to earn supplemental income by selling AdvoCare products.

Whatever your reason for becoming a Distributor, your satisfaction is important to us.

TABLE OF CONTENTS

SECTION I: POLICIES AND PROCEDURES 4	CHAPTER 8: RETURNING OR EXCHANGING PRODUCTS.....11
CHAPTER 1: INTRODUCTION..... 4	8.1 Return or Exchange Policies for Orders through AdvoCare: Distributors, Preferred Customers, or Registered Retail Customers (Satisfaction Guarantee).....11
1.1 Policies Incorporated into Distributor Agreement 4	8.2 Retail Customer Return Policy for Purchases Direct from a Distributor (Satisfaction Guarantee)11
1.2 Purpose..... 4	8.3 Retail Customer’s Right to Cancel a Transaction .11
1.3 Integrated Contract..... 4	8.4 Exclusions from Return and Exchange Policies12
1.4 No Waiver..... 4	8.5 Adjustments for Refunds.....12
1.5 Policies and Provisions Severable 4	CHAPTER 9: ADVERTISING AND MARKETING OF ADVOCARE PRODUCTS12
1.6 Notices and Other Communications 4	9.1 Distributor Advertising in General.....12
CHAPTER 2: BECOMING AN INDEPENDENT DISTRIBUTOR 5	9.2 No Deceptive or Misleading Advertising12
2.1 Definition of Independent Distributor 5	9.3 Professionalism in Advertising12
2.2 Requirements to Become an Independent Distributor 5	9.4 Testimonial Claims.....12
2.3 Renewal of Distributorship 5	9.5 Advertisements Must Identify the AdvoCare Independent Distributor.....14
2.4 Change of Contact Information..... 5	9.6 Distributors Encouraged to Advertise Products at the Suggested Retail Price14
CHAPTER 3: INDIVIDUAL LIMITED TO ONE ADVOCARE ACCOUNT 6	9.7 Combined Business Advertising14
3.1 One AdvoCare Account per Individual 6	9.8 Company-Created Advertising Materials14
CHAPTER 4: SPOUSAL DISTRIBUTORS..... 6	9.9 Use of Logos, Trademarks, and Copyrighted Material14
4.1 One AdvoCare Account per Married Couple 6	9.10 Use of Distributor’s Name, Likeness, or Image14
4.2 Income Tax for Married Distributors 6	9.11 Video and Audio Recordings and Use14
4.3 Liability of Married Distributorship..... 6	9.12 Direct Sales to Minors14
4.4 Divorce or Separation..... 6	9.13 Mass Media Advertising15
CHAPTER 5: PROTECTING YOUR DISTRIBUTORSHIP 6	9.14 Advertisements and Marketing Must Abide By the Law.....15
5.1 Distributorship as a Corporation or Limited Liability Company (LLC)..... 6	9.15 Endorsers and Sponsorships15
5.2 Product Liability..... 7	9.16 Distributor-Created Contests15
5.3 Assumption of Risk..... 7	9.17 Marketing Products through Establishments.....15
CHAPTER 6: DISTRIBUTOR CONDUCT 7	9.18 Exhibitions, Fairs or Trade Shows.....15
6.1 Distributors are Independent Contractors..... 7	9.19 International Sales and Advertising.....16
6.2 Distributors Must Follow All Laws..... 7	9.20 Personal Independent Websites16
6.3 Professional Conduct and Business Practices 7	9.21 Unsolicited Communications Sent By Fax, Text, or Email16
6.4 News or Media Inquiries 8	9.22 Digital Paid Advertising.....16
6.5 Commingling AdvoCare with Another Enterprise, Product, Service or Other Activity..... 8	9.23 Distributors are Responsible for Their Postings...16
6.6 Confidential Information..... 8	9.24 Use of Videos on Social Media16
CHAPTER 7: BUYING AND SELLING PRODUCTS/BUSINESS OPERATIONS..... 9	9.25 Post-Termination Social Media Presence.....17
7.1 Reasons to Purchase Products 9	CHAPTER 10: DISCIPLINARY ACTION AND DISPUTE RESOLUTION17
7.2 Selling and Storing Products 9	10.1 Notice of Disciplinary Action17
7.3 Account Manipulation 9	10.2 Forms of Disciplinary Action.....17
7.4 Retail Sales Receipts..... 9	10.3 Termination for Convenience.....18
7.5 Unauthorized Sales 9	10.4 Actions of Household Members.....18
7.6 Ordering Products10	10.5 Procedures for Appeal.....18
7.7 Sales Tax10	10.6 Repurchases Associated with a Terminated Distributorship.....18
7.8 Shipping or Picking Up Products10	10.7 Pre-Cancellation and Post-Cancellation Defamation or Disparagement.....19
7.9 Pay Periods.....10	10.8 Post-Termination Reapplication.....19
7.10 Receiving Compensation10	
7.11 Excessive Purchase of Inventory10	
7.12 Reporting Adverse Reactions or Consumer Complaints.....10	

TABLE OF CONTENTS

10.9	Limitation of Remedies	19
10.10	Mandatory Arbitration and Dispute Resolution ..	19
10.11	Governing Law, Jurisdiction and Venue	21
CHAPTER 11: ASSIGNMENT OR SALE OF DISTRIBUTORSHIP		
11.1	Assignment or Sale of Distributorship Prohibited	21
CHAPTER 12: DISPOSITION OF A DISTRIBUTORSHIP –DEATH OR LEGAL INCAPACITY		
12.1	Passing on Your Distributorship	22
12.2	Eligibility Requirements to Inherit or Operate an Existing Distributorship	22_Toc105498967
12.3	Beneficiaries in a Valid Will	22
12.4	Distributorships Left in Trust.....	22
12.5	Procedure for Beneficiary or Trustee to Operate a Distributorship.....	23
12.6	Distributor Leaves No Valid Will.....	23
12.7	Legal Incapacity	23
12.8	Bankruptcy	23
CHAPTER 13: RESIGNATION OF A DISTRIBUTOR		
13.1	Resigning Your Distributorship.....	23
13.2	Refunds Associated with a Resignation or Cancellation	24
SECTION II: COMPENSATION PLAN		
CHAPTER 1: OVERVIEW OF THE COMPENSATION PLAN		
1.1	How Compensation is Earned	25
1.2	Ways to Earn Income	25
1.3	Eligibility to Earn Compensation	25
CHAPTER 2: UNDERSTANDING YOUR DISCOUNT		
2.1	The Basic Discount Schedule	25
CHAPTER 3: EARNING INCOME FROM RETAIL SALES		
3.1	Retail Sales Defined.....	25
CHAPTER 4: EARNING INCOME FROM WHOLESALE COMMISSIONS		
4.1	Wholesale Commissions Defined.....	25
4.2	Wholesale Commissions Earned from Sales to Registered Retail Customers or Preferred Customers	26
CHAPTER 5: PAYING YOUR TAXES.....		
5.1	Reporting Your Income	26
5.2	Paying Sales Tax.....	26
GLOSSARY OF TERMS		

SECTION I POLICIES AND PROCEDURES

SECTION I: POLICIES AND PROCEDURES

CHAPTER 1: INTRODUCTION

1.1 Policies Incorporated into Distributor Agreement

The Policies, in their current form and as amended periodically at the sole discretion of AdvoCare International LLC, are incorporated into and integrated with the Distributor Agreement. The parties agree that good and valuable consideration exists for the Policies and the Distributor Agreement. It is the responsibility of each AdvoCare Independent Distributor (“Distributor”) to read, understand, adhere to, and ensure that they are aware of and operating under the most current version of these Policies. The most current version of the Policies is available online through your AdvoCare Distributor Website. Any amendments to the Policies shall apply only prospectively, not retrospectively, shall be communicated directly to Distributors via email, and shall be effective fourteen (14) days after online posting by AdvoCare. AdvoCare reserves the right to amend the Policies in its sole discretion. By executing the Policies, each Distributor agrees to abide by all amendments or modifications to the Policies made by AdvoCare. By continuation of a Distributor’s AdvoCare business following the effective date of any amended Policies, including but not limited to a Distributor’s acceptance of compensation under the Compensation Plan, acceptance of discounted AdvoCare products (“Products”), each Distributor agrees to abide by all amendments or modifications to the Policies.

1.2 Purpose

The purpose of the Policies is to define the relationship between AdvoCare and the Distributor, to set standards of acceptable business practices, and to support Distributors in building and protecting their AdvoCare direct selling businesses (“AdvoCare Business”) in a manner that is in compliance with these Policies. Any violation of the Policies may result in disciplinary action including probation, suspension, and/or termination of the Distributorship at the sole discretion of AdvoCare.

1.3 Integrated Contract

Together the Distributor Agreement and the Policies, as they may be amended, constitute the contractual agreement between AdvoCare and each Distributor (the “Distributor Contract”). The Distributor Contract sets forth the entire agreement between AdvoCare and the Distributor and supersedes any and all prior oral or

written agreements or understandings between AdvoCare and the Distributor, including any representations by AdvoCare or any Distributors not explicitly made in the Distributor Contract. The Distributor Contract may not be altered or amended, except as provided in the Policies, as amended from time to time, or by other written notice by AdvoCare. Should any discrepancy exist between the terms of the Distributor Agreement and the Policies, the terms of the Policies will prevail, unless otherwise provided in these Policies.

1.4 No Waiver

AdvoCare does not forfeit its right to require strict compliance of a Distributor with the terms of the Distributor Contract, or with applicable laws and regulations governing business conduct. No failure by AdvoCare to exercise any right under the Distributor Contract or to insist upon strict compliance by a Distributor with any obligation or provision of the Distributor Contract shall operate as a waiver of AdvoCare’s right to demand strict compliance with the Distributor Contract. The existence of any claim or cause of action of a Distributor against AdvoCare shall not constitute a defense to AdvoCare’s enforcement of any term or provision of the Distributor Contract.

1.5 Policies and Provisions Severable

Any provision of the Distributor Contract that is judicially invalidated or otherwise rendered unenforceable or invalid in any jurisdiction, is ineffective only to the extent of such invalidation or unenforceability in that jurisdiction. Any prohibited, judicially invalidated, or unenforceable provision of the Distributor Contract is severable and will not invalidate or render unenforceable any other provision of the Distributor Contract, nor will such provision of the Distributor Contract be invalidated or rendered unenforceable in any other jurisdiction. In the event any provision of the Distributor Contract is deemed invalid or unenforceable in any proceeding, such provision shall be modified to fully effectuate its original intent and purpose when possible.

1.6 Notices and Other Communications

Any notice or other written communication required under the Distributor Contract shall be delivered personally, by email or mail. Unless otherwise provided in the Distributor Contract, such notice shall be deemed

SECTION I POLICIES AND PROCEDURES

given when delivered personally, or, if transmitted by email, one (1) day after the date of such email, or, if mailed, five (5) days after the date of mailing, to the principal address of AdvoCare's Corporate Office or to the Distributor's address. Notice to a Distributor will be mailed to their address or email address of record with AdvoCare. AdvoCare shall have the right, as an alternative method of notice, to use mailers or other normal channels of mass communication with Distributors. This provision does not apply to notice of amendments to the Policies, which are effective upon posting as described herein and/or upon receipt of notification of the amendments via email or other alternative means. It is the sole responsibility of the Distributor to maintain their correct address, email address, phone number, and other contact information on file with AdvoCare.

CHAPTER 2: BECOMING AN INDEPENDENT DISTRIBUTOR

2.1 Definition of Independent Distributor

AdvoCare Independent Distributors are one of AdvoCare's distribution channels for Products. Distributors have the right to purchase Products directly from AdvoCare and personally consume or sell the Products to their customers. Throughout the Policies, the terms "Distributor," "Independent Distributor," and "you," shall refer to any person whose Distributor Agreement has been signed, received, and accepted by AdvoCare in its sole and absolute discretion.

2.2 Requirements to Become an Independent Distributor

In order to become a Distributor, you must the following valid and accurate information:

- (1) Be at least 18 years of age;
- (2) Reside in a geographic area where AdvoCare conducts its direct selling business;
- (3) Submit a signed Distributor Agreement;
- (4) Purchase a Distributor Kit from AdvoCare;
- (5) Submit signed Policies; and
- (6) Submit a signed Website and License Agreement for Distributor ("IP Agreement") with CERPUR PIONEER, LLC (hereinafter "CERPUR").

Your Distributor Agreement, IP Agreement and Policies will be signed during the Distributor enrollment process. The signed Distributor Contract, including the Policies constitutes your agreement with AdvoCare and

acknowledges your understanding that you must adhere to the Policies, which are integrated with the Distributor Agreement as part of the Distributor Contract. AdvoCare reserves the right to refuse any application in its sole discretion.

2.3 Renewal of Distributorship

You must renew your Distributorship annually. A Distributor must renew their Distributorship on an annual basis by (i) paying the renewal fee, which will be paid to CERPUR for services provided (and which amount is subject to change), and (ii) agreeing to be bound by the then-current Policies. AdvoCare reserves the right to review and accept or reject any renewal of any Distributorship. The due date for the renewal fee will be the anniversary date of the Distributor's execution of their Distributor Agreement, unless the Distributor joined AdvoCare on or before October 4, 2004, for whom the anniversary date is set at December 31 ("Renewal Date").

Each year the Distributor wants to renew, they must do so by paying the current renewal fee and agreeing to the current Policies on or before the Renewal Date. Paying the renewal fee constitutes the Distributor's acceptance of all terms and conditions of their Distributor Contract, including the then-current Policies and the IP Agreement.

While AdvoCare encourages all Distributors to renew on or before their Renewal Dates, AdvoCare generally provides (but is under no contractual obligation to provide) a sixty-day (60) grace period before the Distributorship is converted to a Registered Retail Account for non-renewal, with the loss of all corresponding rights and privileges of a Distributor.

2.4 Change of Contact Information

You may change your contact information (including your mailing address, phone number and/or email address) online through your Distributor Website or by contacting Customer Service. In the event your contact information changes, and you fail to notify AdvoCare of such changes, the existing contact information you provide is proper and binding upon you for purposes of notice.

SECTION I POLICIES AND PROCEDURES

CHAPTER 3: INDIVIDUAL LIMITED TO ONE ADVOCARE ACCOUNT

3.1 One AdvoCare Account per Individual

A Distributor may not participate in other Distributorships, Preferred Customer memberships, or Registered Retail Customer accounts. A Distributor shall not assist in the development or operation of any other AdvoCare account other than their own. An exception to this restriction is if the Distributor is serving as a trustee for another Distributorship.

AdvoCare will only accept a Distributor Agreement in the name of an individual(s). Applications in the name of a corporation, partnership, or other business entity will not be accepted. Any attempt to create a second account will be voided.

CHAPTER 4: SPOUSAL DISTRIBUTORS

4.1 One AdvoCare Account per Married Couple

Spouses may only participate directly or indirectly in the operation and development of one account with AdvoCare., Only the spouse of a Distributor may become a Co-Applicant on the Distributorship. If an individual enrolls as a Distributor and his/her spouse also wishes to be a Distributor, the spouse must enroll as a Co-Applicant on the existing Distributorship. Both the Primary and Co-Applicant have the same rights and access to the Distributorship.

4.2 Income Tax for Married Distributors

AdvoCare will issue an IRS Form 1099 or Canadian T4A, as applicable, to the primary Applicant on each account.

4.3 Liability of Married Distributorship

The liability of two (2) married Distributors who operate a Distributorship together shall be joint so that both Distributors shall be responsible, accept liability for, and be bound by, any act or omission of either Distributor. Any payment by AdvoCare to one such Distributor shall be deemed as payment to both such Distributors.

4.4 Divorce or Separation

Divorced Distributors may not remain on the same Distributorship. Once a court renders a final divorce decree, a temporary hold may be placed on the Distributorship until AdvoCare is in receipt of either (1) a court order designating ownership of the

Distributorship, or (2) an executed resignation form from one party to the Distributorship.

Neither AdvoCare nor its employees shall be liable for any loss, damage, or injury resulting from their compliance with a court order or decree pursuant to this section. Any court order addressing the ownership of a Distributorship in the event of a separation or divorce must adhere to the Policies in order to be enforceable by AdvoCare.

CHAPTER 5: PROTECTING YOUR DISTRIBUTORSHIP

5.1 Distributorship as a Corporation or Limited Liability Company (LLC)

AdvoCare recognizes that there may be certain advantages to operating a Distributorship as a corporation or a limited liability company ("LLC"). Any Distributor who wishes to operate their Distributorship as a corporation or LLC must get prior approval and comply with the following requirements and conditions.

Submit request to assign your Distributorship to the AdvoCare legal department (email legal@advocare.com),

- (1) The corporation or LLC must be 100% owned by the Distributor(s);
- (2) The sole business purpose of the corporation or LLC must be the operation of an AdvoCare Distributorship pursuant to the Policies;
- (3) The name of the corporation or LLC may not be the same or similar to any Product names, slogans, taglines, or any other proprietary name or phrase owned or used by AdvoCare ("AdvoCare IP") or any Intellectual Property owned by CERPUR; and
- (4) The Distributorship must remain in the Distributor(s) name(s).

If approved, the earnings of the Distributorship will be reported in the name and tax identification number of the LLC or corporation from the date the Distributorship was assigned to the LLC or corporation. If the Distributorship was assigned to an individual for a portion of the year, then the earnings will be reported partially to the individual and partially to the corporation. A business entity formed in connection with a Distributorship, as well as all shareholders, members, managers, partners, trustees, or other parties

SECTION I POLICIES AND PROCEDURES

with any ownership interest in, or management responsibilities for, the business entity are individually, jointly, and severally liable for any indebtedness to AdvoCare, compliance with the Contract, including these Policies, and all other obligations of the Distributor to AdvoCare.

No change in the ownership structure of an approved corporation or LLC may take place without the prior written consent of AdvoCare.

5.2 Product Liability

AdvoCare maintains product liability insurance to protect against certain product liability claims, as long as the Distributor is storing, marketing, and selling Products in accordance with applicable laws, regulations, and the Policies. Product liability policy coverage excludes claims that arise as a result of a Distributor's misconduct in storing, marketing, or selling Products. Additionally, claims that arise out of any unauthorized sales or selling tactics (including unsubstantiated Product claims) are excluded from this coverage.

5.3 Assumption of Risk

A Distributor understands that while traveling to or from AdvoCare-related meetings, events, activities, workshops, retreats, incentive trips, or other gatherings, the Distributor does so as a part of their own independent business and not in any manner as an employee, agent, or functionary of AdvoCare. This assumption of risk is not affected by whether the Distributor's attendance may be based in whole or in part by invitation from, or agreement with, AdvoCare to attend. The Distributor assumes all risk and responsibility for such travel.

CHAPTER 6: DISTRIBUTOR CONDUCT

6.1 Distributors are Independent Contractors

Distributors are independent contractors and not employees of AdvoCare. Distributors may not do anything that would lead someone to believe that they are employees or agents of AdvoCare. As independent contractors, Distributors are responsible for the following:

- (1) Setting retail prices for Products sold to Retail Customers (although, in order to maintain AdvoCare's premium brand image and business

goodwill. AdvoCare strongly encourages Distributors to charge Retail Customers the suggested retail price);

- (2) Establishing working hours;
- (3) Conducting the day-to-day business; and
- (4) Reporting to the IRS any income earned from the Distributorship.

The services performed by you, as an Independent Distributor, are performed pursuant to the Distributor Contract between you and AdvoCare, and such Contract provides that you will not be treated as an employee with respect to such services for federal or state tax purposes. If a Distributor has any employees, the employees will have no rights against or relationship with AdvoCare. Such employees do not have any authority to resell any Products.

6.2 Distributors Must Follow All Laws

Distributors are responsible for complying with all local, state, and federal laws and regulations including those concerning the operation of a Distributorship, marketing and selling practices, and the distribution of Products. Distributors should familiarize themselves with the applicable local, state, and federal laws and regulations that affect the operation of their Distributorships. AdvoCare shall not be liable for any conduct of Distributors contrary to such laws and regulations. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy.

6.3 Professional Conduct and Business Practices

Distributors shall use their best efforts to promote the positive reputation of AdvoCare, the Products, the Business Opportunity, and all Distributors. Distributors are prohibited from engaging in high-pressure selling. Distributors must always conduct themselves in a professional, ethical, courteous, and considerate manner when selling the Products and engaging in the Distributor's AdvoCare Business.

If a Distributor acts in a manner that, in the sole discretion of AdvoCare, causes disruption to the conduct of the normal business of AdvoCare, or that of any other Distributor, or that is injurious to the image or reputation of AdvoCare or the Products, or that of any other Distributor, then the behavior will be considered a breach of the Distributor Contract by the Distributor

SECTION I POLICIES AND PROCEDURES

and AdvoCare may take immediate disciplinary action. AdvoCare reserves the right to pursue legal remedies to protect its reputation.

6.4 News or Media Inquiries

Distributors must refer all media inquiries relating to AdvoCare, Products, AdvoCare testimonials, and any other Distributor, representative, or employee of AdvoCare at legal@advocare.com. This may include, but is not limited to, programs or publications aired on television, radio, podcasts, and online or printed material. Failure to comply with this provision may result in the immediate suspension or termination of your Distributorship, at the sole discretion of AdvoCare.

6.5 Commingling AdvoCare with Another Enterprise, Product, Service or Other Activity

Distributors may participate in other direct selling or business ventures if they choose. However, Distributors are prohibited from mixing their AdvoCare Business or AdvoCare Products with another business opportunity offering competing products.

6.6 Confidential Information

In connection with a Distributor's AdvoCare Business, AdvoCare may make available to Distributors certain information and reports regarding its business, Products, trade secrets, intellectual property, its network, identity and contact information of Distributors and Customers, sales information, achievements, and other information needed to run and grow the Distributor's AdvoCare Business (collectively, "Confidential Information"). This information is constantly updated and made available through your password-protected Distributor website.

Distributors hereby stipulate and agree that Confidential Information belongs solely and exclusively to AdvoCare and constitutes its proprietary business trade secrets. Distributors have no claim, right, or title to any Confidential Information. Such Confidential Information is provided to Distributors in strictest confidence and is made available to Distributors for the sole purpose of assisting Distributors in their AdvoCare Businesses. Distributors hereby agree to the disclosure of their information to other Distributors for this purpose. Distributors acknowledge that, but for this agreement of confidentiality and nondisclosure, AdvoCare would not provide Confidential Information to Distributors. For more information about how

AdvoCare use Distributor information, review the current Privacy Policy on advocare.com.

To protect Confidential Information, a Distributor shall not, on his or her own behalf or on behalf of any other person or entity, directly or indirectly: (1) disclose or disseminate any Confidential Information to any other person or entity; (2) provide access to any password-protected section of the AdvoCare website or to the Distributor's website containing Confidential Information to any other person or entity, including providing any password to such section to any other person or entity; (3) use Confidential Information for any purpose other than the conduct and promotion of the Distributor's AdvoCare Business as contemplated in these Policies and the Distributor Contract, including but not limited to recruiting any AdvoCare Distributor for any competing activities or competing in any way with AdvoCare; or (4) use Confidential Information to attempt to influence or induce any Distributor, Customer, or employee of AdvoCare to cease or alter his or her business relationship with AdvoCare.

Upon notice by AdvoCare or the cancellation or termination of the Distributor Contract and/or the IP Agreement, regardless of the reason for such cancellation or termination, a Distributor shall immediately return to the AdvoCare any and all Confidential Information in their possession, custody, or control, including all copies of documents, files, or other media containing any Confidential Information and any derivative thereof. This requirement applies automatically and is not dependent on any demand being made by AdvoCare.

Each Distributor stipulates that if the Distributor violates the terms of this section, AdvoCare will be irreparably harmed and calculation of the full extent of damages will be difficult. Distributor therefore stipulates that AdvoCare shall be entitled to immediate temporary, preliminary, and permanent injunctive relief against Distributor and all those acting in concert with them to prevent and enjoin any violation of this section. This remedy is in addition to any other legal remedies to which AdvoCare may be entitled, including disciplinary sanctions under the Distributor Contract and recovery of damages caused by a Distributor's breach. The provisions of this section shall survive termination of the Distributor Contract.

SECTION I POLICIES AND PROCEDURES

CHAPTER 7: BUYING AND SELLING PRODUCTS/BUSINESS OPERATIONS

7.1 Reasons to Purchase Products

Distributors may purchase Products for their own use and that of their families, as well as for resale to Customers who are purchasing Product for their own use and that of their families.

Distributors may not purchase Products for the sole purpose of qualifying for incentives, bonuses, discount level advancement, compensation paid by AdvoCare, or any other AdvoCare-sponsored program, or to sell in a manner not in accordance with the Policies.

Distributors are not required to carry inventory of Products for their own use or in order to service their customers. Distributors may maintain inventories in amounts which are necessary for those purposes.

7.2 Selling and Storing Products

Distributors may sell Products only person-to-person or through their AdvoCare Distributor Website. As many Products have age recommendations and dosage instructions best adhered to by adults, Distributors are prohibited from selling Products directly to minors (or anyone under the age of 18). Distributors are prohibited from repackaging, tampering with, relabeling, misbranding, or adulterating Products. Distributors must store Products away from excessive heat in a cool, dry place. Distributors are responsible for proper storage and Product condition prior to sale.

7.3 Account Manipulation

AdvoCare prohibits conduct and actions which are, or may be perceived as, manipulation of the Compensation Plan primarily for the purpose of qualifying for incentives, bonuses, discount level advancement, recognition and/or compensation paid by AdvoCare. This prohibited conduct may include, but is not limited to placing, paying for customer orders, or encouraging the placement of, orders under customer accounts in a fraudulent, manipulative, or deceptive manner.

7.4 Retail Sales Receipts

If you sell directly to a Retail Customer, you must provide a completed Retail Sales Receipt. AdvoCare requires the use of official AdvoCare Retail Sales Receipts, and can be obtained by logging into the AdvoCare website or contacting Customer Service.

In addition, Distributors must keep copies of each Retail Sales Receipt issued for four years after the date of the sale. AdvoCare may, at any time, request Retail Sales Receipts in order to verify retail sales for any given pay period. Distributors must fully complete all information for each Retail Sales Receipt, including customer contact information, Product(s) sold, price, and Distributor information. Failure to provide accurate, verifiable, and complete Retail Sales Receipts to AdvoCare within ten (10) days of a request is a violation of these Policies.

7.5 Unauthorized Sales

AdvoCare places some limitations on the manner in which Distributors may sell Products in order to protect the safety of consumers and the reputation of AdvoCare. These unauthorized sales include, but are not limited to, the following:

- (1) **Unauthorized Payment Methods:** All payments made by credit card, debit card, or digital wallet platform must be authorized by the customer at the time of the purchase. Unauthorized usage of a customer's credit card or other form of payment mentioned above will not be tolerated;
- (2) **E-commerce Sites or Auction Sites:** In order to maintain AdvoCare's premium brand image and business goodwill, as well as to preserve the unique aspects of the Distributor sales channels in which Products are sold, including person-to-person interaction, Distributors are prohibited from selling or advertising the sale of Products on e-commerce sites, auction sites, and websites trading in products or services using the internet. Some examples of these prohibited websites include, but are not limited to eBay, Amazon, and Craigslist;
- (3) **Social Media or Personal Websites:** Distributors are prohibited from selling Products on social media sites or their personal website(s), but may use those sites to direct potential customers to the Distributor Website; and
- (4) **Supplying Products to be Sold in an Unauthorized Manner:** Distributors are prohibited from supplying any other person or entity with Products that the Distributor knows or should reasonably know are likely to be sold resold in an unauthorized manner.

SECTION I POLICIES AND PROCEDURES

If, at the sole discretion of AdvoCare, it is determined a Distributor has violated any policy relating to the purchase or sale of Products, then any discount, commission, bonus, or incentive earned by the Distributor during that period may be forfeited and/or disgorged back to AdvoCare. AdvoCare reserves the right to take disciplinary action, deduct from compensation, and adjust qualifications whenever it is necessary and appropriate. Any commission, bonus or incentive forfeited by the Distributor may be reclaimed by AdvoCare in its sole discretion, including as damages in any necessary litigation.

The Distributor hereby agrees if there is a violation of this provision, the Distributor shall forfeit, and be required to return, all compensation paid during the period in which any sale is made through improper means, which include, but are not limited to, the sales listed above. Distributor agrees it would be extremely difficult for AdvoCare to estimate the amount of damages incurred from their time of entry because of the difficulty of distinguishing between compensation from legitimate and illegitimate sales. Therefore, Distributor agrees that forfeiture of compensation is appropriate. Distributor further agrees that AdvoCare shall be entitled to recover attorneys' fees incurred relating to the investigation of such a breach, and in recovery any compensation forfeited hereunder.

7.6 Ordering Products

To place a Product order, a Distributor may:

- (1) Place an order online at advocare.com, or
- (2) Contact Customer Service at 800-542-4800.

For frequently asked questions, such as hours of operation or Product pricing, please visit www.advocare.com.

Once an order is entered, it cannot be changed. It is immediately transmitted to the Distribution Center to be fulfilled.

7.7 Sales Tax

AdvoCare charges sales tax on a Product order based on the shipping destination. Sales tax charges will vary by product and by state. AdvoCare remits the sales tax to each state to which Products are shipped. Distributors may not provide false information in order to avoid payment of relevant taxes. Distributors should compute

and collect sales tax on their retail sales. AdvoCare shall not be liable or responsible for Distributors' own collection and remittance of sales tax on Distributors' retail sales.

7.8 Shipping or Picking Up Products

Products may be picked up at Will Call anytime during regular Will Call hours. When an order is shipped, it incurs shipping and handling. Please see advocare.com or contact Customer Service at 1-800-542-480 for current shipping rates and information.

7.9 Pay Periods

The calendar year is divided into twenty-four (24) pay periods. Pay periods end on the first and third Tuesdays of each month, with the closing of the pay period effective the following Wednesday at 12 am Pacific Standard Time. Most pay periods are two weeks long, but a few are three weeks long.

7.10 Receiving Compensation

AdvoCare utilizes a third-party payment service, AdvoCare RapidPay, to pay Distributors. Distributors must enroll in the service in order to be paid. The service charges a nominal monthly fee, and only if the Distributor earns compensation during that month. For more information, including how to enroll and AdvoCare RapidPay terms and conditions, login to your Distributor Website.

7.11 Excessive Purchase of Inventory

AdvoCare prohibits the excessive purchasing and stockpiling of AdvoCare Products. To ensure that the Products purchased are being consumed or sold in compliance with the Policies, AdvoCare may request at any time verifiable Retail Sales Receipts and other documentation to review alongside a Distributor's order history of up to one (1) year.

7.12 Reporting Adverse Reactions or Consumer Complaints

If a Distributor, Preferred Customer, or Retail Customer experiences, or becomes aware of, any adverse reaction to a Product or receives a consumer complaint, they should contact Customer Service as soon as possible at 800-542-4800.

SECTION I POLICIES AND PROCEDURES

CHAPTER 8: RETURNING OR EXCHANGING PRODUCTS

8.1 Return or Exchange Policies for Orders through AdvoCare: Distributors, Preferred Customers, or Registered Retail Customers (Satisfaction Guarantee)

If an AdvoCare Distributor, Preferred Customer, or Registered Retail Customer is not completely satisfied with the Products they purchased from AdvoCare (via AdvoCare website, Will Call, or Customer Service), they may request a refund or exchange within thirty (30) days from the date of purchase by returning the unused portion of the Product back to AdvoCare. The refund or exchange amount is based upon the price paid at the time of sale, sales tax (if applicable), and shipping costs. *Product refunds are made in the same form of payment as Product purchases. Product exchanges will be for Product(s) of equal or lesser value of the price paid at the time of sale.

**Refunded shipping costs are calculated as the lesser of 5% retail value of the items returned or \$75, but no less than the current standard flat shipping rate.*

To be entitled to a refund, the following requirements must be met:

- (1) The returned Products must be accompanied by a Returned Merchandise Authorization (RMA) number provided by Customer Service and an inventory list of the Product(s) returned;
- (2) The returned Products must appear on the individual's order history; and
- (3) The returned Products must have been purchased within thirty (30) days preceding the date of the return.

Returned Product that does not meet the criteria listed above shall not be eligible for a refund or exchange. All Product returned to AdvoCare shall be retained by AdvoCare, regardless of whether or not the return meets the criteria for receiving a refund or exchange.

Sales aids and other training materials for purchase from AdvoCare are eligible for a refund if purchased within thirty (30) days preceding the date of the return, with record of the purchase reflected in the Distributor's order history.

Failure to notify AdvoCare of any shipping discrepancy or damage within thirty (30) days of shipment will negate the Distributor's right to request a correction. IF

an order must be rerouted, it will be at the Distributor's expense. Please contact Customer Service at 800-542-4800 to correct a discrepancy.

8.2 Retail Customer Return Policy for Purchases Direct from a Distributor (Satisfaction Guarantee)

A Retail Customer who purchases directly through a Distributor is entitled to a refund on any Product purchased in the preceding thirty (30) days. Distributors must refund a Retail Customer's money immediately if asked to do so within the thirty (30)-day time period. After issuing a refund to a Retail Customer, Distributors must return the unused portion of the Product along with a copy of the Retail Sales Receipt and a completed Retail Customer Product Return form in order to receive a replacement for the Product from AdvoCare. Retail Customer Product Return forms are available online by logging on to your Distributor Website or in person at the AdvoCare Will Call desk. Distributors must request the replacement Product within thirty (30) days of the refund.

If a Retail Customer calls Customer Service to request a refund for Product sold by a Distributor, AdvoCare will notify the appropriate Distributor. If the Distributor fails to refund the Retail Customer within ten (10) days, then that Distributor is in violation of these Policies.

8.3 Retail Customer's Right to Cancel a Transaction

A Retail Customer may cancel a transaction, without any penalty or obligation, within THREE (3) BUSINESS DAYS from the date of the Retail Sales Receipt.

If a Retail Customer cancels a transaction, any payments made by the Retail Customer as part of the sale shall be returned within TEN (10) BUSINESS DAYS following receipt by the Distributor of the cancellation notice.

If a Retail Customer cancels a transaction, the Retail Customer must make available to the Distributor at the Retail Customer's residence, any Products delivered to the Retail Customer as part of this sale, in substantially as good condition as when received, or the Retail Customer may comply with the instructions of the Distributor regarding the return shipment of the goods at the Distributor's expense and risk. If the Retail Customer makes the Products available to the Distributor and the Distributor does not pick them up within twenty (20) days of the date of the Notice of Right to Cancel, the Retail Customer may retain or dispose of

SECTION I POLICIES AND PROCEDURES

the goods without any further obligation. If the Retail Customer fails to make the goods available to the Distributor, or if the Retail Customer agrees to return the goods to the Distributor and fails to do so, then the Retail Customer remains liable for the Product.

To cancel a transaction, the Retail Customer must mail or deliver a signed and dated copy of the Retail Receipt or any other written notice, or send a certified letter, to the Distributor at the address on the front of the Retail Receipt NOT LATER THAN MIDNIGHT OF THE (THIRD) (3RD) BUSINESS DAY.

8.4 Exclusions from Return and Exchange Policies

Only Products and sales aids purchased directly from AdvoCare or a Distributor are eligible for a refund or exchange. Products purchased on any website other than advocare.com are not eligible for a refund from AdvoCare. Sales aids purchased through third parties are excluded from refund by AdvoCare. AdvoCare may refuse to issue a refund if it finds in its sole discretion that any of the conditions in this section have not been met.

8.5 Adjustments for Refunds

AdvoCare will adjust compensation or discount level for any return by you or your customers, deducting any amounts owed as a result of the returned Product from any future compensation payable to the Distributor.

CHAPTER 9: ADVERTISING AND MARKETING OF ADVOCARE PRODUCTS

9.1 Distributor Advertising in General

AdvoCare considers any direct or indirect statement or graphic using the AdvoCare IP (its logo or trademarks), or regarding the Products and results of the Products to be forms of advertising covered by this Chapter.

Distributors may utilize various forms of advertising so long as their business activities comply with all terms of these Policies and all local, state, and federal laws and regulations.

9.2 No Deceptive or Misleading Advertising

It is the obligation of each Distributor to ensure that all advertisement activities are truthful, not deceptive, and do not mislead customers in any way. Advertisements and marketing activities should be professional and appropriate. Any Distributor who engages in abusive

language or inappropriate conduct that causes disruption to the normal business of AdvoCare or that of any Distributor, or that is injurious to the image or reputation of AdvoCare or that of any Distributor, is in violation of these Polices.

9.3 Professionalism in Advertising

When a Distributor is advertising and selling the Products, in person or advertising the Products in a social network community, the Distributor must be respectful and conduct themselves with professionalism. Distributors must promote Products in an appropriate manner to maintain brand integrity. It is within AdvoCare's sole discretion to determine what is unprofessional activity. Violations of these Policies may be reported to the AdvoCare Legal Department at legal@advocare.com.

9.4 Testimonial Claims

AdvoCare considers any statement or assertion about its Products, results on Products and/or use of Products to be a claim within the scope of this Chapter. When discussing or promoting the Products, Distributors may make only those claims or representations found on Product packaging, AdvoCare Website, or in current literature published by AdvoCare. There are many types of claims, including Product Claims, Weight-Loss Claims, Weight-Gain or Muscle-Mass Claims, and Income or Lifestyle Claims as further defined below.

Product Claims:

AdvoCare Products are foods or dietary supplements. Product Claims are statements that describe what a Product contains, what it is for, or what benefits it provides. You may only make claims that appear on AdvoCare Product literature, such as Product catalogues, labels, or webpages. AdvoCare has substantiated and approved only these claims, so it is important that you never deviate from these claims. Even if you have obtained results that are better or different than those stated in AdvoCare materials, you cannot say so because (1) unsubstantiated claims are not permitted by the US Food and Drug Administration ("FDA") or Federal Trade Commission ("FTC") rules and regulations, and (2) all claims must be supported by scientific evidence, which means what is typical rather than an individual's experience.

SECTION I POLICIES AND PROCEDURES

To help consumers avoid confusing a dietary supplement from a drug, the FDA requires use of the following disclaimer, also known as the DSHEA statement, to be used with many types of structure/function product claims:

***This statement has not been evaluated by the Food and Drug Administration (FDA). This product is not intended to treat, cure, or prevent any disease.**

If you see this disclaimer with an authorized claim in AdvoCare's materials, you must use it at any time you make the same claim in writing.

Medical claims may not be used in association with AdvoCare's Products. Medical claims state or suggest that a Product will treat, cure or prevent a disease or other medical condition. Making unauthorized medical claims is dangerous to consumers who could abandon proper medical treatment for their conditions. It can also be a liability for a Distributorship and can personally expose the Distributor to fines and other legal action, even criminal action.

Distributors should always caution customers to see their doctor before beginning an AdvoCare Product regimen.

Weight-loss Claims:

AdvoCare weight-management programs are based on Products that help people reduce caloric intake with better eating habits and physical activity. Weight loss is not guaranteed. One to two pounds a week is considered to be healthy, sustainable weight-loss by the Centers for Disease Control and Prevention ("CDC").

You may make claims about weight-loss results achieved through AdvoCare programs. However, any claims must (1) include reference to balanced diet and regular physical activity consistently implemented into a healthy lifestyle routine, (2) be truthful, accurate, and not misleading, (3) include a time-frame that depicts healthy, sustainable weight-loss over time, and (4) be accompanied by the current weight-loss disclaimer:

"Results vary with individual effort, consistency of use, body composition, eating patterns, and exercise. AdvoCare Products can be part of a program to jumpstart long-term weight loss, health, and wellness."*

The full text of this disclaimer must be shown in all written materials, such as a Distributor presentation, written materials, or social media posts that contain weight-loss claims.

If you are speaking to someone casually and wish to tell them about your success on the Products, you can use a more abbreviated version of the weight-loss disclaimer. For example:

"Consumers use the AdvoCare Products as part of a healthy lifestyle change to help support weight-management. I was able to lose 15 pounds by swapping my fast-food breakfast for meal replacement shakes, eating healthier, and walking thirty minutes a day over the past six months."

Distributors may use before-and-after images when promoting their personal Product results. These are considered claims about AdvoCare's weight-management programs because they show body changes while on Products. Before-and-after images must provide (1) reference to balanced diet and regular physical activity consistently implemented into a healthy lifestyle routine, (2) truthful, accurate, and not misleading depiction, (3) a period that depicts healthy, sustainable weight-loss over time, and (4) the current weight-loss disclaimer.

Distributors who wish to share the results of others must first receive written permission from the individual. Distributors must disclose to that individual what content they will be sharing and on what platform they will be sharing. The Distributor must ensure that the information shared to the public: (1) references balanced diet and regular physical activity consistently implemented into a healthy lifestyle routine, (2) is truthful, accurate, and not misleading, (3) provides a time frame that depicts healthy, sustainable weight-loss over time, and (4) includes the current weight-loss disclaimer.

Weight-gain or Muscle-mass Claims:

Weight-gain claims are acceptable if the amounts discussed are reasonable and connected with Products containing protein. Claims about increased muscle mass must be truthful, substantiated, and include reference to exercise as part of the program.

SECTION I POLICIES AND PROCEDURES

Opportunity or Income (Including Lifestyle) Claims:

AdvoCare offers a Business Opportunity for those seeking to make supplemental income during their spare time. The majority of Distributors do not earn any income from AdvoCare. The Business Opportunity requires time, commitment, and effort. **Distributors are not authorized to make any income or lifestyle claims related to selling AdvoCare Products.** A “lifestyle claim” is any express or implied statement about past, current, or future purchases or transactions you made with income from AdvoCare or your AdvoCare Business. In other words, a lifestyle claim tells others what AdvoCare income has allowed you and your family to buy or do (e.g., purchase cars, take vacations, or buy homes).

9.5 Advertisements Must Identify the AdvoCare Independent Distributor

Distributors must clearly identify themselves as an “Independent Distributor” in all advertisements, including but not limited to, social media posts, paid advertising, and websites. Distributors are self-employed independent contractors. Distributors are not employees of AdvoCare.

9.6 Distributors Encouraged to Advertise Products at the Suggested Retail Price

Although Distributors alone are responsible for setting prices for Products they sell to their customers, in order to maintain AdvoCare’s premium brand image and business goodwill, it is strongly encouraged Products that AdvoCare products be advertised at the suggested retail price. Distributors may periodically publicly advertise product discounts and/or incentives as stated in the Advertising Guidelines which can be found on your Distributor Website.

9.7 Combined Business Advertising

Advertisements and marketing may not be combined, commingled, or in any way cross-promoted with any other company’s competing products or business ventures that are not officially associated with AdvoCare. Advertising other direct selling companies, opportunities, supplements, or weight-loss products while advertising AdvoCare Products is prohibited.

9.8 Company-Created Advertising Materials

AdvoCare may produce materials, videos, or sales aids and make them available for use by Distributors. These

materials may not be edited or manipulated in any way other than to add contact information for the Distributor or an event.

9.9 Use of Logos, Trademarks, and Copyrighted Material

CERPUR Pioneer, LLC (“CERPUR”) owns all AdvoCare trademarks, trade names, logos, and copyrighted images and content. Distributors may not use AdvoCare trademarks, trade names, or copyrighted images without express written approval from CERPUR. This includes, but not limited to, email addresses, domain names, and/or online aliases. Distributors have a limited license through their IP Agreement to use approved materials and logos to promote their AdvoCare Business, which are made available through their Distributor Website.

9.10 Use of Distributor’s Name, Likeness, or Image

A Distributor shall be deemed to consent to AdvoCare’s use of their name, testimonial, and image or likeness in connection with advertising, promoting, and publicizing the Business Opportunity, Products, or any AdvoCare-related event. Unless otherwise published in official AdvoCare publications, Distributors are prohibited from using the name, testimonial, and image or likeness of other Distributors, Preferred Customers, or Retail Customers without express written consent from those persons.

9.11 Video and Audio Recordings and Use

AdvoCare encourages Distributors to utilize current corporate videos and audio files available on its website. These videos and audio recordings are owned by AdvoCare and may not be edited or manipulated in any way.

The recording of speakers at corporate events is prohibited. At Distributor-led events, training calls, or meetings, Distributors seeking to record must first get permission from the speaker(s). Recordings may not be sold, distributed, or uploaded to the internet. It is the responsibility of the Distributor to ensure that any of the material the Distributor is recording is in compliance with these Policies as well as local, state, and federal laws and regulations.

9.12 Direct Sales to Minors

Although many Products are suitable for children as provided online in the AdvoCare Age Guidelines for

SECTION I POLICIES AND PROCEDURES

Products, Distributors are prohibited from selling, or distributing Products directly to minors (or anyone under the age of 18)

9.13 Mass Media Advertising

Distributors are not permitted to advertise their Distributor Business, Products, or the Business Opportunity on television, radio, billboards, national print, within published articles, online publications, mass mailings, or through channels otherwise deemed inappropriate by AdvoCare. Subject to the other terms of this Chapter, Distributors are permitted to advertise in their local newspaper, community newsletters, local opportunities and/or through local Chamber of Commerce, and otherwise follows these Policies.

9.14 Advertisements and Marketing Must Abide By the Law

Promotion of AdvoCare Products by Distributors is considered commercial speech, or speech done on behalf of a company or individual for the intent of making a profit. This type of speech has the intent of convincing consumers to take part in a particular action, such as purchasing Products. Therefore, advertisements and marketing must be truthful and must not be deceptive or misleading.

Government agencies have established guidelines and rules for what may and may not be communicated in commercial speech, and even a Distributor's personal experience may not conform to these guidelines. Distributors are responsible for complying with these legal requirements as well any relevant local, state, and federal laws and regulations.

9.15 Endorsers and Sponsorships

AdvoCare Endorsers and Sponsorships are subject to change. For the most current and accurate information, please consult AdvoCare website.

Distributors may not use an Endorser's image or likeness, upload or add any videos, photos, commercials, or information about any AdvoCare Endorser without the express written consent of AdvoCare, unless published by AdvoCare specifically for Distributor use or sharing purposes.

Endorsers receive free Product in exchange for their endorsement and are compensated for their time and appearances.

9.16 Distributor-Created Contests

Distributors are responsible for complying with all local, state, and federal laws and regulations associated with any contests they choose to host. Contests are games of skill whereby entrants compete against one another based on specified metrics. Distributors are encouraged to speak with their personal attorney and/or consult the Internal Revenue Service ("IRS") and Federal Trade Commission ("FTC") websites to ensure compliance with relevant laws and IRS reporting requirements. Individual states may also have laws restricting contests.

In addition to complying with all applicable laws and regulations, all contests must provide the name(s) of the sponsoring Distributors, disclose details regarding the contest, and indicate that the contest is not sponsored or approved by AdvoCare. Contests shall also provide rules specific to the contest, such as who can enter, how to enter, the start and end of the promotion period, the nature and value of the prize, number of prizes awarded, how to win, etc. Distributors must award all prizes earned or won. Participants of the promotion must also disclose in any marketing or advertisement, whether on social media or in person, that they are participating in a promotion.

Certain promotions, such as lotteries, are prohibited by AdvoCare and have been banned or heavily regulated in most states. Lotteries are games of luck or chance that require an entry fee, payment, product order, substantial effort (i.e., filling out a form or completing a questionnaire), activity requirement, or some other form of consideration. An example of a lottery is a raffle drawing where participants must pay to play for a chance to win a prize.

9.17 Marketing Products through Establishments

Distributors may not market and sell Products through retail stores unless the Distributor was previously approved before the effective date of this version of the policies, July 7, 2022.

9.18 Exhibitions, Fairs or Trade Shows

Distributors may be approved to sell Products in certain limited-duration exhibitions, fairs, home shows, trade shows, and other seasonal or annual events. For these events, a request with information about the exhibition must be submitted for approval to Legal Department at legal@advocare.com at least 7-10 business days prior to the expected event.

SECTION I POLICIES AND PROCEDURES

9.19 International Sales and Advertising

You may not sell any Products, distribute any literature, place any advertisement, or conduct any other activity toward the promotion or establishment of your AdvoCare Business or Products in any country other than where AdvoCare is legally authorized to conduct business. For a current listing of authorized countries, please call Customer Service at 800-542-4800.

9.20 Personal Independent Websites

CERPUR provides Distributors with a Distributor Website from which they can market AdvoCare Products and the opportunity as well as receive training. Distributors are prohibited from owning, establishing, and/or operating their own independent websites or applications (“Apps”) solely to market the Products or offer AdvoCare-related training, or utilizing CERPUR’s trademarks or tradename which could cause confusion, or be misleading or deceptive to consumers by appearing to be connected to the AdvoCare Corporate Office.

AdvoCare reserves the right to classify a Distributor’s social media and online presence as the functional equivalent of operating an independent website. For example, a website developed on a blogging platform through a third party or other social media presence that is developed for the sole purpose of marketing or promoting the Products, gain leads, or to offer AdvoCare-specific training may be considered the functional equivalent of an independent website.

AdvoCare and/or CERPUR will determine, in their respective sole discretion, whether such use could cause confusion or be misleading or deceptive.

9.21 Unsolicited Communications Sent By Fax, Text, or Email

A Distributor may not, directly or through a third party, use or transmit unsolicited faxes, mass email distribution, unsolicited bulk email, unsolicited texts, auto dialers, unsolicited phone calls, or engage in spamming in connection with promoting the Products or the AdvoCare opportunity. Distributors must comply with the requirements of the CAN-SPAM Act, related FTC regulations, and any other applicable laws or regulations.

Individuals must be allowed to opt-in to any such communications. Appropriate communications must

clearly disclose that the message is an advertisement or solicitation and identify the AdvoCare Distributor as the sender and must include a functioning return method of communication to the sender. The communication must also include language describing a method by which the receiving party may “opt-out” or “unsubscribe.” All such requests must be honored. Failure to honor within ten (10) business days of receiving the request is a violation of these Policies.

9.22 Digital Paid Advertising

Distributors who use digital advertising sites must comply with the rules associated with that particular platform as well as these Policies. To obtain guidelines concerning digital advertising, please refer to the Advertising Guidelines found on your Distributor Website, or contact legal@advocare.com.

9.23 Distributors are Responsible for Their Postings

Distributors are personally responsible for their postings and all their other online activity related to AdvoCare. Therefore, even if a Distributor does not own or operate a social media site, if a Distributor makes a post that relates to AdvoCare, or which can be traced back to AdvoCare, the Distributor is responsible for the posting. Distributors are also responsible for postings which occur on any blog or social media site the Distributor owns, operates, or controls. As stated above, Distributors who use digital paid advertising sites must comply with the rules associated with that particular platform as well as these Policies.

9.24 Use of Videos on Social Media

Distributors are encouraged to use AdvoCare corporately-created videos to advertise or promote the Products. AdvoCare videos must be reposted in their entirety and may not be modified in any way.

For Distributor-created videos, it is the responsibility of the Distributor to ensure that any of the material they are recording or providing is current and in compliance with these Policies, as well as any local, state, and federal laws and regulations. Streaming services, such as Facebook Live, may be used by a Distributor to share their AdvoCare Product story only. Product stories must be in compliance with these Policies. Any video that discusses or mentions the Products must include this additional disclaimer:

SECTION I POLICIES AND PROCEDURES

Personal testimonials reflect individual experiences of AdvoCare Independent Distributors and are not necessarily typical of the results you may obtain. Results vary with individual effort, consistency of use, body composition, eating patterns, and exercise. AdvoCare makes no guarantee as to the results that you may experience. AdvoCare encourages healthy, sustainable weight loss with consistent healthy lifestyle activities over a period of time. If an individual has a medical condition or is pregnant or nursing, AdvoCare recommends that the individual consult their healthcare professional before starting an AdvoCare Product regimen. Individuals should always read the product label before use.

9.25 Post-Termination Social Media Presence

If the Distributor Agreement is terminated, cancelled, or the Distributor resigns, the Distributor must discontinue use of the AdvoCare IP and all derivatives in any postings and on all social media sites. If the Distributor posts on any social media site on which they have previously identified as an AdvoCare Distributor, then the Distributor must conspicuously disclose that they are no longer an AdvoCare Distributor.

The Distributor must also remove from public view all references and posts regarding AdvoCare from social networking profiles within five (5) business days from the date they are no longer a Distributor. If the Distributor has an AdvoCare-related social networking group presence, they are also required to remove the group from public view. The Distributor may transfer the administration rights to another AdvoCare Distributor in good standing.

CHAPTER 10: DISCIPLINARY ACTION AND DISPUTE RESOLUTION

10.1 Notice of Disciplinary Action

Should it become necessary for AdvoCare to place a Distributorship on probation, suspension, or termination (“Disciplinary Action”), the Disciplinary Action becomes effective on the date AdvoCare sends notice to the Distributor against whom disciplinary action is taken. The notice will be sent to the Distributor’s mailing address and/or email address of record.

10.2 Forms of Disciplinary Action

The Policies are in place to protect AdvoCare and the Business Opportunity for all Distributors. Violations of the Policies are considered extremely serious and may subject a Distributor to Disciplinary Action, at the sole discretion of AdvoCare. AdvoCare may attempt to address a violation by counseling the Distributor; however, depending on the particular situation, more severe disciplinary measures may be required including, but not limited to, the following:

- (1) **Legal Hold:** a period of time in which a Distributor’s account is frozen during an investigation of a possible Policy violation. During this time, the Distributor may not buy or order Products, sign up new Distributors, or earn compensation through the Compensation Plan. AdvoCare agrees to investigate the violation within a reasonable amount of time and release the legal hold upon the determination that the Distributor’s conduct is not subject to further Disciplinary Action. Withheld compensation that would have been earned by the Distributor during the legal hold period is forfeited, and may be retained by AdvoCare while the Legal Hold is pending investigation, unless and until the Distributor is found not at fault, and then the compensation may be returned to the Distributor upon request;
- (2) **Warning:** issued to clarify the meaning and application of a specific Policy and advise that continued violation will result in further disciplinary action;
- (3) **Probation:** a defined period of time in which the Distributor is considered *not in good standing* but may continue to conduct certain aspects of their Distributorship, unless otherwise communicated by AdvoCare, including buying Products, placing orders on their Distributor Website, earning compensation through the Compensation Plan, and signing up new Customers. However, while a Distributor is considered *not in good standing*, they will not be eligible for certain Distributor privileges, including but not limited to earning incentives, receiving recognition for advancement, or taking part in the Leads program. It is within the sole discretion of AdvoCare to restrict or allow certain Distributor

SECTION I POLICIES AND PROCEDURES

rights and privileges within the probationary period;

- (4) **Suspension:** a defined period of time or until certain specified conditions are met, where a Distributor is considered *not in good standing*. During a suspension, the Distributor's account is frozen and all rights to conduct the AdvoCare Business and participate in Distributor events, along with any eligibility for earning incentives and compensation, are revoked. Withheld compensation that would have been earned by the Distributor during the suspension period is forfeited and may be retained by AdvoCare; or
- (5) **Termination:** the complete cancellation of a Distributor Agreement and revocation of the Distributor's rights, including the right to receive any further compensation, whether accruing before or after the termination date. Upon termination, the Distributor must immediately cease to represent himself or herself as a Distributor.

AdvoCare reserve the right to take Disciplinary Action against a Distributor at any time, with or without prior notice, whenever it is determined to be the necessary and appropriate action. Upon Disciplinary Action, a Distributor's earnings and incentives may be forfeited at the sole discretion of AdvoCare. AdvoCare reserves the right to recoup damages and pursue legal action for violation of the Policies or the Distributor Agreement or IP Agreement.

Notwithstanding the foregoing section, any probation, suspension, or termination invoked by AdvoCare becomes effective on the date notice is sent to the affected Distributor(s). The notice will be mailed and/or emailed to the Distributor's physical address and/or email of record with AdvoCare. Legal holds are the exception to this notification process as they are the most minor forms of disciplinary action and will be effective immediately with or without notification.

10.3 Termination for Convenience

AdvoCare reserves the right at any time, in its' sole discretion, to terminate for convenience any Distributorship upon thirty (30) days written notice. Cancellation shall be effective on the date on which written notice is mailed, emailed, or delivered via an express courier, to the Distributor's last known address,

email address, or to their counsel, or when the Distributor receives actual notice of cancellation, whichever occurs first. AdvoCare shall not be required to have any reason, nor to prove any cause in order to terminate any Distributorship with any Distributor. If and when any Distributorship with any Distributor is terminated, the Distributor shall have no claim against AdvoCare, its affiliates, or their respective officers, directors, agents, employees, servants, and representatives, nor any right to claim or collect lost profits, lost opportunities, or any other damages. Termination will result in the loss of all benefits as a Distributor. The terms hereof are in satisfaction of any and all statutory and common law claims, including without limitation, any right to reasonable notice of termination of the contractual relationship.

10.4 Actions of Household Members

Every Distributor is responsible for the actions of his/her immediate household members. If any such household members engages in activity, which if performed by the Distributor, would violate the terms of the Distributor Agreement, IP Agreement, and/or Policies, the activity would be considered a violation by the Distributor. Should such an event occur AdvoCare may take disciplinary action against the Distributor, as well as take any other legal remedies as may be necessary.

10.5 Procedures for Appeal

A Distributor may appeal the withholding of compensation, probation, suspension, or termination by sending a written explanation to Legal Department addressing why the disciplinary action should not be taken. In order to be considered, appeals must be sent by certified or registered mail to AdvoCare Corporate Office (attention: Legal Department) or by email to **legal@advocare.com**. Appeals must be received by AdvoCare no later than twenty (20) days from the date of the notice of disciplinary action. Any sanction(s) shall remain in place during the appeals process. AdvoCare will review all timely appeals and notify the Distributor of the final decision. The appeal decision is final and is not subject to further review.

10.6 Repurchases Associated with a Terminated Distributorship

A Distributor whose Distributorship is involuntarily terminated by AdvoCare may request, within thirty (30) days of a notice of termination, that AdvoCare

SECTION I POLICIES AND PROCEDURES

repurchase unused Products in the Distributor's possession. Any request for repurchase must be sent to Legal Department via email at legal@advocare.com and will need to be able to meet the requirements set forth in these Policies.

10.7 Pre-Cancellation and Post-Cancellation Defamation or Disparagement

A Distributor or former Distributor shall not defame AdvoCare at any time. A Distributor or former Distributor also shall not disparage AdvoCare or its current Distributors during the period of any disciplinary actions pending against the Distributor, and for a period of one (1) year following the conclusion of the Distributor's Distributorship. This provision shall survive termination of the Contract.

10.8 Post-Termination Reapplication

If a former Distributor who has been terminated by AdvoCare seeks to become a Distributor again, that individual must first wait twelve (12) months from the date of termination to be considered for reapplication. At that time, the Applicant must submit a letter to Legal Department at legal@advocare.com stating why the former Distributor should be allowed to operate a Distributorship once again. It is within the sole discretion of AdvoCare whether or not to permit the individual to enter into a new Distributorship. If approved, the individual will have no right to any previous discount level and must execute a new Distributor Agreement as well as purchase a new Distributor Kit. If a former Distributor's reapplication is denied, then the former Distributor must wait a full calendar year before following the same reapplication process set forth above.

10.9 Limitation of Remedies

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, NEITHER ADVOCARE NOR ANY OF ITS AFFILIATES OR THEIR OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, OR AGENTS SHALL BE LIABLE TO ANY DISTRIBUTOR, OR ANYONE ELSE, FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES THAT ARISE OUT OF OR RELATE TO THE DISTRIBUTOR CONTRACT, INCLUDING BUT NOT LIMITED TO: ALLEGED DAMAGES RELATING TO DELAYS OR FAILURES WITH REGARD TO THE ORDERING, DELIVERY, AND QUALITY OF PRODUCTS; THE PAYMENT OR NON- PAYMENT OF COMPENSATION UNDER THE

COMPENSATION PLAN; AND ANY INFORMATION PROVIDED BY ADVOCARE TO DISTRIBUTORS, INCLUDING INFORMATION RELATING TO CUSTOMERS, DISTRIBUTOR LISTS AND EARNINGS, AND OTHER SIMILAR INFORMATION. ADVOCARE, ITS AFFILIATES AND ANY OF THEIR OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, OR AGENTS SHALL NOT BE LIABLE UNDER ANY THEORY FOR ANY CONDITION OR CIRCUMSTANCE CAUSED BY *FORCE MAJEURE*, INCLUDING, BUT NOT LIMITED TO, STRIKES, LABOR DIFFICULTIES, RIOTS, WAR, FIRE, NATURAL DISASTERS, DEATH, EPIDEMICS, PANDEMICS, CURTAILMENT OR INTERRUPTION OF A SOURCE OF SUPPLY, SUPPLY CHAIN INTERRUPTIONS, OR GOVERNMENT DECREES OR ORDERS.

10.10 Mandatory Arbitration and Dispute Resolution

EXCEPT AS MAY BE EXPRESSLY PROVIDED OTHERWISE BY THESE POLICIES, ANY CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THE DISTRIBUTOR CONTRACT, WHETHER SUCH CLAIM ARISES IN TORT, CONTRACT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED BY BINDING AND CONFIDENTIAL ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS THEN EXISTING COMMERCIAL ARBITRATION RULES BEFORE A SINGLE ARBITRATOR. THE ARBITRATOR SHALL HAVE EXCLUSIVE AUTHORITY TO DETERMINE WHETHER ANY PARTICULAR CLAIM OR CONTROVERSY IS ARBITRABLE AND COVERED BY THIS PROVISION. DISTRIBUTORS HEREBY WAIVE THEIR RIGHTS TO TRIAL BY JURY OR BY ANY COURT EXCEPT AS EXPRESSLY PROVIDED HEREIN. THE HEARING SHALL OCCUR NOT LATER THAN ONE HUNDRED AND EIGHTY (180) DAYS FROM THE DATE THE DEMAND IS MADE, ABSENT AGREEMENT BY THE PARTIES OR EXTRAORDINARY CIRCUMSTANCES, WITH A JUDGMENT ON THE AWARD ENTERED WITHIN THIRTY (30) DAYS AFTER THE CONCLUSION OF THE HEARING. THE ARBITRATION SHALL BE CONDUCTED IN COLLIN COUNTY, TEXAS, WHICH SHALL BE THE EXCLUSIVE LOCATION OF THE ARBITRATION ABSENT AGREEMENT BY THE PARTIES OR EXTRAORDINARY CIRCUMSTANCES. HOWEVER, THE JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

EACH PARTY TO THE ARBITRATION PROCEEDING SHALL BE ENTITLED TO NO MORE THAN TWENTY (20) REQUESTS FOR PRODUCTION, TEN (10) INTERROGATORIES, AND FIVE (5) DEPOSITIONS. ALL

SECTION I POLICIES AND PROCEDURES

RESPONSES TO REQUESTS FOR PRODUCTION AND INTERROGATORIES ARE DUE WITHIN TEN (10) DAYS FROM THE DATE THEY ARE SERVED. ALL DOCUMENTS MUST BE PROVIDED WITHIN THREE (3) DAYS AFTER THE RESPONSES TO REQUESTS FOR PRODUCTION ARE DUE. THE FOREGOING DISCOVERY LIMITATIONS AND DEADLINES MAY BE MODIFIED OR EXPANDED AT THE DISCRETION OF THE ARBITRATOR FOR GOOD CAUSE SHOWN. THE ARBITRATOR HAS THE DISCRETIONARY AUTHORITY TO AWARD THE COSTS OF THE ARBITRATION, THE ARBITRATOR'S FEES, AND ANY REASONABLE AND NECESSARY LEGAL FEES INCURRED IN CONNECTION WITH A DISPUTE RESOLVED IN FAVOR OF THE PREVAILING PARTY. THE COSTS OF INITIATING THE ARBITRATION SHALL BE BORNE BY THE PARTY INITIATING ARBITRATION. THE COSTS OF BRINGING ANY COUNTERCLAIMS SHALL BE BORNE BY THE PARTY ALLEGING THE COUNTERCLAIMS. ALL REMAINING COSTS AND FEES SHALL BE SPLIT EQUALLY BETWEEN THE PARTIES UP THROUGH ISSUANCE OF A FINAL AWARD. WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW ANALYSIS. THE PARTIES AGREE THE DISTRIBUTOR CONTRACT, AND ANY MATTER ARISING OUT OF, RELATING TO, OR INVOLVING THE DISTRIBUTOR CONTRACT, INCLUDING TORT CLAIMS, WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND IN ACCORDANCE WITH U.S.C.A., TITLE 9, UNITED STATES ARBITRATION ACT (THE "FAA"), AND/UNLESS OTHERWISE CONFLICTING, WITH THE TEXAS ARBITRATION ACT, TEX. CIV. PRAC. & REM. CODE §171.001 ET SEQ. (THE "TAA"). THE ARBITRATOR SHALL HAVE EXCLUSIVE AUTHORITY TO RESOLVE ANY DISPUTE RELATING TO THE ENFORCEABILITY OF THIS ARBITRATION PROVISION, INCLUDING, BUT NOT LIMITED TO, ANY CLAIM THAT ALL OR PART OF THIS PROVISION IS VOID OR VOIDABLE.

UNLESS OTHERWISE STIPULATED BY ALL PARTIES THERETO, THE PARTIES AND THE ARBITRATOR SHALL MAINTAIN THE CONFIDENTIALITY OF THE ARBITRATION PROCEEDINGS AND SHALL NOT DISCLOSE TO ANY THIRD PARTY: THE SUBSTANCE OF, OR BASIS FOR, THE CONTROVERSY, DISPUTE, OR CLAIM; THE SUBSTANCE OR CONTENT OF ANY SETTLEMENT OFFER, SETTLEMENT DISCUSSIONS, OR OFFERS ASSOCIATED WITH THE DISPUTE; THE PLEADINGS, OR THE CONTENT OF ANY PLEADINGS, OR EXHIBITS THERETO, FILED IN ANY ARBITRATION PROCEEDING; THE CONTENT OF ANY TESTIMONY OR OTHER EVIDENCE PRESENTED AT AN

ARBITRATION HEARING OR OBTAINED THROUGH DISCOVERY IN AN ARBITRATION; THE TERMS OR AMOUNT OF ANY ARBITRATION AWARD; AND THE RULINGS OF THE ARBITRATOR ON ANY PROCEDURAL AND/OR SUBSTANTIVE ISSUES INVOLVED IN THE CASE. IN THE EVENT A PARTY FAILS TO PAY THE FULL AMOUNT OF ANY AWARD, INFORMATION RELATING TO THE AWARD MAY BE USED IN CONFIRMATION OF THE AWARD, WITH EACH PARTY AGREEING TO UTILIZE THE APPROPRIATE STATE OR FEDERAL PROCEDURAL SAFEGUARDS TO PROTECT THE CONFIDENTIALITY OF THE ARBITRATION.

THE PARTIES FURTHER AGREE THAT NO ARBITRATOR HAS THE AUTHORITY TO: (1) AWARD RELIEF IN EXCESS OF WHAT THIS AGREEMENT PROVIDES; (2) AWARD CONSEQUENTIAL OR PUNITIVE DAMAGES OR ANY OTHER DAMAGES NOT MEASURED BY THE PREVAILING PARTY'S ACTUAL, DIRECT DAMAGES; OR (3) ORDER CONSOLIDATION OR CLASS ARBITRATION, CONSOLIDATE MORE THAN ONE PERSON'S CLAIMS, OR OTHERWISE PRESIDE OVER ANY FORM OF A REPRESENTATIVE OR CLASS PROCEEDING. IN THIS REGARD THE PARTIES SPECIFICALLY AGREE THAT THEY MAY BRING DISPUTES AGAINST THE OTHER PARTIES, THEIR OWNERS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, AGENTS, DISTRIBUTORS, EMPLOYEES, ATTORNEYS, SUCCESSORS, AND ASSIGNS ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING INCLUDING WITHOUT LIMITATION ANY CLASS ACTION OR CLASS ARBITRATION. AN ARBITRATOR SHALL NOT COMBINE OR CONSOLIDATE MORE THAN ONE PARTY'S CLAIM WITHOUT THE WRITTEN CONSENT OF ALL AFFECTED PARTIES TO AN ARBITRATION PROCEEDING. THE ARBITRATOR MAY, HOWEVER, CONSOLIDATE ARBITRATIONS AGAINST CERPUR AND ADVOCARE BY THE SAME DISTRIBUTOR, IF THE SUBJECT MATTERS OF THE ARBITRATIONS ARE RELATED.

NOTWITHSTANDING THE FOREGOING, NOTHING IN THESE POLICIES OR THE DISTRIBUTOR CONTRACT SHALL PREVENT ADVOCARE FROM APPLYING TO AND OBTAINING FROM ANY COURT HAVING JURISDICTION A WRIT OF ATTACHMENT, TEMPORARY RESTRAINING ORDER, PRELIMINARY OR PERMANENT INJUNCTION, RELIEF PURSUANT TO TEXAS RULE OF CIVIL PROCEDURE 202, OR OTHER RELIEF TO SAFEGUARD AND PROTECT

SECTION I POLICIES AND PROCEDURES

ADVOCARE'S 'S INTERESTS AND RIGHTS, INCLUDING WITHOUT LIMITATION, RIGHTS WITH RESPECT TO CONFIDENTIAL INFORMATION, THE ADVOCARE IP, AND COPYRIGHTED MATERIALS AT ANY TIME PRIOR TO, DURING, OR FOLLOWING THE FILING OF ANY ARBITRATION PROCEEDING.

THE INSTITUTION OF ANY ACTION FOR EQUITABLE RELIEF UNDER THIS PROVISION OR TO ENFORCE AN AWARD OR ORDER, SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT OR OBLIGATION OF ANY PARTY TO SUBMIT ALL CLAIMS TO ARBITRATION.

IF ANY DISTRIBUTOR INITIATES LITIGATION OUTSIDE OF ARBITRATION IN VIOLATION OF THE PROVISIONS OF THIS SECTION, AND UPON DEMAND BY ADVOCARE FAILS TO SUBMIT THE MATTER TO ARBITRATION, THE DISTRIBUTOR SHALL BE LIABLE TO ADVOCARE FOR ALL COSTS, EXPENSES, AND LEGAL FEES INCURRED IN COMPELLING ARBITRATION OF THE MATTER.

ANY AMENDMENTS TO THIS ARBITRATION PROVISION SHALL APPLY ONLY PROSPECTIVELY, NOT RETROSPECTIVELY, AND SHALL BE EFFECTIVE FOURTEEN (14) DAYS AFTER POSTING ONLINE BY ADVOCARE, OR OTHER MECHANISM DESIGNED TO PROVIDE NOTICE TO DISTRIBUTORS. NO AMENDMENTS TO THIS ARBITRATION PROVISION SHALL APPLY TO ANY CLAIM OR CONTROVERSY FOR WHICH A DISTRIBUTOR HAS PROVIDED ADVOCARE ACTUAL, EXPRESS, WRITTEN NOTICE PRIOR TO THE EFFECTIVE DATE OF THE AMENDMENTS.

THIS SECTION SHALL INURE TO THE BENEFIT OF ADVOCARE, ITS AFFILIATES AND ALL OF THEIR OWNERS, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, AGENTS, EMPLOYEES, ATTORNEYS, SUCCESSORS, AND ASSIGNS, ANY OF WHOM SHALL BE ENTITLED TO INVOKE OR SEEK ENFORCEMENT OF THESE PROVISIONS AND SHALL COVER ALL CLAIMS ASSERTED AGAINST ANY OF THEM THAT ARISE OUT OF OR RELATE TO THE DISTRIBUTOR CONTRACT.

TO THE EXTENT THIS ARBITRATION PROVISION OR ANY PORTION THEREOF IS DETERMINED TO BE IN VIOLATION OF, OR UNENFORCEABLE TO ANY EXTENT UNDER, ANY STATE OR FEDERAL LAW, THE PARTIES AGREE THAT SUCH PROVISION OR PORTION IS SEVERABLE AND MAY BE REVISED TO BE CONSISTENT WITH APPLICABLE LAW, AND TO EFFECTUATE TO THE MAXIMUM EXTENT

POSSIBLE THE ORIGINAL TERMS AND INTENT OF THIS PROVISION.

10.11 Governing Law, Jurisdiction and Venue

The Distributor Contract, its interpretation and enforcement, and all claims arising out of or relating to the Distributor Contract, whether asserted in law or equity, contract-based, tort-based, or otherwise, and including substantive claims or defenses asserted within any arbitration proceeding, shall be governed by the laws of the State of Texas without regard to choice of law or conflicts of law principles. Procedural matters in any arbitration proceeding shall be governed by the FAA and, unless otherwise conflicting with the FAA, the TAA. Mandatory and exclusive jurisdiction and venue of any claim, dispute, matter, controversy, or action between AdvoCare and any Distributor(s) that is not subject to arbitration shall be in the courts of Collin County, Texas and/or the United States District Court, Eastern District of Texas, to the exclusion of all other venues and forums, and Distributor hereby waives any and all objections to such venue, including personal jurisdiction and forum non conveniens. The institution of an action or proceeding by a Distributor against AdvoCare in another venue or forum in violation of this provision shall be a material breach of the Distributor Contract causing AdvoCare irreparable harm, and Distributor agrees and stipulates that AdvoCare shall be entitled to temporary, preliminary, and permanent anti-suit injunctive relief to enforce this provision.

CHAPTER 11: ASSIGNMENT OR SALE OF DISTRIBUTORSHIP

11.1 Assignment or Sale of Distributorship Prohibited

No Distributor may sell, assign, or encumber any interest in its Distributorship, without the prior written consent by Legal Department, which may be denied in the sole discretion of AdvoCare. If a Distributorship is inherited or held in trust or held on behalf of a legally incapacitated Distributor, a new Distributor Agreement and a new IP Agreement must be signed by the beneficiary, trustee, or person holding the Distributorship on behalf of a legally incapacitated Distributor and is subject to the approval or rejection of AdvoCare in their sole discretion. AdvoCare may assign the Distributor Contract at any time, without advanced notice.

SECTION I POLICIES AND PROCEDURES

CHAPTER 12: DISPOSITION OF A DISTRIBUTORSHIP –DEATH OR LEGAL INCAPACITY

12.1 Passing on Your Distributorship

Subject to the automatic rights of a surviving spouse (who is an Applicant or Co-Applicant), a Distributor may choose to pass their Distributorship on to a beneficiary(ies) in the event of their death in a valid will or testamentary document. A Distributorship does not automatically pass down to a Distributor's beneficiary(ies) without it being expressly written in a valid will or other testamentary document. Instead, all Distributorships that are not included in a valid will or testamentary document (including a testamentary trust) may be terminated, in the sole discretion of AdvoCare.

Notice of a Distributor's death must be provided to the Legal Department at legal@advocare.com within thirty (30) days of the date of death to prevent the Distributor's account from having additional action taken on it by AdvoCare. A certified copy of the death certificate must be provided upon request.

Distributors are encouraged to seek professional legal assistance from an attorney to ensure the proper transfer of the Distributorship. Inheritance of a Distributorship does not guarantee that a beneficiary will receive any earnings at any particular level. Success in the AdvoCare Business is dependent upon successful sales efforts, which require hard work and diligence. The success of a beneficiary will depend upon how effectively they exercise these qualities.

When a Distributorship consists of a married couple (Applicant and Co-Applicant) and one person dies or becomes legally incapacitated, the Distributorship will remain in the name of the surviving or capable spouse. The surviving or capable spouse must forward a certified copy of the death certificate or declaration of legal incapacity, as the case may be, to AdvoCare to change the ownership of the Distributorship.

12.2 Eligibility Requirements to Inherit or Operate an Existing Distributorship

To inherit or otherwise operate a Distributorship, an individual must be eligible to become a Distributor. Additionally, the individual must not be a current Distributor**, and must agree to and execute a Distributor Agreement.

***If a beneficiary has an existing Distributorship or Customer membership, the beneficiary may decide within a reasonable amount of time which account to operate, and which to terminate. This requirement does not apply to a trustee designated to operate a Distributorship on behalf of a beneficiary.*

12.3 Beneficiaries in a Valid Will

A named beneficiary must meet the requirements of this Chapter within sixty (60) days of (a) the death of the original Distributor, or (b) appointment of an executor/administrator of the decedent's estate.

If a will designates more than one beneficiary, AdvoCare will place the Distributorship in one name as decided by all named beneficiaries. If all named beneficiaries cannot agree among themselves in whose name to place the Distributorship, AdvoCare shall make that decision in its sole discretion. Upon earning compensation, the designated party will be issued payment.

AdvoCare will not divide funds earned from the Distributorship. The beneficiaries shall have no claim or recourse against AdvoCare for how any compensation paid to the Distributorship is allocated among the beneficiaries.

12.4 Distributorships Left in Trust

A trust created in the will of the Distributor may be established in order to leave a Distributorship to beneficiaries at the time of the Distributor's death. For example, a testamentary trust may be established for the benefit of minor children or incapacitated adults. The terms of the trust should designate a trustee who will operate the Distributorship or appoint a third party to do so. AdvoCare reserve the right to deny the transfer of a Distributorship to a trust created under the will of a Distributor if it determines the trustee does not meet the eligibility requirements in this Chapter or is not sufficiently authorized or capable of operating the Distributorship in compliance with the Policies.

Upon the transfer of a Distributorship, the beneficiary is eligible to earn compensation pursuant to the Policies. Upon dissolution of the trust, if applicable, pursuant to the will of the Distributor that created the trust, the beneficiaries and trustee must decide who will be named on the Distributorship in order for it to continue

SECTION I POLICIES AND PROCEDURES

operating. AdvoCare will continue to issue compensation to the designated party on the Distributorship.

12.5 Procedure for Beneficiary or Trustee to Operate a Distributorship

In order for a beneficiary or trustee to operate a Distributorship, they must satisfy the following requirements

- (1) Provide AdvoCare with a certified copy of the death certificate and a fully executed copy of the will or other instrument establishing the beneficiary's valid right to the AdvoCare Distributorship;
- (2) The single beneficiary or trustee must sign a Distributor Agreement;
- (3) The single beneficiary or trustee must sign an IP Agreement;
- (4) The beneficiary or trustee must meet the eligibility requirements in this Chapter;
- (5) The beneficiary or trustee must comply with the Distributor Agreement, the IP Agreement and the Policies;
- (6) If a Distributorship is left to more than one beneficiary or if it is left to minor(s), then the beneficiaries or trustee must establish a business entity and acquire a Federal Tax ID Number. AdvoCare will issue one IRS Form 1099 to the business entity or single person designated; and
- (7) Provide AdvoCare with an address or account of record.

12.6 Distributor Leaves No Valid Will

When a Distributorship has no Co-Applicant and the Distributor has not expressly provided for the transfer of the Distributorship in a valid will, the Distributorship shall terminate upon notice of the Distributor's death.

12.7 Legal Incapacity

Subject to the automatic rights of a surviving spouse who is an Applicant or Co-Applicant as set out in this Chapter, if a Distributor becomes legally incapacitated and has a valid Power of Attorney for Property or similar Mandate in place or a person has been appointed as the guardian of the Distributor by a court of competent authority, such Attorney appointed under the Power of Attorney document or similar Mandate or court appointed guardian (hereinafter "Personal Representative") may continue to operate the

Distributorship on behalf of the legally incapacitated Distributor for the duration of such legal incapacity. Notice of a Distributor's legal incapacity must be provided by the Personal Representative to Legal Department (email legal@advocare.com) within thirty (30) days of the date of the declaration of legal incapacity to prevent the Distributor's account from being purged. A certified copy of the declaration of legal incapacity must be provided by the Personal Representative upon request. AdvoCare reserve the right to deny the continued operation of the Distributorship by the Personal Representative if it determines the Personal Representative does not meet the eligibility requirements in this Chapter or is not sufficiently authorized or capable of operating the Distributorship in compliance with the Policies.

12.8 Bankruptcy

The prohibition on the sale or assignment of a Distributorship applies if a Distributor files for bankruptcy and the Distributor's Distributorship, IP Agreement, and/or Distributor Agreement would otherwise become part of an estate in bankruptcy or an asset for sale or disposition as part of the proceedings. Under no circumstances may a Distributorship be transferred to any other person or entity as part of a bankruptcy proceeding, either by the Distributor, the bankruptcy trustee, a court, or otherwise. Unless a Distributor is permitted to retain their Distributorship as part of the resolution of the bankruptcy proceedings, such Distributorship shall be deemed cancelled and the Distributor position vacated as of the date of the bankruptcy filing.

CHAPTER 13: RESIGNATION OF A DISTRIBUTOR

13.1 Resigning Your Distributorship

A Distributor may resign their Distributorship at any time by submitting a signed Resignation Form (available on the Distributor Website or by contacting Customer Service). If a Distributorship has an Applicant and a Co-Applicant, the Resignation Form must be executed by both parties unless one party desires to continue the Distributorship. If only one party (either Applicant or Co-Applicant) wishes to resign, that party needs to submit a Resignation Form to have that party's name removed from the account.

SECTION I POLICIES AND PROCEDURES

13.2 Refunds Associated with a Resignation or Cancellation

Distributors who choose to resign or otherwise cancel their Distributorship may be entitled to receive a refund for the cost of their Distributor Kit, plus shipping and handling*, sales tax (if applicable)** as well as a refund or credit for any unused Products purchased by them from AdvoCare. To be entitled to a refund, the following requirements must be met:

- (1) Products must be returned to AdvoCare at the time the Resignation Form or Returned Product Inventory Form is submitted or within thirty (30) days from the time your Distributor Contract with AdvoCare is either terminated or canceled;
- (2) Returned Products must be accompanied by a Returned Merchandise Authorization (RMA) number provided by Customer Service and an inventory list of Product(s) returned; and
- (3) Returned Products must appear in the order history of the Distributor.

Any Product returned that does not meet the criteria listed above shall not be eligible for a refund. All Product returned to AdvoCare with a resignation or inventory return shall be retained by AdvoCare, regardless of whether or not the return meets the criteria for receiving a refund.

Unless specifically traceable from the order history, the refund amount is based upon the retail price at the time the Product is repurchased minus the applicable Distributor discount, plus shipping and handling* and sales tax (if applicable).** Product refunds are processed in the same form of payment as the Product purchase. If the credit card used for the purchase is no longer valid, AdvoCare will refund any amount owed through AdvoCare RapidPay. Any funds owed to AdvoCare at the time of resignation will be deducted from any potential refund or compensation.

**Refunded shipping costs are calculated as the lesser of 5% retail value of the items returned or \$75, but no less than the current standard flat shipping rate.*

***This requirement is not applicable to residents of Maryland, Wyoming, Georgia, Massachusetts, and Puerto Rico.*

SECTION II COMPENSATION PLAN

SECTION II: COMPENSATION PLAN

CHAPTER 1: OVERVIEW OF THE COMPENSATION PLAN

1.1 How Compensation is Earned

At AdvoCare, compensation is earned as Products are purchased and sold to Retail, Registered Retail and Preferred Customers. Sales to Retail Customers and Preferred Customers are the foundation of a successful Distributorship. The Compensation Plan is a work plan, and your compensation will depend on the sales made to consumers.

1.2 Ways to Earn Income

Distributors may earn income with AdvoCare from:

- (1) Retail Profits from Product sales made directly to consumers; and
- (2) Wholesale Commissions from Product sales made through AdvoCare.com by consumers.

In addition, AdvoCare may offer other promotional incentives and bonuses based on direct sales to customers through which Distributors may earn compensation.

1.3 Eligibility to Earn Compensation

To be eligible to earn compensation from AdvoCare you must provide your Social Security number. You may provide this number at any time and will be eligible to earn compensation from that point forward. You must also sign up for RapidPay to receive your compensation. If your Distributorship is suspended or terminated due to disciplinary action, then your right to compensation is revoked.

CHAPTER 2: UNDERSTANDING YOUR DISCOUNT

2.1 The Basic Discount Schedule

The basic Discount Schedule determines what discount level you achieve when purchasing Products from AdvoCare. The discount is based on the number of Products purchased by you and the number of Products sold to your Preferred Customers and Registered Retail Customers in one to four (1-4) consecutive pay periods. The cost of the product sold before discount is your Qualifying Volume ("QV") amount. As a new Distributor, you qualify for a twenty percent (20%) Product discount applied to the retail price (after all product promotions and/or coupons).

CHAPTER 3: EARNING INCOME FROM RETAIL SALES

3.1 Retail Sales Defined

Basic Discount Chart	
Qualifying Volume* (one to four consecutive pay periods)	Basic Discount
0 - 499.99	20%
500 - 999.99	25%
1,000 - 1,999.99	30%
2,000+	40%

*Qualifying Volume is the dollar amount of the products sold to your Preferred Customers and Registered Retail Customers and Guests (after all discounts/promotions have been applied, excluding membership promotions).

Retail sales are the simplest way to earn income with AdvoCare. As a Distributor, you purchase Products directly from the Company at a discount ranging from twenty to forty percent (20-40%). You then sell the Products to your Retail Customers. The difference between what you paid for the Products (at your discount) and what you sell them for (what your Retail Customer pays you) is your immediate profit, otherwise known as Retail Profits. AdvoCare publishes suggested retail prices for all Products. However, these are suggested prices only and you are not obligated to charge these prices. Each Distributor is entitled to determine independently the prices at which they sell Products to their Retail Customers.

A "retail sale" is defined as the sale of a single unopened Product in its original packaging purchased by a Distributor and sold to a Retail Customer at a commercially reasonable price. A "Retail Customer" is defined as a non-Distributor customer who purchases Product(s) directly from a Distributor in person. A Retail Customer is not permitted to resell product and is unable to participate in the Compensation Plan.

CHAPTER 4: EARNING INCOME FROM WHOLESALE COMMISSIONS

4.1 Wholesale Commissions Defined

Wholesale commissions may be earned from sales to your Preferred Customers, Registered Retail Customers

SECTION II COMPENSATION PLAN

or Guest Customers. All Distributors are eligible to potentially earn Wholesale Commissions. The Wholesale Commission is calculated by the difference in discount levels and is paid by AdvoCare through RapidPay to the Distributor. Note: AdvoCare does not pay Wholesale Commissions on Sales Aids, Distributor Kits, or Preferred Customer fees.

4.2 Wholesale Commissions Earned from Sales to Registered Retail Customers or Preferred Customers

Wholesale Commissions are earned by a Distributor when the Distributor Registered Retail Customers or Preferred Customers purchase Product(s) from the Distributor's Distributor Website. These Wholesale Commissions, which AdvoCare pays to the Distributor through RapidPay, are paid out as the difference between that Distributor's discount and the discount of their Registered Retail Customer(s), Preferred Customer(s) or Guest Customer(s)(after all applicable product promotions and/or coupons). For example, if the Distributor's discount level is thirty percent (30%) and they have a Preferred Customer who has a twenty percent (20%) discount, the Distributor receives a ten percent (10%) Wholesale Commission of the volume purchased by that Preferred Customer.

CHAPTER 5: PAYING YOUR TAXES

5.1 Reporting Your Income

It is important for you to keep records of your earnings from retail sales. You are responsible for reporting this income to the Internal Revenue Service.

Further, you are solely responsible for paying any and all taxes due on any compensation in the form of bonuses, incentives, or Wholesale Commissions you receive from AdvoCare. Annually, AdvoCare will provide an IRS Form 1099 (currently 1099-MISC) or Canadian T4A, as applicable, to the federal government reflecting the total amount of such payments made by AdvoCare to you, provided you earn six hundred dollars (\$600) or more in compensation or for purchases over five thousand dollars (\$5000). In addition to any compensation earned, AdvoCare will report as required by law any other benefits received including, but not limited to the value of any incentives, bonuses, prizes or other recognition awards earned during the calendar year.

5.2 Paying Sales Tax

AdvoCare adds sales tax to your original order based upon shipping destination and price paid. Distributors who resell products should compute and collect sales tax from their customers and are responsible for following applicable reporting and remittance laws for all applicable tax authorities.

GLOSSARY OF TERMS

Applicant – an individual who has completely and accurately filled out, executed, and submitted the requisite information and application to become an AdvoCare Independent Distributor. Once accepted by AdvoCare, the Applicant is the primary individual listed on the Distributorship.

Auto Renewal – an option that allows Distributors to enroll and have their annual renewal fees automatically charged to their credit card on file on the first day of their anniversary month, automatically renewing their Distributorships for another year.

CERPUR PIONEER LLC (“CERPUR”) – the provider of AdvoCare-related intellectual property and web services to Distributors.

Co-Applicant – an individual who has completely and accurately filled out, executed, and submitted the requisite information and application to become an AdvoCare Independent Distributor on an Applicant’s Distributorship. Once accepted by AdvoCare, the Co-Applicant is the secondary individual listed on the Distributorship with the same rights and access to the Distributorship as the Applicant. Only a spouse of the Applicant is eligible to be a Co-Applicant.

Customer – refers to any consumer of AdvoCare Products other than an AdvoCare Independent Distributor.

Distributor – refers to any person whose Distributor Contract has been executed, received, and accepted by AdvoCare in its sole and absolute discretion and whose IP Contract has been executed, received, and accepted by CERPUR in its sole and absolute discretion.

Distributor Contract – together the Distributor Agreement and the Policies, as they may be amended, constitute the contractual agreement between AdvoCare and each Distributor.

Distributor Kit – the starter materials and sample Products included at the onset of a new Distributorship.

Distributor Website – an online, personalized website for each Distributor provided by CERPUR for conducting your AdvoCare business. Distributors are not allowed to sell Products on independent websites.

E-commerce – websites prohibited from being used to sell or advertise the sale of AdvoCare Products including but not limited to eBay, Amazon, kijiji, Craigslist, auction sites, garage sales etc.

Guest Customer – a consumer purchasing on the AdvoCare.com website that elects not to become a Retail, Registered Retail, or Preferred Customer.

IP Agreement – the Website and License Agreement for Distributor between CERPUR and each Distributor.

Membership Promotions --

Policies – the AdvoCare Policies, Procedures, and Compensation Plan, as they may be amended from time to time.

Preferred Customer – a Preferred Customer is a non-Distributor customer that has joined the Preferred Customer Program through a Distributor, and is thereby able to purchase Products at a discount; the Preferred Customer’s discount starts at twenty percent (20%) and may increase up to thirty percent (30%) (and in some cases forty percent (40%) for some former Distributors who had that discount level) depending on the number of purchases made; the Preferred Customer is not permitted to sell/resell Product(s) or receive compensation from AdvoCare.

Qualifying Volume – refers to Qualifying Volume is the dollar amount of the products sold to your Preferred Customers, Registered Retail Customers and Guests after all discounts/promotions have been applied, (excluding membership promotions).

Registered Retail Customer – a Retail Customer who registered on AdvoCare Website as a “Registered Retail Customer” and thus is able to purchase Products online from their Distributor’s Website as a Retail Customer. Neither Retail Customers nor Registered Retail Customers are permitted to sell/resell Product(s) or receive compensation from AdvoCare.

Retail Customer – a non-Distributor customer who purchases Product(s) directly from a Distributor in person. Retail Customers are not permitted to sell/resell Product(s) or receive compensation from AdvoCare.

GLOSSARY OF TERMS

Retail Profits – profits earned from your retail sales; these profits are the difference between what you paid for a Product with your discount level, and what you sell that Product for to your Retail Customer.

Retail Sale – the sale of Product(s) in its original unopened packaging purchased by a Distributor and sold to a Retail Customer at a commercially reasonable price.

Retail Sales Receipts – receipts that you provide to your Retail Customers documenting any retail sale completed; copies of these receipts should be retained by Distributors for auditing purposes; these receipts may be obtained from your Distributor Website.

Wholesale Commissions – commissions earned from the sales to your Registered Retail Customers or Preferred Customers.

9.26

Section II:

1.1

1.2

2.1

4.1

4.2

5.1

5.2

Glossary

Substantive Revisions from 10/19/19:

Preamble

Section I:

2.2

2.3

3.2 (Added to 3.1)

4.3 (Deleted)

4.5

5.1

6.2 (Deleted)

6.4 (Deleted)

6.5 (Deleted)

6.7 (Added to 6.6)

6.8 (Moved to 10.4)

6.9

7.1

7.2

7.3

7.4

7.5

7.6

7.9 (Deleted)

7.12 (Deleted)

9.1

9.4

9.5

9.6

9.7

9.9

9.12

9.16

9.17

9.20

9.21 (Deleted)

9.23 (Deleted)

9.24

9.25 (Deleted)