



# POLICIES & PROCEDURES

FOR CANADA

Effective January 1, 2007

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The Canadian Policies and Procedures (the “Policies & Procedures”) are effective and binding upon Distributors of Unicity International, Inc. (which, together with its current subsidiaries, successors, and assigns, are collectively referred to herein as “Unicity”) as of January 1, 2007. Distributors’ activities on and after January 1, 2007, must be in accord with these Policies & Procedures. Unicity may amend the Contract, as defined below, at any time at its discretion, and such changes shall be effective and binding thirty (30) days after appearance on the Unicity corporate website or in an official Unicity publication or in reprints of the Policies & Procedures.

The Policies & Procedures govern the way a Canadian Distributor conducts business with Unicity, other Distributors, and Customers. The Unicity Compensation Plan (the “Compensation Plan”), the Distributorship Franchise Agreement (the “Distributor Agreement”), and these Policies & Procedures constitute a complete contract (the “Contract”) between, respectively, Distributors and Unicity. Any interpretation, clarification, exclusion, or exception to this Contract, in order to be effective, must be in writing and signed by an authorized officer of Unicity. Where the context permits, the singular includes the plural and vice versa and one gender includes any gender. A Distributor’s continuation of a Distributorship or acceptance of Awards pursuant to the Compensation Plan or acceptance of any other benefits under the Contract constitutes acceptance of the Contract and any and all amendments thereto. This Contract supersedes all Contracts between the Distributor and Unicity Network, Inc., Rexall Showcase International, Inc., or The Enrich Corporation, as the case may be.

# Unicity's Code of Ethics

## **As a Distributor of Unicity, I promise and agree that:**

- I will be courteous, respectful, honest, and fair in all of my dealings while acting as a Unicity Distributor, and I will perform my Unicity activities in a manner that will enhance my reputation and the positive reputation of Unicity.
- I will honor the terms of the Unicity Customer Product Satisfaction Guarantee with all of my Customers.
- I will fulfill my leadership responsibilities as a Sponsor by training, assisting, and otherwise supporting the Distributors in my sales organization and Downline.
- I will follow the Policies & Procedures to the best of my ability, making an effort to follow the spirit, as well as the letter, of the Policies & Procedures.
- I will respect the Sponsor relationship of every Distributor in the Unicity family, and I will neither attempt to interfere with or change these relationships nor make disparaging or untrue claims about other Unicity Distributors.
- I will make no claim about any Unicity product that is not contained in and supported by current official Unicity publications; neither will I misrepresent the income potential of the Compensation Plan.
- I will not misrepresent the Unicity products or the Compensation Plan, nor will I engage in any other deceptive or illegal practice.

## SECTION 1

# Definitions

### A. Active or Active Distributor

A Distributor in good standing who has accumulated a minimum of 250 Personal Volume (“PV”) in a Volume Month. A person must be an Active Distributor to be eligible to earn Awards in the Compensation Plan.

### B. Automatic Refill

Automatic Refill (or “Auto-Refill”) is a program in which products are automatically shipped to Distributors or Customers pursuant to the terms of an Automatic Refill Agreement. Formerly known as “EasyShip.”

### C. Awards

Any gift, award, premium, benefit, payment or incentive given by Unicity to a Distributor pursuant to the Compensation Plan or some other incentive plan of Unicity. Awards are based upon qualifications under the Compensation Plan or any other incentive plan as it may be created from time to time. Most Awards take the form of “Points” assigned to an account in the name of a Distributor. Points may be converted to cash payments, sometimes called commissions, bonuses, credits or the like. Other Awards may include prizes, product, gifts, trips, incentives, and the like. Cash payment Awards that are not claimed in a timely fashion are converted back into Points, which are placed on the Distributor’s account. Any unclaimed Awards or Points at the time of the termination of the Distributor’s Contract are forfeited.

### D. Compensation Plan

The Unicity Compensation Plan and any change or amendment thereto is an incentive program through which a Distributor may earn Awards pursuant to the rules of the Compensation Plan.

### E. Customer

A Customer is either a Preferred Customer or a Retail Customer. A Distributor is not and may not act as a Customer.

### F. Distributor

An independent contractor who has signed and completed the official Unicity Distributor Agreement and whose Distributor Agreement has been accepted by Unicity. A Distributor is given the right to own a Unicity Distributorship and may also be referred to as a Franchise Owner or in other common terms such as Associate, Independent Business Owner, IBO or the like; likewise, a Distributor may be referred to by the name of the Rank that the Distributor has reached in the Compensation Plan, such as Manager, Director, Presidential Sapphire, Presidential Ruby or Presidential Diamond. Preferred Customers and Retail Customers are not Distributors. Any person who has obtained through marriage or any other means any beneficial interest or presumption of a beneficial interest in a Unicity Distributorship is a Distributor and is bound by the duties and obligations of the Contract.

### G. Distributor Agreement

The legally binding Contract between the Distributor and Unicity that is also referred to as the Distributorship Franchise Agreement. The Distributor Agreement is to be completed by the person or entity applying to become a Distributor and is subject to acceptance or rejection by Unicity. The terms and conditions found on the reverse side of the Distributor Agreement are attached hereto as Appendix B and incorporated herein by this reference.

### H. Distributorship

The right and license granted to a Distributor to purchase, sell, distribute, and promote the Unicity products and

business opportunity under the terms and conditions of the Contract.

## **I. Downline Organization or Downline**

A “Downline Organization” consists of all Distributors who are directly or indirectly Sponsored by a Distributor or by Distributors in his or her Downline.

## **J. Enroller**

The Distributor who recruits an individual may be recognized on the Distributor Agreement as the Enroller. The Enroller may also be the Sponsor.

## **K. First Full Month**

The First Full Month is the calendar month after Unicity accepts a Distributor’s Distributor Agreement.

## **L. First Volume Month**

The calendar month in which Unicity accepts a Distributor’s Distributor Agreement.

## **M. Frontline**

A Distributor who is immediately below the Sponsor in the Sponsor’s Downline.

## **N. Genealogy**

A list of Distributorships that identify the lines of Sponsorship.

## **O. Not For Resale**

A program whereby a Canadian Distributor can purchase products (that are not allowed for resale in Canada) directly from Unicity in the United States. Only Distributors can purchase these products, they cannot be resold to other Distributors or Retail/Preferred Customers.

## **P. Personal Volume (PV)**

The Volume accumulated from the Distributor’s Unicity product purchases and product purchases made by his or her Customer(s) through Unicity during a Volume Month.

## **Q. Preferred Customer**

An end consumer who purchases Unicity products from a Distributor, either directly or through Unicity, and who has paid a special Preferred Customer membership fee and therefore is entitled to a Preferred Customer price and benefits. Distributors are not Preferred Customers and may not order products as if they were Preferred Customers. Preferred Customers do not participate in the Compensation Plan, although the Volume generated from the products they

purchase will count toward the PV of the Distributor who sold them the products.

## **R. Qualify**

To “Qualify” is to earn a given Rank, benefit or Award under the Compensation Plan in a Volume Month while the Distributorship is in good standing.

## **S. Rank**

A qualification title in the Compensation Plan used to describe the level of recognition or Awards that a Distributorship has earned. The Ranks include: Bronze, Silver, Gold, Manager, Senior Manager, Director, Senior Director, Presidential Sapphire, Presidential Ruby, and Presidential Diamond.

## **T. Retail Customer**

An end consumer who purchases Unicity products from a Unicity Distributor either directly or through Unicity. Distributors are not Retail Customers and may not order products as if they were Retail Customers. Retail Customers do not participate in either the Compensation Plan or the Preferred Customer plan, although the Volume generated from the products they purchase counts toward the PV of the Distributor who sold them the products.

## **U. Retail Price**

Suggested price for retail sales.

## **V. Sponsor**

The first Upline position to a Distributor. To “Sponsor” is to be recognized on the Distributor Agreement as the Sponsor and/or to have the Distributor placed on the Sponsor’s Frontline.

## **W. Upline**

A Distributor’s Sponsor and successive Sponsors of each Upline.

## **X. Volume**

Volume is the value assigned to a Unicity product and which accrues to a Distributor upon the purchase of the product by the Distributor or by the Downline pursuant to the Compensation Plan.

## **Y. Volume Month**

The period of time used to calculate Awards and Ranks under the Compensation Plan.

## SECTION 2

# The Distributor Application Process

### A. Application and Starter Kit (also known as Franchise Kit)

A person may become a Unicity Distributor by: (i) completing, signing, and returning an original Distributor Agreement to Unicity; (ii) signing and faxing a completed Distributor Agreement to Unicity; or (iii) signing up with Unicity over the telephone, followed by the submission of a duly completed and signed original Distributor Agreement within 30 days thereof to Unicity; or (iv) submitting through Unicity's Internet website an online Distributor Agreement; and by purchasing a Starter Kit (the "Starter Kit," the "Franchise Kit" or the "Kit"). The requirement to purchase a Starter Kit is optional in some jurisdictions. No product purchases are required to become a Unicity Distributor. The Distributor Agreement becomes binding upon Unicity when the Distributor Agreement is entered into the Unicity database as a Distributorship in good standing. Unicity reserves the right, in its sole discretion, to reject any Distributor Agreement. Unicity will not accept inaccurate or false information on a Distributor Agreement. Incomplete, inaccurate, or unlawful Distributor Agreements are voidable by Unicity. A Distributor is responsible for informing Unicity of any changes affecting the accuracy of the Distributor Agreement. A Starter Kit may be purchased from either the Sponsor or directly from Unicity.

- 1) When a Kit is purchased from a Sponsor, the Distributor Agreement must be completed and submitted immediately to Unicity. The Distributor Agreement is subject to acceptance by Unicity as stated above before becoming binding on Unicity.
- 2) To purchase a Starter Kit directly from Unicity, the applicant must complete a Distributor Agreement and send it to Unicity together with appropriate payment. Upon acceptance of the Distributor Agreement by Unicity, Unicity will send a Starter Kit directly to the new Distributor or his or her Sponsor. If the application

is rejected, it will be returned to the applicant, together with any payment received.

### B. Territory

Acceptance by Unicity of the Canadian Distributor Agreement authorizes the Distributor to conduct business only in Canada and its possessions and territories. If a Distributor desires to conduct Unicity business outside of Canada and its possessions and territories, the Distributor may do so only pursuant to the Unicity Ambassador Program. The Ambassador Program is explained in more detail in Appendix C to these Policies & Procedures.

### C. Distributor ID Number

Every Distributor must have a unique numerical identification number ("ID Number"). Unicity will assign the ID Number to Distributors. All individuals or entities (corporations, partnerships, trusts, etc.) must provide Unicity with a nine-digit numerical identification number (Social Insurance Number, if preferred) for the individual or entity.

### D. Beneficial Interests

While partnerships, corporations, trusts, and other entities may become Distributorships, a person may not have a legal beneficial interest or be listed as an owner, partner, or participant in more than one Distributorship without the written consent of Unicity.

- 1) Unicity shall grant consent in the event of inheritance by an existing good-standing Distributor of a Distributorship belonging directly or indirectly to a family member of that Distributor upon the death of the family member owner of such Distributorship. If the inheriting Distributor elects to hold and maintain an interest in both his or her current Distributorship and his or her inherited Distributorship, each such Distributorship must separately Qualify in accordance

with the Compensation Plan in order to be eligible for Awards and recognition.

- 2) A Distributor's spouse and/or household members (those persons domiciled with the Distributor) are deemed to have a beneficial interest in the Distributor's Distributorship. A husband or wife or family members domiciled with a Distributor may neither Sponsor each other nor have different Sponsors, unless otherwise permitted by Unicity. If a member of a Distributor's household engages in any act or activity that would violate the Contract if performed by the Distributor, such act or activities may be imputed to the Distributor.

## E. Corporations

Applications submitted by corporations must be signed by a duly authorized Officer and contain the name and Tax Identification Number of the corporation along with the names of the principal corporate officers, directors, and shareholders and be accompanied by the corresponding Distributor Agreement Supplement. Further, the corporation shall warrant that it is in good standing and that neither the corporation nor any of its shareholders acts on behalf of or holds a beneficial interest in any other Unicity Distributorship. Unicity may require a copy of the Articles of Incorporation, a certificate of good standing, or such other information about the corporation as is necessary to protect the interests of Unicity. Any transfer of ownership interest in the corporation is subject to the transfer rules in Section L.

## F. Partnerships

Applications submitted by partnerships must be signed by a duly authorized partner and contain the name and Tax Identification Number for the partnership along with the names of the partners and be accompanied by the corresponding Distributor Agreement Supplement. Further, the partnership shall warrant that neither the partnership nor any of its partners acts on behalf of or holds a beneficial interest in any other Unicity Distributorship. Unicity may require a copy of the partnership agreement or such other information about the partnership that is necessary to protect the interests of Unicity. Any transfer of ownership interest in the partnership is subject to the transfer rules in Section L.

## G. Trusts

Applications submitted by trusts must be signed by a duly authorized trustee and contain the name and Tax Identification Number for the trust along with the names of the current beneficiaries of the trust and the trustees and be accompanied by the corresponding Distributor Agreement Supplement. Further, the trustee shall warrant that the trust is valid and that neither the trust nor any of the current beneficiaries of the trust acts on behalf of or holds beneficial interest in any other Unicity Distributorship. Unicity

may require a copy of the trust document or such other information about the trust that is necessary to protect the interests of Unicity. Any transfer of ownership interest in the trust is subject to the transfer rules in Section L.

## H. Sole Proprietorships and Other Entities

Sole Proprietorships, Limited Liability Companies, Organizations, and Associations with a Tax Identification Number shall provide Unicity with the Tax Identification Number and statement of ownership or other necessary documentation, including the corresponding Distributor Agreement Supplement. Any transfer of ownership interest is subject to the transfer rules in Section L.

## I. Distributor Marriage

If two existing Distributors marry, they may maintain their separate, independent Distributorships. However, after marriage the rights of married Distributors to make account or Sponsor changes will be limited at Unicity's discretion.

## J. Distributor Divorce or Partnership Dissolution

If married Distributors or partners who share in a Distributorship obtain a divorce or wish to dissolve their partnership, Unicity will continue to treat the Distributorship pursuant to the original Distributor Agreement until such time as Unicity receives written notice from both parties or a certified court order directing otherwise. The written notice will be subject to Unicity approval. Divorced Distributors or dissolved partnerships should submit to Unicity a certified copy of any legal judgment, decree or agreement specifying how future Awards should be issued.

## K. Distributor Death

In the event of a Distributor's death, the Distributorship may be assigned to the Distributor's heirs, devisees, successor trustees or assigns. In order to assign a Distributorship after the death of a Distributor, the authorized representative of the estate or the heirs, devisees, successor trustees, or assigns must submit to Unicity a certified death certificate along with a certified copy of the will or court order, as well as an amended Distributor Agreement in the name of the Distributor receiving the Distributorship. Any such assignment or transfer must take place before the annual renewal date of the Distributorship. In the case of intestacy, Unicity will deem the Distributorship nontransferable if Unicity is not contacted by an authorized representative of the estate or the heirs, devisees, successor trustees, Personal Representative or executor of the decedent within six (6) months of the Distributor's death.

## L. Distributorship Status Changes and Transfers

Unicity discourages the transfer of a Distributorship. To convey, sell, assign, or otherwise transfer a Distributorship or any interest therein, a Distributor must follow the Unicity procedures for doing so. Status changes must be approved by Unicity as outlined below:

- 1) Distributorship transfers are subject to the approval of Unicity and a right of first offer of Unicity, followed by a right of first offer of the transferring Distributor's then-first Upline Sponsor who is in good standing and qualified to earn Awards.
    - a) A Unicity Distributor who receives a Bona Fide Third Party Offer (as hereinafter defined) to purchase his or her Distributorship shall first offer to sell such Distributorship to Unicity on the same terms and conditions contained in the Bona Fide Third Party Offer. The transferring Distributor shall deliver the Bona Fide Third Party Offer in writing to Unicity, and Unicity shall have ten (10) business days in which to accept the offer. A "Bona Fide Third Party Offer" is an arm's length written offer to purchase the Distributorship by an individual or entity that is not a Unicity Distributor, which Unicity, in its sole discretion, determines to be a legitimate offer. Evidence of a legitimate offer may include, but is not limited to, cash or securities deposited into an escrow account, evidence of a loan commitment, and other substantial steps taken for the sole purpose of purchasing such Distributorship.
    - b) If Unicity fails to exercise its right of first offer within the ten (10) day time period, the transferring Distributor shall offer to sell the Distributorship to the Sponsor on the same terms and conditions as those contained in the Bona Fide Third Party Offer. Unicity shall convey the Bona Fide Third Party Offer by providing written notice of the same to the Sponsor. The Sponsor shall have ten (10) business days in which to accept or reject such offer. If the Sponsor accepts the offer, he or she must provide written notice to Unicity upon acceptance.
    - c) If the Sponsor fails to exercise his or her right of first offer within the time allotted, the transferring Distributor may transfer the Distributorship to the third party according to the same terms and conditions contained in the Bona Fide Third Party Offer, provided, however, that the transferring Distributor complies with all other transferring procedures contained in this Section and as may be established from time to time by Unicity.
    - d) The right of first offer shall apply to each new Bona Fide Third Party Offer received by the transferring Distributor.
  - e) Should the transferring Distributor sell the Distributorship to the Sponsor, the Distributorship will be merged into the Sponsor's existing Distributorship in accordance with Unicity's Distributorship transfer procedures.
  - f) The right of first offer procedures herein do not apply to the transfer of a Distributorship by reason of a valid will or intestate succession or to Distributorship status changes described below:
    - i) A transfer between husband and wife;
    - ii) A transfer from an individual Distributor to a legal entity, so long as the Distributor and/or his or her spouse own all the interest in the legal entity;
    - iii) A Distributor that is a legal entity who wishes to change his or her status to an individual, so long as the individual Distributor and/or his or her spouse own all the interest in the legal entity; and
    - iv) A voluntary termination of a member from a Distributorship, so long as there remains at least one Distributor on the Distributorship.
  - g) A change of status requires the prior written approval of Unicity and submission of an amended Distributor Agreement and supporting documentation.
- 2) The interpretation of these Policies & Procedures pertaining to transfer of a Distributorship will be made in a manner that considers and serves the best interests of Unicity as well as the interests of the Downline and Upline Distributors of the Distributorship. Unicity reserves the right to reject any transferee or buyer in the same manner in which it could reject any submitted Distributor Agreement.
  - 3) When a transfer of a Distributorship is allowed, Unicity may require any or all of the following, together with any other documents or information Unicity may request:
    - a) A newly signed Distributor Agreement from the receiving Distributor with payment of the appropriate application fee and a written statement explaining the reason(s) for the transfer.
    - b) A copy of the Sales Agreement. The Sales Agreement must be executed by the transferring Distributor and a notarized copy must be submitted to Unicity. The Sales Agreement must include the following:
      - i) A covenant from the transferring Distributor promising that he or she will not raid, cross-sponsor, or recruit any of the Distributorship's Downline into any other direct selling,

multilevel, or network marketing organization;  
and

- ii) A liquidated damages provision requiring the transferring Distributor to pay the receiving Distributor the sum of \$10,000.00 for each instance in which the transferring Distributor violates or attempts to violate the covenant against raiding, cross-sponsoring, or recruiting the Downline.
- c) A termination notification from the transferring Distributor.
- d) A transaction fee of \$100.00.
- 4) Any Distributor desiring to acquire an interest in another Distributor's business must first terminate his or her existing Distributorship and wait six (6) months before becoming eligible to purchase another Distributorship. After six (6) months, the buying Distributor may reapply for a Unicity Distributorship by submitting an original Distributor Agreement.

### M. Account Changes to Distributorships

Account changes or corrections to the Distributor Agreement may be accomplished by submitting a new Distributor Agreement form with the word "Amendment" written at the top to the Unicity Distributor Compliance Department. All amended forms must be completed in their entirety and signed by all parties of the Distributorship. Name changes require appropriate legal proof of the change.

### N. Legal Age

Distributor applicants must be of legal age in the jurisdiction in which they reside.

### O. Personal Data and Right of Privacy

- 1) Personal Information. From time to time it will be necessary for you to provide Unicity with personal information for purposes related to your Distributorship and/or your application to become a Unicity Distributor. These purposes may include:
  - a) Processing your Distributorship Agreement;
  - b) Processing, fulfilling and notifying you of your product order status;
  - c) Developing Downline Genealogy Reports, Performance Reports or other related Business Reports;
  - d) Providing Distributors services such as planning and facilitating Distributor meetings and training;
  - e) Administering Distributor benefits;
  - f) Developing and implementing policies, marketing plans, and strategies;

- g) Publishing personal information in Unicity newsletters, promotional materials and intra-group communications;
  - h) Providing references;
  - i) Complying with applicable laws and assisting with any governmental or police investigation; and
  - j) Other purposes directly relating to any of the above.
- 2) Communicating Personal Information to Third Parties. Where permitted by the provisions of applicable law, Unicity may provide your personal information to the following third parties:
    - a) Employees, directors and managers of Unicity and its local and foreign associated/affiliated companies;
    - b) Any agent, contractor, supplier, vendor or other third party who provides administrative, advertising, printing or other services to Unicity or its affiliated companies, including but not limited to distribution centres, external auditors, medical practitioners, trustees, insurance companies, actuaries and any consultant/agent appointed by Unicity or its affiliated companies to plan, provide and/or administer Distributor benefits;
    - c) Persons or organizations seeking references; and
    - d) Any government agency or other appropriate government, police or regulatory authority in Canada or elsewhere such as but not limited to Revenue Canada.
  - 3) Distributor Access to Personal Information. Under the Personal Information Protection and Electronic Documents Act, you have the right to request and obtain from Unicity the personal information Unicity has on file about you and correct any data that are inaccurate (unless an exception applies). You may also request Unicity to inform you of the type of personal information maintained by Unicity. Request for access to and correction of personal data or information about Unicity policies and practices regarding personal data should be addressed in writing to Unicity Customer Service, Unit 117, 9440-202 Street, Langley, BC V1M 4A6. Fax Number: 1-800-473-6166.

## SECTION 3

# Distributor Responsibilities

### A. General

Unicity honors all applicable federal, provincial, and local laws and regulations governing good business practices as well as the standards set by the Direct Selling Association (DSA). Unicity expects and insists that its Distributors adhere to the same ethical business practices. A Distributor agrees to comply with the Unicity Code of Ethics, the Policies & Procedures, the Distributor Agreement, the Compensation Plan, all contractual obligations, and applicable provincial and federal laws. Unicity will not tolerate unethical Distributor activity and may intercede when unethical behavior is discovered or reported. Unicity reserves the right to use its judgment and discretion in determining whether Distributor activities are unethical. Any breach or violation of the Contract may be deemed unethical and grounds for disciplinary action, including termination. Any action that may cause Unicity or its Distributors the loss of good reputation or that is detrimental to the Unicity business will be considered an unethical business practice and may be grounds for disciplinary action. Examples of unethical behavior include but are not limited to the following:

- 1) Causing Unicity product(s), either directly or indirectly, to be sold in retail establishments;
- 2) Selling Unicity products to other Distributors but not arranging purchasing credit for them;
- 3) Cross-sponsoring;
- 4) Raiding;
- 5) Writing checks on insufficient funds to either Unicity or another Distributor;
- 6) Placing orders on another Distributor's account;
- 7) Unauthorized use of another Distributor's credit card;
- 8) Credit-card charge backs;
- 9) Misrepresenting the Unicity products or Compensation Plan;

- 10) Engaging in any deceptive or unlawful trade practice or other illegal or unlawful activity;
- 11) Using advertising material without prior approval as required herein;
- 12) Any unauthorized use of the Unicity name, trademarks, or logos (including but not limited to the unauthorized use of the names or trademarks of Royal Numico, Rexall, and Enrich) in any manner whatsoever; and
- 13) Manipulating the Compensation Plan.

### B. Independent Contractor Status

A Distributor is an independent contractor and is not an agent, employee, partner, or party in a joint venture with Unicity, and a Distributor may not represent that such an arrangement exists. A Distributor is responsible for the Distributor's own business decisions and expenditures and for satisfying all federal, provincial, and local laws and regulations applicable in the residence of the Distributor. Since Unicity Distributors are independent contractors, Distributors are not eligible to claim unemployment compensation or other benefits as a result of having been a Unicity Distributor.

### C. Unfair Competition and "Cross-Sponsoring"

A Distributor may not Sponsor or solicit or attempt to Sponsor or solicit another Unicity Distributor into any other network-marketing or direct-selling company, with the exception of those individuals the Distributor has personally Sponsored and who are positioned on the Distributor's Frontline in the Distributor's Downline. Further, a Distributor may not solicit the participation of any Unicity Distributor not on the Distributor's Frontline to purchase any non-Unicity product that is competitive with any Unicity product or opportunity or to participate in any other direct-sales, network-marketing or multilevel-marketing company or opportunity through direct

solicitation by telephone, mail, in person or any other means of communication without the express written consent of Unicity. Also, a Distributor may not engage in indiscriminate advertising that solicits purchasing of competitive non-Unicity products or participation in another network-marketing or direct-selling company without the written consent of Unicity. Unless otherwise stated herein, any consent granted from Unicity may be revoked with reasonable notice at the discretion of Unicity. The foregoing prohibited activities constitute unfair competition with Unicity and are also known as "Cross-Sponsoring." Cross-Sponsoring may be grounds for termination.

#### D. Distributorship Renewal

A Distributor in good standing must renew the Distributor Agreement and status annually. Annual renewal includes paying an annual Distributorship renewal fee, remaining in good standing, and, when requested, completing and submitting a renewal form. Payment of the renewal fee is due on the anniversary of the day the Distributor Agreement was entered into the Unicity computer database. Responsibility for renewal rests on each Distributor. Ordering product, sponsoring other Distributors, accepting Awards or other verbal or written authorization shall constitute action on the part of a Distributor that Unicity may accept as intent to renew and shall constitute authorization by the Distributor to debit the Distributor's account in the amount of the renewal fee. At the election of Unicity, a Distributor who does not renew his or her Distributor Agreement (within thirty [30] days following the anniversary of the day the Distributor Agreement was entered into the Unicity computer database) may be terminated without notice by Unicity. If a Distributorship is terminated by failing to renew or by voluntary resignation, a Distributorship may not (without the express written consent of the Company) be reinstated or regain its rank or Downline organization existing at the time of termination and may not reapply for a new Distributorship for six (6) months.

#### E. Reporting Unethical Behavior

A Distributor who has a specific complaint about another Distributor or is aware of any violation of these Policies & Procedures by another Distributor should direct such complaint together with supporting evidence in writing to the Unicity Distributor Compliance Department.

#### F. Consent

A Distributor hereby consents to Unicity's use of the Distributor's image and for Unicity to contact the Distributor.

- 1) A Distributor's image may include but is not limited to the Distributor's name, professional name(s), photographs, testimonials, likeness, title, positions, voice(s), biography, and any film footage, videotapes,

audiotapes, recordings, articles, and interviews of the Distributor, in any form and medium whatsoever, when created in connection with any Unicity products or opportunity or any events, promotions, and conventions to advertise, promote, and publicize Unicity products or the Unicity opportunity. A Distributor may withdraw such consent by notifying Unicity in writing, providing at least thirty (30) days advance notice before such withdrawal takes effect.

- 2) Unicity may contact a Distributor by telephone number, fax number, or e-mail address concerning his or her Distributorship and Unicity business.

#### G. Policy Enforcement

Unicity endeavors to enforce the Contract on a uniform and nondiscriminatory basis. However, the failure of Unicity to enforce any of the provisions of the Contract with one Distributor does not waive the right of Unicity to enforce any such provision(s) with that same Distributor or any other Distributor.

#### H. Distributor Lists

Unicity desires to protect its Distributors and the company from inappropriate and unfair competition. Lists of Unicity Distributors, activity reports, Genealogy reports, and other information about Distributors (hereinafter "Lists"), whether partial or complete, provided by or originating from Unicity or any Distributor may not be reproduced in any way or any part by a Distributor. The Lists are the confidential and proprietary property of Unicity. Unicity has derived, compiled, configured, and currently maintains Lists through the expenditure of considerable time, effort, and monetary resources. Lists, in present and future forms and as amended from time to time, constitute commercially advantageous proprietary assets and trade secrets of Unicity, which Unicity Distributors shall hold confidential. Such Lists shall not be disclosed by Distributors to any third party or used for purposes other than in the performance of their obligations under the Contract and for the benefit of Unicity without Unicity's prior written consent.

- 1) Unicity may provide, for a fee, uniquely tailored portions of Lists to Distributors. Each portion of the provided Lists contains information specific to the Distributor who requests the List and the Distributor's Downline Organization. Lists may be provided by various media, including but not limited to mail order, fax, and Unicity's Internet website. A Genealogy is a part of the Distributor Lists and is the confidential information and trade secret of Unicity. Unicity may in its sole discretion refuse to provide Lists to any Distributor.
- 2) Lists are provided for the exclusive and limited use of the Distributor to facilitate the training, support, and

service of the Distributor's Downline to further the Distributor's Unicity business only. Each Distributor agrees that the use of Unicity Lists within the intended scope constitutes a separate, exclusive license agreement between the Distributor and Unicity.

- 3) Lists remain, at all times, the exclusive property of Unicity and must be returned to Unicity upon request. A Distributor requesting a List agrees to the following:
  - a) To limit the use of a List to the intended scope of the List and to exclusively advance a Distributor's Unicity-related business;
  - b) To hold confidential and not disclose any List or portion thereof to any third party, including, but not limited to, existing Distributors, competitors, and the general public. Any unauthorized use or disclosure of Lists constitutes misuse, misappropriation, and a violation of the Distributor Agreement and may cause irreparable harm to Unicity;
  - c) That upon any violation under this section, the Distributor will stipulate to injunctive relief, enjoining such use under applicable national or local

law, and retrieve and return to Unicity all existing Lists previously provided to the Distributor;

- d) That intended or unintended misuse of a List may be cause for termination of a Distributorship, whether or not such misuse causes irreparable harm to Unicity or one of its Distributors; and
  - e) That the obligations under this section will survive the termination of the Distributor Agreement and the Contract.
- 4) Unicity reserves the right to pursue all appropriate remedies under applicable national or local laws to protect its rights to the Lists as proprietary and trade secrets of Unicity; any failure to pursue such remedies will not constitute a waiver of those rights.

### **I. Distributor Gifts to Unicity Employees**

Unicity employees may not accept any cash gifts from a Distributor. Unicity employees appreciate the kindness of Distributors and may accept small tokens or gifts of appreciation upon notifying and receiving approval from their department head.

## SECTION 4

# Sponsoring

### A. Sponsoring

Sponsoring is an important part of being a Unicity Distributor and carries with it many benefits and responsibilities. A Distributor may act as the Sponsor for a Distributor applicant so long as the Sponsor is in good standing with Unicity. Consideration for assuming the obligations set forth in this section on Sponsoring shall be the Awards from the Compensation Plan. If more than one Distributor claims Sponsorship of the same person, unless facts dictate otherwise Unicity will honor the first original Distributor Agreement received and accepted by Unicity.

### B. Prospective Distributor Information

A Sponsor must clearly state in all presentations to prospective Distributors that no product purchase is required to become a Distributor and that there is no compensation or Awards granted to any Distributor solely for sponsoring new Distributors.

### C. Duties of a Sponsor

A Sponsor has various duties and responsibilities toward his or her Downline which include the following:

- 1) To offer support, information, and assistance as well as bona fide supervisory, marketing, selling, and training support;
- 2) To do his or her best to ensure that all Downline Distributors understand and comply with the most current terms and conditions of the Distributor Agreement, the Policies & Procedures, and the Compensation Plan; and
- 3) To attempt to resolve disputes arising between persons related to his or her organization, including Preferred Customers, Retail Customers, and any Downline Distributors, promptly and amicably, without discussing

negative information with other Downline Distributors or any other persons.

### D. Change of Sponsorship

Unicity strongly discourages changes of Sponsorship. A Distributor may not attempt to persuade other Distributors to change Sponsors. This is known as “Downline Raiding,” and a Distributor who engages in Downline Raiding may be subject to disciplinary action by Unicity, including termination of the Distributor Agreement.

A Distributor wishing to change his or her Sponsor must resign and wait six (6) months, at which time he or she may sign up under another Sponsor. However, Unicity may, in limited cases and at its discretion, allow a Distributor to change Sponsors under the following conditions:

- 1) The Distributor desiring the change must submit the following items to the Distributor Compliance Department:
  - a) If the requesting Distributor’s Rank is below Manager and the Distributor has never achieved the Rank of Manager or higher, the requesting Distributor must submit a Sponsor Change Form that includes the signature of the first three (3) Active Distributors in good standing that are in the upline of the requesting Distributor;
  - b) If the requesting Distributor’s Rank is Manager or higher or the Distributor has previously achieved the Rank of Manager or higher, the requesting Distributor must submit a Sponsor Change Form that includes the signature of the first eight (8) Active Distributors in good standing that are in the upline of the requesting Distributor;
  - c) An acceptance letter from the prospective Sponsor;
  - d) An amended Distributor Agreement with the new Sponsor information listed; and

- e) The payment of the required fee.
- 2) If the Distributor is seeking to move upline, regardless of his or her current or previous Rank, he or she must also obtain approval from the affected Upline.
- 3) Under all but exceptional circumstances and only at Unicity's discretion, a Distributor's Downline organization may not move with a Distributor in the Sponsor change process.

### **E. Sponsoring Unicity Employees**

The responsibility of Unicity employees is to support and assist Distributors, to avoid conflicts of interest, and to further a Distributor's respect of the confidentiality and neutrality of Unicity employees. A Distributor shall not solicit or Sponsor employees of Unicity or members of the employee's household to be Unicity Distributors. During the term of their employment, no Unicity corporate officer, director, employee, product supplier, agent, representative, or consultant or member of their Household is allowed to be a Distributor or build a Downline within Unicity or any other network-marketing or direct-selling company without the written consent of Unicity. For the purposes of this paragraph, "Household" includes any person currently

domiciled in the same home as an officer, director, employee, product supplier, agent, representative or consultant.

### **F. International Sponsoring**

Unicity allows Distributors the unique opportunity to Sponsor other Distributors in approved countries. This is accomplished through the Unicity Ambassador Program (the "Ambassador Program"). Distributors who participate in the Ambassador Program are known as "Ambassadors." Distributors may become Ambassadors only to countries that are officially "Opened" by Unicity. A country is Opened when Unicity publishes notice of such opening in an official Unicity publication from the corporate headquarters of Unicity in the United States or on Unicity's Internet website. For guidelines on sponsoring internationally, please see the Ambassador Program in Appendix C. No pre-marketing activity is allowed in any country that Unicity has not yet formally Opened. Violation of this rule is grounds for termination of the Distributorship by Unicity. In addition, the violator shall compensate Unicity for any loss suffered, including, but not limited to, loss of profit, loss of good will, damages, and reasonable attorney's fees.

## SECTION 5

# Ordering Products and Sales Materials

### A. Ordering, Receiving, and Payment Guidelines

- 1) A Distributor may order products by placing an order with Unicity and making proper payment. Funds must be available at the time of ordering. Orders may be held until the availability of funds is verified. The PV for any order will be credited to the Volume Month in which payment is received.
- 2) Orders will be shipped within ten (10) working days after receipt of the order. If Unicity is temporarily out of stock on ordered merchandise, a Distributor will receive a back-order notice with the shipment. Shipments will be complete and in marketable condition at the time they leave the Unicity distribution center.
- 3) Upon receipt of an order, Distributors should immediately inspect the order to determine whether it is complete and undamaged.
  - a) If an order is incomplete, the Distributor should immediately call the Unicity Customer Service Center; and
  - b) If an order is damaged upon receipt, Distributors should file a claim with the carrier for goods damaged in transit.
- 4) Before assuming a shipment is lost or missing, a Distributor should wait at least fifteen (15) working days from the placing of a mail order and ten (10) working days from the placing of a telephone, facsimile, or Internet order. If a shipment is lost or missing, the Distributor should then notify Unicity's Customer Service Center. Lost shipments, if later found and/or delivered, must be reported to the Unicity Customer Service Center within seven (7) days of delivery.
- 5) A Distributor who signs a delivery release with a common carrier authorizing the carrier to deliver an order without a signature agrees to release Unicity from responsibility for such delivery.
- 6) All Unicity products should be stored in a cool, dry, and hygienically safe area or as otherwise directed by the label. As a general rule, the products should be kept at least four inches (4") above the floor. Unicity is not responsible for product that is damaged due to improper storage.
- 7) A Distributor who has had at least one check or bank draft returned for "insufficient funds" or "closed account" may lose ordering privileges until the sufficiency of funds is resolved. In some cases, a Distributor may lose check or bank-draft privileges. A Distributor agrees that Unicity may assess a handling fee of \$25.00 for each rejected check or bank draft and for each credit-card chargeback.
- 8) A Distributor understands that he or she is not entitled to a money refund for product purchased, nor is he or she entitled to the Customer Product Satisfaction Guarantee. A Distributor may exchange product for like product or for product of equal value within sixty (60) days of purchase and in compliance with the 70% Rule (see Paragraph E.2 below). A terminating Distributor may return product pursuant to Section 8.G of these Policies & Procedures.
- 9) Prepaid orders received before close of business at Unicity on the last working day of the month are included in that calendar month's business.
- 10) Unicity may, at its discretion, reject an order for any reason, including if Unicity experiences production difficulties, change of production, failure by its suppliers to deliver, or unexpected high demand or unforeseeable events; if the Distributor cannot, at the request of Unicity, show compliance with the 70% Rule; or if the orders manipulate the Compensation Plan.

### B. Preferred Customer Program

Customers of a Distributor may enroll in the Unicity Preferred Customer Program and receive special benefits

for becoming a “Preferred Customer.” To be a Preferred Customer, a Customer must pay an annual Preferred Customer membership fee. Thereafter the Preferred Customer will receive preferred pricing on all Unicity products. A Preferred Customer may order products directly from Unicity pursuant to the ordering guidelines above and the following policies of the Preferred Customer Program:

- 1) The Preferred Customer, upon calling the Unicity order line for the first time, should give the referring Distributor’s ID number. At that time, a unique Customer ID number will be provided exclusively for that Preferred Customer.
- 2) The responsibility for the proper crediting of Volume generated on any Preferred Customer order lies with the referring Distributor and not with Unicity or its employees.
- 3) The Distributor is responsible for paying to Unicity the expenses of a product return or credit-card chargeback associated with an order from a Preferred Customer. Should the Preferred Customer initiate a product return or credit-card chargeback, the Distributor agrees that Unicity may debit from the Distributor’s Awards all reasonable expenses incurred. Unicity may also suspend the Distributor’s ordering privileges and assess a chargeback handling fee of \$25.00.
- 4) The Distributor may pay the annual Preferred Customer fee for the Preferred Customer.

### C. Retail Purchasing Program

A Retail Customer may order products directly from Unicity pursuant to the ordering guidelines above and the following policies of the Retail Purchasing Program:

- 1) The Retail Customer may register online to purchase products or may call the Unicity retail order line. Upon calling the Unicity retail order line for the first time, the Retail Customer should give a referring Distributor’s ID number to the order agent upon placing an order. At that time, a unique Customer ID number will be provided exclusively for that Retail Customer.
- 2) The responsibility for the proper crediting of Volume generated on any Retail Customer order lies with the referring Distributor and not with Unicity or its employees.
- 3) The Distributor is responsible for paying to Unicity the expenses of a product return or credit-card chargeback. Should the Retail Customer initiate a product return or credit-card chargeback, the Distributor agrees that Unicity may debit from the Distributor’s Award checks all reasonable expenses incurred. Unicity may also suspend the Distributor’s ordering privileges and assess a chargeback handling fee of \$25.00.
- 4) The difference between the wholesale price and the retail price is awarded to the Distributor whose ID Number is

linked to the Retail Customer ID number that was given for that order, provided that the Distributor has at least the minimum qualifying PV in that Volume Month. A Distributor earns PV points for Retail Customer orders in the Volume Month in which the orders are received and paid.

### D. Customer Product Satisfaction Guarantee

Upon the sale of any product, a Distributor must verbally notify each Customer about the Unicity Customer Product Satisfaction Guarantee (the “Guarantee”) and must provide the Customer with an official Unicity sales receipt, which contains the following written notice on the back of each sales receipt:

#### Customer Product Satisfaction Guarantee

The Unicity Distributor selling you the product(s) listed on the reverse side of this sales receipt extends to you as a Customer a personal 100% money-back Customer Product Satisfaction Guarantee. If, for any reason during the next sixty (60) days, you are dissatisfied with your Unicity product purchase, the Unicity Distributor making this sale to you will, upon your written request, issue to you a full purchase-price refund. To receive this refund, you must provide the Distributor with a signed letter stating your reason for dissatisfaction and return all unused portions of the product, as well as the container. Thereafter you must provide a statement that you have received a full refund. This Guarantee applies to Customers only and is not extended to Unicity Distributors. Except as provided above, the Guarantee contained herein is without warranty of any kind, including the implied warranties of merchantability and fitness for a particular purpose. In no event will Unicity be liable for any direct, indirect, consequential, or incidental damages arising out of the use of or inability to use Unicity product(s), even where Unicity has been advised of the possibility of such damages. Some jurisdictions do not allow the exclusion or limitation of liability for consequential or incidental damages, so the above limitation may not apply. If you do not receive a complete refund within thirty (30) days of your written request, please contact the Unicity Distributor Compliance Department by fax at 1-800-473-6166 or e-mail at [mbrsrv@unicity.net](mailto:mbrsrv@unicity.net).

### E. Customer Refund Policy

Unicity requires that Distributors provide Customers a 100% money-back Guarantee for sixty (60) days from the date of purchase, regardless of whether the products were purchased directly from Unicity. Unicity will promptly replace appropriately returned product(s) to any Distributor who has issued a refund pursuant to this policy. Distributors may not submit to Unicity any product(s) for exchange, except

as provided herein. Distributors are responsible for prompt delivery of products to their Customers. If a Distributor fails to honor the Guarantee and refund policy of Unicity and thereby requires Unicity to make a refund to a customer, the Distributor will be held responsible to repay Unicity for any amount refunded as well as a handling fee. A Distributor submitting returned products for exchange pursuant to this refund policy must do the following:

- 1) Obtain a Return Merchandise Authorization (“RMA”) form and/or number from the Unicity Customer Service Center by calling 1-800-999-6222.
- 2) Return the unused portion of the product to Unicity with the RMA number printed boldly on the outside of the shipping box, near the return address. Any package that does not have an RMA number on the outside of the package will not be accepted by Unicity and will be returned to the sender at the Distributor’s expense. Included in the returned package should be a complete RMA form issued to the Distributor from the Unicity Customer Service Center.
- 3) Shipping costs for returned packages and related correspondence are the Distributor’s responsibility.
- 4) After the returned product is received by Unicity together with all appropriate information and documentation, the Distributor will be sent the replacement product(s) of the Distributor’s choice in an amount equal to 100% of the Volume of the product(s) returned.
- 5) Any returned product may affect a Distributor’s Personal Volume or that of their Upline Distributors and may reduce a Distributor’s PV amount reflected in a Distributor’s account for the Volume Month in which the product is returned. Although Unicity may notify a Distributor that his or her returned product or the returned product of his or her Downline may affect his or her qualification for compensation, it is the Distributor’s ultimate responsibility to ensure that he or she meets his or her monthly qualification requirements for compensation. A Distributor will not receive the benefit of any qualification or compensation due to reduced PV from returned product.

## **F. Order Guidelines, Retail Sales, Purchasing, and the 70% Rule**

A “retail sale” is defined as the sale to a Retail Customer who is purchasing the product for his or her own use.

- 1) A Distributor and those in the Distributor’s Downlines may not order inventory for the sole purpose of participating in the Compensation Plan or “Qualifying” themselves or others to earn Awards, nor may they encourage others to do so.
- 2) When placing any product order, the Distributor certifies that the Distributor has sold or consumed a minimum

of 70% of all previous orders (the “70% Rule”). A Distributor may purchase Unicity products for resale to consumers as well as for personal consumption.

- 3) Distributors should carefully document all sales. Distributors must maintain all Customer sales receipts for a period of two (2) years and must furnish them to Unicity upon request. Unicity may audit a Distributor’s compliance with this provision and may take disciplinary action against Distributors who fail to comply with its terms.
- 4) The use of official Unicity Customer sales receipts is mandatory. All sales receipts should include the Distributor’s name, address, and phone number.

## **G. Mail Orders**

A Distributor may order product by mail. The Product Order Form is required for all product mail orders and must be fully completed and submitted to Unicity. Two or more Distributors may not combine orders on the same order form. Orders must conform to the following requirements:

- 1) Orders submitted without payment in full may be returned to the Distributor by mail. Orders submitted with an insufficiency of funds may be fulfilled with products in the dollar amount that does not exceed the funds submitted with the order, minus shipping and applicable tax. If payment for an order is insufficient, Unicity reserves the right, at its discretion, to withhold products from the order. Any liability arising out of the return or partial fulfillment of an incomplete order lies with the Distributor who placed the order.
- 2) Payment must accompany all orders. Payment for orders should be by personal check, certified check, money order, bank draft, or credit card. Unicity will not accept COD (cash on delivery) orders. If payment is less than the order amount, Unicity may debit the Distributor’s credit card or the Distributor’s account if the underpayment is within 10% of the correct order amount.
- 3) Unicity is not responsible for orders that are delayed in transit or for orders that do not arrive at the appropriate Unicity office complete with a valid form of payment. Mail Orders must be received by Unicity on or before the last business day of the month to be included with that month’s Personal Volume.

## **H. Telephone, Facsimile, Internet, and Other Electronic Means**

Credit card orders may be placed by telephone, facsimile, Unicity’s Internet website, or other electronic means. If an order is made by one of these methods, it is not necessary to mail in the original order form. Double shipments occurring due to a Distributor’s placing of an incorrect order is the financial

responsibility of the Distributor. Orders placed via telephone, facsimile, Unicity's Internet website, and other means are subject to the following provisions:

- 1) The funds for any purchase must be approved prior to a sale. If Unicity is informed that a Distributor's credit card is declined or not approved, the product order will be deleted unless the Distributor has an alternate payment method. A Distributor assumes full responsibility for any and all consequences that may result when Unicity receives notice that the credit card transaction is declined or not approved, including failing to qualify in the Compensation Plan in the Volume Month.
- 2) A Distributor who initiates credit-card chargebacks is deemed to have "Disputed Balances." The Distributor receiving credit for the order in question will have Awards suspended and applied toward the Disputed Balance until the dispute is resolved to the satisfaction of Unicity (see Section 5.B.3).
- 3) Orders by facsimile must be received by Unicity on or before the close of business on the last business day of the month to be counted on that month's Personal Volume.

## I. Automatic Refill

A Distributor and his or her Customers may have the products they regularly use shipped to them automatically no later than the 25th of each month by entering into an Automatic Refill Agreement. The Automatic Refill Agreement ("Automatic Refill" or "Auto-Refill") helps ensure that the Distributor qualifies for monthly Awards. Automatic Refill allows a Distributor to automatically receive a product order every month. This guarantees that a Distributor will qualify for Awards under the Compensation Plan if the Automatic Refill order is at least the minimum qualifying amount.

- 1) A Distributor may revise his or her Automatic Refill Agreement monthly by submitting an Automatic Refill Agreement form with the box labeled "Modify Automatic Refill" checked or by modifying the agreement online at [www.unicitycanada.com](http://www.unicitycanada.com). The Customer Service Center must have revisions no later than ten (10) business days prior to the Distributor's next Automatic Refill shipment date. If the revision is received less than ten (10) business days prior to shipment, there will be no guarantee that the revision will be effective for that shipment. There will be no exchanges allowed for Automatic Refill orders that have been shipped. Revised Automatic Refill applications will take effect for the next shipment date.
- 2) A Distributor may not cancel his or her Automatic Refill Agreement during the first ninety (90) days thereof. Thereafter, a Distributor may cancel his or her Automatic Refill Agreement by submitting in writing to the Customer Service Center a notice that includes

the Distributor's ID Number and signature or by modifying the agreement online at [www.unicitycanada.com](http://www.unicitycanada.com). The cancellation will be effective in the calendar month in which it is received by Unicity, provided it is received more than ten (10) business days prior to the next shipment date. If the cancellation is received less than ten (10) business days prior to shipment, there will be no guarantee that the order will be cancelled. A Distributor will not be allowed to return any Automatic Refill orders to Unicity if he or she remains a Distributor, unless the Distributor can provide evidence to show that the cancellation had been received more than ten (10) business days before the order was shipped.

- 3) When placing any product order, the Distributor certifies that the Distributor has sold or consumed a minimum of 70% of all previous order (the "70% Rule").

## J. PV Transfers

The transfer of Personal Volume from one Distributorship to another is generally not permitted.

## K. Neutral Lead Distribution

Customer or prospective Distributor leads that come to Unicity will be referred to Distributors. Unicity makes reasonable efforts to determine how a prospect became interested in Unicity, and such leads may be given to the Distributor who created that interest. Unicity reserves the right to refer leads to any Distributor, based upon activity within Unicity, Distributor Rank and/or geographic location. The distribution of neutral leads is made at the sole option and discretion of Unicity.

## L. Ordering Restrictions

A Distributor may not submit orders in the name or on the account of another Distributor. Only orders made on behalf of the Distributor's own Distributorship will be honored by Unicity. A Distributor may not use Unicity's Internet website or other electronic means to place orders for the Distributor's account using another Distributor's credit card. If the use of another Distributor's credit card is needed, both Distributors must call the Unicity Order Entry Department and speak with an operator. Both Distributors must be on the line so that they may each give approval for the transaction.

## M. Sales Tax and Other Taxes

Unicity products may be subject to sales and use tax in some jurisdictions. If Unicity collects and remits tax in any jurisdiction, Unicity may advise Distributors that such taxes are required to be collected on their behalf. The collection and remission of taxes by Unicity does not relieve a Distributor of his or her responsibility and duty to comply with any and all tax regulations appropriate to a Distributor. Due to the

fact that all Distributors are independent contractors, Unicity does not withhold any taxes from Awards.

## SECTION 6

# Promotion of Unicity Products and Opportunity

### A. Advertising

Unicity encourages Distributors to promote Unicity products and the Unicity marketing opportunity pursuant to appropriate guidelines issued by Unicity from time to time. These guidelines are required in order for Unicity to ensure compliance by Distributors, as well as by Unicity, with the myriad of laws that govern the advertising of Unicity products and the Unicity opportunity. Failure to follow these guidelines can result in violations of federal and provincial laws, which may result in damage to the reputation of Unicity as well as restrictions upon Unicity, Distributors, and Unicity products that could trigger undesirable publicity and possible legal action.

- 1) Training Material. Only those Distributors who qualify at the Rank of Presidential Sapphire or higher for six (6) consecutive months are eligible to submit their own training materials for approval and may distribute such approved materials to their own Downline. Training materials may be in the form of audio/visual, electronic, or print. These materials may be produced for six (6) months following the period of qualification and must meet the following criteria:
  - a) A hard copy of the script, labels, and packaging must be submitted for approval;
  - b) The hard copy must be approved in writing by the Unicity Distributor Compliance and Marketing Departments prior to release;
  - c) The labels must bear the name of the Distributor;
  - d) The maximum charge for audios is \$2.00 per item, as the audio and all other material are to be used for training purposes only and not for profit;
  - e) The introduction to audio/visual material must bear a clear statement of who the Distributor is and that he or she is a Unicity Distributor; and
  - f) All audio/visual duplication must be through an approved Unicity source.

- 2) Promotional Material. A Distributor agrees to send any self-produced promotional items to the Unicity Distributor Compliance and Marketing Departments for written approval prior to any use by the Distributor. However, a Distributor need not receive approval for the use of any unaltered materials that are currently approved by Unicity. While free to determine for themselves the prices they charge for Unicity products, Distributors may refer only to the Suggested Retail Price (SRP) of the products as may be suggested by Unicity from time to time. Any reference to suggested retail price of Unicity products must mention the term "Suggested Retail Price." (See Paragraph L below for procedures on the use of the Internet.)
- 3) Unicity encourages its Distributors to promote the Distributor's business in any legal and ethical manner. Unicity may allow a Distributor to use Unicity names, logos, or trademarks provided the Distributor has obtained written permission from Unicity. Permitted Advertisements are found either in the Franchise Kit (Starter Kit) and/or within the Unicity Franchise Office site for Distributors. Any advertising misrepresentation contained in a "blind" ad (one in which neither Unicity nor its products is mentioned) may be a violation of these policies.

### B. Copyrighted Materials

All Unicity marketing materials, including but not limited to CDs, DVDs, literature, audiotapes, videotapes, Internet website material, and programs are copyrighted by Unicity and may be duplicated only by obtaining the prior written consent of Unicity.

### C. Proprietary Names

A Distributor may not use Unicity's employee names, trademarks, names, logos, trade dress or trade names, or any distinctive phrases used by Unicity to promote the

Distributor's business prior to receiving written permission from Unicity. To protect the proprietary rights of Unicity, a Distributor may not obtain, through filing for a patent, trademark, Internet domain name, or copyright, any right, title, or interest in or to the names, trademarks, logos, or trade names of Unicity and its products. As Unicity changes or abandons any of its trade names or marks, a Distributor agrees to also change or abandon such trade name or mark. A Distributor may request the right to use the name of Unicity or one of the Unicity trademarks, trade names, or service marks on independently produced and noncompetitive promotional items (the "Promotional Items") that include, but are not limited to, the following: clothing, jewelry, printed material, posters, audiotapes, CD's, DVD's, videotapes, and the like. Unicity may at its discretion allow a Distributor to offer for sale approved Promotional Items and charge the Distributor a royalty fee for the right to sell such Promotional Items. More information regarding the use and sale of Promotional Items may be obtained by calling the Unicity Distributor Compliance Department at 1-604-882-0945.

#### **D. Product Claims**

A Distributor may not make medicinal and/or therapeutic claims for any Unicity products or specifically prescribe Unicity products as suitable for the treatment of any ailment. Unicity does not endorse the use of diagnostic or medical devices in connection with the sale of Unicity products because such devices tend to have as their principle purpose the diagnosis of health conditions and the prescribing of remedies. No representation or sales offers may be made relating to Unicity products that are not accurate or truthful as to grade, quality, performance, and availability. Appropriate product information is contained in authorized Unicity literature and is subject to periodic review and revision by Unicity. It is the Distributor's responsibility to obtain and use only current literature. All product representations made by a Distributor must be the same as those found in current Unicity literature.

#### **E. Unicity Product Sales**

A Distributor may sell or promote only the Unicity opportunity and Unicity products and materials at Unicity functions or to prospective Unicity Distributors or Customers, subject to Section 6.F below. Sales in violation of this provision may constitute unfair competition against Unicity.

#### **F. Sale or Promotion of Non-Unicity Products, Opportunities, or Materials**

A Distributor shall not sell, promote, or advertise non-Unicity products, opportunities, or materials that are competitive with Unicity products, opportunities, or materials at Unicity functions or to Unicity Distributors or Customers. A Unicity

function is a convention, meeting, seminar, or similar event prepared by a Distributor or the company for Unicity Distributors, prospective Unicity Distributors, or employees of Unicity. To build and promote his or her Unicity business, a Distributor may be authorized to sell, promote, or advertise noncompetitive, non-Unicity audiotapes, CDs, DVDs, videotapes, books, and pamphlets to Unicity Distributors within his or her own Downline or to Distributors attending a Unicity function sponsored by a Distributor consenting to such sales.

#### **G. Income and Opportunity Claims**

No unreasonable or misleading claims or intentional misrepresentation of earnings or potential income may be made by a Distributor. Income guarantees of any kind are prohibited, as is the exhibition of actual or copies of Award checks or earnings statements. Income representations must be honest and based in fact. In addition, income representations must include the disclaimers that Awards may vary depending on the degree of effort employed, no Awards are guaranteed, and a Distributor is not guaranteed to reach a certain Rank.

#### **H. Future Growth Claims**

A Distributor shall not imply or assert that additional products or services will be added to the products and services currently offered by Unicity or that enhancements to the Compensation Plan are forthcoming or that specific territories or areas are about to be opened or added to territories or areas of Unicity operation unless or until the change or event has been officially announced by Unicity in writing.

#### **I. Governmental Claims**

A Distributor may not represent that the Compensation Plan or any Unicity product has been approved or endorsed by any governmental agency.

#### **J. International Sales**

A Distributor may sell Unicity products in his or her home country only. A Distributor may earn income from Downline in other countries according to the Ambassador Program in Appendix C.

#### **K. Electronic Media Advertising**

In order to preserve a level playing field for all Distributors, a Distributor may not utilize unapproved electronic media advertising or the advertising of Unicity or its products on television, radio, or on an Internet commercial site without prior written approval from Unicity.

## L. Internet Use

A Distributor may use the World Wide Web to promote the Unicity business by creating a personal website through the Unicity Franchise Office. Such websites and all other websites used by a Distributor must adhere to the following rules:

- 1) All Distributors' websites are subject to review and approval by the Unicity Distributor Compliance Department.
- 2) A Distributor may not register or use any Unicity name(s), trademark(s), logo(s), or product name(s) in any URL address or Domain name, and Unicity reserves the right, at its discretion, to reject, refuse, and withdraw a URL or Domain Name. Further, the website shall not contain any hyperlinks to websites of competitors or competitors' products.
- 3) A Distributor's website may display only the suggested retail price of the products as may be suggested by Unicity from time to time. Any reference to suggested retail price of Unicity products must mention the term "Suggested Retail Price."
- 4) A Distributor's website may display Unicity product information as long as the information and website are approved in advance by the Unicity Distributor Compliance Department. The product information shall not make prescriptive, disease, medicinal, or therapeutic claims.
- 5) A Distributor's website may contain certain personal and opportunity testimonials as well as motivational information under the following rules:
  - a) The material reflects the honest and balanced expression of the true experience of the provider of the testimonial or motivational information;
  - b) The material does not represent that all people will have the same experience; and
  - c) The material is accompanied by a disclaimer acceptable to Unicity.
- 6) Product testimonials shall not be displayed on a Distributor's website without approval by the Unicity Distributor Compliance Department.
- 7) A Distributor's website may not contain claims that the products or programs are for sale in any country other than the country in which the products or programs have been approved by Unicity.
- 8) A Distributor's website shall not infringe on any third-party trademarks or copyrights. The Distributor agrees to indemnify and hold Unicity, its affiliates, and subsidiary organizations and their directors, officers, employees, and agents harmless against any action or claim for infringement on a third party's intellectual property rights arising from the website.

- 9) A Distributor's website may offer Customers Unicity products, subject to the following limitations:
  - a) The Distributor may display on the website his or her telephone number, fax number, e-mail address, or the Unicity telephone number with instructions to obtain and use a Customer ID Number.
  - b) The website may use shopping carts, but the shopping carts
    - i) may offer only Unicity products; and
    - ii) must include language giving the Distributor the right to refuse a transaction for any reason.
  - c) The website must include the Customer refund policy.
- 10) The Distributor may not advertise on the Internet by purchasing space on instrumentalities such as a search engine, "banner," or commercial website without the express written permission of Unicity.
- 11) The Distributor may not use mass e-mailings (except to those on "opt-in" lists) or e-mail spamming to promote the Unicity opportunity or products. Distributors are encouraged to follow all Internet etiquette and to be good Internet citizens.
- 12) If a Distributor has enrolled for the Unicity Franchise Office and is delinquent in paying his or her monthly fees, the Distributor consents to Unicity offsetting the Distributor's Awards in order to recoup the delinquent fees.

## M. Company Recordings

A Distributor may reproduce for sale, distribution, or personal use any recording of Unicity-produced audio or video presentations only after obtaining the written consent of Unicity. A Distributor may not, without the prior written approval of Unicity, produce for sale, in personal or business use, any audio, video, or other recording of Unicity-sponsored events, speeches, or meetings.

## N. Media Inquiries

In order to ensure accuracy and consistency of information, a Distributor who receives any inquiry from the press or other media regarding any aspect of Unicity, its products, or its Independent Distributorships should refer such inquiry to the Unicity Distributor Compliance Department, as soon as possible after receiving the inquiry by calling 1-604-882-0945.

## O. Unicity Distributor Organizations, Meetings, General Fees, and Training Fees

A Distributor may not charge a for-profit fee for any general material, newsletters, services, training seminars, or materials about Unicity, its business opportunity, its products or marketing materials, services, or training on Unicity products

or marketing materials. A Distributor may not charge other Unicity Distributors a membership fee for participation in any other program or organization. A Distributor may not offer to pay or actually pay other Unicity Distributors compensation (i.e., Awards or rebates) for purchases of non-Unicity products, opportunities, or other materials. A Distributor may not preclude or stop any other Distributor from attending Unicity-sponsored events.

## **P. Telephone Book Listing**

Telephone book advertising is allowed only by a Distributor who has achieved the Rank of Director or higher. The advertisement may be placed in two (2) locations in the yellow pages in the categories of: 1) Health, Herbs, Fitness, or Nutrition and 2) Skin Care or Beauty. All listings for telephone publications should read as follows: "Unicity Independent Associate," "Unicity Independent Distributor," "Unicity Independent Business Owner," "Unicity Franchise Owner," or "Unicity Personal Business Owner," followed by the Distributor's name, address, and telephone number. A Distributor may not display advertisements in a telephone directory that use the Unicity name(s), logo(s), image(s), or product name(s).

## **Q. Toll-Free Telephone Numbers**

A Distributor listing a toll-free telephone number may not use the Unicity name(s), logo(s), or product name(s) for such listing but may list the number as "Unicity Independent Associate [name of Distributor]," "Unicity Independent Distributor [name of Distributor]," "Unicity Independent Business Owner [name of Distributor]," "Unicity Franchise Owner [name of Distributor]," or "Unicity Personal Business Owner [name of Distributor]."

## **R. Surcharge Telephone Numbers**

A Distributor agrees to not use 900 numbers, surcharge numbers, or other similar toll numbers for the purpose of marketing either the Unicity opportunity or its products.

## **S. Telephone Answering and Recorded Messages**

A Distributor may not answer the telephone in any manner that would give callers a reason to believe that they have reached the corporate or any other offices of Unicity. Specifically, a Distributor shall not answer the telephone by saying "Unicity" but shall answer indicating his or her status as an independent distributor of Unicity. Answering machines and voice mail must also comply with this policy.

## **T. Automatic Calling Devices**

A Distributor agrees not to use any automatic outbound calling device for promoting or soliciting the sale of the Unicity products or opportunity.

## **U. Revised Company Literature**

Distributors and Unicity shall work together to notify their organizations of new Unicity information. New Unicity policies, forms, and literature replace old policies, forms, and literature. A Distributor should destroy outdated or invalid literature and forms. Unicity is not obligated to reimburse any Distributor for outdated materials in the Distributor's possession.

## **V. Repackaging**

A Distributor agrees not to alter, repackage, distribute unauthorized samples of, relabel, or otherwise change any Unicity product or sell any such product under any name or label other than that authorized by Unicity.

## **W. Retail Establishment Displays**

A Distributor shall not market Unicity products through retail outlets. A "retail outlet" is any establishment that offers consumer goods for sale to the general public without a prior appointment, as typified by a retail store.

## **X. Service Establishment Displays**

A Distributor who owns or is employed by a Service-Related Establishment may, upon receipt of prior written approval of Unicity, provide Unicity products and services to Unicity customers through this establishment as long as the Distributor is providing proper support to customers. A Distributor who wishes to display products in a Service-Related Establishment must receive written permission from the Unicity Distributor Compliance Department. A "Service-Related Establishment" is one that receives revenue primarily by providing personal service rather than by selling products. Such establishments include offices of doctors, dentists, chiropractors, and other health professionals, health clubs, gymnasiums, barber shops, beauty shops, nail boutiques, counseling services, tanning centers, and other such businesses where the customer's use of the establishment is controlled by membership or appointment. In such establishments, Unicity products or banners may not be displayed in the general lobby or outside the office or building where such products or materials are visible to the general public.

## **Y. Fairs and Special Events**

A Distributor agrees not to display or advertise Unicity products at swap meets, flea markets, garage sales, or any other similar events. A Distributor may display Unicity products in a booth at annual state or county fairs, trade shows, or exhibits but may not display competing products or products from any other direct-selling company.

## SECTION 7

# Distributor Awards and Fees

### A. Distributor Awards and Fees

A Distributor may qualify to earn Awards pursuant to the Compensation Plan and other Unicity programs or promotions. The Compensation Plan is more fully set forth in Appendix A to these Policies & Procedures. The following policies outline the guidelines for earning Awards within Unicity and applicable fees charged to Distributors.

### B. Rank Attainment

A Distributor is wholly responsible for meeting the Distributor's monthly 1) Volume requirements; 2) Rank; and 3) any other program qualifications or requirements. Unicity has no obligation to guarantee or assure that a Distributor meets any qualification requirements of the Compensation Plan.

### C. Earnings Guarantees

A Distributor is not guaranteed a specific Award, income or any assured level of profit or success. A Distributor's profit and success can come only through the successful customer sale, use, and consumption of Unicity products and the sales, use, and consumption of Unicity products by other Distributors within the Distributor's Downline.

### D. Minimum Award Check

Unless otherwise stipulated by Unicity and to minimize processing and handling costs, Unicity will not generate an Award check for any amount under \$10.00. Should a Distributor be eligible for an Award payment of less than \$10.00, the equivalent Volume will be credited to the Distributor's Unicity account.

### E. Processing Fee

A Distributor will have deducted from the Distributor's monthly Award check a reasonable processing fee for computer processing and other customer services.

### F. Payment of Award Checks

Award checks will be mailed or direct deposited monthly on or before the twentieth (20th) day following the month in which the Award was earned. However, if the twentieth (20th) day falls on a weekend or a holiday, the Award checks will be sent out on the first business day thereafter. Award checks issued to joint applicants in a Distributorship will be issued in the names of the first two applicants listed on the Distributor Agreement. Without prejudice to Unicity's right of termination, the payment of a Distributor's Award may be suspended if the Distributor is in breach of any term or condition of the Contract.

### G. Debiting of Award Checks

A Distributor agrees that Unicity may debit or place a hold on a Distributor's Award check(s) for any amount the Distributor owes Unicity.

### H. Replacement Awards

Upon request, Unicity will issue a replacement Award check for an Award that has not been properly redeemed, such as a lost or stolen check; however, if an Award check has been cashed, a service fee of 10% of the value of the check but not more than \$30.00 will be assessed. Replacement and stop-payment requests will not be honored until ten (10) business days after the check was issued.

### I. Returned or Unclaimed Awards

Unicity makes every effort to ensure that Unicity Distributors receive their Awards. However, when a Unicity Award check is not negotiated within the bankable period (ninety [90] days) or has been sent to the last known address but returned to Unicity because a Distributor has moved without a forwarding address or the check is returned or not presented for payment for some other reason beyond Unicity's control, the check shall be voided and the equivalent Volume shall be

credited to the Distributorship account ninety (90) days after its date of issue, which credit may be subject to a monthly maintenance fee.

### **J. Foreign Market Instability**

The ability to make Award payments to Ambassadors as a result of the sale of Unicity products in countries outside Canada is dependent upon the receipt by Unicity of Canadian dollars in connection with such sales.

Consequently, Unicity may restrict, delay, or modify Award payments to Ambassadors during such time as conditions in a foreign country limit or restrict the conversion or repatriation of money to Unicity. Award payments to Distributors on Volume arising out of foreign markets may also be subject to fees attendant to international tax and/or banking costs associated with such payments.

### **K. Service Fees**

Although Unicity provides most Distributor services to Distributors free of charge, from time to time a Distributor will request or require extraordinary services that warrant additional time and expense to research and resolve. Unicity charges a fee of fifty dollars (\$50.00) per hour, with a minimum of one hour assessed for each such case.

## SECTION 8

# Distributor Termination

### A. Voluntary Resignation

In addition to other rights of termination attendant to the nature of a Distributorship, a Distributor may, at any time, voluntarily resign as a Unicity Distributor. A Distributor who resigns loses all rights to all beneficial interests in the Distributorship and to any Distributor Lists, Distributor privileges, and Distributor Rank. A Distributor who voluntarily resigns may not reapply for a new Distributorship or apply to hold a beneficial interest in an existing Distributorship until six (6) months after Unicity has finalized the termination. A Distributor may resign voluntarily by:

- 1) Submitting to Unicity a resignation letter signed by all Distributors in the Distributorship and listing the Distributor name(s) and ID Number(s); or
- 2) Failing to renew the Distributor Agreement for an additional annual term (see Section 3.D).

### B. Involuntary Termination

A Distributor may be terminated by Unicity for cause. A Distributor agrees that Unicity has the right to take quick and decisive action in limiting or terminating a Distributorship that is found in violation of the Policies & Procedures, the Distributor Agreement, the Compensation Plan, or any provincial or federal laws, statutes, and/or regulations that pertain to the business of Unicity. Unicity also reserves the right to pursue reasonable legal recourse for such violations, as well as reimbursement from the Distributor for any expenses arising from the violation, including court costs and attorney's fees.

### C. Disciplinary Process

Failure to abide by the Contract may lead to appropriate disciplinary action. After a disciplinary action is complete, Unicity may announce details of such disciplinary action. Policy violations that do not lead to immediate termination

may be dealt with in the following manner. The disciplinary process may involve any one step or all of these steps:

- 1) Informal warning. The Distributor may be notified, verbally or in writing, that the Distributor is in violation of the Contract.
- 2) Formal warning. A formal written warning may be sent to the offending Distributor stating that failure to discontinue the stated violation may result in further disciplinary action.
- 3) Probation. A Distributor may be placed on probation for violating the Contract. The length and conditions of the probation may vary, depending upon the circumstances. A Distributor placed on probation may appeal the probation using the procedures for appealing suspensions as described below.
- 4) Suspension. Suspension is the temporary withdrawal of a Distributorship's licenses. A Distributor and Distributorship may be suspended for serious violations or breaches of the Contract, and a suspension may last for a period of days or months, depending on each case. In the event of a suspension, a suspension letter will be sent to the Distributor and considered a final warning. This notice will list actions that the Distributor must take in order for Unicity to revoke the suspension. These actions may include the following:
  - a) The immediate cessation of all violations;
  - b) The submission of a written statement to Unicity responding to the suspension; and
  - c) Such other action as may be necessary or requested by Unicity.

A Distributor who fails to respond to a suspension letter may be terminated. A Distributor may appeal a suspension in writing within the specified time period outlined in the suspension letter. Suspended Distributors are not eligible to receive Awards, earned or otherwise, from Unicity or participate in any Unicity functions or

programs. Unicity reserves the right to withhold Awards until the disciplinary process has been completed to Unicity's satisfaction. Since suspended Distributors may not place product orders, they may not qualify for Awards during their term of Suspension. Unicity may, at its absolute discretion, qualify a Distributorship during the suspension and retain all earned Awards.

- 5) Termination. Termination is the final disciplinary step taken by Unicity at its sole discretion.

#### D. Notification of Termination for Cause

When a decision is made to terminate a Distributor for cause, Unicity will send notification by mail to the terminated Distributor at the most recent address on file. Upon receipt of notice from Unicity, the Distributor shall immediately cease all Distributor activities. Notice will be deemed received upon delivery, but no later than ten (10) days after mailing.

#### E. Appeal of Termination

A Distributor who has been terminated involuntarily may appeal the termination by submitting in writing an explanation, including any extenuating or mitigating circumstances. The Distributor must submit the written appeal within the time period specified in the termination letter, but at least within fifteen (15) days of receipt of notice of the termination. Unicity will review the timely appeal and notify the Distributor of its decision. If the appeal is not received within the specified time period, the termination will be final.

#### F. Results of Termination

Whether a Distributorship is terminated through voluntary resignation or through involuntary termination by Unicity, that Distributorship's licenses, rights, and privileges are revoked and the Distributor is no longer entitled to sell Unicity products, Sponsor other prospective Unicity Distributors, or represent himself or herself as an independent contractor or Distributor of Unicity. In addition, a terminated Distributor loses all rights to the existing Downline and is no longer entitled to receive any Awards whatsoever, already earned or otherwise, from Unicity, nor is the Distributor entitled to any other claim for indemnification with regard to the loss of his or her Customer base or any investments made. A Distributor also loses any rights to Distributor Lists. A terminated Distributor must immediately return to Unicity all existing Distributor Lists and all other documents and materials made available to him or her. Involuntarily terminated Distributorships are the property of Unicity and may remain in the current Unicity Genealogical Distributorship position and will be disposed of in a manner that reflects consideration and serves the best interests of Unicity, as well as the interests of the Downline Distributors of the terminated Distributorship and

the Upline of the terminated Distributorship. A Distributor who has been terminated for cause may not reapply for a Unicity Distributorship for eighteen (18) months following the termination. If a Distributor is at the rank of Presidential Director or higher and is terminated for cause, then he or she agrees that he or she will not compete in any market that Unicity has officially opened for a period of six (6) months following the termination of his or her Distributorship. The provision proscribing Cross-Sponsoring shall survive the termination of the Contract.

#### G. Product Buy-Back

A Distributor who voluntarily terminates his or her Distributorship may return with his or her resignation letter all "Currently Marketable," unencumbered, reusable, unopened, and otherwise resalable inventory in the Distributor's possession. Unicity will refund 90% of the net cost to the Distributor, less the value of any Awards received by the Distributor for purchase of the goods. Unicity will also repurchase any initial mandatory sales materials that are returned, shipping prepaid, in reusable and resalable condition for 100% of the cost to the Distributor. Unicity will not issue any refunds on products previously certified as sold under the 70% Rule. Distributorships that are terminated for cause are not eligible for the 90% product buy-back or the 100% sales material buy-back.

- 1) For purposes of this policy, products shall not be considered "Currently Marketable" if returned after the products' commercially reasonable, usable, or shelf-life period has passed; nor shall products be considered "Currently Marketable" if Unicity clearly discloses to Distributors, prior to purchase, that the products are seasonal, discontinued, or special promotional products.
- 2) If Awards were paid to a terminating Distributor's Upline on Volume represented by returned products, the Awards paid on such Volume will be debited from the Upline beneficiaries' accounts. Although certain requirements may vary by law in some jurisdictions, Distributors seeking a refund must do the following:
  - a) Call the Unicity Customer Service Center and request a Return Merchandise Authorization ("RMA") form and/or number;
  - b) Request in writing a refund from Unicity (this document must be accompanied by copies of the original product invoices and the RMA form and/or number); and
  - c) Return the package with the RMA number clearly marked on the outside of the package, near the return address.

Shipping costs to return the products must be paid by the Distributor. The Distributor is responsible for any damage or loss in the shipping process. Goods damaged en route,

and therefore not marketable, will be rejected. After full verification of all submitted paperwork and returned items, Unicity will issue the terminating Distributor a refund based on the method of payment.

## **H. Governing Law and Jurisdiction**

This Contract shall be governed by the law of the Province of British Columbia. Proper jurisdiction and venue shall be in the Provincial and Federal courts in British Columbia. The Contract shall be binding upon the successors and assigns of the Distributor and Unicity. In the event of a dispute, the prevailing party shall be reimbursed attorney's fees and

reasonable travel and accommodation costs by the other party.

## **I. Limitation of Liability**

Regardless of the form of claim, whether in tort, contract, or other, Unicity and its officers, employees, and agents shall not be liable for any consequential, incidental, special, or punitive damages, including lost profits, for any claims by another Distributor. No legal action may be brought by either party to this Contract more than one year after the event giving rise to the cause of action has occurred.

## APPENDIX A

# The Unicity Compensation Plan

The Unicity Compensation Plan (the “Compensation Plan”) is the method by which Distributors qualify to earn Awards for their efforts in developing a Unicity Business or Franchise. The Compensation Plan is designed to award Distributors who personally use Unicity products, sell Unicity products to Customers and recruit others to sell Unicity products, or develop their own Unicity businesses.

Distributors earn Awards under the Compensation Plan based on the Volume accumulated on their purchases, the purchases of their Customers, and those of their Downline Distributors and Customers. The Compensation Plan outlines the requirements for qualifying for Awards and recognition for Distributors. It is acknowledged that Distributorships operate pursuant to the terms of the Unicity Distributor Agreement and that they will comply with the terms of that agreement. Only Active Distributors in good standing under the Distributor Agreement may qualify for Awards under the Compensation Plan. To qualify for any Award under the Compensation Plan a Distributor must have a minimum of 250 Personal Volume (“PV”) in the Volume Month that the Award is earned. Successful Distributors progressively advance to higher Ranks in the Compensation Plan. As they attain higher Ranks, greater benefits are made available to them.

### Selling Unicity Products

Distributors are authorized to purchase Unicity Products at a wholesale price and earn a retail profit on such sales. These earnings are not part of the Compensation Plan but provide a tremendous income to many Distributors throughout the world. In addition, Distributors may register their Customers as Preferred Customers under which such Customers are granted preferred pricing and other benefits.

A Distributor may refer its Customers (either Preferred Customers or Retail Customers) to place their orders directly with Unicity. These orders may be placed through the various methods available within Unicity. Unicity issues

each Customer its own Customer identification number and automatically credits Customer purchases to the account of the referring Distributor. Unicity manages the distribution of the profit on these Customer orders. To qualify for the service of receiving Retail Profits in this manner, a Distributor must be Active in the Volume Month in which the retail order is placed.

### Personal Rebate Award

For every Distributor or Customer purchase, a Distributor qualifies to earn a Personal Rebate Award based on the Personal Volume (“PV”) and the Group Volume (“GV”) that the Distributor accumulated in the prior Volume Month. GV is determined by the Distributor’s PV and the PV of all of a Distributor’s Downline who have not yet achieved the Rank of Manager. The Rebate is essentially a discount on the price the Distributor pays for the product and is remitted back to the Distributor depending upon qualification. The percentage of Rebate that a Distributor may earn is set forth in Table 1 below.

Table 1

<b>GV (in prior month)</b>	<b>Personal Rebate (with a minimum PV of 250 in the present month)</b>
1,000 or greater	20%
750-999	15%
500-749	10%
250-499	5%
0-249	0%

### Personal Group Award

Distributors may also earn Personal Group Awards based on the PV of Distributors that they recruit or are recruited under

them in their Downline and are in their Personal Group. The Personal Group Award is based on a Distributor's GV in the month prior to qualifying for the Award. Downline members that are in a Distributor's Personal Group have the following Ranks: Distributor, Bronze, Silver, and Gold. The Personal Group Award that a Distributor may earn depends upon the Rank of the Downline in his Personal Group. Provided a Distributor has at least 250 PV in the present Volume Month, a Distributor may qualify to earn the following Personal Group Awards:

A Manager may earn Points equal to 5% of the GV of a Gold directly beneath him, 10% of the GV of a Silver directly beneath him, 15% of the GV of a Bronze directly beneath him, and 20% of the GV of a Distributor of no Rank beneath him.

A qualified Gold Distributor may earn Points equal to 5% of the GV of a Silver directly beneath him, 10% of the GV of a Bronze directly beneath him, and 15% of the GV of a Distributor of no Rank beneath him.

A qualified Silver Distributor may earn Points equal to 5% of the GV of a Bronze directly beneath him, and 10% of the GV of a Distributor of no Rank beneath him.

A qualified Bronze Distributor may earn Points equal to 5% of the GV of a Distributor of no Rank beneath him.

The GV of a non-Active Manager is Awarded as a Personal Group Award to the first Upline Active Manager.

Table 2 below sets forth both the Personal Group Awards that may be earned as well as the Rebates.

### Becoming a Manager and "Breaking Away" from the Personal Group

A Distributor who is serious about establishing a Unicity Franchise becomes a Manager and earns even greater rewards. When a Distributorship reaches the Rank of Manager, it "breaks away" from the Personal Group of its

Sponsor and is no longer considered a part of that Personal Group. The PV of a Manager that has "broken away" will no longer count in the Sponsor's GV. The Sponsor, however, has a stronger partner in a Manager that has "broken away" and is developing a stronger Unicity Franchise Business.

To become a Manager a Distributor must have 1,000 GV in one Volume Month, at least 250 of which is PV. Qualified Managers are automatically given the right to earn a 20% Rebate in every month after becoming a Manager, regardless of the previous month's GV and provided that they have at least 250 PV and have accumulated at least 2,000 PV in each 12 month period after becoming a Manager. Managers are also eligible to earn Franchise Builder Awards and are recognized at Unicity events for their Rank achievement. A Manager who does not accumulate 2,000 PV within the next 12 months and each 12 month period thereafter of becoming a Manager will lose the Rank of Manager and will be required to re-qualify to receive Manager benefits in the future.

In the month a Distributor achieves the Rank of Manager, the GV of the Distributor is also considered the GV of the Sponsor. The Sponsor, therefore, will have automatically met his GV requirement for that month. Provided the Sponsor has met his 250 PV requirement, the Sponsor will be awarded a Personal Group Award based on the Distributor's Volume. The Sponsor's Personal Group Award may vary depending on the prior month's GV of the Distributor. For a new Manager's GV that exceeds 1,000, the Sponsor will also earn Franchise Builder Awards rather than Personal Group Awards. Provided, however, that the Sponsor has an Auto-Refill agreement of 100 PV or more.

A Distributor who becomes a new Manager will be eligible for Rebates and Personal Group Awards for any GV over 1,000 and in some cases eligible for Franchise Builder Awards (i.e., when the Downline of a new Manager also "breaks away" in the same month).

Table 2

GV (in prior month)	Personal Rebate	PV (in present month)	Rank	Personal Group Award			
1,000+	20%	250 minimum	Manager*				
750-999	15%	250 minimum	Gold				5%
500-749	10%	250 minimum	Silver	5%		10%	
250-499	5%	250 minimum	Bronze	5%	10%	15%	
0-249	0%	Less than 250	Distributor	5%	10%	15%	20%

\*Once a Distributor achieves the Rank of Manager, the 20% Rebate is earned automatically so long as the Manager has 250 PV in any Volume Month and accumulates at least 2,000 PV in each 12 month period after qualifying as a Manager.

## Franchise Builder Awards

Once a Distributorship reaches the Rank of Manager, it is on the way to building a true Unicity Franchise and becomes eligible to earn Franchise Builder Awards based on Rank and qualifications. There are six (6) different Ranks that a Manager may obtain in the Compensation Plan, they are: Senior Manager, Director, Senior Director, Presidential Sapphire, Presidential Ruby, and Presidential Diamond.

To achieve these Ranks a Manager must develop a Downline beneath him and increase the number of Legs and the Volume of those Legs. To earn an Award in any Volume Month each Rank must have the following:

- A Senior Manager must have:
  - o 250 PV (of which at least 100 is through an Auto-Refill agreement)
  - o 1,000 GV
- A Director must have:
  - o 250 PV (of which at least 100 is through an Auto-Refill agreement)
  - o 1,000 GV
  - o 3 Legs with each Leg having at least 1,000 Organization Volume (“OV”)
- A Senior Director must have:
  - o 250 PV (of which at least 100 is through an Auto-Refill agreement)
  - o 1,000 GV
  - o 5 Legs with each Leg having at least 1,000 OV

- A Presidential Sapphire must have:
  - o 250 PV (of which at least 100 is through an Auto-Refill agreement)
  - o 1,000 GV
  - o 5 Legs with each Leg having at least 5,000 OV
- A Presidential Ruby must have:
  - o 250 PV (of which at least 100 is through an Auto-Refill agreement)
  - o 1,000 GV
  - o 5 Legs with each Leg having at least 10,000 OV
- A Presidential Diamond must have:
  - o 250 PV (of which at least 100 is through an Auto-Refill agreement)
  - o 1,000 GV
  - o 5 Legs with each Leg having at least 15,000 OV

For each Rank that is achieved a Manager is entitled to a number of “Shares” based on the Rank the Manager has reached. The number of Shares will determine how deeply a Distributor will be awarded on his Franchise organization.

Table 3 below summarizes the Shares and percentage payment that a Manager will be awarded based on achieving the Ranks stated.

Table 3

	Organizational Development				President’s Club		
	Manager	Senior Manager	Director	Senior Director	Presidential Sapphire	Presidential Ruby	Presidential Diamond
<b>Qualifications</b>							
PV	250	250	250	250	250	250	250
including Automatic Refill PV		100	100	100	100	100	100
GV	250	1,000	1,000	1,000	1,000	1,000	1,000
Legs			3	5	5	5	5
Leg OV			1,000	1,000	5,000	10,000	15,000
Number of Shares		1	2	3	4	5	6
Share 1		5%	5%	5%	5%	5%	5%
Share 2			5%	5%	5%	5%	5%
Share 3				5%	5%	5%	5%
Share 4					5%	5%	5%
Share 5						5%	5%
Share 6							5%

## Horizontal Compression

A Distributor may achieve Leg OV qualifications for the Ranks of Director through Presidential Diamond by using Horizontal Compression. Horizontal Compression is Unicity's proprietary process of summing a Distributor's Leg OV, while excluding the four (4) largest Legs, to create a single Leg that may be used to qualify for a Rank. (For the Rank of Director only the two [2] largest Legs are excluded from Horizontal Compression.)

## President's Club

Presidential Sapphires, Presidential Rubies, and Presidential Diamonds may qualify to be members of the Unicity President's Club. Members of the President's Club may earn additional Awards, recognition and benefits (including the right to establish an Additional Franchise Position or "AFP"). To qualify for membership in the President's Club the Distributors must hold their Ranks for three (3) months in succession. Once a Distributor has earned membership in the President's Club, the membership is valid for 12 months. To renew the membership in the President's Club, a Distributor must qualify at one of the President's Club Ranks three months in succession for any 12 month period.

## Additional Franchise Position

Presidential Diamonds who are members of the President's Club have the unique and exciting opportunity to create an Additional Franchise Position ("AFP"). This position is a new Distributorship of the qualifying Distributor that is placed on the Distributor's Frontline. The qualifying Distributor may move existing Legs, other than the four (4) largest Legs measured in terms of OV, under the AFP. The AFP must meet all of the separate qualification requirements necessary to earn Awards at any specific Rank in the Compensation Plan. An AFP that qualifies for membership in the President's Club as a Presidential Diamond has the right to create yet another Additional Franchise Position. If a Distributor with an AFP does not qualify as a Presidential Diamond in a Volume Month, the AFP is considered non-qualified for that Volume Month and its OV is compressed.

## Glossary of Terms

### A. Active or Active Distributor

A Distributor in good standing who has accumulated a minimum of 250 Personal Volume (PV) in a Volume Month. A person must be an Active Distributor to be eligible to earn Awards in the Compensation Plan.

### B. Automatic Refill

Automatic Refill (or "Auto-Refill") is a program in which products are automatically shipped to Distributors or

Customers pursuant to the terms of an Automatic Refill Agreement. Formerly known as "EasyShip."

### C. Awards

Any gift, award, premium, benefit, payment or incentive given by Unicity to a Distributor pursuant to the Compensation Plan or some other incentive plan of Unicity. Awards are based upon qualifications under the Compensation Plan or any other incentive plan as it may be created from time to time. Most Awards take the form of "Points" assigned to an account in the name of a Distributor. Points may be converted to cash payments, sometimes called commissions, bonuses, credits or the like. Other Awards may include prizes, product, gifts, trips, incentives, and the like. Cash payment Awards that are not claimed in a timely fashion are converted back into Points, which are placed on the Distributor's account. Any unclaimed Awards or Points at the time of the termination of the Distributor's Contract are forfeited.

### D. Compensation Plan

The Unicity Compensation Plan and any change or amendment thereto is an incentive program through which a Distributor may earn Awards pursuant to the rules of the Compensation Plan.

### E. Customer

A Customer is either a Preferred Customer or a Retail Customer. A Distributor is not and may not act as a Customer.

### F. Distributor

An independent contractor who has signed and completed the official Unicity Distributor Agreement and whose Distributor Agreement has been accepted by Unicity. A Distributor is given the right to own a Unicity Distributorship and may also be referred to as a Franchise Owner or in other common terms such as Associate, Independent Business Owner, IBO or the like; likewise, a Distributor may be referred to by the name of the Rank that the Distributor has reached in the Compensation Plan, such as Manager, Director, Presidential Sapphire, Presidential Ruby or Presidential Diamond. Preferred Customers and Retail Customers are not Distributors. Any person who has obtained through marriage or any other means any beneficial interest or presumption of a beneficial interest in a Unicity Distributorship is a Distributor and is bound by the duties and obligations of the Contract.

### G. Distributorship

The right and license granted to a Distributor to purchase, sell, distribute, and promote the Unicity products and

business opportunity under the terms and conditions of the Contract.

## H. Downline Organization or Downline

A “Downline Organization” consists of all Distributors who are directly or indirectly Sponsored by a Distributor or by Distributors in his or her Downline.

## I. Frontline

A Distributor who is immediately below the Sponsor in the Sponsor’s Downline.

## J. Group Volume (GV)

The sum of a Distributor’s Personal Volume and the Volume of his or her Downline who have not yet achieved the Rank of Manager down to the next Distributor who has achieved the Rank of Manager (but not including such Manager) during a Volume Month.

## K. Horizontal Compression

Unicity’s proprietary process of summing a Distributor’s Leg OV, while excluding the four largest Legs, to create a single Leg that may be used to qualify for a Rank. For the Rank of Director only the two largest Legs are excluded from Horizontal Compression.

## L. Leg

An entire Downline Organization beginning with a Frontline Distributor.

## M. Leg Volume

The total Organization Volume of a Leg.

## N. Level

A position in a Distributor’s Downline based on Sponsorship without compression.

## O. Multi-Share Compression

The process in which Shares are Awarded to the Upline. The first Share of an Active Manager’s GV is Awarded to the first upline Distributor that is at least a Senior Manager. The second Share is Awarded to the first Distributor above the Senior Manager that is at least a Director. The third Share is Awarded to the first Distributor above the Director that is at least a Senior Director. The fourth Share is Awarded to the Distributor above the Senior Director that is at least a Presidential Sapphire. The fifth Share is Awarded to the Distributor above the Presidential Sapphire that is at least a Presidential Ruby. The sixth Share is Awarded to the Distributor above the Presidential Ruby that is at least a Presidential Diamond. The GV of a non-Active Manager is included in the GV of

the first Upline Active Manager for Share calculations.

## P. Organization Volume (OV)

The sum total of all Volume in a Distributors organization, including the Distributor’s PV and the PV of all his or her Downline Distributors.

## Q. Personal Rebates

Awards given to a Distributor based on his or her PV, which is based on the Distributor’s personal product purchases and product purchases made by his or her Customers.

## R. Personal Volume (PV)

The Volume accumulated from a Distributor’s Unicity product purchases and the product purchases made by his or her Customer(s) through Unicity during a Volume Month.

## S. Preferred Customer

An end consumer who purchases Unicity products from a Distributor, either directly or through Unicity and who has paid a special Preferred Customer membership fee and therefore is entitled to a Preferred Customer price and benefits. Distributors are not Preferred Customers and may not order products as if they were Preferred Customers. Preferred Customers do not participate in the Compensation Plan, although the Volume generated from the products they purchase will count toward the PV of the Distributor who sold them the products.

## T. Qualify

To “Qualify” is to earn a given Rank, benefit or award under the Compensation Plan in a Volume Month while the Distributorship is in good standing.

## U. Qualifying Month

The Volume Month in which a Distributor meets the requirements for a given Rank or benefit.

## V. Rank

A qualification title in the Compensation Plan used to describe the level of recognition or Awards that a Distributorship has earned. The Ranks include: Bronze, Silver, Gold, Manager, Senior Manager, Director, Senior Director, Presidential Sapphire, Presidential Ruby, and Presidential Diamond.

## W. Rebates

See “Personal Rebates.”

## **X. Retail Customer**

An end consumer who purchases Unicity products at a retail price from a Unicity Distributor either directly or through Unicity. Distributors are not Retail Customers and may not order products as if they were Retail Customers. Retail Customers do not participate in either the Compensation Plan or the Preferred Customer plan, although the Volume generated from the products they purchase counts toward the PV of the Distributor who sold them the products.

## **Y. Retail Price**

Suggested price for retail sales.

## **Z. Retail Profit**

The difference between wholesale price and the retail price paid by a Customer.

## **AA. Shares**

The portion of a Manager's GV that is paid to qualifying Upline Senior Manager's and higher.

## **BB. Sponsor**

The first Upline position to a Distributor. To "Sponsor" is to be recognized on the Distributor Agreement as the Sponsor and/or to have the Distributor placed on the Sponsor's Frontline.

## **CC. Upline**

A Distributor's Sponsor and successive Sponsors of each Upline.

## **DD. Volume**

Volume is the value assigned to a Unicity product and which accrues to a Distributor upon the purchase of the product by the Distributor or by the Downline pursuant to the Compensation Plan.

## **EE. Volume Month**

The period of time used to calculate Awards and Ranks under the Compensation Plan.

## APPENDIX B

# The Distributorship Franchise Agreement

### Terms and Conditions

1. I am of legal age and legally competent to enter into a contract in the jurisdiction in which I reside.
2. Upon acceptance of this Distributor Agreement by Unicity Canada Limited (“Unicity”), I will be an independent contractor and licensed distributor (hereinafter “Distributor”) of Unicity, which gives me the right to sell Unicity products (the “Products”) in accordance with the Unicity Compensation Plan (the “Compensation Plan”). This Distributor Agreement will be deemed accepted by Unicity in its sole discretion when it is entered into the Unicity database. Distributor Agreements submitted by telephone will be temporarily accepted; however, the original Distributor Agreement or a facsimile thereof must be received by Unicity within thirty (30) days for it to be considered for acceptance.
3. I have read the Compensation Plan as well as the Policies and Procedures for Unicity independent Distributors (the “Policies & Procedures”). I agree to abide by the terms and conditions of each of these documents, and I agree that the terms and conditions of the Compensation Plan and the Policies & Procedures, including revisions, supplements, and amendments thereto, be and are incorporated herein by this reference. This is an integrated Contract (the “Contract”) that also includes the Compensation Plan and the Policies & Procedures. Other than these referenced documents, no other promises, representations, guarantees, or agreements of any kind shall be valid unless in writing and signed by both Unicity and me. I acknowledge that any violation of the Contract or any other agreements or obligations I may have with Unicity or any of its affiliated entities may result in the termination of my Distributorship or other disciplinary action, as deemed appropriate by Unicity. In the event of any inconsistency between the Policies & Procedures and any other publication of Unicity, including the Compensation Plan and these terms and conditions, the Policies & Procedures shall govern.
4. I understand that no product purchases are necessary to become a Distributor other than the purchase of a Starter Kit, which does not contain any product for which an Award may be granted and is sold to me at cost. The purchase of a Starter Kit is optional in some jurisdictions.
5. Automatic Refill Agreement. If I elect to participate in the Automatic Refill program, by entering into an Automatic Refill Agreement, I authorize Unicity to ship my order to me no later than the twenty-fifth (25th) of each month, after processing the payment method that I have indicated. Unicity is under no obligation to ship any products until full payment has been received. Shipment will take place approximately two (2) days from payment confirmation. Any new Automatic Refill Agreement received will cause an order to be shipped within two (2) days of receipt of said agreement. Each month thereafter, my Automatic Refill order will be sent. Each Automatic Refill order will be shipped within three (3) to five (5) days after the date of receipt or as specified in the order. Shipping and handling charges will be applied to each Automatic Refill order.
  - a. Automatic Refill. This program allows me to automatically receive my product order each month and guarantees that, as a Distributor in good standing, I will meet the PV qualification requirement to be eligible for Awards under the Compensation Plan in that month, if my Automatic Refill order is for at least the minimum qualifying amount required by the Compensation Plan.
  - b. Revision. I may revise my Automatic Refill Agreement according to the Policies & Procedures.
  - c. Cancellation. I may not cancel this Automatic Refill Agreement during the first ninety (90) days

hereof. Thereafter, I may cancel my Automatic Refill Agreement by submitting a new Automatic Refill Agreement and checking the box labeled "Stop Automatic Refill." The Customer Service Center must receive the cancellation notice no later than ten (10) business days prior to my next Automatic Refill shipment date. If the cancellation is received less than ten (10) business days prior to shipment, there will be no guarantee that the last order will not ship. I will not be allowed to return any Automatic Refill orders to Unicity if I remain a Distributor, unless I can provide evidence to show that the cancellation had been received more than ten (10) business days before the order as shipped, such as a fax transmittal sheet.

- d. 70% Rule. When placing any product order, the Distributor certifies that the Distributor has sold or consumed a minimum of 70% of all previous orders orders (the "70% Rule").
6. This Distributor Agreement shall be valid for one (1) year from the date of acceptance and is subject to a required annual renewal. I acknowledge that this Distributor Agreement and the Distributorship created hereunder may be terminated by Unicity if the Distributor Agreement is not renewed for any reason. The Distributorship created hereunder is a licensed right that is revocable, and the position this Distributorship creates in the Unicity Distributor Organization and/or database is the property of Unicity.
7. If I wish to terminate this Distributor Agreement, I will deliver to Unicity written notification of my intent to terminate. My voluntary termination will be effective as of the date such notice is received and accepted by Unicity.
8. As a Distributor, I am an independent contractor. I am not an employee, partner, agent, joint venturer, or legal representative of Unicity. I agree that I am solely responsible for my compliance with any and all laws or regulations related to my business in any jurisdiction exercising authority over me, including but not limited to the duty to license my business and to collect and pay sales or use tax on sales and on products I consume (unless Unicity otherwise agrees to collect and remit such taxes). I will obey any and all federal or local laws, statutes, and regulations applicable to my business and me.
9. Although Unicity or any of its affiliated entities may assist me in becoming aware of applicable laws, rules, and requirements, the sole responsibility to lawfully conduct my independent Unicity business in any jurisdiction rests with me. Therefore, I release Unicity and any of its affiliated entities and their officers, agents, and employees from all liability for any of my actions or omissions. I also waive any claims or causes of action which I (or others acting in my interest) may have occasion to assert respecting my status or conduct as an independent Distributor or Sponsor of Unicity arising out of any of my acts or omissions. I agree to indemnify and hold harmless Unicity and any of its affiliated organizations for any claim, action, or liability asserted arising out of my actions, omissions, or representations in sponsoring or conducting my independent Unicity business.
10. This Distributor Agreement allows me to recruit prospective Distributors of Unicity in the United States and its possessions and territories. I may sponsor Distributors in other countries pursuant to the conditions of the Unicity Ambassador Program, which is included in the Policies & Procedures.
11. I understand that only Distributors in good standing (as such status is determined by Unicity) may Sponsor new Distributors. Unicity, at its sole discretion, may reject this Distributor Agreement without disclosing any reason therefore. If this Distributor Agreement is not accepted or approved, I release Unicity and its officers, agents, advisors, and employees from all liability incurred by me or by any other person. I waive any Distributor claim(s) that might be asserted in my interest.
12. I understand that I am responsible for training and supporting any Distributors I Sponsor and/or recruit under the Compensation Plan. I will perform a bona fide supervisory, soliciting, distributive, and/or selling function in connection with the sale of Unicity products to the ultimate consumer. I also agree to train any Distributor whom I may Sponsor or recruit in the performance of these functions. I will maintain continuing communication with and supervision over my Unicity Distributor organization.
13. I understand and agree that any Awards I receive from Unicity are granted under the rules of the Compensation Plan or the rules of a Unicity program as may be established from time to time.
14. I agree that I may not alter, repackage, relabel, or otherwise change any Unicity product, nor will I sell any such product under any name or label other than that authorized by Unicity. I further agree that I will refrain from producing, selling, and using (for the purpose of advertising, promoting, or describing Unicity's products) any compensation plan, program, writing, recording, or any other materials that have not been previously approved or provided by Unicity.
15. I understand and agree that I may not convey, assign, or otherwise transfer any rights arising hereunder without the prior written consent of Unicity. Unicity may assign the Contract without my consent.

16. I agree not to use proprietary trade names, trademarks, or other property of Unicity without the prior written consent of Unicity.
17. I will make no claims of therapeutic or curative properties regarding Unicity products or claims involving the Compensation Plan that are not contained in official Unicity literature that is produced and distributed by Unicity.
18. Unicity and its affiliated entities have proprietary rights to its Distributors and lists of Distributor names. I will not use any Unicity Distributor Lists or other Unicity contacts to promote the sale or use of any products, programs, or services other than those offered through Unicity, to any Unicity Distributor whom I do not personally Sponsor. I further agree that I may not hold a beneficial interest in more than one Unicity Distributorship except as expressly allowed in the Compensation Plan. I will return all existing Distributor Lists upon request by Unicity or upon my termination.
19. In the event I choose to purchase Unicity Products on my credit card or banking debit card, my signature on this Distributor Agreement hereby constitutes my authorization to process any order I place to those accounts and to use this as my "signature on file."
20. If any provision of this Contract is found to be unenforceable or invalid, the validity of the remaining provisions shall not be affected.
21. This Contract shall be governed under the laws of the province of British Columbia. I agree that proper jurisdiction and venue shall be in the Provincial and Federal courts in British Columbia. In the event of a dispute, the prevailing party shall be reimbursed attorney's fees and reasonable travel and accommodation costs by the other party.
22. I agree that regardless of the form of claim, whether in tort, contract, or other, Unicity, its subsidiaries, and affiliated companies and their officers, employees, and agents shall not be liable for any consequential, incidental, special, or punitive damages, including lost profits or any claims against Unicity. No legal action may be brought by either party to this Distributor Agreement more than one year after the event giving rise to the cause of action has occurred.
23. I certify the accuracy of all information provided by me in this Distributor Agreement and agree that the providing of false or misleading information authorizes Unicity, at its election, to declare this Distributor Agreement void from its inception.
24. As a Distributor, I may be required from time to time to provide Unicity with personal information relating to my Distributorship and/or the Distributor Agreement. Unicity's rights to use this information and my Distributor rights to access and correct my personal information is in accordance with the Personal Information Protection and Electronic Documents Act as described in Section 2 of the Policies and Procedures.
25. Individual Distributors earnings may vary. Unicity Canada does not in any way guarantee a minimum amount of average earnings for any Distributor. A typical active Distributor is one who receives a level of earnings received by the majority of participants at the specific rank. Eighty percent of the typical average Distributors earns four hundred and seventy dollars per annum. I certify that I will not falsely represent the earnings of participants in the plan and I will disclose the typical average earnings when discussing commissions.

#### The Canadian Consumer Protection Act

You can cancel this agreement by notice in writing within ten (10) days after you have signed up. If you do not cancel this agreement within the ten (10) days, you may not be able to cancel it afterwards. You can deliver or send your notice by registered or certified mail to Unicity. You must mail it before the end of the ten (10) days. If you cancel it, any money you paid and any goods you traded in will be returned to you.

## APPENDIX C

# The Ambassador Program

### A. International Sponsoring

Unicity allows Distributors the opportunity to Sponsor other Distributors in approved foreign countries. This is accomplished through the Unicity Ambassador Program (the "Ambassador Program"). Distributors who participate in the Ambassador Program may be referred to as "Ambassadors." Distributors may become Ambassadors only to countries that are officially "Opened" by Unicity ("Target Countries"). A country is Opened when Unicity publishes notice of such opening in an official Unicity publication from the corporate headquarters of Unicity in the United States.

### B. Ambassador Qualifications

To qualify and participate in the Ambassador Program, a Distributor must:

- 1) Be a Distributor in good standing in his or her country of residence ("Home Country");
- 2) Achieve the Rank of Senior Manager under the Compensation Plan;
- 3) Request a Basic Literature Packet from the Target Country; and
- 4) Read and understand all aspects of the Ambassador Program, including the Compensation Plan for the Target Country in which the Distributor wishes to Sponsor.

### C. Ambassador Policies

The following policies have been established to protect Unicity and its Ambassadors. Violation of these policies may lead not only to Unicity disciplinary action but also to governmental regulatory action, which may include severe fines, confiscation of property, closure of business operations, or even imprisonment. Ambassadors must comply with the following policies:

- 1) An Ambassador may not engage in blind prospecting without prior written approval from Unicity. Many countries have strict privacy laws that forbid blind solicitations. Also, many local laws forbid advertising for leads. An Ambassador may not advertise for leads without the prior written consent of the General Manager of the Target Country.
- 2) An Ambassador may not import any Unicity products into a market in which that product is not approved. Even though Unicity products with the same name may be offered by Unicity in two different countries, the products themselves may be different.
- 3) An Ambassador may not use Unicity literature or promotional statements from one country in any other country. Promotional statements from one country's literature may not be appropriate or legal for another country.
- 4) An Ambassador does not have the right to sell Unicity products in the Target Country. That right is reserved for individuals who are Distributors in the Target Country. To avoid adverse tax consequences and restitution requirements, an Ambassador should refer product sales to his or her Downline Distributors in the Target Country.
- 5) An Ambassador may not send any unauthorized Unicity products to another country. Products to be sold in the Target Country must be obtained directly from the Target Country's Unicity office or warehouse.
- 6) An Ambassador may not seek or participate in media coverage of any kind without prior written approval from the Unicity office in the Target country.
- 7) An Ambassador may not misrepresent Unicity products or the Unicity opportunity in the Target Country.
- 8) An Ambassador may not make claims or guarantees of specific earnings potential in the Target Country.

- 9) An Ambassador may not make therapeutic or medicinal claims about Unicity products in the Target Country.
- 10) An Ambassador must comply with the Unicity Policies & Procedures of both the Home and Target Country.

#### **D. Compensation Under the Ambassador Program**

Ambassadors are compensated for Volume generated by their Downline in the Target Country pursuant to the Target Country's Compensation Plan (the "Target Country Compensation Plan"). The Awards and requirements for Ambassadors may differ for each Target Country. In order to understand the requirements and compensation, an Ambassador must be familiar with the Target Country's Compensation Plan. An Ambassador will be compensated at a Rank no less than the Rank attained in the Home Country. Although Volume generated by your Downline in a Target Country may be used to qualify for your Rank in your Home Country, your Awards for the Volume generated by your Downline in a Target Country will be calculated according to the compensation plan of that Target Country.

#### **E. The Basic Literature Packet and Compensation Plan**

The compensation plan for a Target Country is included with the Basic Literature Packet for the Target Country that the Ambassador requests from the Target Country before beginning Ambassador activity.

#### **F. Ambassador Awards**

Ambassador Awards or earnings are based on the rules of the Compensation Plan of the Target Country. Ambassadors are paid from the Ambassador's Home Country in the Home

Country currency. Ambassadors are not paid any Phase I Awards under the Compensation Plan of the Target Country. There may be specific income-tax-withholding requirements in the Target Country. When applicable, withholdings will be deducted from the Ambassador's Awards. All other rules related to Awards apply to Ambassador Awards.

#### **G. Foreign Market Instability**

The ability to make payments to Ambassadors as a result of the sale of Unicity products in countries outside Canada is dependent on the receipt by Unicity of Canadian dollars in connection with such sales. Consequently, Unicity may restrict, delay, or modify Awards or payments to Ambassadors during such time as conditions in a foreign country limit or restrict the conversion or repatriation of money.

#### **H. Monthly Processing Fee**

A monthly processing fee may be charged for each country in which the Distributor is an Ambassador. If an Ambassador does not qualify for Awards one month, the Ambassador will not be charged the processing fee(s) for that month.

#### **I. Downline Lists**

An Ambassador may obtain the Ambassador's Downline List in a Target Country online or by contacting the Distributor Support department in the Ambassador's Home Country's office.

#### **J. Ambassador Renewal Fee**

No annual renewal fee (other than the Home Country renewal fee) is required to maintain a Distributor's Ambassador status.

This Appendix D is part of and incorporated into the Unicity Policies & Procedures.

## APPENDIX D

# Typical Annual Average Earnings

Individual Distributor earnings may vary. Unicity Canada does not in any way guarantee a minimum amount of average earnings for any Distributors. A typical Active Distributor is one who receives a level of earnings received by the majority of participants at the specified rank. Eighty percent of the typical average Distributors earn four hundred and seventy dollars per annum. The average typical annual earnings of active Distributors is an estimate as projected by a model of the new Unicity Compensation Plan.

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