

# *VELOCITY*

BY NUSKIN®

## *SALES PERFORMANCE PLAN*

EFFECTIVE 1 JUL 2020  
[ HONG KONG & MACAU ]

# TABLE OF CONTENTS

1. **VELOCITY OVERVIEW**
  - 1.1 *INTRODUCTION*
  - 1.2 *PARTICIPATING IN VELOCITY*
  - 1.3 *NON-PARTICIPATING CUSTOMERS*
  - 1.4 *BONUSES*
2. **VELOCITY BONUSES**
  - 2.1 *SHARING AND RETAILING BONUS*
  - 2.2 *BUILDING BONUS*
  - 2.3 *LEADING BONUS*
3. **BRAND REPRESENTATIVE STATUS**
  - 3.1 *QUALIFYING AS A BRAND REPRESENTATIVE*
  - 3.2 *BRAND REPRESENTATIVE STATUS*
  - 3.3 *FLEX BLOCKS*
  - 3.4 *RESTART*
4. **ADDITIONAL TERMS**
  - 4.1 *BONUSES*
  - 4.2 *TERMINATION OF BRAND AFFILIATE ACCOUNTS*
  - 4.3 *OTHER MATERIALS AND TRANSLATIONS*
  - 4.4 *EXCEPTIONS*
  - 4.5 *TERMINOLOGY*
  - 4.6 *RIGHT TO MODIFY*
  - 4.7 *COMPLIANCE*

## GLOSSARY

### ADDENDUMS

- |            |   |
|------------|---|
| ADDENDUM A | ADDITIONAL DETAILS RELATED TO QUALIFICATION |
| ADDENDUM B | ADJUSTMENTS AND RECOVERY OF BONUSES         |
| ADDENDUM C | RESTART                                     |
| ADDENDUM D | BUSINESS BUILDER POSITIONS                  |

## 1. VELOCITY OVERVIEW

### 1.1 INTRODUCTION

Velocity by Nu Skin® (“Velocity”) is designed to reward you for:

**Sharing** our Products by introducing new customers to Nu Skin;

**Building** and servicing your Consumer Group; and

**Leading** other Brand Representatives as they build and service their own Consumer Groups.

This Sales Performance Plan (this “Plan”) sets forth the terms and conditions for the sales compensation you can receive through Velocity. We encourage you to carefully read this Plan and refer to the Glossary for further definition of capitalized terms.

### 1.2 PARTICIPATING IN VELOCITY

There are five levels of participation under Velocity:

**Brand Affiliates** can (i) purchase Products at the Member Price for personal consumption or resale, and (ii) register Registered Customers who purchase Products directly from Nu Skin.

**Qualifying Brand Representatives** are Brand Affiliates who have elected to qualify as a Brand Representative and are in the process of building a Consumer Group and meeting the Qualification requirements to become a Brand Representative.

**Brand Representatives** are Brand Affiliates who have successfully completed Qualification and have not lost their Brand Representative status.

**Brand Partners** are Brand Representatives who have developed and are leading one or more other Brand Representatives.

**Brand Directors** are Brand Representatives who have developed and are leading four or more other Brand Representatives, and one or more Leadership Teams.

You can elect to begin Qualification to become a Brand Representative when you join Nu Skin as a Brand Affiliate or anytime thereafter.

### 1.3 NON-PARTICIPATING CUSTOMERS

There are three types of customers who can purchase Products but do not participate in Velocity:

**Unregistered customers** purchase Products directly from a Brand Affiliate at the price offered by the Brand Affiliate. Unregistered customers do not participate in Velocity and cannot resell Products or register other Registered Customers.

**Retail Customers** sign up with Nu Skin as a Retail Customer to purchase Products directly from Nu Skin at the published retail price, subject to any discounts that may be offered by or facilitated by Nu Skin. Retail Customers do not participate in Velocity and cannot resell Products or register other Registered Customers.

**Members** sign up with Nu Skin as a Member to purchase Products from Nu Skin at the Member Price. Members do not participate in Velocity and cannot resell Products or register other Registered Customers.

## 1.4 BONUSES

You can receive the following Bonuses based on your participation level:

	BRAND AFFILIATES	QUALIFYING BRAND REPRESENTATIVES	BRAND REPRESENTATIVES	BRAND PARTNERS AND DIRECTORS
<b>Sharing Bonus and Retailing Bonus</b>	✓	✓	✓	✓
<b>Building Bonus</b>			✓	✓
<b>Leading Bonus</b>				✓

## 2. VELOCITY BONUSES

### 2.1 SHARING AND RETAILING BONUSES (DAILY)

#### A. Sharing Bonus Description

The Sharing Bonus compensates you for Product purchases by your Personally Registered Customers.

**B. Sharing Bonus Calculation:** The Sharing Bonus is a Hong Kong dollar (applicable to Hong Kong market)/MOP (applicable to Macau market) amount set for each Product. You can obtain information regarding the Sharing Bonus amount, pricing and other sales compensation related information for each Product by signing in to your market's Brand Affiliate website.

**IMPORTANT NOTE-SHARING BONUS:** You will not be paid a Sharing Bonus on the following:

- Purchases by Brand Representatives.
- Your own purchases, including purchases for resale to unregistered customers, unless you are a Brand Representative.
- Purchases by your Registered Customers who are not your Personally Registered Customers (i.e., a Registered Customer who became your Registered Customer due to the inactivity of the Brand Affiliate who registered them).

**Important Note-Discounts:** Product prices and Sharing Bonuses are subject to promotional discounts and may be reduced by the same percentage, unless otherwise noted by the market.

**C. Retailing Bonus Description:** The Retailing Bonus compensates you for Product purchases by your Retail Customers.

**D. Retailing Bonus Calculation:** The difference between (1) the retail price paid by your Retail Customer after any discounts (excluding shipping costs and taxes) when they purchase Products directly from Nu Skin and (2) the Member Price.

- You earn the Retailing Bonus on purchases by all your Retail Customers, regardless of whether they are your Personally Registered Customers.

#### E. Daily Pay

The Sharing Bonus and Retailing Bonus will generally be recorded in your Velocity Account (found in your "Volumes & Genealogy" tool) within one business day following the purchase.

#### F. Eligibility

To be eligible to receive the Sharing Bonus and Retailing Bonus, you must be a Brand Affiliate.

### 2.2 BUILDING BONUS (WEEKLY)

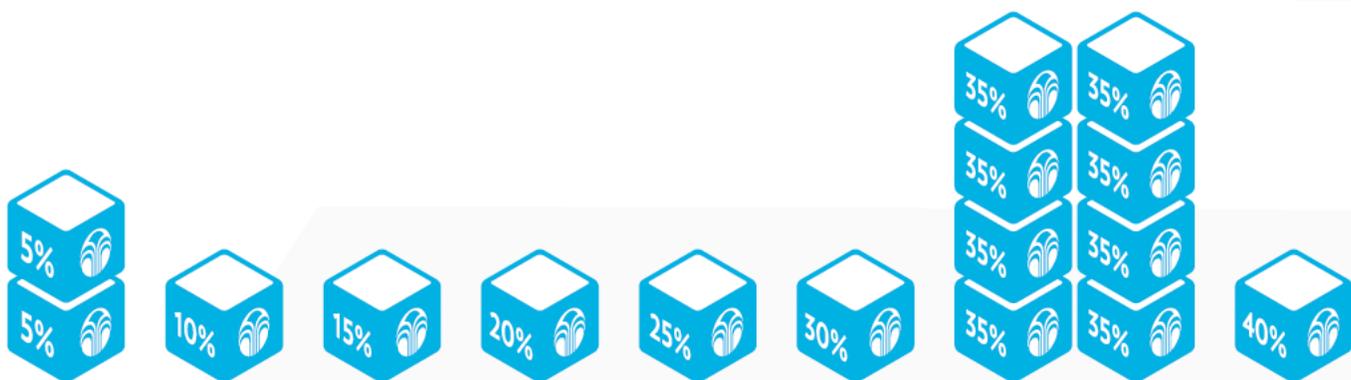
#### A. Description

As a Brand Representative, in addition to the Sharing Bonus and Retailing Bonus, you can also earn a Building Bonus. The Building Bonus compensates you weekly for building your Consumer Group, providing customer service to them, and assisting Brand Affiliates and Qualifying Brand Representatives in the promotion of Products to their customers.

**BUILDING BLOCKS:** A Building Block is 500 points of Sales Volume from your Consumer Group. The number of Building Blocks you complete will determine the percentages used to calculate your Building Bonus. Your number of Building Blocks resets to zero after each month, so your first 500 points of Sales Volume in a new month will result in your first Building Block for that month. If you have an incomplete Building Block at the end of the month, it will not carry forward to the next month.

## B. Building Bonus Calculation

The Building Bonus is a percentage of the Commissionable Sales Value of your Consumer Group's Product purchases that starts at 5% on your first Building Block and scales up to 40% on your 16th Building Block and beyond, as illustrated in the following diagram.



The Building Bonus for each Building Block is calculated by multiplying:

- (1) the total Commissionable Sales Value of that Building Block, by
- (2) the specific Building Bonus Percentage for that Building Block.

### IMPORTANT NOTE - BUILDING BONUS PERCENTAGE

The Building Bonus Percentage for a specific Building Block is limited to that specific Building Block and is not applied to previous Building Blocks. For example, you earn 5% on the Commissionable Sales Value of your first two Building Blocks and 10% on the Commissionable Sales Value of your third Building Block (but you do not earn 10% on your first two Building Blocks) in a month.

**EXAMPLE:** Assuming the Commissionable Sales Value for each Building Block was \$500, the Building Bonus for your first Building Block would be \$25, and the Building Bonus for your 8th Building Block would be \$175.

If Flex Blocks are used to hold your Brand Representative status, you will only be eligible for a Building Bonus on any completed Building Blocks and no Bonus is paid on Flex Blocks. See Section 3.2.

### C. Weekly Pay

Four times a month, we pay you a Building Bonus for any newly completed Building Blocks through the end of each weekly period. Your Building Bonus will generally be recorded in your Velocity Account within one business day following the end of the weekly period.

### D. Eligibility

To be eligible to receive a Building Bonus, you must be a Brand Representative.

If you lose your status as a Brand Representative, you will not be eligible for a Building Bonus, effective the following month. See Section 3.2 for more details.

**IMPORTANT NOTE - Incomplete Building Blocks:** If you have completed 4 or more Building Blocks by the end of the month, you will be paid a Building Bonus on any Commissionable Sales Value from an incomplete Building Block using the same Building Bonus Percentage applicable to the last completed Building Block.

**FOR EXAMPLE,** if you have completed 6 blocks and part of your 7th block in a given month, you will be paid a 25% Building Bonus on the Commissionable Sales Value of your 7th Building Block.

## 2.3 LEADING BONUS (MONTHLY)

### A. Description

When you become a Brand Partner or Brand Director, in addition to receiving the Sharing, Retailing and Building Bonuses, you will earn a Leading Bonus for developing and leading other Brand Representatives. This involves helping your Brand Affiliates qualify as new Brand Representatives, and motivating, directing, and training the Brand Representatives who you directly lead in your Team (referred to as your G1 Brand Representatives).

As your G1 Brand Representatives develop into Brand Partners and Brand Directors, your role evolves. In addition to developing other Brand Representatives, you will lead a Team that includes Brand Representatives on other Generations (e.g., G2, G3 etc.), as they work to develop their own Consumer Groups and increase Product sales. The Leading Bonus is designed to maximize the Bonus paid to you based on the changing composition of your Team and your development and leadership focus.

**TEAM: Your Team consists of all Generations on which you are eligible to be paid a Leading Bonus. Your Title determines the number of Generations of Brand Representatives and their Consumer Groups on your Team, as shown in the Velocity Title Determination table. Your Team does not include your Consumer Group.**

Your Title and your Team are based on your performance. As you demonstrate the ability to develop Brand Representatives and help them build their Consumer Groups and drive sales through their Teams, your Team will expand to include more Generations of Brand Representatives.

**G1 BRAND REPRESENTATIVES: Every Brand Representative you directly lead and who is the first Brand Representative below you in your Team is your G1 Brand Representative.**

**LEADERSHIP TEAM SALES VOLUME: Leadership Team Sales Volume is the sum of Consumer Group Sales Volume in your G1-G6 for a given G1 Brand Representative.**

Your Title and the number of Generations of Brand Representatives included in your Team is based on your number of G1 Brand Representatives and Leadership Teams, as set forth in the following Velocity Title Determination table:

VELOCITY TITLE DETERMINATION					
	TITLE	REQUIRED NUMBER OF G1 BRAND REPRESENTATIVES	LEADERSHIP TEAM SALES VOLUME REQUIREMENTS	NUMBER OF GENERATIONS ON YOUR TEAM	
BRAND REPRESENTATIVES	BRAND REPRESENTATIVE	0	N/A	N/A	
	BRAND PARTNERS	BRAND PARTNER	1	N/A	1
		SENIOR BRAND PARTNER	2	N/A	2
		EXECUTIVE BRAND PARTNER	4	N/A	3*
	BRAND DIRECTORS	BRAND DIRECTOR	4	1 with $\geq 10,000$	4*
		SENIOR BRAND DIRECTOR	5	1 with $\geq 10,000$ 1 with $\geq 20,000$	5*
		EXECUTIVE BRAND DIRECTOR	6	1 with $\geq 10,000$ 1 with $\geq 20,000$ 1 with $\geq 30,000$	6*
		PRESIDENTIAL DIRECTOR**	6	1 with $\geq 10,000$ 1 with $\geq 20,000$ 1 with $\geq 30,000$ 1 with $\geq 40,000$	6*

\*To be eligible to be paid on Generations 3-6 you must not be involved in Business Development Activities for another Direct Sales Company.

\*\* Executive Brand Directors and Presidential Directors qualify for an Executive Brand Director Business Builder Position and Presidential Director Business Builder Position, respectively. Your Leadership Team requirements may be satisfied by Leadership Teams on your Executive Brand Director Business Builder Position and Presidential Director Business Builder Position. Please see Addendum D for details. Please contact your local market for details regarding recognition and trip requirements, which may differ from the requirements of this Plan.

## B. Leading Bonus Calculation

To incentivize Brand Partners and Brand Directors to continue to build and maintain Product sales within their own Consumer Groups, the method of calculating the Leading Bonus is based on the number of Building Blocks that you complete in your own Consumer Group during the month.

### i. Completion of Six or More Building Blocks

When you complete six or more Building Blocks in your Consumer Group in a month, then you are paid the greater of the following two Leading Bonus calculations:

#### (a) Developing G1 Brand Representatives

10% of the Commissionable Sales Value of the Product purchases by the Consumer Groups of all your G1 Brand Representatives.

#### (b) Leading a Team

5% of the Commissionable Sales Value of the Product purchases by the Consumer Groups of all the Brand Representatives within your Team.

### ii. Completion of Four or Five Building Blocks

However, if you only complete four or five Building Blocks in a month, then you are paid 2.5% of the Commissionable Sales Value of the Product purchases by the Consumer Groups of all the Brand Representatives within your Team.

LEADING BONUS	
EARN	IF YOU COMPLETE
10% LEADING BONUS ON YOUR G1 CSV	 6+ BLOCKS
5% LEADING BONUS ON YOUR TEAM CSV	6+ BLOCKS
2.5% LEADING BONUS ON YOUR TEAM CSV	 4-5 BLOCKS

### C. Paid Monthly

Following the end of each month, we calculate your Leading Bonus. The Leading Bonus is generally recorded in your Velocity Account within one business day following the end of the monthly Bonus calculation and is automatically transferred to the financial institution that you select.

### D. Eligibility

To be eligible to receive a Leading Bonus:

- i. be a Brand Representative;
- ii. have a minimum of one G1 Brand Representative; and
- iii. complete four Building Blocks from your Consumer Group.

You are not eligible for a Leading Bonus for a month that we hold your Brand Representative status or you lose your Brand Representative status. See Section 3.2 for more details.

### 3. BRAND REPRESENTATIVE STATUS

#### 3.1 QUALIFYING AS A BRAND REPRESENTATIVE

##### A. Electing to Qualify as a Brand Representative

As a Brand Affiliate you may elect to qualify as a Brand Representative by submitting a Letter of Intent to Nu Skin. You can find the Letter of Intent form by signing in to your market's Brand Affiliate website.

##### B. Qualification Period

On the date you elect to qualify as a Brand Representative, your Qualification Period begins. The Qualification Period is up to six consecutive months, inclusive of the month you make your election. For example, if you elect on January 25<sup>th</sup> to qualify as a Brand Representative, your Qualification Period would be January through June. The Qualification Period ends on the earlier of:

- i. the date you advance to a Brand Representative after meeting the Qualification Requirements;
- ii. the end of the month in which you fail to meet the Qualification Monthly Minimum; and
- iii. the end of the sixth month of the Qualification Period.

##### C. Qualification Requirements and Qualification Monthly Minimum

- i. Qualification Requirements: Complete 12 Building Blocks (4 of which must be Sharing Blocks) during the Qualification Period. Alternatively, if you submit a Letter of Intent [from June 1, 2019 through December 31, 2020](#), you may complete the Qualification Requirements by completing 10 Building Blocks (4 being Sharing Blocks), with at least 10 different Retail Customers, Members or Brand Affiliates in your Group, within 3 consecutive months. If you do not complete these Qualification Requirements under this alternative, you can still complete the Qualification Requirements by completing 12 Building Blocks (4 being Sharing Blocks), within 6 consecutive calendar months.
- ii. Qualification Monthly Minimum: Complete 2 Building Blocks each month, except the month you complete the Qualification Requirements.

For example, if you had a total of 11½ Building Blocks (assuming four of them are Sharing Blocks) during the first three months of the Qualification Period, you would qualify as a Brand Representative the fourth month after completing the last ½ Building Block needed to finish your Qualification Requirements, even though you did not have two Building Blocks that month.

**IMPORTANT NOTE - IMPACT OF INCOMPLETE BUILDING BLOCKS DURING QUALIFICATION.** Sales Volume from an incomplete Building Block in a given month does not count toward the next month's Qualification Monthly Minimum. However, Sales Volume from incomplete Building Blocks or Sharing Blocks in a given month does count toward your Qualification Requirements.

**SHARING BLOCKS:** Sharing Blocks are a special type of Building Block that only apply to Qualification Requirements. Sharing Blocks consist of 500 points of Sales Volume from Product purchases made by your Personally Registered Customers in your Consumer Group (excluding Brand Representatives). Sales Volume from your personal Product purchases is not included in your Sharing Blocks.

##### D. Completion of Qualification Requirements

When you complete the Qualification Requirements, you are promoted to a Brand Representative on the first day of the next weekly period (the 8<sup>th</sup>, 15<sup>th</sup>, or 22<sup>nd</sup> of that month, or on the 1<sup>st</sup> of the next month) and are eligible to start earning the Building Bonus for all purchases by your Consumer Group after you advance.

If someone from your Consumer Group is also in Qualification, they will only become part of your Team if you: (1) complete your first Qualification month in the same month or earlier than the month they complete their Qualification Requirements, and (2) finish Qualification within your Qualification Period, otherwise they will not be part of your Team going forward and you will not earn any compensation from their sales activity. See Addendum A for more details.

### E. Failure to Complete Qualification Requirements

If you do not meet the Qualification Monthly Minimum each month during the Qualification Period, your Qualification is terminated, effective the following month. If you do not satisfy the Qualification Requirements within the Qualification Period, your Qualification terminates, effective the following month. In either case, if you want to qualify as a Brand Representative you need to submit a new Letter of Intent and begin Qualification again.

## 3.2 BRAND REPRESENTATIVE STATUS

### A. Maintain, Hold, or Lose Brand Representative Status

Your status as a Brand Representative is maintained, held or lost based on your sales performance each month.

i. Maintaining Brand Representative Status—At Least Four Building Blocks

If you complete at least four Building Blocks in a month, you meet Maintenance and maintain your status as a Brand Representative for that month.

ii. Holding Brand Representative Status—At Least One Building Block and Sufficient Flex Blocks

If you (1) complete at least one Building Block in a month, and (2) have sufficient Flex Blocks (described below) available to make up the difference in required Building Blocks (e.g., 2 Building Blocks plus 2 Flex Blocks), then we automatically apply any available Flex Blocks to hold your status as a Brand Representative for that month.

iii. Losing Brand Representative Status—No Building Blocks or Insufficient Flex Blocks

If you (1) do not complete any Building Blocks in a month, or (2) do not have enough Flex Blocks available to make up for the missing required Building Blocks in a month, then you lose your Brand Representative status and become a Brand Affiliate effective the first day of the next month.

### IMPORTANT NOTE - MAINTENANCE & BONUS ELIGIBILITY:

You must meet Maintenance by completing 4 Building Blocks to be eligible for (1) a Leading Bonus, and (2) a Building Bonus on incomplete Building Blocks in that month.

If you lose your status as a Brand Representative, you lose your sales network, which moves up a Generation in the sales networks of your upline Brand Representatives. As a Brand Affiliate, you continue to service the customers in your Consumer Group.

**EXAMPLE:** If you complete one Building Block and do not have any available Flex Blocks in June, then for applicable June Sales Volume, (1) you are ineligible for a Leading Bonus, and (2) you are ineligible for a Building Bonus on incomplete Building Blocks. In addition, you become a Brand Affiliate effective July 1<sup>st</sup>. However, you are still eligible for the Sharing Bonus (including the Sharing Bonus on your own purchases), Retailing Bonus and Building Bonus (on the one completed Building Block) for June sales.

### B. Maintenance After Advancing to Brand Representative

To maintain your status as a Brand Representative, you must begin meeting Maintenance in the first full month following the completion of your Qualification Requirements. See Addendum A for more details.

### C. Impact of your Brand Representative Status on your upline Brand Representative

When you meet Maintenance or we hold your status as a Brand Representative in a month, you count as a G1 Brand Representative in your upline Brand Representative's Team. If you lose your Brand Representative status, then you revert to a Brand Affiliate and do not count as a G1 Brand Representative, effective the following month (e.g., if you lose Brand Representative status during the month of June because you do not complete enough Building Blocks and do not have enough Flex Blocks available, then your lost Brand Representative status becomes effective July 1<sup>st</sup> and you are a Brand Affiliate and will no longer count as a G1 Brand Representative).

## 3.3 FLEX BLOCKS

### A. Description

A Flex Block is a Building Block substitute that we use to hold your status as a Brand Representative if you do not complete at least 4 Building Blocks in a month. Flex Blocks do not provide Sales Volume or Commissionable Sales Value and no Bonus is paid on Flex Blocks. Flex Blocks have no monetary value and cannot ever be redeemed for cash. Flex Blocks do not expire and there is no limit to the number of Flex Blocks you can accumulate; provided, however, that any accumulated Flex Blocks will be forfeited if you lose your Brand Representative status or your Brand Affiliate Account is terminated.

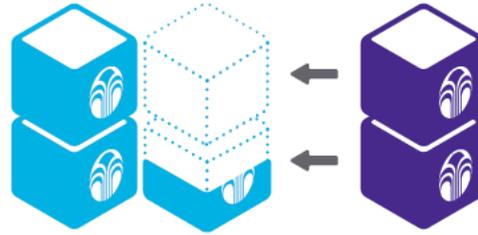
### B. Allocation of Flex Blocks

You are allotted Flex Blocks as a new Brand Representative and each following year. At the beginning of your 1<sup>st</sup> full month as a new Brand Representative, you are allotted 3 Flex Blocks. In your 2<sup>nd</sup> month, you are allotted 2 more Flex Blocks. In your 3<sup>rd</sup> month as a Brand Representative, you are allotted a single additional Flex Block, for a total of six. Each following year, you are allotted an additional 3 Flex Blocks in your anniversary month as a Brand Representative. The Flex Blocks will be reflected in your Volumes & Genealogy.



### C. Application of Flex Blocks

We apply Flex Blocks to hold your Brand Representative status, **if you have at least one completed Building Block**. In any month that you have not met Maintenance, we will automatically apply up to 3 Flex Blocks in place of missing Building Blocks (to the extent you have sufficient Flex Blocks available), to hold your status as a Brand Representative. An entire Flex Block is applied in place of an incomplete Building Block regardless of how much Sales Volume is needed to complete the Building Block. You can check your Volumes & Genealogy to see how many Flex Blocks you have available.



### MAINTENANCE

You have met your Maintenance requirement with 4 complete Building Blocks

### HOLD BRAND REPRESENTATIVE STATUS

You have two and a half Building Blocks and we automatically apply 2 Flex Blocks to hold your Brand Representative status

## 3.4 RESTART

If you lose your status as a Brand Representative, then Restart is the process that gives you six months to become a Brand Representative again and reclaim your former sales network (as if you had not lost your Brand Representative status). See Addendum C for more details on Restart.

## 4. ADDITIONAL TERMS

### 4.1 BONUSSES

- A. **Eligibility for Bonuses.** To remain eligible for Bonuses, you must have Product sales to five different unregistered customers, Retail Customers or Members each month. You must notify the Company immediately if you do not meet this requirement. The Company will also randomly survey Brand Affiliates to confirm compliance with this requirement.
- B. **Bonus Calculations.** Bonuses will be calculated on a daily, weekly and monthly schedule, as determined by Nu Skin, and recorded in your Velocity Account.
- C. **Bonuses and Exchange Rates.** When calculating your Bonuses, the Commissionable Sales Values from Product sales from different markets are exchanged into your local currency using the previous month's average daily exchange rate. For example, in determining the base used to calculate your Bonuses on March sales, the Company would use February's average daily exchange rate.
- D. **Local Market Version.** This version of the Plan applies only to Brand Affiliates who have a Hong Kong or Macau Brand Affiliate ID. Velocity offers you the opportunity to receive Bonuses on sales in all our global markets, except where foreign participation is restricted (contact your Executive Partner for specific markets). If you have a Hong Kong or Macau Brand Affiliate ID, your Bonus eligibility and benchmarks will be governed by the terms of this version of the Plan, even if members of your Team have a Brand Affiliate ID from other markets.

**FOR EXAMPLE,** if you are a Brand Representative with a Hong Kong or Macau Brand Affiliate ID and you register a Member in Australia and the Member purchases some Products through the Australia website, then you will be paid the Sharing Bonus amount that the Australia market has set for those Products. If an individual (a) signs up as your Personally Registered Customer, and (b) is in your Consumer Group when they purchase Products in the Australia market, then those Product purchases will have the (i) Sharing Bonus, (ii) Sales Volume, and (iii) Commissionable Sales Value amounts that the Australia

market has set for those Products. The Australia Sharing Bonus amount and Commissionable Sales Value will be exchanged into Hong Kong or Macau currency when the Company calculates your Bonuses. The local market can provide you with information regarding the Sales Volume, Commissionable Sales Value, Sharing Bonus, pricing and other sales compensation related information for each Product in that market.

Velocity does not apply to our Mainland China business, which operates under a different business model.

- E. **Recovery of Bonuses Paid to You.** The Company has the right to recover Bonuses paid to you as published in the Policies and Procedures, including the recovery of Bonuses from the return of Products. The timing and method of recovery will depend on the Bonus, when the Product is returned, and who is returning the Products. See Addendum B for more details. A summary of the refund policy can be found at [<https://www.nuskin.com>]
- F. **Promotion to Brand Representative; Other Title Promotion and Demotion.** Promotion to Brand Representative occurs weekly. Other Title promotions and demotions occur only during the monthly Bonus calculations and will be reflected in your Volumes & Genealogy on or before the 5<sup>th</sup> of each month. See Addendum A for more details on Title promotion and demotion timing and the impact on Bonuses.
- G. **Product Promotions and Pricing.** We may adjust retail price, Sales Volume, Commissionable Sales Value, Member Price, Sharing Bonus and Retailing Bonus for promotions. Please see your market's Product pricing and promotion announcements regarding any discounts and their impact on pricing, Bonuses, Sales Volume, Commissionable Sales Value and other sales compensation related information for each Product.
- H. **Other Sales Compensation.** In addition to sales compensation available through Velocity, you can also earn (1) Retail profit from your sale of products directly to your consumers; (2) Compensation from other sales incentives; and (3) Incentive trips, or other non-cash rewards.

#### 4.2 TERMINATION OF BRAND AFFILIATE ACCOUNTS

- A. **Loss of Brand Affiliate Rights.** Upon termination of your Brand Affiliate Account you lose all rights and benefits as a Brand Affiliate, including any rights to your Brand Affiliate Account identification number, Consumer Group, Team, sales network, Sales Volume generated by either your Consumer Group or Team, and Bonuses.
- B. **Movement of Brand Affiliate Account.** The Company has the right, for as long as reasonably necessary, to delay any movement of a Brand Affiliate Account and any part of its Consumer Group or sales network up in the sales network or to a different sales network.

#### 4.3 OTHER MATERIALS AND TRANSLATIONS

If there are any discrepancies between the terms and conditions set forth in the Plan for your market and any marketing materials or other related content, the Plan for your market will control. Unless otherwise prohibited by law, if there are any discrepancies between the English version of this Plan and any translation of it, the English version will control.

#### 4.4 EXCEPTIONS

- A. **Granting of Plan Exceptions.** The Company may, in its sole discretion waive or modify any requirements, terms or conditions of this Plan (collectively "Plan Exceptions"). The Company may grant Plan Exceptions to (i) an individual Brand Affiliate Account, or (ii) any number of accounts, including by Team or market. The granting of a Plan Exception to a Brand Affiliate Account does not obligate the Company to grant a Plan Exception to any other Brand Affiliate Account. Any Plan Exception requires the express written consent of an authorized officer of the Company. The Company has no obligation to provide upline Brand Representatives written notice of any Plan Exceptions within their Team.

B. **Termination of Plan Exceptions.** Unless otherwise agreed to in writing by an authorized officer of the Company, the Company may terminate a Plan Exception that has been previously granted at any time and for any reason regardless of the length of time the exception has been operative. If a Plan Exception has been granted to a specific Brand Affiliate, then the Plan Exception is personal to the specific Brand Affiliate and the Company. Except as otherwise provided in a written and executed Plan Exception or an authorized Company officer has provided prior written approval, the Plan Exception will terminate upon the transfer of the Brand Affiliate Account regardless of the form of transfer (e.g., sale, assignment, transfer, bequest, by operation of law or otherwise), and any such transfer will be void.

#### **4.5 TERMINOLOGY**

Terms in this Plan, including Titles, may differ from previous terms and may be revised without prior notice.

#### **4.6 RIGHT TO MODIFY**

We can modify this Plan at any time in our sole discretion. If we change this Plan, we will provide you with 30 days' notice prior to the change becoming effective.

#### **4.7. COMPLIANCE**

To qualify for Bonuses, you must comply with the requirements of this Plan, Brand Affiliate Agreement and Policies and Procedures.

**WEEKLY AND MONTHLY PERIODS:** Any reference to a "month" means a calendar month. Any reference to a "week" or "weekly" or "weekly period" means a 7-day period beginning on the 1st, 8th, 15th, or 22nd day of each month, provided, however, that the fourth week of each month runs through the end of the month. Bonus calculations are based on Mountain Standard Time in Provo, Utah, United States of America (Coordinated Universal Time [UTC-7]).

## GLOSSARY

**Bonus:** Sales compensation paid through Velocity, including the Sharing Bonus, Retailing Bonus, Building Bonus, and Leading Bonus. Bonuses do not include any retail profit you can earn on Products that you purchase and resell directly to unregistered customers, or any other cash or non-cash incentives.

**Brand Affiliate:** A Person who signs up with Nu Skin as a Brand Affiliate and can purchase Products at the Member Price, sell Products to customers, sign up Registered Customers, and is not in Qualification. Brand Affiliate will also be used as a general reference to all Brand Affiliates and Brand Representatives. For example, a Brand Partner or Brand Director will be referred to as a Brand Affiliate as a general reference when talking about all Brand Affiliates.

**Brand Affiliate Account:** A Brand Affiliate's Nu Skin account.

**Brand Affiliate Agreement:** An agreement between a Brand Affiliate and Nu Skin and sets forth certain rights and obligations related to a Brand Affiliate's business.

**Brand Director:** A general category including all Brand Representatives with a Title of Brand Director, Senior Brand Director, Executive Brand Director, or Presidential Director.

**Brand Partner:** A general category including all Brand Representatives with a Title of Brand Partner, Senior Brand Partner, or Executive Brand Partner.

**Brand Representative:** A Brand Affiliate who has successfully completed Qualification and who has not lost their Brand Representative status. The term Brand Representative will also be used as a general reference for all Titles of Brand Representative and above. For example, an Executive Brand Partner or Senior Brand Director will be referred to as a Brand Representative as a general reference when talking about all Brand Representatives.

**Brand Representative Date:** The first day of the month that a Qualifying Brand Representative completes Qualification. For a Qualifying Brand Representative that completes Qualification in week 1, 2 or 3 of a month, the Brand Representative Date will be the first day of that month. For Qualifying Brand Representatives that complete Qualification in week 4 of a month, the Brand Representative Date will be the first day of the following month. See Addendum A for details.

**Brand Representative Promotion Date:** The first day of the weekly period following a Brand Representative's completion of Qualification and advancement to Brand Representative. For a Qualifying Brand Representative that completes Qualification in week 1, 2 or 3 of a month, the Brand Representative Promotion Date will be the 8th, 15th and 22nd of that month, respectively. For a Qualifying Brand Representative that completes Qualification in week 4 of a month, the Brand Representative Promotion Date will be the first day of the following month. See Addendum A for details.

**Brand Representative Qualification Date:** The first day of the month in which a Qualifying Brand Representative submits a Letter of Intent and completes the monthly requirement of 2 Building Blocks. See Addendum A for details.

**Building Block:** A measurement of Sales Volume. A Building Block is only considered complete when it has 500 points of Sales Volume. A Building Block with less than 500 points of Sales Volume is referred to as incomplete. See Section 2.2.

**Building Bonus:** A Bonus paid weekly to Brand Representatives based on the Commissionable Sales Value of Products purchased by Registered Customers in the Brand Representative's Consumer Group. See Section 2.2.

**Building Bonus Percentage:** A percentage used to calculate the Building Bonus for each Building Block which ranges from 5% to 40% depending on the number of Building Blocks completed in a month. See Section 2.2.

**Business Builder Position (BBP):** A position placed directly below you on your first Generation that is awarded to you after the first month you achieve the Title of Executive Brand Director. See Addendum D for details.

**Business Development Activity:** Any activity that benefits, promotes, assists, or supports in any way the business, development, sales, or sponsorship of another Direct Sales Company, including but not limited to, selling products or services, promoting the business opportunity, appearing on behalf of the Direct Sales Company or one of its representatives, allowing your name to be used to market the Direct Sales Company, its products, services or opportunity, sponsoring or recruiting on behalf of the Direct Sales Company, acting as a member of the board of directors, as an officer, or a representative or distributor of the Direct Sales Company, an ownership interest, or any other beneficial interest, whether the interest is direct or indirect.

**Commissionable Sales Value:** A currency value set for each Product, used to calculate the Building Bonus and Leading Bonus. Commissionable Sales Value is adjusted from time to time due to a variety of factors, including changes in pricing, currency fluctuations, promotions, etc. Commissionable Sales Value is different from Sales Volume and generally does not equal the Sales Volume of a Product. You can obtain information regarding the Commissionable Sales Value and other sales compensation related information for each Product by signing in to your market's Brand Affiliate website.

**Company:** Nu Skin, "we" or "us."

**Consumer Group:** A group consisting of (1) you, (2) any of your Registered Customers, and (3) any Registered Customers they register and so on. Your Consumer Group will include the Consumer Groups of your Qualifying Brand Representatives. As a Qualifying Brand Representative or Brand Representative, you are expected to service and support your Qualifying Brand Representatives and their Consumer Groups. A Brand Representative and their Consumer Group become part of your Team when they complete Qualification and their Consumer Group will no longer be part of your Consumer Group.

**Direct Sales Company:** A company that uses a sales force of independent contractors who sell products and services and that compensates the independent contractors through a single-level or multi-level compensation plan for (i) their own sales, and/or (ii) the sales of other independent contractors who have signed up under the independent contractors to distribute the same products and services.

**Flex Block:** A Flex Block is a Building Block substitute that we use to hold your status as a Brand Representative if you do not complete at least 4 Building Blocks in a month. See Section 3.3.

**G1 Brand Representative:** See Generation below.

**Generation:** The levels in a Brand Representative's Team. Every Brand Representative you directly lead and who is the first Brand Representative below you in your Team is your G1 Brand Representative. Your G1 Brand Representatives directly lead those Brand Representatives who are on the first level below them, and these Brand Representatives are your G2 Brand Representatives, and so forth.

**Leadership Team:** A G1 Brand Representative that meets certain Leadership Team Sales Volume benchmarks in a month.

**Leadership Team Sales Volume:** Leadership Team Sales Volume is the sum of Consumer Group Sales Volume in your G1-G6 for a given G1 Brand Representative.

**Leading Bonus:** A Bonus paid monthly to Brand Partners and Brand Directors based on the Commissionable Sales Value of Products purchased by the Consumer Groups in the Brand Partner's or Brand Director's Team. See Section 2.3.

**Letter of Intent:** A document or online notice that a Brand Affiliate submits to us to notify us of their intention to enter Qualification and become a Qualifying Brand Representative.

**Maintenance:** The requirement to complete at least four Building Blocks in a month to maintain your status as a Brand Representative for that month. See Section 3.2.

**Member:** A customer who signs up with Nu Skin as a Member and can purchase Products from Nu Skin at the Member Price. Members do not participate in Velocity and cannot resell Products or register other customers.

**Member Price:** The purchase price for Products for both Members and Brand Affiliates. The Member Price is set by the local market and may occasionally be adjusted for sales promotions and incentives.

**Nu Skin:** Nu Skin International, Inc., and its affiliates.

**Person:** An individual or business entity. A “business entity” is any business entity such as a corporation, partnership, limited liability company, trust, or other form of business organization legally formed under the laws of the jurisdiction in which it was organized.

**Personally Registered Customer:** A Registered Customer who registered directly under you. A Registered Customer is not your Personally Registered Customer if they registered directly under another Brand Affiliate.

**Policies and Procedures:** A document that is part of the agreement between a Brand Affiliate and Nu Skin and sets forth certain policies and procedures related to a Brand Affiliate’s business.

**Presidential Director Business Builder Position (Presidential Director BBP):** An additional position placed directly below your BBP on your second Generation that is awarded to you after the first month you achieve the Title of Presidential Director. See Addendum D for details.

**Products:** All Nu Skin products and services.

**Qualification:** The process for a Brand Affiliate to become a Brand Representative. See Section 3.1.

**Qualifying Brand Representative (QBR):** A Brand Affiliate who (i) has submitted a Letter of Intent and has completed two Building Blocks (a Brand Affiliate is officially classified as a Qualifying Brand Representative after the next weekly Bonus calculation), and (ii) is in the process of meeting the Qualification requirements. See Section 3.1.

**Qualification Monthly Minimum:** During the Qualification Period you must complete at least 2 Building Blocks each month, except the month you complete the Qualification Requirements. See Section 3.1.

**Qualification Period:** Your Qualification Period begins on the date you elect to qualify as a Brand Representative. The Qualification Period is up to six consecutive months, inclusive of the month you make your election. See Section 3.1.

**Qualification Requirements:** During the Qualification Period you must complete 12 Building Blocks (4 of which must be Sharing Blocks). See Section 3.1.

**Registered Customer:** A Person who purchases Products directly from the Company for personal consumption or resale. Bonuses are paid on a Registered Customer’s Product purchases. Your right to earn a specific Bonus on a Registered Customer’s purchase depends on the eligibility requirements of each Bonus, including whether they are a Personally Registered Customer. Every Registered Customer is supported by a Brand Affiliate. There are three types of Registered Customers:

- (1) Retail Customers,
- (2) Members, and
- (3) Brand Affiliates.

**Restart:** The process that gives former Brand Representatives the opportunity to reclaim their sales network (as if they had not lost their Brand Representative status). See Section 3.4 and Addendum C.

**Retailing Bonus:** The difference between (1) the retail price paid by your Retail Customer after any discounts (excluding shipping costs and taxes) when they purchase Products directly from Nu Skin and (2) the Member Price. See Section 2.1.

**Retail Customers:** Any Registered Customers who purchase at a retail price. The Bonus on a Retail Customer's Product purchase is paid to the Brand Affiliate who is identified as the seller at the time of the specific Product order. For purposes of this Plan, an unregistered customer is not included in the definition of Retail Customers. Retail Customers do not participate in Velocity and cannot resell Products or register other Registered Customers.

**Sales Volume:** A point value set for each Product used to compare the relative value of Products across various currencies and markets to measure qualification for various performance benchmarks, including Sharing Blocks, Building Blocks, and Leadership Team Sales Volume, and quantify the Product sales in your Consumer Group and Team. Sales Volume is adjusted from time to time as the Company deems necessary. Sales Volume is different from Commissionable Sales Value. You can obtain information regarding the Sales Volume and other sales compensation related information for each Product by signing in to your market's Brand Affiliate website.

**Sharing Block:** A subset of Building Blocks. Sharing Blocks consist of 500 points of Sales Volume that are only derived from purchases made by Personally Registered Customers in your Consumer Group excluding Brand Representatives. Your personal purchases do not count towards Sharing Blocks. Sharing Blocks are only applicable to Qualification Requirements. See Section 3.1C.

**Sharing Bonus:** The Bonus paid daily on Product purchases by your Personally Registered Customers (Brand Representatives keep the Sharing Bonus on their own purchases). The Sharing Bonus percentage is determined by the local market and can be adjusted in the Company's discretion. It will vary depending on the Product. Not all Products will pay a Sharing Bonus, and in some markets the Sharing Bonus may be discounted. The market will provide Product pricing information to all Brand Affiliates regarding the Sharing Bonus of each Product. See Section 2.1.

**Team:** Your Team consists of all Generations on which you are eligible to be paid a Leading Bonus. Your Title determines the number of Generations of Brand Representatives and their Consumer Groups on your Team, as shown in the Velocity Title Determination table. Your Team does not include your Consumer Group.

**Title:** Titles are achieved as a Brand Representative based on your number of G1 Brand Representatives and Leadership Teams. Your Title determines the number of Generations on which you can earn a Leading Bonus.

**Velocity Account:** A digital account found in Volumes & Genealogies that reflects all your Bonuses, payments and adjustments. A Velocity Account is automatically created for you when you become a Brand Affiliate. Velocity Accounts do not accrue interest.

You can transfer your total available balance from your Velocity Account to your designated financial institution account at any time. Transfers that you initiate do not have a minimum balance requirement. However, you are responsible for all fees associated with any transfer you initiate. Fees may be charged by the receiving financial institution, and also include a service fee by Nu Skin.

Nu Skin automatically transfers your remaining Velocity Account balance free of charge at the start of each weekly and monthly pay period. There is a [US\\$10 \(applicable for Hong Kong market\) and MOP300 \(applicable to Macau market\)](#) minimum balance required for automated transfers from the Company.

**Volumes & Genealogy:** An information system that provides information related to your Brand Affiliate Account, including your Product purchases, sales network, Bonuses, goal setting, reporting, recognition and more. You can log into Volumes & Genealogy by logging into nuskin.com or My Nu Skin app.

# ADDENDUM A - ADDITIONAL DETAILS RELATED TO QUALIFICATION

The following provides additional information related to Qualification as a Brand Representative, including important dates, Maintenance, Bonuses and other details.

## 1. IMPORTANT DATES.

There are three important dates related to Qualification as a Brand Representative that are reflected in V&G.

- i. **Brand Representative Qualification Date.** The first day of the month in which a Qualifying Brand Representative submits a Letter of Intent and completes the monthly requirement of 2 Building Blocks. For example, if you submit a Letter of Intent on January 9<sup>th</sup>, and complete 2 Building Blocks on January 19<sup>th</sup>, then your Brand Representative Qualification Date is January 1<sup>st</sup>.
- ii. **Brand Representative Promotion Date.** The first day of the weekly period following a Brand Representative's completion of Qualification and promotion to Brand Representative. For a Qualifying Brand Representative that completes Qualification in week 1, 2 or 3 of a month, the Brand Representative Promotion Date will be the 8<sup>th</sup>, 15<sup>th</sup> and 22<sup>nd</sup> of that month, respectively. For a Qualifying Brand Representative that completes Qualification in week 4 of a month, the Brand Representative Promotion Date will be the first day of the following month. For example, if you complete Qualification on July 12<sup>th</sup>, then your Brand Representative Promotion Date is July 15<sup>th</sup>; if you complete Qualification on July 27<sup>th</sup>, then your Brand Representative Promotion Date is August 1<sup>st</sup>.
- iii. **Brand Representative Date.** The first day of the month that a Qualifying Brand Representative completes Qualification and advances to Brand Representative. For a Qualifying Brand Representative that completes Qualification in week 1, 2 or 3 of a month, the Brand Representative Date will be the first day of that month. For Qualifying Brand Representatives that complete Qualification in week 4 of a month, the Brand Representative Date will be the first day of the following month. For example, if you complete Qualification on May 17<sup>th</sup>, then your Brand Representative Date is May 1<sup>st</sup>; if you complete Qualification on May 27<sup>th</sup>, then your Brand Representative Date is June 1<sup>st</sup>.

## 2. MAINTENANCE AFTER ADVANCING TO BRAND REPRESENTATIVE.

If your Brand Representative Promotion Date is the 8<sup>th</sup>, 15<sup>th</sup> or 22<sup>nd</sup> of a month, then you do not need to meet Maintenance for that month to maintain your status as a Brand Representative. However, if you complete Qualification in week 4 of a month, your Brand Representative Promotion Date is the first day of the next month, and you must meet Maintenance for that next month to maintain your status as a Brand Representative (e.g., complete Qualification the 4<sup>th</sup> week of May, your Brand Representative Promotion Date is June 1<sup>st</sup>, and you must meet Maintenance in June).

## 3. BONUSES AFTER ADVANCING TO BRAND REPRESENTATIVE.

### A. Sharing Bonus on your Product purchases.

You will be paid a Sharing Bonus on your Product purchases on or after your Brand Representative Promotion Date. For example, if you complete Qualification on the 3<sup>rd</sup> of the month, your Brand Representative Promotion Date is the 8<sup>th</sup> and you will be paid a Sharing Bonus on your Product purchases on or after the 8<sup>th</sup>. If you complete Qualification in week 4 of a month, your Brand Representative Promotion Date is the 1<sup>st</sup> of the next month and you will be paid a Sharing Bonus on your Product purchases on or after the 1<sup>st</sup> of that next month.

Your direct upline Brand Representative will no longer earn Sharing Bonuses on your Product purchases on or after your Brand Representative Promotion Date.

#### **B. Building Bonus.**

You can earn a Building Bonus on new Building Blocks that you begin on or after your Brand Representative Promotion Date. These Building Blocks must be based on Product purchases on or after your Brand Representative Promotion Date. For example, if you complete Qualification on the 3<sup>rd</sup> of the month, your Brand Representative Promotion Date is the 8<sup>th</sup> and you can begin earning a Building Bonus based on Product purchases on or after the 8<sup>th</sup>. You will not earn a Building Bonus based on any Product purchases between the 4<sup>th</sup> and the 7<sup>th</sup> or earlier that month. If you complete Qualification in week 4 of a month, your Brand Representative Promotion Date is the 1<sup>st</sup> of the next month and you begin earning a Building Bonus based new Product purchases on or after the 1<sup>st</sup> of that next month.

After your Brand Representative Promotion Date, your Sales Volume will no longer contribute to the Building Blocks of your direct upline Brand Representative. For example, if you complete Qualification on the 20<sup>th</sup>, your Brand Representative Promotion Date is the 22<sup>nd</sup>. Your Sales Volume through the 21<sup>st</sup> will count toward your direct Brand Representative's Building Blocks, but your Sales Volume on new Product purchases on the 22<sup>nd</sup> through the end of month will not. If you complete Qualification in week 4 of a month, your Brand Representative Promotion Date is the 1<sup>st</sup> day of the next month and your Sales Volume in the month you completed Qualification will count toward your direct upline Brand Representative's Building Block volume for that month.

#### **C. Leading Bonus.**

You are eligible to earn a Leading Bonus after your Brand Representative Promotion Date if you meet the Leading Bonus requirements. For example, if you complete Qualification on the 3<sup>rd</sup> of a month, your Brand Representative Promotion Date is the 8<sup>th</sup> of that month and you can begin earning a Leading Bonus for that month if you meet the Leading Bonus requirements in the remaining weeks of that month. If you complete Qualification in week 4 of a month, your Brand Representative Promotion Date is the 1<sup>st</sup> of the next month and you can begin earning a Leading Bonus for that next month if you meet the Leading Bonus requirements for that next month.

### **4. WHEN YOU AND A BRAND AFFILIATE IN YOUR CONSUMER GROUP ATTEMPT QUALIFICATION AT THE SAME TIME.**

To keep someone from your Consumer Group in your sales network: (1) your Brand Representative Qualification Date must be in the same month or earlier than the Brand Representative Date of the Brand Affiliate in your Consumer Group, and (2) finish Qualification within your Qualification Period.

#### **EXAMPLE:**

The following illustrates the importance of dates related to Qualification when you and a Brand Affiliate in your Consumer Group attempt Qualification at the same time.

- Brand Representative Jane registers you with Nu Skin as a Brand Affiliate. When you register Brian as a Brand Affiliate, he becomes part of your Consumer Group. You and Brian each decide you want to qualify as Brand Representatives.
- Brian completes Qualification on January 17th and leaves your Consumer Group as he advances to temporarily become a Brand Representative on Jane's 1st Generation and she captures Brian's volume for her Leading Bonus. Although Brian completed Qualification on January 17th, his Brand Representative Date is the first day of the month he completes Qualification, which would be January 1st.
- You submit your Letter of Intent on January 9th and complete the Qualification Monthly Minimum of 2 Building Blocks on January 28th. Your Brand Representative Qualification Date is January 1st.
- You complete the Qualification Requirements within the Qualification Period on June 15th and leave Jane's Consumer Group and advance to become a Brand Representative on Jane's 1st Generation. Your Brand Representative Date is

June 1st. Although Brian has already advanced to become a Brand Representative, he will be now be on your 1st Generation.

If you did not complete your first month of Qualification requirements prior to or in the same month that Brian finished Qualification, or if you failed to complete Qualification within your Qualification Period, then Brian would remain on Jane's 1st Generation and would not be part of your Consumer Group or future Team if you later became a Brand Representative.

## ADDENDUM B - ADJUSTMENTS AND RECOVERY OF BONUSES

The Company has the right to adjust Bonuses paid to you as described in the Policies and Procedures, including adjustments based on the return of Products by you or others who were in your Consumer Group or Team. The calculation and recovery of Bonus adjustments from Product returns will depend on the type of Bonus, when the Products are returned and who returned the Products.

### 1. BONUS ADJUSTMENT CALCULATION.

Your Bonuses will be adjusted for Product returns as follows:

#### A. Sharing and Retailing Bonuses.

When you or others who were in your Consumer Group or Team at the time of purchase return Products, the Company will recover any Sharing and Retailing Bonuses you received on those Products.

#### B. Building Bonus.

When you or others who were in your Consumer Group at the time of purchase return Products, your Building Bonus will be adjusted as follows:

i. Current Month Returns.

For Products returned in a subsequent week of the month it was purchased, the Sales Volume and Commissionable Sales Value of the returned Products will be replaced by the Sales Volume and Commissionable Sales Value of any subsequent Product purchases in that month that you have not already received a Building Bonus on. Your Building Bonus will be positively or negatively adjusted to the extent the Commissionable Sales Value of the replacement Sales Volume is different than the Commissionable Sales Value of the original Sales Volume. See the example at the end of the Addendum.

ii. Prior Month Return Calculation.

For Products returned in a month subsequent to the month they were purchased, your Building Bonus will be negatively adjusted by the Commissionable Sales Value of the returned Products multiplied by your average Building Bonus percentage for the month the returned Products were purchased.

In addition, when you return Products, your Building Bonus on incomplete Building Blocks will be adjusted.

#### C. Leading Bonus.

When someone who was on your Team at the time of purchase returns Products, the Company will recover any Leading Bonus you received on those Products. In addition, when you return Products, your Leading Bonus will be adjusted if the decrease in Sales Volume changes your Leading Bonus calculation for the month you received the Leading Bonus for that Product.

### 2. BONUS ADJUSTMENT RECOVERY.

If no Bonus has been paid on returned Products, then no Bonus recovery is necessary. If a Bonus has been paid on Products that are subsequently returned, any positive adjustment will be added to your future Bonuses and the Company will recover any negative adjustments as follows:

- A. **Personal Returns.** If you return Products that you personally purchased, your Bonuses will be adjusted, and any negative adjustment will be recovered as a deduction from your refund.
- B. **Other Consumer Group or Team Returns.** If someone else in your Consumer Group or Team returns Products that they purchased, your Bonuses will be adjusted, and any negative adjustments will be recovered as a deduction from your future Bonuses.

**EXAMPLE:**

The following example illustrates the impact of Commissionable Sales Value on the adjustment of your Building Bonus.

Week 1: You complete 1 Building Block with 500 points of Sales Volume that has Commissionable Sales Value of 500. This Building Block includes 150 points of Sales Volume from Products purchased by a Member in your Consumer Group.

Week 2: You sell Products with 300 points of Sales Volume, but with a lower Commissionable Sales Value of 200. In Week 2, the Member who purchased Products with 150 points of Sales Volume in Week 1 returns all of the Products.

End of Week 2: We recalculate your Week 1 Building Bonus:

- Given the return of Products with 150 points of Sales Volume in Week 2, we take Sales Volume from Week 2 sales and apply it to your Building Block in Week 1 (150 points moved from Week 2 to Week 1 so you still have a completed Building Block in Week 1).
- Because the Commissionable Sales Value of the replacement Sales Volume is less than the Commissionable Sales Value of the returned Products, your Building Bonus from Week 1 is recalculated and the adjustment is applied in Week 2, as shown below.

WEEK	ORIGINAL SV	ADJUSTED SV	ORIGINAL CSV	ADJUSTED CSV	ORIGINAL WEEK 1 BUILDING BONUS	ADJUSTMENT TO WEEK 1 BUILDING BONUS
1	500	500 – 150 [Products return] +150 [from week 2] = 500	500	500 – 150 [Products return] +100 [from week 2] = 450	500*5% = <b>\$25</b>	
2	300	300 – 150 [to week 1] = 150	200	200 – 100 [to week 1] = 100		(\$450 – \$500) * 5% = – <b>\$2.50</b>

## ADDENDUM C - RESTART

Restart is a process that gives former Brand Representatives the opportunity to reclaim their sales network (as if they had not lost Brand Representative status). The following provides additional information regarding the use, benefits and terms of Restart.

### **1. HOW TO USE RESTART**

If you lose your status as Brand Representative and want to begin the Restart process, you must:

- i. submit a new Letter of Intent indicating your intention to qualify as a Brand Representative again, and
- ii. complete Qualification within six consecutive months from the effective date of losing your status as a Brand Representative.

The example below illustrates how Restart works for a period of six consecutive months.

QUALIFICATION PERIOD		1	2	3	4	5	6	
MONTH	February	March	April	May	June	July	August	September
TITLE EFFECTIVE AT THE BEGINNING OF THE MONTH	Brand Representative status	Lost Brand Representative status is effective and revert back to a Brand Affiliate	QBR	QBR	QBR	QBR	QBR	Brand Representative
BUILDING BLOCKS AND FLEX BLOCKS	Complete 1 Building Block and only 2 Flex Blocks available	Complete 2 Building Blocks  Submits new Letter of Intent	Continues Qualification (April–August) with at least 2 Building Blocks each month—for an additional 10 Building Blocks, 4 of which are Sharing Blocks, completing the last Block in Week 4 of August (March-August totals: 12 Building Blocks)  This example assumes a Week 4 promotion effective September 1 <sup>st</sup> .*					4 Building Blocks
	You lose your Brand Representative status in February, effective March 1st. Thus, your six-month opportunity to Restart begins on March 1st.							
STATUS AT THE END OF THE MONTH	Lose Brand Representative status	QBR	QBR	QBR	QBR	QBR	QBR	Brand Representative
WHEN YOU COMPLETE RESTART								Assuming a Week 4 promotion in August, in the first week of September you (1) reclaim your sales network and previously unused Flex Blocks, and (2) receive three additional Flex Blocks.

\*If you complete Qualification in a prior week (Week 1, 2 or 3 of August), then you would advance in August, not September. Likewise, the same promotion process applies if you complete Qualification prior to August.

If you do not finish Restart within this 6-month period, you will permanently lose the chance to reclaim any unused Flex Blocks and your sales network.

## 2. BENEFITS OF RESTART

When you complete Restart within the required time frame, you:

- Become a Brand Representative again;

- Become eligible to keep the Sharing Bonus on your own purchases;
- Become eligible for the Building Bonus;
- Become eligible for the Leading Bonus (assuming you satisfy the other requirements for the Leading Bonus);
- Reclaim your sales network (as if you had not lost your Brand Representative status) and the Company restores your Brand Representative Date; and
- Receive 3 new Flex Blocks and reclaim any previously unused Flex Blocks.

### 3. ADDITIONAL RESTART TERMS

- A. **Loss of Unallotted Flex Blocks:** If a Brand Representative drops to Brand Affiliate within the first three months of advancing to a Brand Representative, any unallotted Flex Blocks will not be automatically allotted once Restart is completed.
- B. **Brand Representative Date:** When you lose your Brand Representative status, you also lose your Brand Representative Date. When you successfully complete Restart, your original Brand Representative Date is restored.
- C. **Previous Use of Re-Entry or Restart.** If you used Executive Re-entry before the launch of Velocity in your market or Restart under Velocity, you will not be eligible to use Restart unless you submit a new Letter of Intent and acquire a new Brand Representative Date. This will result in you forfeiting any claim to Brand Representatives who were promoted prior to your Brand Representative Qualification Date.
- D. **Lose Status a Second Time:** If you lose your status as a Brand Representative for a second time, you are not eligible to Restart and will permanently lose your sales network (it moves up a Generation in your upline Brand Representative's sales network). However, even if Restart is no longer available, you can begin Qualification again at any time and build a new sales network.

## Addendum D - Business Builder Positions

As you build and lead your Team as an Executive Brand Director and a Presidential Director, you can qualify for a Business Builder Position (BBP) and a Presidential Director Business Builder Position (Presidential Director BBP). These additional positions are treated as a single account with your Brand Affiliate Account. Please contact your local market for details regarding recognition and trip requirements, which may differ from the requirements of this Plan.

### 1. RECEIVING A BBP AND A PRESIDENTIAL DIRECTOR BBP

- A. **BBP.** The BBP is a position placed directly below you on your first Generation that is awarded to you after the first month you achieve the Title of Executive Brand Director.
- B. **1.2 Presidential Director BBP.** The Presidential Director BBP is an additional position placed directly below your BBP on your second Generation that is awarded to you after the first month you achieve the Title of Presidential Director.
- C. **1.3 Automatically Created.** The BBP and Presidential Director BBP are automatically created during the Bonus calculation process for the month you meet the eligibility requirements above. You retain any BBP and Presidential Director BBP awarded to you unless you lose your status as a Brand Representative and do not complete Restart.

### 2. RELATIONSHIP BETWEEN A BBP, A PRESIDENTIAL DIRECTOR BBP AND THE BRAND AFFILIATE ACCOUNT

- A. **BBP and Presidential Director BBP are Part of Your Brand Affiliate Account**  
Your BBP and Presidential Director BBP are part of your Brand Affiliate Account and may not be sold or transferred separately.
- B. **G1 Brand Representatives**  
Your BBP and Presidential Director BBP will not count as G1 Brand Representatives of your Brand Affiliate Account.
- C. **Leadership Teams**
  - i. Although your BBP and Presidential Director BBP will not be considered Leadership Teams to your Brand Affiliate Account, any Leadership Teams under your BBP or Presidential Director BBP will count collectively as a Leadership Team to your Brand Affiliate Account for determining your Title.

**FOR EXAMPLE,** if your Brand Affiliate Account has 6 G1 Brand Representatives and 1 Leadership Team with 20,000+ Leadership Team Sales Volume, and your BBP has 2 Leadership Teams with 10,000+ Leadership Team Sales Volume and 30,000+ Leadership Team Sales Volume, respectively, your Title will be Executive Brand Director.

- ii. Unless you have lost your Brand Representative status and are a Brand Affiliate, for purposes of determining Leadership Teams for you and your upline Brand Representatives in a month, your BBP and Presidential Director BBP remain on your first and second Generations respectively.
- D. **Consumer Group Sales Volume.** Your BBP and Presidential Director BBP each have their own Consumer Groups. Eligible Consumer Group Sales Volume from your Brand Affiliate Account, BBP and Presidential Director BBP will count

collectively only for maintaining your Brand Representative status, determining your Building Blocks, Building Bonus Percentage and the method for calculating the Leading Bonus.

#### **E. BBP and Presidential Director BBP Bonuses Based on Brand Affiliate Account Title and Brand Representative Status.**

- i. **BBP.** For a month that your Brand Affiliate Account meets all requirements for the Title of Executive Brand Director or Presidential Director, including maintaining or holding Brand Representative status, Bonuses on your BBP will be calculated as if it was an Executive Brand Director. For any month that your Brand Affiliate Account does not meet all requirements for the Title of Executive Brand Director or Presidential Director, including maintaining or holding Brand Representative status, your BBP will be combined with your Brand Affiliate Account and any sales network of your BBP will move up one Generation in your sales network and the sales networks of your upline Brand Representatives for that month.
- ii. **Presidential Director BBP.** For a month that your Brand Affiliate Account meets all requirements for the Title of Presidential Director, including maintaining or holding Brand Representative status, Bonuses on your Presidential Director BBP will be calculated as if it was an Executive Brand Director. For any month that your Brand Affiliate Account does not meet all requirements for the Title of Presidential Director, including maintaining or holding Brand Representative status, your Presidential Director BBP will be combined with your Brand Affiliate Account and any sales network of your Presidential Director BBP will move up two Generations in your sales network and in the sales networks of your upline Brand Representatives for that month.

The following illustrates how the Leading Bonus is calculated on your Brand Affiliate Account, BBP and Presidential Director BBP. In the example we assume that your Brand Affiliate Account, BBP and Presidential Director BBP collectively have six Building Blocks and are eligible to earn a 5% Leading Bonus.

### **EXECUTIVE BRAND DIRECTOR**

As an Executive Brand Director, you are eligible to earn (a) a 5% Leading Bonus on six Generations of Brand Representatives under your Brand Affiliate Account, and (b) a 5% Leading Bonus on six Generations of Brand Representatives under your BBP. This means that, as shown below, you can earn a Leading Bonus of:

- a) 10% on some Commissionable Sales Value, with 5% on Generations 2 – 6 of the Brand Affiliate Account under your BBP, and another 5% on the same Commissionable Sales Value on Generations 1 – 5 of the BBP; and
- b) 5% on Generation 1 of the Brand Affiliate Account and Generation 6 of the BBP.

### **PRESIDENTIAL DIRECTOR**

As a Presidential Director, you are eligible to earn (a) a 5% Leading Bonus on six Generations of Brand Representatives under your Brand Affiliate Account, and (b) a 5% Leading Bonus on six Generations of Brand Representatives under your BBP, and (c) a 5% Leading Bonus on six Generations of Brand Representatives under your Presidential Director BBP. This means that, as shown below, you can earn a Leading Bonus of:

- i. 15% on some Commissionable Sales Value, with 5% on Generations 3 – 6 of the Brand Affiliate Account under your BBP, another 5% on the same Commissionable Sales Value on Generations 2 – 5 of the BBP and another 5% on the same Commissionable Sales Value on Generations 1 – 4 of the Presidential Director BBP;
- ii. 10% on some Commissionable Sales Value:

- a) With 5% on Generation 2 of the Brand Affiliate Account, and another 5% on the same Commissionable Sales Value on Generation 1 of the BBP; and
- b) With 5% on Generation 6 of the BBP, and another 5% on the same Commissionable Sales Value on Generation 5 of the Presidential Director BBP; and
- iii. 5% on Generation 1 of the Brand Affiliate Account and Generation 6 of the Presidential Director BBP.

#### F. Movement Between Your Brand Affiliate Account, BBP and Presidential Director BBP

- i. Movement from the Brand Affiliate Account to the BBP or Presidential Director BBP. G1 Brand Representatives cannot be moved from your Brand Affiliate Account to a BBP or Presidential Director BBP except as provided in this Section 3.
- ii. Proactive Movement by You. If your Brand Affiliate Account does not have 6 G1 Brand Representatives in a month, you can proactively choose to move the line of a G1 Brand Representative of your BBP or Presidential Director BBP up from the BBP or Presidential Director BBP to your Brand Affiliate Account prior to Bonus calculations for that month. Proactive moves must be requested in writing and will be permanent.
- iii. Automatic Movement by the Company.
  - a. **Movement to the Brand Affiliate Account.** In the absence of a proactive move by you, if your Brand Affiliate Account does not have the required 6 G1 Brand Representatives, then the Company automatically moves the line of the newest G1 Brand Representative of your BBP and Presidential Director BBP to your Brand Affiliate Account. If two or more G1 Brand Representatives of your BBP and Presidential Director BBP have the same Brand Representative Date, then the Company considers the Brand Representative Qualification Date, date of Letter of Intent and date of Brand Affiliate Agreement, in that order. If these dates are all the same then the Company, in its sole discretion, selects the line of a G1 Brand Representative account.
  - b. **Movement Back to the BBP or Presidential Director BBP.** If a line of a G1 Brand Representative of your BBP or Presidential Director BBP was automatically moved from your BBP or Presidential Director BBP, then it can only be moved back to that BBP or Presidential Director BBP at your request following your replacement of the required G1 Brand Representatives of your Brand Affiliate Account. Your request must be made in writing within six months following the month of the automatic move.

**EXAMPLE:** If a line of a G1 Brand Representative of your BBP or Presidential Director BBP was automatically moved to your Brand Affiliate Account at the beginning of February based on your January sales performance, then the six-month period runs from February through July. In August, if you have not (1) replaced the required G1 Brand Representatives of your Brand Affiliate Account, and (2) requested that the line be moved back to your BBP or Presidential Director BBP, then the line will permanently remain on the 1<sup>st</sup> Generation of your Brand Affiliate Account.

#### 3. NO MOVEMENT FROM PRESIDENTIAL DIRECTOR BBP TO BBP.

A line of a G1 Brand Representative of your Presidential Director BBP cannot be moved by you or the Company to your BBP. However, please contact your Executive Partner for important differences on this issue if you qualify for a specific exception to Velocity Title Determination.

#### 4. BBPS AND PRESIDENTIAL DIRECTOR BBPS OF OTHER BRAND REPRESENTATIVES IN YOUR SALES NETWORK

**A. BBP**

As described above, a BBP is placed directly below an eligible Executive Brand Director on their first Generation. Accordingly, as an upline Brand Representative, the Consumer Group and sales network of the BBP of an eligible Executive Brand Director will be one Generation lower in your sales network than the Consumer Group and sales network of such eligible Executive Brand Director. For example, a Brand Representative on the first Generation of the BBP would be on the third Generation of the immediate upline of the eligible Executive Brand Director, and the immediate upline would only be paid a Bonus on this Generation if eligible for a Bonus on its third Generation. For any month that such Brand Affiliate Account does not meet all requirements for the Title of Executive Brand Director or Presidential Director, including maintaining or holding Brand Representative status, the BBP will be combined with the Brand Affiliate Account and the Consumer Group and sales network of the BBP will move up one Generation in your sales network for that month.

**B. Presidential Director BBP**

As described above, a Presidential Director BBP is placed directly below an eligible Presidential Director on their second Generation. Accordingly, as an upline Brand Representative, the Consumer Group and sales network of the Presidential Director BBP of an eligible Presidential Director will be two Generations lower in your sales network than the Consumer Group and sales network of such eligible Presidential Director. For example, a Brand Representative on the first Generation of the Presidential Director BBP would be on the fourth Generation of the immediate upline of the eligible Executive Brand Director, and the immediate upline would only be paid a Bonus on this Generation if eligible for a Bonus on its fourth Generation. For any month that such Brand Affiliate Account does not meet all requirements for the Title of Presidential Director, but does meet all requirements for the Title of Executive Brand Director, including maintaining or holding Brand Representative status, the Presidential Director BBP will be combined with the BBP, and the Consumer Group and sales network of the Presidential Director BBP will move up one Generation in your sales network for that month.

For any month that such Brand Affiliate Account does not meet all requirements for the Title of Presidential Director or Executive Brand Director, including maintaining or holding Brand Representative status, then the Presidential Director BBP will be combined with the Brand Affiliate Account and the Consumer Group and sales network of the Presidential Director BBP will move up two Generations in your sales network for that month.

**C. Leadership Teams.** Unless the Brand Affiliate Account has lost its Brand Representative status and is a Brand Affiliate, for purposes of determining Leadership Teams for you and your upline Brand Representatives in a month, the Brand Affiliate Account's BBP and Presidential Director BBP remain on its first and second Generations respectively.