



South Korea Policies and Procedures

As a Brand Partner (hereinafter, “브랜드파트너”) of Nerium International Korea, Ltd. (hereinafter, “the Company”), you must understand and adhere to all rules, regulations, policies and procedures included in the Brand Partners’ Manual for Policies and Procedures (hereinafter, “Policy Manual”) put out and disseminated by the Company. The Company holds the right to publish or disseminate a revision to the Policy Manual as is deemed legitimate.

The Company must comply with all laws and regulations pertaining to network marketing, and Brand Partners also must do likewise. Therefore, it is very important that Brand Partners read and understand the Policy Manual. If you have any questions regarding policies or regulations, please check with your sponsor, upline leader or the Company’s Ethics Division. Section 12 of the Policy Manual has details on the ethical codes of the business. Please make sure that you are well informed of the information in Section 12 so that your business is carried out with integrity, honesty and responsibility.

CONTENTS

SECTION ONE:	BRAND PARTNER PARTNERSHIP	5
SECTION TWO:	TERM OF STATUS AND RENEWAL	5
SECTION THREE:	SPONSORSHIP	6
SECTION FOUR:	RESIGNATION AND TERMINATION	7
SECTION FIVE:	SUCCESSION AND CONDITIONS	8
SECTION SIX:	PROPRIETARY INFORMATION	9
SECTION SEVEN:	TRADEMARKS, LITERATURE AND ADVERTISEMENT	10
SECTION EIGHT:	PAYMENT OF COMMISSION	13
SECTION NINE:	PRODUCT PURCHASE AND SALES	14
SECTION TEN:	RETURNS AND REFUNDS	16
SECTION ELEVEN:	GENERAL PROVISIONS	18
SECTION TWELVE:	CODE OF BUSINESS ETHICS	20

SECTION 1: BRAND PARTNERSHIP

1.1 Partnership Registration. By fulfilling the following conditions, an applicant can become a Brand Partner of the Company.

- a. In order to become a Brand Partner entitled to sell Company products and sponsor other Brand Partners, the applicant must be sponsored by an active Brand Partner; and must fill out both Brand Partner Registration Application and Consent Form (hereinafter, “the Agreement”) provided by the Company to be submitted to the Company for acceptance.
- b. Only Brand Partners authorized by the Company can sell Company products and services, take part in the Compensation Plan and sponsor other Brand Partners.
- c. In order to become a Brand Partner, you must be age of 19 years of age and have no history of violating the Door-to-Door Act.
- d. The right to accept Brand Partner’s Agreement lies totally with the Company. It also has the right to deny the submitted Agreement, and is not obligated to present any reason for the rejection.
- e. Upon authorizing the Brand Partner’s Agreement, the Company provides the applicant with a Brand Partner number, a salesperson registration certificate and an organizer. Upon authorization, the applicant can start working as a legitimate Brand Partner.

1.2 Purchase Requirement. In order to be a Brand Partner, the applicant is obligated to purchase a Basic Kit after becoming a member. Other than the Basic Kit, a Brand Partner is not required to purchase any products, services or sales aids whatsoever on mandatory terms. Purchasing of products, services or sales aids is not mandatory, but an option for the Brand Partner to decide.

1.3 One-Person Brand Partnership. The Brand Partner Agreement must be drawn up under one Brand Partner name. However, when a married couple wishes to register together, the spouse’s name can also be put on the Agreement.

1.4 Legal Age. The person intending to register as a Brand Partner has to be of legal age as defined by the Civil Law (nineteen or older). However, college students, national and regional government officials and public school teachers under related laws; private school teachers under the Private School Act; legal entities; H-2 visiting work visa holders; those whose application is restricted on relevant legal grounds, including those with a history of violating the Door-to-Door Sales Act of Korea; and those whose Brand Partner memberships have been terminated due to violation of the Policy Manual or the policy manuals of Nerium offices in other countries are prohibited from becoming a Brand Partner regardless of age.

1.5 Legal Residence. A Brand Partner should submit the Brand Partner Agreement in the country of his/her residence. Any Agreement filed in a country other than the country of residence is deemed invalid, and, if the Company so requests, the Brand Partner should be able to prove to the Company that he/she is living in the country the Agreement has been submitted to and is capable of carrying on a legitimate business there. If the Brand Partner is unable to provide proof, the Brand Partner Agreement shall not be processed as being effective. A Brand Partner can register as Brand Partner and operate a business only in countries officially approved by the Company.

1.6 Change of Address. Brand Partners must be in good standing including and without limitation, have a valid taxpayer ID in the country in which account is created, and not be in violation of the Policies and Procedures Manual and any applicable laws.

1.7 Reapplication. In order for an applicant with a history of Brand Partner membership to sign up with a new Enroller, the following requirements must be met. If the requirements are not fully met or the reapplication procedure is deemed inappropriate (violation of relevant laws or the Policy Manual), reapplication may be restricted. The procedure for reapplication is the same as the conditions for new Brand Partners:

- a. If a BP has NOT purchased any product for the past six months (180 days), the re-enrollment is permitted after submitting the resignation request.
- b. If the last purchased product was returned, “the Inactivity” period will be recognized six months from the returned date.
- c. If there is no purchase history (except for the non-Commissionable Volume Basic Kit or other marketing tools), the Re-enrollment will be permitted six months from the enrollment date if the resignation request application is submitted/processed.
- d. If a BP has NOT purchased the Basic Kit (KRW30,000) or the product within 14 days from the enrollment date, he/she will be automatically terminated. Re-enrollment will be permitted six months from the enrollment date if the resignation request application is submitted/processed.

1.8 Spouse and Joint (Married Couples) Brand Partnership. Married couples can have just one Brand Partner membership. If both the husband and wife wish to register as Brand Partners, the married couple must register under a single membership. A couple cannot have separate memberships and cannot sponsor each other. If a spouse is already a Brand Partner, the unregistered spouse wanting to become a Brand Partner himself/herself has to apply for additional spouse (joint) membership with the Company, and the married couple, as joint (married couple) Brand Partners, can conduct business together and pursue joint interests. The Company reserves the right to deny approval of a joint (married couple) Brand Partnership; once the Company denies approval, the spouse cannot be registered under joint Brand Partnership. Joint (married couple) Brand Partners must designate a main Brand Partner who will be receiving various information and commissions from the Company; the main partner of a joint Brand Partnership can be changed under mutual agreement by filing a change application with the Company. Any restriction, suspension and termination of the status of either member holds valid for both Brand Partners. Any business activity by an unregistered spouse is deemed to have been approved by or conducted at the request of the registered spouse, and the registered spouse will be responsible for any violation of this Manual or any Company policy by the unregistered spouse.

- 1.9 Marriage.** When two Brand Partners with separate memberships get married, they can retain separate brand membership status. However, if either one in the couple is the sponsor of the other, he/she must resign (withdraw) membership within 30 days of marriage and may register for joint (married couple) Brand Partnership after his/her membership is terminated.
- 1.10 Divorce.** If joint (married couple) Brand Partners decide to divorce each other, the Company, on grounds of the couple's divorce, will not divide or transfer Brand Partnership status, commissions or downline. The divorcing joint (married couple) Brand Partners must comply with the Policy Manual and decide who will be retaining the Brand Partner status moving forward, based on mutual consent, and notify the Company of their final decision. Until a letter of consent or a court ruling is submitted to the Company, the Company will recognize the right of the Brand Partnership in the same way before the divorce.
- 1.11 Prohibition on Use of Company Name.** A Brand Partner cannot use the name of the Company in financial, government or any other institutions' forms to imply that the Company is his/her employer. The Company also should not be introduced to anyone as the employer of a Brand Partner.
- 1.12 Registration in Borrowed Name and Prohibition of Business Activity.** A Brand Partner cannot register or operate business in the name of a parent, spouse, offspring, relative or a third party and may neither claim present nor future ownership rights to Brand Partnership registered under a borrowed name. Once the Company becomes aware of any borrowed name Brand Partnership or business activity, the Brand Partnership status is temporarily suspended, and payment of commissions, bonuses and promotions are put on hold. The Company can decide on sanctions against violations, including suspension or termination of status based on the Policy Manual, and then notify the Brand Partner. Any such decision can be made solely at Company discretion.
- 1.13 Independent Business Owner Status.** Brand Partners are independent business owners (a contractor). A Brand Partner is not a merchant, joint venture partner, business partner, employee or agent; stating or implying otherwise verbally or in writing is strictly prohibited. Brand Partners hold no authority whatsoever to represent or act as agent on behalf of the Company, and the Company is not legally responsible for Brand Partners. Brand Partners themselves are responsible for their own business decisions and should determine their business activities and the time invested based on their own judgment. The Company pays commissions based on a Brand Partner's sales and not on the time invested for business activities. The Brand Partner takes full responsibility for any potential risk or losses on his/her part resulting from his/her own business activity. Responsibility for Brand Partner's expenses for meetings, entertainment, office rentals, operations, labor, legal counsel, equipment, accounting and other business related activities, and his/her business decisions lies fully with the Brand Partner.
- 1.14 Taxes.** A Brand Partner, as an independent business owner, should not be regarded as an employee or an agent of the Company under Korean laws, enforcement ordinances and enforcement regulations and is obligated to pay all taxes including VAT on products purchased and sold.
- 1.15 Observance of Laws and Regulations.** A Brand Partner must comply with all laws, regulations and ordinances pertaining to business activities of a Brand Partner. A Brand Partner himself/herself decides his/her expected income, as well as expenses including taxes levied on independent enterprises and is held responsible for the outcome of the decisions.
- 1.16 Multiple Agreements.** In case an applicant hands in multiple Agreements, each with a different sponsor, the Company will acknowledge only the first complete Agreement to be submitted as being valid, and recognize the sponsor whose name is on the first complete document as the official sponsor.
- 1.17 Submission of Personal Information.** The Brand Partner is assigned a unique Brand Partner serial number upon acceptance of the Agreement by the Company. When submitting the Agreement in accordance with Chapter 15 of the Enforcement Regulation of the Door-to-Door Sales Act, the Brand Partner has to provide to the Company personal information including the name, date of birth, email and phone number.. This provision also holds valid for the spouse who wishes to register as Brand Partner. All commissions and bonuses are transferred to the bank account opened under the name of the person representing the Brand Partnership (the main partner). In accordance with Door-to-Door Sales Act, Personal Information Protection Act and related laws and regulations, Company does not collect registration number when registering its Brand Partners. However, only when the sponsorship allowance occurs, the resident registration number will be collected/used only for the purpose of reporting income and tax, and if the purpose is achieved, it will be canceled without delay to comply with the procedure of destroying the privacy policy. If the company has made an effort to pay the sponsorship allowance through advance notification or e-mail, etc., the Brand Partner will be liable for any disadvantages such as delayed receipt of sponsorship allowance due to non-input.
- 1.18 Collection of Personal Information.** The Company respects Brand Partners' privacy and is making every effort possible to protect their personal information. In order to support Brand Partners' business success, the Company is collecting, storing and strictly managing personal information of Brand Partners, including their personal information and Brand Partnership, downline, and commissions and bonuses. All information provided by the Brand Partner himself/herself will be in the custody of the U.S. Head Office and the Regional Office in the country of the Brand Partner's residence. A Brand Partner can check his/her personal information in the Company's custody after completing the personal identification procedure at the Customer Center in the relevant country or region.
- 1.19 Authority to Use Personal Information.** The Company can transfer personal or confidential information provided by Brand Partner (Brand Partnership, downline information and Brand Partner's business activities information) to the U.S. Head Office or where Company has operations or servers. The Company can also transfer or disclose such information to the Brand Partner's upline, only to the extent agreed upon by the Brand Partner in advance and consistent with the Privacy Policy. Also, when required by pertinent laws, the information can be disclosed or transferred to relevant government or regulation authorities. Unless the Brand Partner submits a letter to the Company requesting suspension of use of his/her personal or confidential information, the Company can use the information to the extent agreed upon by the Brand Partner. The Company can use Brand Partner's personal information in compliance with the aforementioned principles, and the Brand Partner should agree

to possible disclosure of information in accordance with the Company's personal information protection policies. Check out details of personal information protection at Nerium International Korea website (www.nerium.com) and the Back Office.

1.20 Change of Information. Brand Partners are obligated to use accurate information in the Agreement. They should not provide the Company with inaccurate or false information. The Company can nullify an Agreement immediately after deciding that the information provided is inaccurate or false. Brand Partners are obligated to communicate any changes to the information put forth in the Agreement that could influence the integrity of the information. Any failure to make such notification can result in sanctions, including suspension or termination of Brand Partner status. If there are any changes to the information provided in the Agreement, the Brand Partner must fill out and sign a Change Request Form and submit it to the Company along with a copy of his/her resident identification card. The changes take effect the moment the Company receives a complete Change Request Form. Brand Partner ID number, however, cannot be changed in any case whatsoever; however, changes are possible for address, phone number, and joint Brand Partner registration/resignation, etc. When a joint (married couple) Brand Partner is filing a change request, the Change Request Form must have the signature of the main Brand Partner along with a copy of his/her ID card. Note that the last 6 digits of foreign registration number has to be masked when Brand Partner submits their resident identification card.

1.21 Ban on Unauthorized Activities. Brand Partners cannot engage in any activity whatsoever that presents themselves or concerned individuals as a representative or an agent of the Company, including the following:

- a. Registration and retention of Company name, trademark, or product.
- b. Registration and retention of URL using Company name or trademark.
- c. Registration or obtaining of approval/certification of Company products.
- d. Any business activity whatsoever representing the Company.
- e. Any activity not authorized by the Policy Manual, including dissemination of Company information to a mass audience through on/offline media.
- f. Any other activity that violates the rights of the Company.

Brand Partners that incur losses to the Company through inappropriate actions that present themselves or concerned individuals as representatives or agents of the Company will be held responsible to pay compensations for damages as well as for all legal expenses borne by the Company to make resolution. Moreover, the Brand Partner must immediately turn over the rights of the Company, including Company name, trademark, product name and URL, registered in violation of the aforementioned guidelines.

1.22 Non-exclusivity. There is no area of exclusivity in the marketing and sponsoring of the business. Brand Partners are not allowed to say or imply that they hold exclusive right to a business area or status. They will not be provided with a dealership or a franchise, and will not have exclusive rights to a certain area with regards to sales or sponsoring. Their business activities will not be restricted in countries that have regional offices or are authorized by the Company to conduct business in.

1.23 Ban on Sales of Other Products. Brand Partners must agree to the guideline that they cannot sell or display products other than the Company products at all events where Company products are sold or displayed. Brand Partners are prohibited from promoting or selling other Company or competition products and services or marketing plans through whatsoever means, directly or indirectly, to Company employees, agents or other Brand Partners as well as their own, during the period agreed upon in the Brand Partner Agreement and during the six months period post membership resignation (or termination). Any Brand Partner that violates the provision will not be allowed to sponsor or to purchase products, and will be excluded from all Company events, seminars and promotions. Moreover, any such violation will result in deferment of all their commissions and bonus payments, and ultimately, termination of Brand Partner status. The Company can take additional civil and criminal measures other than what is defined in the Policy Manual in order to prevent potential losses to the Company and sales organizations.

1.24 Ban on Sales of Goods among Brand Partners. Selling products to another Brand Partner of the Company for attainment of a higher rank, commissions or promotions is strictly prohibited. A Brand Partner must purchase Company products, sales aids, publications and materials directly from the Company. Anyone in violation will be subject to having his/her Brand Partner status restricted (suspension or termination).

1.25 Communication Restriction. Brand Partners' communications regarding their business activities must be limited to the Company and its employees. A Brand Partner cannot directly contact Company partners, vendors, advisors or hired experts without an explicit written consent from the Company.

SECTION 2: TERM OF STATUS AND RENEWAL

- 2.1 Term of Status.** The term of Brand Partner status is valid for one year from the Company's acceptance of the Agreement submission by a Brand Partner.
- 2.2 Brand Partner Status Renewal.** Brand Partners have to have their status renewed every year. They can check out the cost of renewal on the Back Office (online Business Center) or through Company Customer Center. The renewal period is two weeks before status expiration. Failure to have the status renewed will be deemed by the Company as Brand Partner's voluntary termination of the Brand Partner relationship with the Company and will result in the loss of Brand Partner status, sponsorship rights, position in the Compensation Plan, rights to commissions, bonuses and promotions, as well as the right to purchase products from the Company at member price. For Brand Partners who fail to have their status renewed, reapplication is restricted for six months from the expiration of Brand Partner status.
- 2.3 Inactivity.** The status of a Brand Partner who has not been active for six months (180 days) after his/her final purchase/return of products will be automatically expired, and changed to that of a Customer. "Activity" refers to the purchasing/returning of goods by a Brand Partner from the Company and does not include purchasing of Basic Kit, sales aids, publications and other materials.

SECTION 3: SPONSORSHIP

- 3.1 Sponsorship.** Brand Partners can sponsor other Brand Partners in Korea and in countries approved by the Company. A sponsor must make every effort to help a new Brand Partner study and understand fully the Agreement, the Policy Manual and the Compensation Plan. A sponsor is compensated only for the sales volumes (QV, CV) generated, and not for supporting the business of a new Brand Partner.
- 3.2 Training Responsibility.** Brand Partners must provide appropriate training and learning opportunities for Brand Partners they are sponsoring. The sponsor must consistently maintain leadership within the organization, making every effort in his/her roles and responsibilities as a sponsor to vitalize business in the organization in terms of expertise on selling Company products, services and programs, and managing customers. If the Company so requests, Brand Partners should be able to provide proof that they are consistently and fully performing the duties of a sponsor including provision of training and education for downline Brand Partners.
- 3.3 Ban on Income Claims.** Brand Partners cannot present or promote income projection based on a “mathematic” or “idealistic” projection of the Compensation Plan to potential Brand Partners. Since successful attainment of expected income may depend on numerous variables and personal efforts, a Brand Partner cannot present his income to others as indication that success is guaranteed for everyone. Commission income cannot be used as marketing material in any case whatsoever, and Brand Partners are not allowed to present or promote to potential Brand Partners projections of rewards and income to be generated by the business. Brand Partners must present honest and objective information on the Compensation Plan. A Brand Partner cannot claim past income or future income projection as current income before a potential Brand Partner. A Brand Partner cannot present or guarantee a potential Brand Partner anything whatsoever regarding income.
- 3.4 Change of Placement Sponsor.** A Personal Sponsor may change the Placement Sponsor of a new Brand Partner. A status of new Brand Partner will be maintained as to be able to change the Placement Sponsor for 60 days from the enrollment. During this period, a Placement Sponsor may move the new Brand Partner to a different Placement Leg within 60 days from the enrollment. The change is only allowed one time.
- 3.5 Change of Sponsor or Sponsorship.** A Brand Partner can transfer to another sponsor or sponsorship line only when the Company so approves in writing. This is restricted to a handful of limited cases and is not recommended by the Company. Approval of transfer of sponsorship, which is fully at the discretion of the Company, can be denied. An approval may be obtained under the following conditions.
- a. A Brand Partner may change the Personal Sponsor within 7 business days from the enrollment.
 - b. A Brand Partner must submit the application, a copy of personal identification and the agreement of the change signed by the old Personal Sponsor. Note that the last 6 digits of foreign registration number has to be masked.
- 3.6 Relationship between Brand Partner and Preferred Customer.** In general terms, a potential customer can choose the Brand Partner under whom he/she wishes to sign up. There are, however, circumstances where a Brand Partner introduces a potential customer to the Company and its products for the first time, and puts in consistent and significant effort and investment managing the customer for a significant period of time, in order to help him/her become Preferred Customer, instead of a one-time consumer. Given the circumstance, the Company decided to recognize and respect the effort and investment of such a Brand Partner in managing a potential customer to sign him/her up as a long-term Preferred Customer. Based on the decision, the Company has adopted the policy that a Preferred Customer who wishes to become Brand Partner is deemed as having association with the Brand Partner whose business activities have led to the registration of the person as a Preferred Customer, and that the Brand Partner is entitled to be his/her sponsor.

SECTION 4: RESIGNATION AND TERMINATION

- 4.1 Voluntary Resignation.** A Brand Partner may resign voluntarily by failing to renew Brand Partner status or by notifying the Company of the intent to resign in writing. Voluntary resignation takes effect from the point of the Company's receipt of a written notification.
- a. For those BPs who voluntary resigned, the same rule of 1.7 will be applied. He/she can re-enroll six months after the last purchase or returned date.
 - b. In case of voluntary resignation, applicable "roll-up" will be processed.
- 4.2 Suspension of Status.** A Brand Partner who violates the terms of the Agreement, including the Policy Manual, Compensation Plan, and other documents published by the Company, may have his/her Brand Partner status suspended. When a decision is made to suspend the status of a Brand Partner, the Company will notify the person in writing that he/she is suspended beginning the date the notification is made, the reasons of suspension and the requirements for lifting the suspension. Suspension notification shall be sent to the Brand Partner's address according to the notification clause of the Policy Manual. It is at the discretion of the Company to have the status in suspension terminated. If the Brand Partner wishes to make an appeal, he/she has to file a written appeal within 15 days of the suspension notification. After reviewing and deliberating on the written appeal, the Company will send a written notice on its final decision regarding the suspension within 30 days of the creation of the suspension notification. The Company's decision here will be final, and will not be subject to further review. The Company will take measures including, although not limited to, the following during suspension:
- a. Prohibit Brand Partner under suspension from attending Company's official events, lectures, promotions and Brand Partner meetings; using proprietary Company trademarks, logos, writings, product names, images and other Company materials.
 - b. Withhold all commissions and bonuses due the Brand Partner during the term of suspension.
 - c. Restrict use of Company services (Back Office, etc.) and prohibit product purchase.
 - d. Prohibit the Brand Partner from becoming a sponsor to a new Brand Partner or a Preferred Customer, communicating with Brand Partners and preferred customers under his/her legs, and attending Brand Partner meetings.
 - e. Hold discretionary right to terminate Brand Partner status of the suspended Brand Partner, if the violation that caused suspension persists or is not resolved with satisfaction, or if there is a new violation from the suspended Brand Partner.
- 4.3 Termination of Status.** A Brand Partner who violates the terms of the Agreement, including the Policy Manual, Compensation Plan and other documents published by the Company, may have his/her Brand Partner status terminated. The Company has the discretion to terminate the status of the Brand Partner in violation right away without suspension. The Brand Partner is given the opportunity to explain to the Company the reason for the violation that led to termination. When the final termination decision is made, the Company will send a written notification to the Brand Partner's address informing the Brand Partner that termination is effective within 30 days of the date of the letter notifying the violations.
- 4.4 Appeal.** A Brand Partner who wishes to appeal the termination of status must file a written appeal within 15 days of the Company's notification of the termination. If the Brand Partner fails to file an appeal within 15 days, the termination will automatically be final. If the Brand Partner does file an appeal within the given time, the Company shall review and send a notification to the Brand Partner on its final decision within 10 days of receiving the appeal. The Company's decision here will be final and will not be subject to further review. Unless termination notification is withdrawn, termination of status takes effect from the date of the initial termination notification.
- 4.5 Obligation Pertaining to Resignation and Termination.** A Brand Partner who has resigned or is terminated is affected by and should comply with the following:
- a. The Brand Partner must stop referring to Company products, Compensation Plan, services or programs, and must remove or permanently stop the use of Company trademarks, logos, service marks, trade names, signatures, labels, stationary and advertisements.
 - b. The Brand Partner must stop introducing himself/herself as a Brand Partner of the Company including without limitation on social media sites.
 - c. The Brand Partner loses all rights to the Brand Partner status, the status position in the Compensation Plan and the resulting future commissions and bonuses. The Brand Partner must comply with all legitimate requests made by the Company regarding confidentiality. The Company has the right to deduct losses incurred on it by the Brand Partner from commissions and other bonuses due the Brand Partner. The Company may also offset a reasonable estimate of the debt the Brand Partner has come to owe under the indemnity clause of Section 11.1 Indemnity Agreement.
- 4.6 Reapplication.** Acceptance of the reapplication of a resigned or terminated Brand Partner or the application of a family member of such a Brand Partner is at the discretion of the Company, which reserves the right to deny.
- 4.7 Legal Jurisdiction.** If a lawsuit is to take place regarding resignation/termination of a Brand Partner, the competent court will be one that has jurisdiction over the location of the Brand Partner.

SECTION 5: SUCCESSION AND CONDITIONS

- 5.1 Transfer of Brand Partnership.** A Brand Partner cannot sell, alienate or transfer through other means his/her organization (or the rights to the organization) to another Brand Partner or an individual for reasons other than succession under Company law. All or part of the rights and obligations pertaining to the Agreement cannot be alienated (transferred) to another individual without a written consent from the Company. The Company shall not recognize documentation regarding any such alienation, and the transferee shall not have any right or authority over the Brand Partnership unless the alienation (transfer) is authorized by the Company. The Brand Partner is ultimately the person responsible for the Agreement and pertinent laws and cannot transfer any right whatsoever, including the Brand Partnership.
- 5.2 Succession of Brand Partnership.** A Brand Partner may pass on the Brand Partnership to a successor as provided by Korean law. The succession process cannot be deemed complete until the Company receives all the documents required, including a succession request, the Agreement, death certificate, the will, trust, etc. and officially approves the succession. Once the Company approves the succession, the new Brand Partner who has succeeded the Brand Partnership is qualified to assume all the rights of the existing Brand Partnership, and shall take the rights and the obligations of a Brand Partner of the Company seriously. Transfer/acquisition of Brand Partnership, other than succession, is not allowed under the Door-to-Door Sales Act of Korea. When an individual Brand Partner dies, the status of the Brand Partner can be passed on to the successor of the Brand Partner as provided by pertinent laws. The person to inherit the Brand Partnership must be qualified to register as a Brand Partner as defined by law and the Policy Manual. The Company will become aware of a succession when relevant legal documents stating the intent to succeed is filed with the Company by the legal successor, or when a court order and the like is delivered to the Company. If the Brand Partnership created as a result of a succession is a joint (married couple) Brand Partnership, a main Brand Partner has to be decided between the two. The person to inherit the Brand Partnership must be qualified to register as a Brand Partner as defined by law and the Policy Manual. The Company will become aware of a succession when relevant legal documents stating the intent to succeed is filed with the Company, or when a court order and the like is delivered to the Company. Until the succession process is complete, the predecessor shall be the temporary owner of the Brand Partnership, which will be handed over to the successor at the point of the completion of the succession process.
- 5.3 Conditions to Succession.** The Brand Partner should strictly comply with the Company Policy Manual, and should not be under grace period, restriction or suspension due to violation of Company policies. There may be a Brand Partner succession fee.
- 5.4 Deception.** If succession of Brand Partnership is fabricated to avoid compliance with the Agreement, the Policy Manual or the Compensation Plan, or if any of the submitted documents are found to be fraudulent, the succession will be declared ineffective, and the Brand Partner status will be reverted to the previous Brand Partner. Moreover, if the succession process is dealt with in an inappropriate manner, the Company can decide to suspend or terminate the Brand Partners concerned as provided by the Brand Partner Agreement and the Policy Manual.

SECTION 6: PROPRIETARY INFORMATION

- 6.1 Confidentiality Obligation.** During the period Brand Partner status is maintained, the Company may provide a Brand Partner with confidential or proprietary information, including trade secrets that are deemed to be confidential or proprietary information, trade secret information that is confidential or proprietary, trade secrets including organization and downline reports, customer lists, information being developed by or whose rights are with the Company, Brand Partner lists, manufacturer and vendor information, business reports, commission, sales and other financial information, profitability reports and others. Such information (in either written or electronic versions) is confidential or proprietary, or are trade secrets of the Company and will be shared with Brand Partners based on the highest level of confidence only when needed and strictly for use in business with the Company. Brand Partners must make every effort to protect such confidential, proprietary information and trade secrets and cannot directly or indirectly disclose such information to a third party. During and after the period Brand Partner status is maintained, Brand Partners shall not use the information to compete with the Company or for any other purpose than to promote Company programs, products and services. If a Brand Partner no longer has Brand Partner status or has failed to renew, he/she must stop using such confidential, proprietary information and trade secrets, and immediately return such information to the Company. If such information is not returned or is supplied to a third party, the Company can decide to suspend or terminate Brand Partner status of the concerned Brand Partner, as provided by the Policy Manual, even if the information supplied is not used, and can take civil and criminal actions if need be in order to protect the rights of the Company.
- 6.2 Restriction on the Use of Copyrights.** Upon signing up, a Brand Partner must comply with the Company's copyright use restrictions and copyright protection policies. All Brand Partners must obtain Company approval before using Company's creative work. Moreover, if the Company requests suspension of the use of the creative work, the Brand Partner must immediately comply with the request, even after acquiring prior consent from the Company. A Brand Partner illegally using Company's creative work can have his/her Brand Partner status suspended or terminated, and has to take legal responsibility for the infringement of copyrights.
- 6.3 Prohibition on Contacting Vendors, the Science Advisory Board and Others.** A Brand Partner agrees he/she does not have any right to take action concerning introduction or pursuance of business in a certain country or region. (The Company's business relationship with its vendors, manufacturers, suppliers and researchers is confidential. A Brand Partner cannot contact or engage in direct or indirect communication with any supplier, manufacturer or researcher who has a business relationship with the Company.

SECTION 7: TRADEMARKS, LITERATURE AND ADVERTISEMENT

7.1 Trademarks.

a. The Company has the ownership of the Company name, trademarks, logos, service marks, and all other copyrighted materials, including the Company's product names. Such marks and materials must be used in strict compliance with the Policy Manual. Only the Company can produce and promote products and literature with such trademarks. Using Company name on products and other promotional goods that are not produced or authorized by the Company is strictly banned. They can be used only when the Brand Partner makes it clear that he/she is an Independent Brand Partner of the Company, as in the following example:

Hong, Gil-dong
Independent Brand Partner
Nerium International Korea, Ltd.

b. If a Brand Partner wants to use Company name, trademarks, logos, service marks and copyrighted materials for online marketing purposes, the Brand Partner must make it clear that he/she is an Independent Brand Partner, as in the example above. Company name, trademarks, logos, service marks and materials with copyrights cannot be used in any other way. Brand Partners can opt to take part only in Internet programs that the Company has licenses to. Brand Partners must comply with Company policies in the document as well as the requirements of the programs. If you need more details, email us at koreacompliance@nerium.com.

7.2 Telephone Directory Advertisement. A Brand Partner cannot post his/her telephone number under Company trademarks in the telephone directory (including the Internet telephone directory), and cannot run advertisements that include telephone numbers under Company trademark without advanced written consent from the Company. Advertisements in the Telephone Directory can be approved only for cases in line with the following, and must obtain prior approval from the Company:

Example: Hong Gil-dong
Tel: 010-0000-0000
Independent Brand Partner
Nerium International Korea, Ltd.

*Hong Gil-dong is an "Independent Brand Partner" of Nerium International Korea, and does not represent the Company in any way.

7.3 Business Cards. When using Company trademarks or trade names on business cards, a Brand Partner can only use graphics, forms, designs, content, standards and wording approved by the Company, and cannot make arbitrary modifications. A Brand Partner's business card must say "Independent Brand Partner" so that it is evident the Brand Partner is an independent salesperson and not an employee of the Company.

7.4 Print and Electronic Advertisements. A Brand Partner cannot officially use any advertisement or advertising media to promote Company products, business opportunities, Compensation Plan, etc., as means of selling products and attracting potential customers. However, advertisement materials created and disseminated by the Company or those created by a Brand Partner and approved by the Company can be used partially in print or electronic media, including Internet websites to advertise Brand Partner's business or to sell Company products or services. No one, however, can use materials with Company name, logos, trademarks or copyrights not created or approved by the Company in writing in advance. Company's literature and materials cannot be reproduced or reprinted without prior written approval by the Company. Company's consent or approval can be withheld at its discretion. Advertisement materials produced by an Independent Brand Partner can be used only after obtaining prior written approval from the Company.

7.5 Print and Online Advertisement. Specific words, phrases and images, including Company trademarks, logos and trade names that are indicative of the Company, cannot be used or displayed in offices, stores, homes or public places (signs, banners, etc.). Moreover, promotional materials (brochures, posters, business card, etc.) cannot be produced, disseminated or sold without prior written approval by the Company. Brand Partners can only use promotional materials supplied by the Company, or produced according to the Policy Manual and approved in advance by the Company.

Promotion and sales of business opportunity and products online is completely banned. Brand Partner's operation of Company related webpage or online communities using online media such as personal homepage, blogs, cafés, SNS's and sponsor links without prior written approval by the Company is strictly prohibited. Moreover, Brand Partners cannot use any of the Company IPR or proprietary information to register their personal website as a search engine or web directory keyword. Brand Partners can publicize information on the Company, the products and the business opportunity only through websites supplied by the Company, and are prohibited from sending materials (spam) randomly to individuals who did not request information on the Company, the products or the business opportunity. Whatever the method, Brand Partners cannot put out advertisements on the Company including the Company itself, the products and other services using online media not provided by the Company. This is in order to provide fair business opportunity to all Brand Partners, foster a healthy business environment and, furthermore, to protect Brand Partners.

7.6 Internet. The Company maintains a presence on the Internet through its own website. Brand Partners cannot use Company names, including Nerium International™, LLC and Nerium International Korea, Ltd., Company trademarks and product names including Nerium International™, LLC logos, or unique phrases used by the Company that are related to or confusingly similar to trademarks, trade names or products in any form on the Internet.

The Brand Partner may not imprint or use the Company name, trademarks other copyrighted trademarks, trade names, Company products, business opportunity information, Company executives, members, Corporate office or buildings and the like that could imply association with the Company. If a Brand Partner wishes to establish an online link to the Company website from his/her personal site, the Brand Partner has

to file a written request with the Company; approval is at the discretion of the Company. A Brand Partner cannot create a link without a written approval from the Company

7.7 Prohibition of Gifts and Special Discounts.

- a. Independent Brand Partners of the Company are prohibited from mentioning or using gifts or special discounts in print, electronic or verbal advertisements in order to attract Preferred or potential Customers into their organization or teams. Advertisements as such are decided and are made official at the discretion of the Company.
- b. Independent Brand Partners of the Company are prohibited from advertising or committing to specific placements in the organization tree in order to attract potential customers, including Preferred Customers, into the business.

7.8 Social Media.

- a. Brand Partners of the Company may use social media for their independent business activities. In using social media, however, a Brand Partner must adhere to the procedures laid out in the Policy Manual, and the consent of the postings should be beneficial for the entire Company, including the customers, Brand Partners and potential customers. The purpose of the Policy Manual procedures is to help the business of Brand Partners by maintaining consistency and expertise of the Company brands.
- b. Brand Partners posting on the Company's public forums (Facebook, Twitter, Kakao, Line, etc.) should be on topics that other Brand Partners, Preferred Customers and potential customers can relate to. The Company blog (<http://blog.Nerium.com>) is a resource where information needed for the business can be obtained, questions can be asked and support from Corporate personnel can be accessed.
- c. Official Corporate website cannot be used as a means to operate business, attract sales, drive visitors to Brand Partner's websites, or to recruit other Brand Partners. Brand Partners, by using trademarked Company brand names on their personal websites, should not confuse or mislead visitors into thinking that the websites are official corporate websites.
- d. A Brand Partner cannot represent his/her independent office as a corporate office. All communications by a Brand Partner should clearly express that they are an Independent Brand Partner of the Company, and should not mislead consumers into thinking that the consumers are communicating with the Company.
- e. Brand Partners are actively encouraged to use the phrase "Independent Brand Partner of Nerium International Korea" in the name of various social media, blogs and websites for business. The word "official" or anything similar to the word cannot be used. On Facebook, Twitter, Kakao, Line and other online media, the names "Nerium International" or "Nerium International Korea" cannot be used in any word sequence whatsoever. For more details on names, please refer to Section 7.6.
- f. When making an online posting about the Company, carefully consider if the information is of benefit to your business and the entire Company. Make sure you don't promote yourself on the web at the expense of damaging the value of the Company brand in any way. All Brand Partners must check if the contents (photos, testimonials, statements, marketing materials, etc.) posted on SNS and social networking forums, including Facebook, Twitter, Kakao, Line, etc., are in compliance with the Print and Online Advertisement provision of Section 7.5. Health and medical claims, comments on income, and deprecating comments are strictly banned and are not a subject of approval.
- g. A Brand Partner whose status is terminated voluntarily or involuntarily must delete all comments on the Company, including the social networking profile, within 10 days.
- h. When the Company finds a blog, SNS, or website that is not in compliance with the Policy Manual, the Brand Partner in violation will be requested to delete the material right away, and he/she must comply.
- i. Violation of social media guidelines can lead to disciplinary actions up to termination of Brand Partner status.
- j. All Brand Partners are Independent Brand Partners of the Company, and must clearly present themselves as such in all of their SNS accounts in line with the following example: "Hong Gil-dong, Independent Brand Partner, Nerium International Korea." The name "Nerium" is available for use if used as in the example, which is the only way the name can be used.
- k. Independent Brand Partners cannot use the "Nerium" name in URL domain, subdomain, etc., and are prohibited from advertising "Nerium" in websites or social media networks in any form whatsoever.
- l. If there are any changes to the social media section of the Policy Manual, Brand Partners must reflect the changes immediately, and the responsibility to abide by the changes rests with the Brand Partner. When the Company finds any violation, it will take disciplinary actions under the Policy Manual and request the contents in question to be deleted, and the violating Brand Partner must comply.

7.9 Support (Endorsement). Support (Endorsement) by Company executives or a third party cannot be exercised unless it has been explicitly presented in Company literatures and communications. Therefore Brand Partners are not allowed to state or mention directly or indirectly that Company products or services are approved or supported (endorsed) by government organizations or specific groups.

7.10 Independent Communication. Brand Partners may share information on the Company, the products and the business, as well as guidelines, with their downlines in line with restrictions under "Section 7." In doing so, a Brand Partner must make a distinction between personal and Company communications.

7.11 Medical Claims. Brand Partners are not allowed to make medical claims (explicit or implicit) on any of the Company products. The Company recommends customers under medical care or with certain medical conditions to consult their doctors before using the products.

7.12 Brand Partner Service. The Company consistently supports all active Brand Partners by supplying organizational management, training/ education, communications, product and delivery information and business material through Online Business Center. Moreover, during

the payment period, the Company provides information needed to vitalize Brand Partner business, including downline sales reports and commission info.

- 7.13 Filming and Recording.** Brand Partners cannot modify or reproduce Company literature, audio and video, presentation materials, etc. regarding Company products, training and education, events and lectures for sale or personal use. Filming or recording Company training and education, events, lectures, etc. are strictly banned.
- 7.14 Telephone Response.** When talking to a potential customer or a consumer, a Brand Partner should not mislead the other person to think he/she is talking to the Company or a Company employee, and always make it clear upfront that he/she is an Independent Brand Partner.
- 7.15 Legal Responsibility.** Violating the provisions in the Policy Manual can be grounds for termination of Brand Partner status. The Brand Partner in violation may be liable for damage incurred to the Company under civil and criminal laws.
- 7.16 iPad Incentive.** Brand Partners should not make reference to the iPad incentive or promote the incentive program through print or electronic means. Pictures featuring an iPad are not allowed, and communications related to iPad should not include descriptions on ways to get or earn an iPad through Company business.

SECTION 8: PAYMENT OF COMMISSION

- 8.1 Basis for Generation of Commissions.** For a Brand Partner to be able to receive commissions, he/she should have an accurately completed Agreement filled out and have it approved by the Company. Commissions are generated and paid every month (or week) based on sales normally processed before closing, by aggregating sales volumes (QV, CV) of each product. Commissions are not generated by purchasing sales aids that are not products or by sponsoring another Brand Partner.
- 8.2 Commission Payment Rank.** Commissions are calculated and paid based on the current payment period information. A Brand Partner is promoted to the highest rank of his/her qualification when each bonus period is concluded. Commissions and bonuses are paid based on the "Paid As" rank.
- 8.3 Date of Payment of Commissions and Bonuses.** Monthly commissions and bonuses are paid on the 15th of the month following the end of a payment period. If the payment day falls on a legal holiday or a weekend, commissions are paid on the next normal business day. Weekly commissions and bonuses are paid on Wednesday (U.S. Central Time) following the end of the payment period. Commissions are paid to Brand Partners who are "qualified" as defined by the Compensation Plan. The Compensation Plan contains details on commission structure and benefits.
- 8.4 Minimum Payment of Commissions.** Payment threshold for commissions is ₩11,000 (KRW). Commissions that fall short of the threshold for minimum payment are not paid out and will be added to the following commission payment. Cost of commission payment (remittance charge) can be deducted from a Brand Partner's commissions and bonuses.
- 8.5 Deduction from Commissions.** Commissions and bonuses generated and paid on goods returned shall be the responsible of the Brand Partner who has received such commissions and bonuses, and shall be returned to the Company. The Company holds the right to deduct the amount of such commissions and bonuses from commissions and other bonuses to be paid in the future to the Brand Partner or to his/her upline Brand Partner.
- 8.6 Income and Tax Reporting.** Commissions paid to Brand Partners are governed by the Korean Tax Law. Payments in the form of incentive trips, etc. are reported as income and are subject to taxes. If the Company supplies goods with value added tax (applies only to Brand Partners with business registration), it should issue tax invoice, levy VAT, and report and pay the taxes according to pertinent tax laws. Brand Partners can get the input tax amount deducted against the tax invoice, as provided by the Value Added Tax Act. If a Brand Partner is supplying goods (applies only to Brand Partners with business registration), the Brand Partner should issue tax invoice or receipt and file and pay value added taxes as required by the Value Added Tax Act.

SECTION 9: PRODUCT PURCHASES AND SALES

- 9.1 Purchase Requirement.** An applicant has to purchase a Basic Kit within 14 days of signup as a Brand Partner, but the purchase of products and ADO registration is purely up to the applicant. However, purchase or sales of products may be needed for rank advancement in the Compensation Plan. Brand Partners whose Agreement is accepted by the Company can purchase products from the Company at member price.
- 9.2 Ban on Excessive Stockpiling.** The Company recommends Brand Partners to purchase products for their personal use and for the purpose of filling consumer orders. However, purchasing excessive amount of products for rank advancement, retention and promotion qualification is strictly prohibited.
- 9.3 70% Retail Rule.** To qualify for commissions and bonuses, a Brand Partner has to be able to prove that at least 70% of products purchased are sold to Preferred Customers or consumers. The rule has to be adhered to also when ordering by telephone. Any Brand Partner may be requested by the Company to provide evidence of the Brand Partner's adherence to the rule. The Company will conduct quarterly random audits in order to support and implement the rule. It can contact a Brand Partner to further confirm conformity to the 70% Retail Rule. A Brand Partner must keep good record of his/her business and be able to answer Company requests for confirmation on the basis of truth.
- 9.4 Preferred Customer Auto Delivery Order (ADO) Rule.** Preferred Customers must register for ADO every month on their own. Invalid Preferred Customer orders are defined as Brand Partner, in order to meet his/her qualification requirements, registering ADOs on behalf of their Preferred Customers without their request or prior consent. A Brand Partner who registers Preferred Customer orders without their consent may be subject to disciplinary measures including suspension of Brand Partner status. Preferred Customer orders should not be registered or paid for by a Brand Partner, and cannot be delivered to the address of a Brand Partner for any reason whatsoever; there cannot be any exception to this rule.
- 9.5 How to Order.** All order sheets submitted to the Company have to have a Company assigned Brand Partner or Preferred Customer number, delivery address, telephone number and email so as to enable the Company to process the order correctly. An order sheet that fails to provide the necessary information can be delayed in its processing. A Brand Partner can buy products online through Online Business Center furnished by the Company, Customer Center or visit to the (Company) store. There is no burden of minimum order requirement, and shipment fees and charges can differ depending on delivery location and order quantity.
- 9.6 Direct Order.** A Brand Partner can buy products needed directly from the Company at member price. If a Brand Partner purchases products from the sponsor, an upline or another Brand Partner, the Company will not pay commissions and bonuses on such transactions between Brand Partners. Moreover, such an act is a violation of Section 1.23, which is subject to sanctions under the Policy Manual.
- 9.7 Payment Options.** The Company does not receive orders on trust. Orders are valid only when the payment process is completed. Payment has to be made in cash, check, virtual account transfer, debit card, credit card or additional payment means accepted by the Company. As for debit cards and credit cards, they have to be in the name of the orderer; if the card is being used by another person, the person has to present power of attorney along with the ID card of the person requesting payment. Note that the last 6 digits of foreign registration number has to be masked. Unless payment is completed, sales volumes (QV, CV) will not be reflected and the products will not be shipped.
- 9.8 Order Errors.** Putting down member information, products, payment information and shipment address on the order sheet is an obligation of the Brand Partner placing the order. The Brand Partner is solely responsible for order processing or shipment delays due to erroneous information in the order sheet; the Company will not be held responsible for any problem due to such errors.
- 9.9 Temporarily Not Available (TNA).** Once payment for ordered products is complete, the Company processes the order for shipment. If an order item cannot be shipped because of TNA, the Company notifies the consignee before shipment and consults the consignee whether to readjust the schedule for delivery or to send the rest of the order first. In such a case, a letter is sent out with information on the TNA item and future delivery schedule. Products in TNA are shipped consecutively according to order sequence. Once the reason for TNA is resolved and resumption of shipment becomes possible. The Brand Partner may cancel the item whose shipment is delayed or the entire order altogether.
- 9.10 Damaged Goods.** The consignee is solely responsible for any damage done to products after the consignee confirms the contents (products) are in good shape upon receiving the delivery. Therefore, the consignee must check if there is any damage to the goods, upon accepting delivery from the shipping company, and notify the shipment company employee or the Company of any such damage without delay. The purchaser who has received products damaged in shipment should comply with the following procedures to inform the Company of the damage:
- Save materials related to the damaged product (photos of the damaged product);
 - Check if the enclosed transaction details and order contents match; check the name and the quantity of the damaged product;
 - Save the damaged product or the package box for inspection by the shipping company;

- d. Contact the Customer Center or the Customer Support Division, provide information on the damaged product, including member and order information, product name and order quantity, and submit support materials (pictures of damaged product).
- e. The Company ships a new product first, and then recovers the damaged product through a shipping company.
- 9.11 Change in Prices.** The Company can readjust or change the price of products, services, programs, sales aids, etc. without prior notification to Brand Partners.
- 9.12 Receipts and Retail Price.** A Brand Partner may resell products purchased from the Company to retail customers. In such a case, the Brand Partner should provide retail customers with receipts supplied by the Company. A Brand Partner can determine the retail price of the goods and services for himself/herself, and from the markup he/she can enjoy retail profit.
- 9.13 Ban on Selling Products for Reselling.** A Brand Partner is allowed to sell only to consumers who will be the user of the product and cannot sell or distribute products to individuals or firms intending to resell directly or indirectly. Selling or distributing products to individuals or firms intending to resell in any form or way, including the following, is prohibited. Moreover, before selling products, Brand Partners must first make sure that the potential purchaser does not have any intent to resell.
- a. Individuals or companies that intend to resell through retail store;
 - b. Individuals or companies that intend to resell through online/offline channels;
 - c. Individuals or companies that intend to export to countries where Company products are yet to be officially launched;
 - d. Individuals or companies that use distribution methods that could cause damage to the purpose of the Company and Brand Partner business.
- 9.14 Loss During Shipping.** The Company tracks all shipping information through the shipping company. A Brand Partner should contact the Company immediately after being aware of any problem in the shipment.
- 9.15 Wrong Delivery.** If an unordered product is delivered to a customer due to Company mistake, the purchaser must inform the Company of the error according to the following procedure:
- a. Upon receiving the delivery, look for any problem in the goods, check the transaction details (member number, customer name, shipping address, etc.), and see if the items and the quantity are correct;
 - b. If there is any discrepancy between the delivery and the order placed, secure proof (photos, etc.) and inform the Company;
 - c. Save the contents and the packaging box so that the Company can retrieve the delivery.
 - d. Based on the information filed, the Company will check for errors in the order together with the shipping company, make reshipment of the same product if errors are found, and retrieve the previous delivery through a shipping company.
 - e. The retrieved products must be in the same condition as they were when first delivered to the customer and must be packaged properly to prevent damage during return shipment.
- 9.16 Retail Sales.** The Company's Compensation Plan is designed based on sales made through person-to-person direct contact. Retailing Company products through drug stores, clinics, supermarkets, health supplement outlets, shopping mall kiosks and the like, restaurants, online shopping malls, blogs and Internet cafés or offline retail stores and chains is strictly prohibited. Selling Company products at retail stores or offices run by a Brand Partner may be authorized in limited cases where the Brand Partner obtains prior written approval from the Company; however, this is highly restrictive, and authorization is solely at the Company's discretion.
- 9.17 Service Establishments.** You are allowed to take orders from spas, resorts or similar establishments. However, the Brand Partner has to obtain a written authorization from the Company in advance.
- 9.18 Medical Facilities.** Brand Partners who are medical doctors or health professionals may sell Company products at their clinics or establishments. However, the Brand Partner has to obtain a written authorization from the Company in advance.
- 9.19 Displaying Products.** A Brand Partner who has prior written approval from the Company can display and promote Company products, services and business opportunities at exhibitions and trade shows. However, the Brand Partner has to obtain a written approval from the Company before taking part in the event, and the request for approval must be made at least two weeks before the event. A Brand Partner is prohibited from displaying and promoting Company products, services and business opportunities at exhibitions and trade shows, unless the Brand Partner has a written approval from the Company. Brand Partners cannot sell or promote Company products, services or business opportunity at bazaars, flea markets, exchange markets or second-hand markets on/offline. The Company's approval granted to a Brand Partner to participate in an exhibition or a trade show is only for a specific one-time occasion, and does not provide for the Brand Partner's exclusive participation (in all exhibitions and trade shows).
- 9.20 International Business.** With regards to the Company, its products, services or programs, a Brand Partner cannot export or sell Company products, literatures sales aids or promotional materials directly or indirectly from Korea or Korean territory to another country. An Independent Brand Partner who wishes to sponsor internationally can do business only in countries where the Company has officially been launched, and must fully comply with the laws of the country and the Policy Manual. Any violation of the rule is deemed as a serious violation of the Policy Manual and the Agreement and will be subject to immediate termination of Brand Partner status.
- 9.21 Product and Service Claims.** A Brand Partner cannot make any claims, assume representation or provide guarantees with regards to Company products and services, other than what is in the Company's official materials. A Brand Partner can only use wordings in the Company's official materials to promote Company products. He/she cannot make any medical, curative, therapeutic or any other such claims whatsoever on the products. A Brand Partner cannot use "Before" and "After" pictures in any case whatsoever, in accordance with the Korean law. The Company, upon detecting any such acts, can suspend or terminate Brand Partner status of the violating Brand Partner.
- 9.22 Telemarketing.** Telemarketing is prohibited in any circumstance. A Brand Partner may not engage in telemarketing activities in conducting the

business. Such acts can be defined as placing more than one telephone call to an individual or an organization to induce purchase of Company product or service, or to recruit new Brand Partners by promoting the Company's business opportunity. Placing "cold calls" to potential customers or Brand Partners to promote Company products, services, or business opportunities is deemed as telemarketing, and is strictly prohibited.

SECTION 10: RETURNS AND REFUNDS

10.1 Warranties. Unless explicitly stated in the document, the Company does not guarantee or represent commercial viability, certain purpose suitability or technical viability whatsoever concerning products bought from or through the Company.

10.2 Purchaser's Right to Cancel. The Company will make every effort to process customer's return and refund requests as fast as possible. If you wish to have the products returned and refunded, please send the products with a return request to the Company. The Company will refund you within three days of receiving the products and the return request. The Company has a mutual aid agreement signed with a Cooperative founded under the provisions of the Door-to-Door Sales Act to provide for timely and convenient damage compensation in case of nonperformance of obligation on the part of the Company to refund or supply goods, concerning rights exercised by customers to cancel. Purchasers of products eligible for damage compensations can have the damage paid directly, within legal limits, under the legal procedures provided by the Fair Trade Commission. Visit the Mutual Aid and Cooperative & Consumer website (www.macco.or.kr) for further details.

10.3 Return by Retail Customers. When a Brand Partner is selling products at retail price, the Brand Partner must issue a receipt to the retail customer regardless of price, and the receipt should be saved for at least six months. Brand Partners should use retail receipts and order sheets supplied by the Company. Retail receipt and order sheets must contain the following information, and before concluding a sales agreement with a retail customer, a Brand Partner must explain and help the retail customer understand the following.

- a. The name of the product, quantity and price.
- b. Brand Partner name, address, phone number, Brand Partner number, email.
- c. Company name, address, telephone number.
- d. Return period and method, and forms needed for canceling.
- e. Method and time of supplying product.
- f. Conditions and procedures for product replacement or return and refund.
- g. Issues concerning consumer complaints on damage compensation and dispute resolution between a consumer and a Brand Partner.
- h. Trade agreement.
- i. Requirements and mandatory legal entries needed for consumer damage relief.

Selling goods to consumers is regulated by the Door-to-Door Sales Act. In selling products to consumers, a Brand Partner is obligated as an Independent Brand Partner to have full knowledge of and adhere to the Act. A consumer may cancel his/her order or purchase agreement within fourteen days of receiving the retail receipt and order sheet. A consumer can cancel the order or the purchase agreement within 14 days of receiving the products, should the delivery arrive later than the retail receipt and order sheet, or within 14 days from the day the consumer becomes aware of or is assumed to have become aware of the relevant Company address. Should the Brand Partner fail to issue a receipt and order sheet, or to make all relevant entries in the receipt and order sheet, including the address of the Brand Partner or the Company, or should the address of the Brand Partner or the Company be changed after the receipt and order sheet is issued, and the consumer is unable to cancel within the predetermined time frame, then the consumer should first file for cancellation of purchase agreement with the Brand Partner he/she bought the products from. The consumer can only come to the Company for cancellation when it becomes difficult to file cancellation of purchase with the Brand Partner due to reasons prescribed in the Enforcement Ordinance of the Door-to-Door Sales Act, including unclear whereabouts of the Brand Partner. Refund or replacement does not apply to products destroyed or damaged due to consumer mistake, products whose value is significantly reduced due to partial use or consumption, products whose value is significantly reduced to the extent that they cannot be resold due to passage of time, duplicable products whose packaging is damaged, and others defined by law. Moreover, when returning a product that was sent with a free gift, the consumer has to return the gift with the product.

10.4 Returns by Brand Partners. A Brand Partner may cancel his/her order. However, returning the Basic Kit will be deemed as voluntary resignation of Brand Partner status, and the Brand Partner will have to submit a resignation request along with a return request. The Company accepts product returns by a Brand Partner on condition that the products being returned are not damaged or altered, and will refund the Brand Partner after deducting the commission generated and paid on the order returned, as well as the legal return fee from the cost of goods paid by the Brand Partner. The legal return fee is determined under the following basis:

- a. No deduction for products returned within one month of receiving the products.
- b. 5% of product price for products returned after one month to within two months of receiving the products.

c. 7% of product price for products returned after two months to within three months of receiving the products.

d. Returns are not accepted for products after three months of receiving the products.

The Company shall refund the Brand Partner within three business days through bank transfer, credit card payment return request, etc. As for bank transfers, the refund will be credited to the Brand Partner account for commissions. In case the Brand Partner doesn't return the product himself/herself, the Company may charge the Brand Partner for shipment to retrieve the product. The return process can be delayed only when information provided by the Brand Partner is incorrect or incomplete, rendering it impossible to process the return, until necessary information becomes available. Besides offsetting Brand Partner commission, the Company may readjust the Brand Partner's "Highest Achieved" rank and the "Paid As" rank attained on the returned order. Moreover, the Company may readjust the "Highest Achieved" ranks and the "Paid As" ranks of the upline Brand Partners and require the commissions paid to be returned. The Company may contact the upline Brand Partners directly for the commission to be returned, or have it deducted from future commissions. Brand Partners must respond to Company request to have the commissions repaid. Not answering to such legitimate request by the Company may be deemed as a violation to the Policy Manual that could be subject to suspension or termination of Brand Partner status. Should there be a lawsuit on the case, the Brand Partner would not only be liable to pay back the commissions, but also to pay all the Company legal expenses incurred by the litigation.

Refund or Replacement does not apply to return requests for products destroyed or damaged due to Brand Partner's mistake, products whose value is significantly reduced due to partial use or consumption, duplicable products whose packaging is damaged, and others defined by law. Moreover, when returning a product that was sent with a free gift, the consumer has to return the gift with the product.

10.5 Replacement Policy. The Company's replacement of products is limited to cases where products are damaged in shipment or where products with defects are delivered. The Brand Partner should express to the Company the intent to have the product replaced within three months (90 days) of receiving the delivery. However, replacement does not apply to requests made on products destroyed or damaged due to Brand Partner's mistake, products whose value is significantly reduced due to partial use or consumption, duplicable products whose packaging is damaged, and others defined by law.

10.6 Resignation and Return of Inventory.

a. A Brand Partner terminating the business relationship with the Company holds the right to request return of his/her product inventory.

b. Return of inventory is limited to products that have not been used that are re-sellable and sales aids. Company services and programs cannot be returned.

c. A Brand Partner who wishes to return re-sellable products for refund are charged with a legal return fee that is deducted based on the period between the day of delivery and the day of return request. Only products delivered within three months (90 days) can be returned; those delivered before three months (90 days) cannot be returned.

d. In case a Brand Partner doesn't return the product himself/herself, the Company may charge the Brand Partner for shipment to retrieve the products. The return process can be delayed, only when information provided by the Brand Partner is incorrect or incomplete rendering it impossible to process the return, until necessary information becomes available.

e. As for returns after the resignation of a Brand Partner, the Company may request repayment of commissions already paid to the resigned Brand Partner on the returned products. If the resigned Brand Partner fails to pay, the Company can deduct the paid commission amount from the refund amount of the goods returned.

f. Moreover, the Company may readjust the "Highest Achieved" ranks and the "Paid As" ranks of the upline Brand Partners and require the commission paid to be returned. The Company may contact the upline Brand Partners directly for the commission to be returned or have it deducted from future commissions.

SECTION 11: GENERAL PROVISIONS

- 11.1 Indemnity Agreement.** Brand Partner agrees to indemnify the Company, shareholders, the management, executives, employees, etc. from litigation expenses and attorney fees incurred by violating the Policy Manual and the provisions of the Agreement, and all the related expenses, and from damage claims, legal obligations, losses, costs or related expenses brought about by violating laws and regulations of Korea, directly or indirectly, in doing business as Brand Partner, and to compensate the Company for all the expenses incurred.
- 11.2 Other Services and Products.** Products and services other than Company products and services cannot be sold or displayed at events or places where Company products or services are sold or displayed. Moreover, promoting network marketing, door-to-door sales, sponsoring door-to-door sales, or promoting products and services of companies that sell product and services that are in competition with Company products is strictly prohibited. Other than what is stated above, selling products that have no similarity to or that are not in competition with Company products is not prohibited.
- 11.3 Limit on Liability.** The Company is not liable for any claims for damage, to the extent permissible by Korean law, concerning non-payment of commissions, damages that are direct, indirect, specific, accidental, or other losses brought onto or may be brought onto a Brand Partner as the result of the Brand Partner i) violating the Agreement and the Policy Manual, ii) operating the business, iii) supplying the Company with erroneous or wrong data or information, iv) providing materials in violation of copyrights, v) failing to provide the Company with information or data necessary for business in a timely manner.
- 11.4 Restriction of Damage.** Brand Partners exempt the Company, its affiliated firms, management, directors, employees and other representatives from liability for any loss of profit, or supplementary, special, accidental or punitive damages that could result from omissions related to execution/non-execution of Company work and activities by the Company, its affiliated firms, management, directors, employees and other representatives, business relationship between Brand Partner and the Company, or any other issues. With regards to this, the Company, its affiliated firms, management, directors, employees and other representatives are not legally obligated to the extent permissible by Korean law.
- 11.5 Record Keeping.** The Company recommends Brand Partners to keep a complete and accurate record of all business transactions.
- 11.6 Ban on Solicitation.** The only way a Brand Partner can protect the Company's business rights, confidential information, ownership, trade secrets, consistency and security of the sales organization created by the Brand Partner, is for the Brand Partner to recognize that it is strictly prohibited to recruit or solicit to another company or other Brand Partners whom he/she became acquainted with as Brand Partner, for the period he/she has Brand Partner status and for a certain period after the termination of the status and agrees to the provision.
- The provision prohibiting solicitation guarantees and protects sound business for Brand Partners for the period a Brand Partner has Brand Partner status and for two years after termination of the status in compliance with all the rights provided by the Policy Manual. Brand Partners agree not to recruit or solicit Brand Partners of the Company, directly or indirectly, to other direct selling, MLM or network marketing businesses for whatever reason. According to the Policy Manual, the provision is valid for the period a Brand Partner has Brand Partner status and for two years after termination, resignation, succession, and change of ownership. Brand Partners agree not to sell or promote products that are similar to or in competition with Company products for whatever reason in Korea or in countries where the Company is in business. A Brand Partner agrees not to sell or promote products and services other than Company products and services, directly or indirectly, during the time he/she has Brand Partner status and for six months after termination (or suspension), as described by the Policy Manual.
- 11.7 Revision of Agreement and Policy Manual.** The Company reserves discretionary rights to revise the Policy Manual and the Agreement, and product (member) and retail prices, whenever deemed appropriate, without prior notification. The revisions are transmitted through official Company publications, websites and blogs, and may be shared through email, SMS and SNS. The revisions become effective thirty (30) days after they are transmitted or notified, or from a designated date. If there are any discrepancy between the original and the revised versions, the revision takes precedence.
- 11.8 Non-Waiver.** The Company not exercising the rights under the Policy Manual or failing to demand stricter adherence to Brand Partner obligations or the provisions of the document, or inconsistency or noncompliance on the part of diverse parties with regards to the Policy Manual, does not constitute a waiver by the Company to exact stricter compliance with the Policy Manual. Company's exemption concerning a Brand Partner's noncompliance of a specific obligation does not impact or pose a barrier to the Company's right related to noncompliance, and does not impact the rights or the obligations of other Brand Partners in any way whatsoever. The Company's delay or failure to exercise its right following noncompliance of an obligation does not impact or impede the Company's right concerning the noncompliance or a future noncompliance. An exemption by the Company can have an impact only by a written approval of a member of the management.
- 11.9 Complete Agreement.** The Policy Manual is contained in the Brand Partner Pocket Book and Back Office, and effects a complete agreement of all parties with regards to the business relationship.
- 11.10 Force Majeure.** The Company is not responsible for delays or failure to perform caused by circumstances beyond a party's control, such as strikes, labor disputes, wars, fires, government laws or ordinances, or a party's reduction of its usual source of supply.
- 11.11 Notice.** Any communication, notice or request that a Brand Partner or the Company may be obligated or may desire to transmit or supply to each other should be in written electronic communication (or both in writing and in electronic forms), such as postal mail, email or fax (if confirmed in writing, the communication has been made through registered or certified mail, pre-paid postal mail, mail requiring return receipt or personal service). For notification purposes, any party may provide a written notice regarding a change in address to the other party through

means explained in this Section. Any communication, notice or request shall be deemed to have been delivered or given on the day it was provided through personal service. As for electronic communications, they are deemed to have been delivered or given on the day they are confirmed to have been sent, and postal mail requires return receipt or some other proof.

11.12 Separability. If any provisions in the Agreement, including the Policy Manual or any Company prescribed details, standards, or operational procedures under the laws and regulations of an applicable jurisdiction, are found to be invalid or incapable of being enforced, the Company should have the right to modify the invalid, unenforceable provisions, details, standards, operational procedures or anything therein to the extent that they become valid and enforceable, and the Brand Partners are legally bound by any such modifications. The modification is valid only in jurisdictions in which such modification is required.

11.13 Violation. All Brand Partners are obligated to uphold the integrity of the Policy Manual. When a Brand Partner becomes aware of another Brand Partner's violation, he/she should talk directly with the Brand Partner in violation. Any violation reported to the Company has to follow Company reporting procedure. Violations can be reported to the Ethics Division by email (koreacompliance@nerium.com)

SECTION 12: CODE OF BUSINESS ETHICS

The Company believes that Brand Partners adhere to the principles of fairness, honesty, integrity and service. The relationship between the Company and Brand Partners, Brand Partners and other individuals should be maintained, protected and fostered based on a Code of Business Ethics at the highest possible level. Therefore, every Brand Partner agrees to adhere to and support all the ethical provisions in Section 12.

As a Brand Partner, I agree to the following:

- 12.1 I will be fair and honest in all my dealings while acting as a Brand Partner of the Company.**
- 12.2 I will respect the time and privacy of the people I contact to become retail customers or Brand Partners of the Company. I will be courteous and respectful to every person contacted in the course of my Company business.**
- 12.3 I will perform all my professional activities in a manner that will enhance my reputation and the reputation of the Company.**
- 12.4 I will fulfill my leadership responsibilities as a Sponsor, including training and otherwise, supporting Brand Partners in my sales organization.**
- 12.5 I will not engage in any deceptive or illegal practice, or any practice prohibited by the Agreement or the Policy Manual.**
- 12.6 I will not make diagnostic, therapeutic or curative claims for the Company's products. I will not make any claims not contained in official Company literature. I will represent only that "each body is unique and responds uniquely to different products," remembering that even my personal experience with the product may be interpreted as "going beyond the labeling claims" if I use those experiences as a sales device.**
- 12.7 I will not advertise Nerium products in exaggerated or false manner. I also acknowledge the personal difference and will not post or use "Before" and "After" pictures on materials at any time.**
- 12.8 I will make no income claims or representations regarding the Company Compensation Plan, remembering that ideal projections of the Company Compensation Plan are unrealistic. No network is grown in a perfect geometric progression and therefore it is impossible to predict incomes. Further, a Brand Partner's success depends on many variables such as the amount of time committed to his/her business and the degree of organizational ability.**
- 12.9 I understand and agree that I am solely responsible for all financial and/or legal obligations incurred by me in the course of my business as a Brand Partner of the Company, including self-employment taxes, income taxes, sales taxes, license fees and related personal fees.**
- 12.10 In dealing with a retail customer, I will always provide sufficient explanation so that the retail customer has full understanding of Provision 10.3 in Section 10.**
- 12.11 I understand and agree that capitalism is one of the most competitive economic systems in the world; I will compete aggressively but fairly, and I will respect the professionals of other network marketing companies. I will not solicit from proprietary positions or organizations of other network marketing companies. I will not use sales materials or professional associations that may be regarded as proprietary by other companies. The Company seeks to promote the reputation of all reputable network marketing companies that are furthering the cause of personal independence for their Brand Partners.**
- 12.12 A Brand Partner shall engage in no conduct which negatively impacts, disrupts or impairs the reputation or business of the Company or other Brand Partners, including, but not limited to: disparagement of the Company, its Officers or Employees or other Brand Partners; manipulation of the Compensation Plan; undermines or is at odds with the training systems utilized by and authorized by the Company; conduct which is abusive, disrespectful, or intimidating of other Brand Partners, Customers, Employees or Affiliates of the Company; conduct that undermines the relationship between the Company and Brand Partners or relationships between Brand Partners; conduct which is false, fraudulent, dishonest or deceptive in any way; or any other conduct which the Company deems disreputable or, in anyway, negatively impacts the Company or other Brand Partners.**