

# POLICIES & **PROCEDURES**



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Zilis reserves the right to modify the compensation plan without prior written notice. Zilis will pay up to a maximum of 50% of business volume in any given pay period. In the event this maximum is reached, the company will implement an identical percentage deduction from all binary team bonuses in the given period to reach payout equal to 50% of BV. Ambassador accounts that remain do not have a commissionable order for a period of six months will be converted to a customer status. Zilis strictly prohibits bonus/rank buying, enforces the 70% rule, and reserves the right to refuse any order.

Zilis does not guarantee any level of income to any Ambassador. Earnings represented or implied are not typical and can not be relied upon to represent one's personal results either for current or future earnings. Income, if any earned from the Zilis Compensation Plan requires diligence and hard work in several areas including, but not limited to, leadership, recruiting, self-development and dedication. Each Ambassador's results will depend on their own skills, abilities and personal efforts in exercising these qualities.

Statements about Zilis products have not been evaluated by the Food and Drug Administration. These products are not intended to diagnose, treat, cure or prevent any disease.

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## 1. MISSION STATEMENT

Founded with a mission to change lives, our goal is to empower every person on the planet to achieve more. By providing innovative business opportunities, cutting-edge technology, and the highest quality products, we are creating a worldwide movement to better health and wellness.

## 2. INTRODUCTION

### 2.1 - Purpose of the Ambassador Agreement and the Policies and Procedures

The purposes of the Ambassador Agreement and the Policies and Procedures include the following:

- To assist Ambassadors in building and protecting their businesses;
- To protect Zilis and its Ambassadors from legal and regulatory risks;
- To establish standards of acceptable behavior;
- To set forth the rights, privileges, and obligations of Zilis and its Ambassadors; and
- To define the relationship between Zilis and its Ambassadors.

### 2.2 - Policies and Procedures Incorporated into Ambassador Agreement

These Policies and Procedures, in their present form and as amended by Zilis, LLC (hereafter “Zilis” or the “Company”), are incorporated into, and form an integral part of, the Zilis Independent Ambassador Application and Agreement (“Ambassador Agreement”). It is the responsibility of each Ambassador to read, understand, adhere to, and ensure that the Ambassador is aware of and operating under the most current version of these Policies and Procedures. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Zilis Ambassador Application and Agreement (including the Terms and Conditions), these Policies and Procedures, the Zilis Compensation Plan, and the Zilis Business Entity Addendum (if applicable).

### 2.3 - Changes to the Agreement

Zilis reserves the right to amend the Agreement and adjust its prices in its sole and absolute discretion. By executing the Ambassador Agreement, an Ambassador agrees to abide by all amendments or modifications that Zilis elects to make. Amendments shall be effective thirty (30) days after publication of notice that the Agreement has been modified. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company's official web site; (2) electronic mail (e-mail); and (3) posting in Ambassadors' Back Offices. The continuation of an Ambassador's Zilis business, the acceptance of any benefits under the Agreement, or an Ambassador's acceptance of bonuses or commissions constitutes acceptance of all amendments.

### 2.4 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible. The balance of this Agreement shall remain in full force and effect. Zilis, its parent or affiliated companies, directors, officers, shareholders, employees, assigns, and agents (collectively referred to as “affiliates”), shall not be liable for, and I release Zilis and its affiliates from, all claims for consequential and exemplary damages for any claim or cause of action relating to the Agreement.

### 2.5 - Waiver

The Company never relinquishes its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Zilis to exercise any right or power under the Agreement or to insist upon strict compliance by an Ambassador with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Zilis' right to demand exact compliance with the Agreement. The existence of any claim or cause of action of an Ambassador against Zilis shall not constitute a defense to Zilis' enforcement of any term or provision of the Agreement.

### 2.6 - Company Use of Information

By submitting an Ambassador Application and Agreement that is accepted by Zilis, the Ambassador consents to allow Zilis, its affiliates, and any related company to: (a) process and utilize the information submitted in the Ambassador Application and Agreement (as amended from time to time) for business purposes related to the Zilis business; and (2) disclose, now or in the future, such Ambassador information to companies which Zilis may, from time to time, deal with to deliver information to an Ambassador to improve its marketing, operational, and promotional efforts. An Ambassador has the right to access the Ambassador's personal information via the Ambassador's respective Back Office, and to submit updates thereto.

## SECTION 3 - BECOMING AN AMBASSADOR

### 3.1 - Requirements to Become an Ambassador

To become a Zilis Ambassador, each applicant must:

- Be at least 18 years of age;
- Reside in the United States or U.S. Territories or country that Zilis has officially announced is open for business;
- Provide Zilis with the Ambassador's valid Social Security or Federal Tax ID number;

- Purchase a Zilis Starter Kit (optional in North Dakota, Massachusetts and Wyoming for residents of those states); and
- Submit a properly completed Ambassador Application and Agreement to Zilis either in hard copy or online format.

Zilis reserves the right to accept or reject any Ambassador Application and Agreement for any reason or for no reason.

### 3.2 - Starter Kit/Enrollment Fee and Product Purchases

With the exception of a Starter Kit/Enrollment Fee, no person is required to purchase Zilis products, services or sales aids, or to pay any charge or fee to become an Ambassador. In order to familiarize new Ambassadors with Zilis products, services, sales techniques, sales aids, and other matters, the Company requires that they purchase a Starter Kit. Zilis will repurchase resalable kits from any Ambassador who terminates the Ambassador's Ambassador Agreement pursuant to the terms of Section 8.3.

### 3.3 - Ambassador Benefits

Once an Ambassador Agreement has been accepted by Zilis, the benefits of the Compensation Plan and the Ambassador Agreement are available to the new Ambassador. These benefits include the right to:

- Sell Zilis products and services;
- Purchase products at wholesale pricing,
- Participate in the Zilis Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Customers or Ambassadors into the Zilis business and thereby, build a marketing organization and progress through the Zilis Compensation Plan;
- Receive periodic Zilis literature and other Zilis communications;
- Participate in Zilis-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- Participate in promotional and incentive contests and programs sponsored by Zilis for its Ambassadors.

### 3.4 - Term and Renewal of Your Zilis Business

The term of the Ambassador Agreement is one year from the date of its acceptance by Zilis (subject to reclassification for inactivity after six months pursuant to Section 11.2). Ambassadors must renew their Ambassador Agreement each year by paying an annual renewal fee of \$49.00 on or before the anniversary date of their Ambassador Agreement. If the renewal fee is not paid on or before the anniversary date of their Ambassador Agreement, the Ambassador Agreement will be automatically terminated. Ambassadors may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee will be charged to the Ambassador's credit card on file with the Company. Ambassadors without a credit card or bank account must renew by phone or mail. Zilis shall have the right in its sole and absolute discretion not to accept the Agreement or any renewal of it.

## SECTION 4 - OPERATING A ZILIS BUSINESS

### 4.1 - Adherence to the Zilis Compensation Plan

Ambassadors must adhere to the terms of the Zilis Compensation Plan as set forth in official Zilis literature. Ambassadors shall not offer the Zilis opportunity through, or in combination with, any other system, program, sales tools, or method of marketing other than that specifically set forth in official Zilis literature. Ambassadors shall not require or encourage other current or prospective Customers or Ambassadors to execute any agreement or contract other than official Zilis agreements and contracts in order to become a Zilis Ambassador. Similarly, Ambassadors shall not require or encourage other current or prospective Customers or Ambassadors to make any purchase from, or payment to, any individual or other entity to participate in the Zilis Compensation Plan other than those purchases or payments identified as recommended or required in official Zilis documents or literature.

### 4.2 - Advertising

**4.2.1 - General** — All Ambassadors shall safeguard and promote the good reputation of Zilis and its products. The marketing and promotion of Zilis, the Zilis opportunity, the Compensation Plan, and Zilis products must avoid all discourteous, deceptive, misleading, unethical or immoral, or illegal conduct or practices.

To promote both the products and services, and the tremendous opportunity Zilis offers, Ambassadors **are strongly encouraged to** use the sales aids, business tools, and support materials produced by Zilis. The Company has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that the products are promoted in a fair and truthful manner, that all product claims are substantiated, and the materials comply with the legal requirements of federal and state laws.

In addition, Ambassadors may advertise or promote their Zilis business using approved tools, templates or images acquired through Zilis. No approval from Zilis is necessary to use these approved tools. If you wish to design your own online or offline marketing materials of any kind, your designs must be emailed to [compliance@zilis.com](mailto:compliance@zilis.com) or mailed to the Zilis corporate office with attention to the Compliance Department. Unless you receive specific written approval from Zilis to use such tools, the request shall be deemed denied.

Ambassadors may not sell sales aids to other Zilis Ambassadors. Therefore, Ambassadors who receive authorization from Zilis to produce their own sales aids may not sell such material to any other Zilis Ambassador. Ambassadors may make approved material available to other Ambassadors in their enrollment tree downline only but may not charge for the materials.

Zilis further reserves the right to rescind approval for any sales tools, promotional materials, advertisements, or other literature, and Ambassadors waive all claims for damages or remuneration arising from or relating to such rescission.

**4.2.2 - Trademarks and Copyrights** — The name of Zilis and other names as may be adopted by Zilis are proprietary trade names, trademarks, service marks copyrights of Zilis (collectively "marks"). As such, these marks are of great value to Zilis and are supplied to Ambassadors for their use only in an expressly authorized manner. Zilis will only allow the limited non-exclusive use of its

marks, designs, or symbols, or any derivatives thereof, solely by an Ambassador in the furtherance or operation of the Ambassador's Zilis business, consistent with these Policies and Procedures. Zilis will not allow the use of its marks, designs, or symbols, or any derivatives thereof, by any person, including Zilis Ambassadors, in any manner without its prior, written permission.

The content of all Company sponsored events is copyrighted material. Ambassadors may not produce for sale or distribution any recorded Company events and speeches without written permission from Zilis, nor may Ambassadors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

As an independent Ambassador, you may use the Zilis name in the following manner

Ambassador's Name  
Independent Zilis Ambassador

*Example:*

Alice Smith  
Independent Zilis Ambassador

or

Alice Smith  
Zilis  
Independent Ambassador

Ambassadors must use the descriptor "Zilis team (*insert your team name*)" in any team name. Except as set forth in the preceding sentence, Ambassadors may not use the name "Zilis" in any form in a tagline, an external website name, your personal website address or extension, in an e-mail address, as a personal name, or as a nickname. Additionally, you must use the phrase *Independent Zilis Ambassador* in your phone greeting or on your answering machine to clearly separate your independent Zilis business from Zilis, LLC. For example, you may not secure the domain name [www.buyZilis.com](http://www.buyZilis.com), nor may you create an email address such as [Zilissales@hotmail.com](mailto:Zilissales@hotmail.com).

**4.2.2.1 - Zilis Independent Ambassador Logo** — If you use a Zilis logo in any communication, you must use the Independent Ambassador version of the Zilis logo. Using any other Zilis logo requires written approval. Please see the example below:

Logo Approved for Ambassador Use



**4.2.3 - Media and Media Inquiries** — Ambassadors are not authorized to respond to media inquiries regarding Zilis, its products or services, or their independent Zilis business. All inquiries by any type of media must be immediately referred to Zilis' Marketing Department at [marketing@zilis.com](mailto:marketing@zilis.com). This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

**4.2.4 - Unsolicited Email** — Zilis does not permit Ambassadors to send unsolicited commercial emails unless such emails strictly comply with applicable state and federal laws and regulations including, without limitation, the federal CAN-SPAM Act. The CAN-SPAM Act regulates the transmission of all commercial e-mail messages, not just unsolicited messages. A commercial e-mail message is defined as any e-mail that has a "primary purpose of . . . commercial advertisement or promotion of a commercial product or service." This includes commercial e-mails sent to business e-mail accounts, as well as those sent to individual consumers.

#### **4.2.4.1 - Requirements for All Commercial Email Messages**

The Mailing List

- The mailing list may include only persons who have affirmatively agreed (opted in) to receive commercial e-mail from you.
- The mailing list must not include any recipient who has previously asked not to receive commercial e-mail from the business (opted out).
- You must "scrub" the mailing list against available "do not e-mail" list at the last possible, commercially reasonable moment before the e-mail is sent.

The E-mail Message

- The message must include complete and accurate transmission and header information.
- The "From" line must identify your business as the sender. This does not have to include your business's formal name, if any. For example, it may contain your business's name, trade name, or product or service name. The key requirement is that the "From" line provide the recipient with enough information to understand who is sending the message.
- The "Subject" line must accurately describe the message's content.
- The message must clearly include the business's valid, current physical postal address. This address can be a:
  - o street address;
  - o post office box that the business has accurately registered with the US Postal Service; or
  - o private mailbox that the business has accurately registered with a commercial mail receiving agency established pursuant to US Postal Service regulations.
- The message must disclose that it is an advertisement or solicitation unless the e-mail message is sent only to recipients who have affirmatively agreed (opted in) to receive these messages from the business.
- There must be a functioning return email address to the sender.
- The use of deceptive subject lines and/or false header information is prohibited.

## The Opt-out Mechanism

- The message must clearly explain that the recipient may opt out of receiving future commercial messages from the business.
- The message must include either an e-mail address or other online mechanism that the recipient may use for this opt out. The mechanism must not require the recipient to:
  - do anything more than reply to the e-mail or visit a single web page to opt out;
  - make any payment or submit any personal information, including account information (other than e-mail address), to opt out; and
  - the opt-out mechanism must work for at least 30 days after the e-mail is sent.
- You must ensure that the explanation of how a recipient can opt out is easy to read and understand.
- You may include a menu of opt-out options that permit the recipient to select the types of commercial messages the recipient would like to continue receiving. However, one option must permit opting out of all commercial messages from you.
- You must honor all opt-out requests within ten business days.
- Opt-out requests do not expire. An opt-out is overridden only by the recipient's subsequent express (opt in) request to receive commercial e-mail.
- All opt-out requests, whether received by email or regular mail, must be honored. If you receive an opt-out request from a recipient of an email, you must forward the opt-out request to the Company.
- You may not sell, share or use a business' opt-out list for any reason other than to comply with the law.

Monitoring Opt-out Capabilities – If you use a third-party service provider you must implement procedures to ensure that your opt-out capabilities function properly. An example of a basic procedure to test the opt-out procedure is as follows:

- Establish e-mail accounts with several major private e-mail account providers (for example, Gmail, Yahoo, Hotmail, AOL, and so on) and add these e-mail addresses to the business' mailing list. For each e-mail address created for monitoring purposes, use the business' opt-out mechanism to remove the e-mail address from the mailing list.
- Repeat this procedure on a regular basis (for example, at least every two weeks).
- Examine the e-mail received by the monitoring e-mail account to confirm that the: the opt-out mechanism works; the opt-out request is honored within 10 business days; and the monitoring e-mail account no longer receives commercial messages from the business.
- If the monitoring and testing process reveals problems, the business should immediately fix the issues.

Third-party Marketing Affiliates or Service Providers - When using third-party service providers, including affiliate marketers you should ensure that the written contract with the service provider clearly sets out each party's responsibilities for compliance with the CAN-SPAM Act and includes appropriate and adequate remedies for noncompliance.

## 4.2.4.2 - Additional Requirements for E-Mail Messages Sent to Wireless Devices — When sending commercial messages to wireless devices:

- Ensure that you have the recipient's prior, affirmative consent (opt in) to send the commercial message. The consent can be oral, written or electronic.
- Ask for consent in a way that involves no cost to the recipient, for example:
  - do not send the request to the wireless device; and
  - allow the recipient to respond in a way that involves no cost (such as an online, e-mail or postal mail sign-up).
- When seeking consent, make it clear that the recipient:
  - is agreeing to receive commercial e-mail on his wireless device;
  - may be charged to receive the e-mail; and
  - can revoke his consent at any time.

## 4.2.4.3 - Commercial Email Messages Sent on Behalf of

**Ambassadors —** Zilis may periodically send commercial emails on behalf of Ambassadors. By entering into the Ambassador Agreement, Ambassador agrees that the Company may send such emails and that the Ambassador's physical and email addresses will be included in such emails as outlined above. Ambassadors shall honor opt-out requests generated as a result of such emails sent by the Company.

**4.2.5 - Unsolicited Faxes —** Except as provided in this section, Ambassadors may not use or transmit unsolicited faxes in connection with their Zilis business. The term "unsolicited faxes" means the transmission via telephone facsimile or computer of any material or information advertising or promoting Zilis, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Ambassador has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between an Ambassador and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Ambassador; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

**4.2.6 - Telephone Directory Listings —** Ambassadors may list themselves as an "Independent Zilis Ambassador" in the white or yellow pages of the telephone directory, or with online directories, under their own name. No Ambassador may place telephone or online directory display ads using Zilis' name or logo. Ambassadors may not answer the telephone by saying "Zilis", "Zilis Incorporated", or in any other manner that would lead the caller to believe that the caller has reached corporate offices of Zilis. If an Ambassador wishes to post the Ambassador's name in a telephone or online directory, it must be listed in the following format:

Ambassador's Name  
Independent Zilis Ambassador

**4.2.7 - Television and Radio Advertising** — Ambassadors may not advertise on television and radio except with Zilis' express written approval.

**4.2.8 - Advertised Prices** — Ambassadors may not create their own marketing or advertising material offering any Zilis products at a price less than the current minimum sales price (MSP) as advertised on the official Zilis price list available in the resource section of the Ambassador Back Office. Ambassadors may not sell any Zilis products at a price less than the current MSP.

### 4.3 - Online Conduct

**4.3.1 - Ambassador Websites** — If an Ambassador desires to utilize an Internet web page to promote the Ambassador's business, the Ambassador may do so through the Company's official web site, using official Zilis Replicated Website templates. Through their replicated websites, Ambassadors can take orders, enroll new Customers and Ambassadors, place Customers on the Autoship Program, as well as manage their Zilis business. Alternatively, Ambassadors may develop their own External Registered Websites. However, any Ambassador who wishes to develop the Ambassador's own External Registered Website must submit a properly completed External Website Registration Application and Agreement and receive the Company's prior written approval before the website goes live and is visible to any third party. Once a website is approved by Zilis in writing, it is a "Registered External Website." Any changes to the Registered External Website must be submitted to Zilis, and the Ambassador must receive Zilis' written authorization to make the change before going live with the change.

**4.3.2 - Zilis Replicated Websites** — Ambassadors receive a Zilis Replicated Website subscription to facilitate online buying experience for their Customers and enrollments for prospective Customers and Ambassadors. There is no additional charge for the Zilis Replicated Website.

Ambassadors may not alter the branding, artwork, look, or feel of their Replicated Website, and may not use their Replicated Website to promote, market or sell non-Zilis products, services or income opportunities. Specifically, you may not alter the look (placement, sizing etc.) or functionality of the following:

- The Zilis Independent Ambassador Logo
- Your Name
- Zilis Corporate Website Redirect Button
- Artwork, logos, or graphics
- Original text.

Because Replicated Websites reside on the Zilis.com domain, Zilis reserves the right to receive analytics and information regarding the usage of your website.

By default, your Zilis Replicated Website URL username is `www.Zilis.com/<AmbassadorID#>`. You may also create a uniquely identifiable username or purchase your own Website URL that forwards to your Zilis Replicated Website. You may not use a uniquely identifiable website name that:

- Could be confused with other portions of the Zilis corporate website;

- Confuse a reasonable person into thinking they have landed on a Zilis corporate page;
- Be confused with any Zilis name;
- Contain any discourteous, misleading, or off-color words or phrases that may damage Zilis' image.

**4.3.3 - Registered External Website Content** — Ambassadors may create their own Registered External Websites, so long as the website and its content comply with the terms of Zilis' Policies and Procedures and applicable laws.

The term "External Website" refers to an Ambassador's own personal website, or other web presence that is used for an Ambassador's business, but which is not hosted on Zilis' servers and has no official affiliation with Zilis. In addition to traditional websites, a blog or website developed on a blogging platform, that promotes Zilis products and/or the Zilis opportunity is considered an External Website. An Ambassador may create and maintain an External Website to personalize the Ambassador's business and promote the opportunity, but such External Website must be approved in writing by Zilis. If an Ambassador wishes to develop an External Website, the Ambassador must:

- a. Submit a written request to Zilis' Compliance Department at `compliance@Zilis.com` and receive Zilis' written approval in advance of being available for public viewing;
- b. Provide the Compliance Department with the username and password to the web hosting account with which the External Website is housed.
- c. Submit the content of the External Website to Zilis for approval in advance of being available for public viewing. Zilis reserves the right to deny any External Website, and the Ambassador waives all claims against Zilis should such authorization be withheld or rescinded;
- d. Adhere to the branding and image usage policies described in these Policies and Procedures;
- e. Agree to modify the External Website to comply with current and future Policies and Procedures;
- f. Agree to terminate the External Website upon voluntary or involuntary Cancellation of the Ambassador's Ambassador Agreement.

Ambassadors are solely responsible and liable for their own Registered External Website content, messaging, claims, and information and must ensure that it appropriately represents and enhances the Zilis brand and adheres to Zilis' Policies and Procedures. Therefore, even if an Ambassador does not own or operate a blog or Social Media site, if an Ambassador posts to any such site that relates to Zilis or which can be traced to Zilis, the Ambassador is responsible for the posting. The Ambassador is also responsible for postings by others that appear on any blog or Social Media site that the Ambassador owns, operates or controls. Additionally, Registered External Websites must not contain disingenuous popup ads or promotions or malicious code.

Decisions and corrective actions in this area are at Zilis' sole discretion.

An Ambassador's External Website may not use Zilis trademarks, product names, trade names, service marks, copyrights, or intellectual property (collectively referred to herein as "Zilis Intellectual Property") in metatags, online descriptors, or any other search engine optimization ("SEO") tactic. However, an External Website may use Zilis Intellectual Property within the text or body of the webpages.

An Ambassador's External Website may not link to any site other than a Zilis replicated website. An Ambassador may place inbound links to the Ambassador's Registered External Website, but sites from which the Ambassador links must not contain any violent, hateful, pornographic, or illegal content or any other content which may damage Zilis' reputation. Whether content is or may be damaging to Zilis' reputation shall be in the sole discretion of Zilis.

If an Ambassador uses the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any posting, it is the Ambassador's responsibility to ensure that the Ambassador has received the proper license to use such intellectual property and pay the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third party, and the Ambassador must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

It is the Ambassador's obligation to ensure the Ambassador's online marketing activities are truthful, are not deceptive and do not mislead prospective or current Customers or Ambassadors in any way. Websites and web promotion activities and tactics that mislead or are deceptive, regardless of intent, will result in disciplinary action. Deceptive and misleading tactics include, but are not limited to, spam linking (or blog spam), deceptive or misleading search engine optimization ("SEO") tactics (e.g., deceptive or misleading metatags), deceptive or misleading click-through ads (i.e. having the display URL of a Pay-Per-Click ("PPC") campaign appear to be directed to an official Zilis Corporate Site when it in fact goes elsewhere), unapproved banner ads, and unauthorized press releases. Zilis will be the sole determinant of truthfulness and whether specific activities are misleading or deceptive.

**4.3.4 - Zilis Independent Ambassador Disclosure** — To avoid confusion, the following three elements must be prominently displayed at the top of every page of your Registered External Website:

- The Zilis Independent Ambassador Logo
- Your Name and Title
- Zilis Corporate Website Redirect Button

Although Zilis brand themes and images are desirable for consistency, anyone landing on any page of an Ambassador's External Website must clearly understand that they are at an Independent Ambassador site, and not a Zilis Corporate page.

**4.3.5 - Registered External Websites Must Exclusively Promote Zilis** — Your Zilis Registered External Website must contain content

and information that is exclusive to Zilis. You may not promote, market or advertise any other products, services or opportunity other than the Zilis product line and the Zilis opportunity. The foregoing prohibition regarding the promotion, marketing or advertising of other products will not be applicable if the Ambassador of the Registered External Website offers Zilis products or services or the Zilis opportunity on a website that promotes the Ambassador's professional services (e.g., medical care, health care, salon, etc.). If you want to sell products on a Registered External Website, you must first obtain written approval from Zilis to do so. Your Registered External Website if you obtain written approval from Zilis to do so.

**4.3.6 - eCommerce or Retailing via Registered External Website** — You may sell Zilis products on your approved Registered External Website. You may not sell any Zilis products at a price less than the current MSP. You must provide your Retail Customers who purchase through your Registered External Website with two copies of an official Zilis sales receipt at the time of the sale. If a Retail Customer's order will not produce a digital receipt, the selling Ambassador must provide the customer with a paper receipt. Please note that a PDF of a paper receipt can be downloaded from the Back Office. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Ambassadors must maintain all digital and paper retail sales receipts for sales to their Retail Customers for a period of two years and furnish them to Zilis at the Company's request. You maintain sole responsibility to ensure your Registered External Website complies with all state and federal laws, including responsibility for the collection and remission of applicable sales taxes (if any).

**4.3.7 - Registered External Website Termination** — In the event of the voluntary or involuntary termination of your Ambassador Agreement, you must remove your Registered External Website from public view within three days and redirect (forward) all traffic from that domain to [www.Zilis.com](http://www.Zilis.com). Your external website may be transferred to another Zilis Ambassador, subject to Zilis approval, on a case-by-case basis.

**4.3.8 - Team Websites** — Ambassadors who have achieved the rank of National Ambassador or higher and that have executed a Zilis National Ambassador Addendum may create their own Team Website. You may use team websites for the purposes of connecting, communicating, training, education and sharing best practices among team members. The team website internet domain name, website content and design must clearly include the descriptor "Zilis team (insert your team name)" and the website must prominently display the Zilis Independent Ambassador logo on the homepage. Because these sites may contain sensitive and organization-specific information, team websites may only be shared with members of your enrollment tree downline. That is to say that only Ambassadors who are in your upline or downline may have access to your team website; crossline Ambassadors (as defined in Section 4.3.20) shall not be allowed access.

An eligible Ambassador who wants to develop the Ambassador's own Team Website must submit a properly completed Team Website Registration Application and Agreement to [compliance@zilis.com](mailto:compliance@zilis.com) and receive the Company's prior written approval before

the website goes live and is visible to any third party. Once a Team Website is approved by Zilis in writing, it is a “Registered Team Website.” Any changes to the Registered Team Website must be submitted to Zilis, and the Ambassador must receive Zilis’ written authorization to make the change before going live with the change. Ambassadors who own or operate a password protected Registered Team Website must provide Zilis with a user ID and password to be able to access the website from time to time. Registered Team Websites must comply with the terms of Zilis’ Policies and Procedures and applicable laws.

#### **4.3.9 - Domain Names, email Addresses and Online Aliases —**

You are not allowed to use or register Zilis or any of Zilis’ trademarks, product names, or any derivatives, for any Internet domain name, email address, social media website, blog website, online handles or online aliases. Additionally, you cannot use or register domain names, email addresses, social media websites, blog websites, online handles and/or online aliases that could cause confusion, or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from, or is the property of Zilis. Examples of the improper use of Zilis include, but are not limited to any form of Zilis showing up as the sender of an email or examples such as:

www.MyZilisBiz.com	www.buyzilisproducts.com
www.ISellZilis.com	www.ZilisbyJaneDoe.com
www.ZilisMoney.net	www.JanesZilisOpportunity.net

**4.3.10 - Zilis Hotlinks —** When directing readers to your Registered External Website or replicated site it must be evident from a combination of the link, and the surrounding context, to a reasonable reader, that the link will be redirecting to the site of an independent Zilis Ambassador. Attempts to mislead web traffic into believing they are going to a Zilis corporate site, when in fact they land at an Ambassador site (replicated or registered external) will not be allowed. The determination as to what is misleading or what constitutes a reasonable reader will be at Zilis’ sole discretion.

**4.3.11 - Monetizing Websites —** Ambassadors may not monetize their Replicated Website or their Registered External Website through affiliate programs, pay-per-click or cost-per-impression advertising, selling ad space, accepting donations, accepting sponsored posts or articles, adSense, or similar programs.

**4.3.12 - Online Classifieds —** You may not use online classifieds (including Craigslist) to list, sell or retail specific Zilis products or product bundles. You may use online classifieds (including Craigslist) for prospecting, recruiting, sponsoring and informing the public about the Zilis income opportunity, provided Zilis-approved templates/images are used. These templates will identify you as an Independent Zilis Ambassador. If a link or URL is provided, it must link to your Replicated Website or your Registered External Website.

**4.3.13 - eBay / Online Auctions —** Zilis’ products and services may not be listed on any online auctions (including eBay.com, Alibaba.com, TowBow.com, etc.). Ambassadors are also prohibited from enlisting or knowingly allowing a third party to sell Zilis products on online auction sites or ecommerce sites. An Ambassador who becomes aware, or should have reasonably become aware, that a third party to whom the Ambassador sells Zilis products on eBay or

any other online auctions must immediately discontinue all sales to the third party.

**4.3.14 - Online Retailing —** Ambassadors may not list or sell Zilis products on any online retail store or ecommerce site (such as Amazon.com), nor may Ambassadors enlist or knowingly allow a third party to sell Zilis products on any online retail store or ecommerce site. An Ambassador who becomes aware, or should have reasonably become aware, that a third party to whom the Ambassador sells Zilis products on any online retail store or ecommerce site must immediately discontinue all sales to the third party.

**4.3.15 - Banner Advertising —** You may place banner advertisements on a website provided you use Zilis-approved templates and images. All banner advertisements must link to your Replicated Website or a Registered External Website. Ambassadors may not use blind ads (ads that do not disclose the identity of the Company) or web pages that make product or income claims that are ultimately associated with Zilis products or the Zilis opportunity. Banner advertisements may not be placed on any website that contains any violent, hateful, pornographic, or illegal content or any other content which may damage Zilis’ reputation. Whether content is or may be damaging to Zilis’ reputation shall be in the sole discretion of Zilis.

**4.3.16 - Spam Linking —** Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spamdexing. Any comments you make on blogs, forums, guest books, etc., must be unique, informative and relevant.

**4.3.17 - Digital Media Submission (YouTube, iTunes, PhotoBucket etc.) —** You may upload, submit or publish Zilis-related video, audio or photo content that you develop and create. Before you do so, you must submit it to the Zilis Compliance Department and receive written approval from Zilis. Any video, audio, or photo content you want to upload, submit or publish must align with Zilis’ values, contribute to the Zilis community’s greater good, and be compliant with Zilis’ Policies and Procedures. All submissions must clearly identify you as an Independent Zilis Ambassador in the content itself and in the content description tag, must comply with all copyright/legal requirements, and must state that you are solely responsible for this content. Ambassadors may not upload, submit or publish any content (video, audio, presentations or any computer files) received from Zilis or captured at official Zilis events or in buildings owned, leased, or operated by Zilis without prior written permission from Zilis.

**4.3.18 - Sponsored Links / Pay-Per-Click (PPC) Ads —** Except as prohibited elsewhere within the Policies and Procedures, sponsored links or pay-per-click ads (PPC) are acceptable. The destination URL must be to the sponsoring Ambassador’s Replicated Website or to the sponsoring Ambassador’s Registered External Website. The display URL must also be to the sponsoring Ambassador’s Replicated Website or to the sponsoring Ambassador’s Registered External Website, and must not portray any URL that could lead the user to believe they are being directed to a Zilis Corporate site, or be inappropriate or misleading in any way.

**4.3.19 - Domain Names and Email Addresses** — Ambassadors may not register any of Zilis' trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative of the foregoing, for any Internet domain name, email address, or social media name or address.

**4.3.20 - Social Media** — In addition to meeting all other requirements specified in these Policies and Procedures, should you utilize any form of social media, including but not limited to Facebook, Instagram, Snapchat, Twitter, LinkedIn, YouTube, or Pinterest, you agree to each of the following:

- No product sales or enrollments may occur on any social media site. To generate sales, a social media site must link only to your Zilis Replicated Website or your Registered External Website.
- It is your responsibility to follow the social media site's terms of use. If the social media site does not allow its site to be used for commercial activity, you must abide by the site's terms of use.
- Any social media site that is directly or indirectly operated or controlled by an Ambassador that is used to discuss or promote Zilis' products or the Zilis opportunity may not link to any website, social media site, or site of any other nature, other than the Ambassador's Zilis replicated website or your Registered External Website.
- During the term of this Agreement and for a period of two years thereafter, an Ambassador may not use any social media site on which they discuss or promote, or have discussed or promoted, the Zilis business or Zilis' products to directly or indirectly solicit Zilis Ambassadors for another direct selling, multilevel marketing or network marketing program (collectively, "direct selling"). In furtherance of this provision, an Ambassador shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Ambassadors relating to the Ambassador's other direct selling business activities. Violation of this provision shall constitute a violation of the non-solicitation provision in Section 4.11 (Conflicts of Interest) below.
- An Ambassador may post or "pin" photographs of Zilis products on a social media site.
- Unless an Ambassador had prior to the Ambassador's enrollment in Zilis an "established business or personal relationship" as defined in Section 4.2.5, an Ambassador may not attempt to add or add a Crossline Ambassador as a "Friend" or contact on or through any social media platform or website. For the purposes of this Section 4.3.20, the term "Crossline Ambassador" means a Zilis Ambassador who is in another Zilis enrollment tree downline other than the one in which the Ambassador who wants to add the Crossline Ambassador is enrolled. Regardless of whether an Ambassador had an established business or personal relationship with a Crossline Ambassador, the Crossline Ambassador may not be invited into any private online groups.

Ambassadors who have achieved the rank of National Ambassador or higher and who have executed a Zilis National Ambassador Addendum may create their own Team Social Media Groups for their team. The purpose of a Team Social Media Group is to connect, communicate, train, educate and share best practices among team members. Images or logos for the Team Social Media Group must clearly include the descriptor "Zilis team (insert your team name)" and the Group page must prominently display the Zilis

Independent Ambassador logo. Because these Groups may contain sensitive and organization-specific information, Team Social Media Groups may only contain your enrollment tree upline and downline.

An eligible Ambassador who wants to develop the Ambassador's own Team Social Media Group must submit a properly completed Team Social Media Group Registration Application and Agreement to [compliance@zilis.com](mailto:compliance@zilis.com) and receive the Company's prior written approval before the Group goes live and is visible to any third party. Once a Team Social Media Group is approved by Zilis in writing, it is a "Registered Team Social Media Group." The eligible Ambassador must use tools available on social media platforms to ensure admission to the Group is provided only to enrollment tree upline and downline. It is the responsibility of the eligible Ambassador that forms the Team Social Media Group to frequently audit the page to ensure that only enrollment tree upline and downline are members. Furthermore, the Zilis Social Media Manager and Compliance Manager must be made an "admin" to the Team Social Media Group in order to access the page from time to time. Failure to comply will result in rescission of the approval for the Team Social Media Group. Registered Team Websites must comply with the terms of Zilis' Policies and Procedures and applicable laws.

In addition to the requirements specified in elsewhere in these Policies and Procedures, if an Ambassador utilizes any form of Social Media, the Ambassador agrees to each of the following:

- To generate sales and/or enroll an Ambassador, a Social Media site must link only to the Ambassador's replicated website or the Ambassador's External Website.
- Other than Pinterest and similar Social Media sites, any Social Media site that is directly or indirectly operated or controlled by an Ambassador that is used to discuss or promote Zilis products or the Zilis opportunity may not link to any website, Social Media site, or site of any other nature, other than the Ambassador's replicated website or the Ambassador's Registered External Website.
- If an Ambassador creates a business profile page on any Social Media site that promotes or relates to Zilis, its products, or opportunity, the business profile page must relate exclusively to the Ambassador's Zilis business and Zilis products. If the Ambassador's Zilis business is terminated for any reason, or if the Ambassador becomes inactive, the Ambassador must deactivate the business profile page.

**4.3.21 - Prohibited Postings** — An Ambassador may not make any postings, or link to any postings or other material that are:

- Sexually explicit, obscene, or pornographic;
- Offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- Graphically violent, including any violent video game images;
- Solicitous of any unlawful behavior;
- Engaged in personal attacks on any individual, group, or entity; or
- In violation of any intellectual property rights of the Company or any third party.

**4.3.22 - Responding to Negative Posts** — An Ambassador is prohibited from conversing with others who place a negative post against them, other Ambassadors or the Company. The Ambassador must report negative posts to Zilis' Compliance Department at Compliance@Zilis.com.

## 4.4 - Business Entities

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a Zilis Ambassador by submitting an Ambassador Application and Agreement along with a properly completed Business Entity Registration Form and a properly completed IRS Form W-9. The Business Entity, as well as all shareholders, members, managers, partners, trustees, or other parties with any ownership (legal or equitable) interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties") are individually, jointly and severally liable for any indebtedness to Zilis, compliance with the Zilis Policies and Procedures, the Zilis Ambassador Agreement, and other obligations to Zilis.

**4.4.1 - Addition or Removal of an Affiliated Party** — When adding an Affiliated Party to an existing Zilis Ambassadorship, the Company requires a signed written request as well as a properly completed Ambassador Agreement containing the original and notarized Applicant's/Applicants' and new Affiliated Party's/Parties/ information, tax identification numbers and signatures. No Affiliated Parties will be added to a Zilis Ambassadorship unless and until such addition is approved in writing by Zilis.

To prevent the circumvention of Sections 4.26 (Sale, Transfer or Assignment of Zilis Business) and 4.5, (Downline Integrity), if any Affiliated Party wants to terminate the Ambassador's relationship with the Business Entity or Zilis, the Affiliated Party must terminate the Ambassador's affiliation with the Business Entity, notify Zilis in writing that the Ambassador has terminated the Ambassador's affiliation with the Business Entity, and must comply with the provisions of Section 4.26 (Sale, Transfer or Assignment of Zilis Business). When removing a co-applicant from an existing Zilis account, the Company requires a written and notarized request from the departing Affiliated Party/Parties, as well as a properly completed Ambassador Agreement containing only the remaining Affiliate Party's/Parties' federal tax identification number and signature(s). In addition, the Affiliated Party terminating the Ambassador's/its interest in the Business Entity may not participate in any other Zilis business for six consecutive calendar months in accordance with Section 4.5.3 (Termination and Re-application). If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 4.26 (Sale, Transfer or Assignment of Zilis Business).

There is a \$100.00 fee for each change. Electronic payment must be included with the written request and the completed Ambassador Application and Agreement. The original documents (not copies) relating to addition or removal of an Affiliate Party must be submitted to Zilis' Compliance Department by mail or overnight courier to Zilis, LLC, 415 US Hwy 377, Suite 2020, Argyle, Texas 76226. Zilis may, at its discretion, require notarized documents before implementing any changes to a Zilis business. Please allow thirty (30) days after the receipt of the request by Zilis for processing.

The modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 4.5 (Downline Integrity), below.

**4.4.2 - Changes to a Business Entity** — Each Ambassador must immediately notify Zilis of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business Affiliated Parties.

## 4.5 - Downline Integrity

No Ambassador may interfere with the relationship between another Ambassador and the Ambassador's Sponsor in any way. An Ambassador may not offer, entice, encourage, solicit, recruit, or otherwise influence or attempt to persuade another Ambassador to change the Ambassador's Sponsor or line of sponsorship, either directly or indirectly. Accordingly, the transfer of a Zilis business from one sponsor to another is rarely permitted. An Ambassador requesting a change of sponsorship must submit a completed Change of Sponsorship form to the Compliance Department. Transfers will only be considered in the following three circumstances:

**4.5.1 - Misplacement** — In cases in which the new Ambassador is sponsored by someone other than the individual the Ambassador was led to believe would be the Ambassador's Sponsor, an Ambassador may request that the Ambassador be transferred to another organization with the Ambassador's entire marketing organization intact. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made within seven business days from the date of enrollment by contacting Zilis Ambassador Support. Changes of Sponsorship due to misplacement shall be made only in the complete and sole discretion of Zilis.

**4.5.2 - Upline Approval** — An Ambassador seeking a Change of Sponsor must submit a properly completed and fully executed Change of Sponsor Form which includes the written approval of the Ambassador's immediate Sponsor, upline Area Ambassador, Regional Ambassador, National Ambassador, Presidential Ambassador, and Diamond Executive. Scanned signatures are acceptable to initiate the process, but before a change of sponsorship is executed Zilis must have in its possession the original signed document. All Ambassador signatures must be notarized. The Ambassador who requests the transfer must submit a fee of \$100.00 for administrative charges and data processing. If the transferring Ambassador also wants to move any of the Ambassadors in the Ambassador's marketing organization, each downline Ambassador must also obtain a properly completed Change of Sponsorship Form and return it to Zilis with the \$100.00 change fee (i.e., the transferring Ambassador and each Ambassador in the Ambassador's marketing organization multiplied by \$100.00 is the cost to move a Zilis business.) Downline Ambassadors will not be moved with the transferring Ambassador unless all requirements of this paragraph are met. Transferring Ambassadors must allow thirty (30) days after the receipt of the Change of Sponsorship Form by Zilis for processing and verifying change requests.

**4.5.3 - Termination and Re-application** — An Ambassador may legitimately change organizations by voluntarily canceling the Ambassador's Zilis business and remaining inactive (i.e., no purchases of Zilis products for resale, no sales of Zilis products, no sponsor-

ing, no attendance at any Zilis functions, participation in any other form of Ambassador activity, or operation of any other Zilis business, no income from the Zilis business) for six (6) full calendar months. Following the six-month period of inactivity, the former Ambassador may reapply under a new sponsor, however, the former Ambassador's downline will remain in their original line of sponsorship.

Any change in sponsorship in accordance with this Policy at any rank is limited to one time in the Ambassador's life. Zilis will not accept an Ambassador Agreement for an Ambassador wishing to change sponsors beyond the first sponsor change made in accordance with this Policy.

**4.5.4 - Recruiting Integrity** — Any individual who has been solicited by an Ambassador to enroll in Zilis as an Ambassador shall be considered as the "Exclusive Prospect" of the soliciting Ambassador. During the period beginning on the date on which the soliciting Ambassador first solicited the Exclusive Prospect and ending ninety (90) days thereafter (the "Exclusivity Period"), the Exclusive Prospect shall not be solicited by any other Ambassador. If during the Exclusivity Period another Ambassador learns that an individual is an Exclusive Prospect, the Ambassador shall discontinue all efforts related to the solicitation of the Exclusive Prospect and direct the Exclusive Prospect to contact the Ambassador's soliciting Ambassador. During the Exclusivity Period, no other Ambassador shall solicit, attempt to solicit or otherwise attempt to influence the Exclusive Prospect to enroll with the other Ambassador or within the Ambassador's downline organization. Notwithstanding the provisions hereof, a prospective Ambassador is always free to enroll with the Sponsor of the Ambassador's choice.

**4.5.5 - Waiver of Claims** — In cases in which the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business developed by an Ambassador, Zilis reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, **AMBASSADORS WAIVE ANY AND ALL CLAIMS AGAINST ZILIS, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM ZILIS' DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

## **4.6 - Unauthorized Claims and Actions**

**4.6.1 - Indemnification** — An Ambassador is fully responsible for all of the Ambassador's verbal and written statements made regarding Zilis products, services, and the Compensation Plan that are not expressly contained in official Zilis materials. This includes statements and representations made through all sources of communication media, whether person-to-person, in meetings, online, through Social Media, in print, or any other means of communication. Ambassadors agree to indemnify: (1) Zilis; and (2) Zilis' directors, officers, employees, and agents (collectively "Zilis Affiliates"), and hold them harmless from all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Zilis as a result of the Ambassador's unauthorized representations or actions. This provision shall survive the termination of the Ambassador Agreement.

**4.6.2 - Product Claims** — No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Zilis may be made except those contained in official Zilis literature. In particular, no Ambassador may make any claim that Zilis products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases or symptoms of diseases. Such statements can be perceived as drug claims, and they may lack adequate substantiation. Not only are such claims in violation of the Ambassador Agreement, they also violate the laws and regulations of the United States and other jurisdictions. No Zilis products should be marketed or sold to any person under the age of eighteen (18) or to any woman who is pregnant or lactating.

**4.6.3 - Compensation Plan Claims** — When presenting or discussing the Zilis Compensation Plan, you must provide a printed copy of the current Zilis Income Disclosure Statement (IDS) and make it clear to prospects that financial success with Zilis requires commitment, effort, and sales skill. Conversely, you must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

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

The above are merely examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospect to believe that they can be successful as a Zilis Ambassador without commitment, effort, and sales skill.

**4.6.4 - Income Disclosure Statement** — Zilis' corporate ethics compel us to do not merely what is legally required, but rather, to conduct the absolute best business practices. To this end, we have developed the Zilis Income Disclosure Statement ("IDS"). The Zilis IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Zilis Ambassadors earn. In order to accomplish this objective, a printed copy of the IDS must be presented to all attendees in an in-person setting who are not Zilis Ambassadors. In a virtual meeting, the IDS must be visible on the during the presentation or meeting and after the presentation or meeting for a period of a minimum of ten (10) minutes after the conclusion of such meeting or presentation.

The failure to comply with this policy constitutes a significant and material breach of the Zilis Ambassador Agreement and will be grounds for disciplinary sanctions, including termination, pursuant to Section 9.1 (Disciplinary Sanctions).

An Ambassador, when presenting or discussing the Zilis opportunity or Compensation Plan to a prospective Ambassador, may not make income projections, income claims, or disclose the Ambassador's Zilis income unless, at the time the presentation is made, the Ambassador provides a printed copy of the most current Zilis

Income Disclosure Statement (IDS) to the person(s) to whom the Ambassador is making the presentation.

A printed copy of the most current IDS must be presented to a prospective Ambassador (someone who is not a party to a current Zilis Ambassador Agreement) anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms “income claim” and/or “earnings representation” (collectively “income claim”) include: (1) statements of actual earnings; (2) statements of projected earnings; (3) statements of earnings ranges; (4) income testimonials; (5) lifestyle claims; and (6) hypothetical claims.

A lifestyle income claim typically includes statements (or pictures) involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the achievement of one’s dreams, having everything one always wanted, and are phrased in terms of “opportunity” or “possibility” or “chance.” Claims such as “My Zilis income exceeded my salary after six months in the business,” or “Our Zilis business has allowed my wife to come home and be a full-time mom” also fall within the purview of “lifestyle” claims.

A hypothetical income claim exists when you attempt to explain the operation of the compensation plan using a hypothetical example. Certain assumptions are made regarding some or all of the following: (1) number of personally enrolled Customers and Ambassadors; (2) number of downline Customers and Ambassadors; (3) average sales/purchase volume/sales volume per Customer and Ambassador; and (4) total organizational volume. Applying these assumptions through the compensation plan yields income figures which constitute hypothetical income claims.

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

In a virtual meeting (Zoom, Skype, Facebook, etc.), before the compensation plan/opportunity are discussed you must provide the URL for the IDS – <http://ids.zilis.com>. In addition, the URL must be displayed at the end of the presentation for a minimum of ten (10) minutes following the end of the presentation.

Copies of the IDS may be printed or downloaded without charge from the corporate website at <http://ids.zilis.com>.

Ambassadors who develop sales aids and tools in which the Compensation Plan or income claims are present must incorporate

the IDS into each such sales aid or tool prior to submission to the Company for review.

#### **4.7 - Repackaging and Re-labeling Prohibited**

Zilis products must be sold in their original packaging. Ambassadors may not repackage, re-label, or alter the labels on Zilis products. Tampering with labels/packaging could be a violation of federal and state laws and may result in civil or criminal liability. Ambassadors may affix a personalized sticker with your personal/contact information to each product or product container, as long as you do so without removing existing labels or covering any text, graphics, or other material on the product label.

#### **4.8 - Commercial Outlets**

Except as provided herein, Ambassadors may not sell Zilis products from a commercial outlet, nor may Ambassadors display or sell Zilis products or literature in any retail or service establishment. Zilis products may be displayed and offered for sale in any small independent business, including but not limited to, a gym, salon, health practitioner office. Business with multiple locations, such as regional or national retailer shall not constitute a “small independent business”. Online auction and/or sales facilitation websites, including but not limited to eBay and Craig’s List constitute Commercial Outlets, and may not be used to sell Zilis products.

#### **4.9 - Military Installations**

The offer, promotion, or sale of the goods and services, or the offer and promotion of the Zilis opportunity on a military installation is not a right – it is a privilege. Even if an Ambassador lives on a military installation, the Ambassador does not have the right to offer our products or opportunity to anyone on that installation without the permission of the installation Commander. For the purposes of the U.S. Navy personnel and Navy Regulations, the definition of an “installation” also includes U.S. Navy vessels.

Any Ambassador who wants to offer, promote, or sell Zilis products, or offer and promote the Zilis opportunity (these activities will be collectively referred to as “commercial solicitation activities”) on a military installation must make an inquiry to the office of the installation Commander to determine whether the Commander has granted permission for Zilis Ambassadors to engage in such activities on the installation. If the Commander has not done so, the Ambassador must contact Zilis’ offices to ask the Company to obtain the Commander’s permission. Ambassadors are prohibited from seeking such permission from any installation Commander. If obtained, the permission to engage in commercial solicitation activities on a military installation is granted only for one particular installation.

Any Ambassador who intends to engage in commercial solicitation activities on a military installation must be aware of and become completely familiar with the applicable military Regulation or Instruction. There are many activities that are permissible in a civilian environment that are not permissible on a military installation. Some of these activities include, but are not limited to:

- Solicitation during enlistment or induction processing or during basic combat training, and within the first half of the one station unit training cycle.
- Solicitation of “mass,” “group,” or “captive” audiences.

- Making appointments with or soliciting military personnel during their normally scheduled duty hours.
- Soliciting without an appointment in areas used for housing or processing transient personnel or soliciting in barracks areas used as quarters.
- Use of official military identification cards or vehicle decals by active duty, retired, or reserve members of the military services to gain access to Army installations for the purpose of soliciting (When entering the installation for the purpose of solicitation, Ambassadors with military identification cards and/or installation vehicle decals must present documentation issued by the installation authorizing solicitations.)
- Offering rebates to promote transaction or to eliminate competition.
- Any oral or written representations which suggest or appear that the military branch sponsors or endorses the Company or its Ambassadors, or the goods, services, and commodities offered for sale.
- The designation of any agent or the use by any agent of titles (for example, “Battalion Insurance Counselor,” “Unit Insurance Advisor,” “Servicemen’s Group Life Insurance Conversion Consultant”) that in any manner states or implies any type of endorsement from the U.S. Government, the Armed Forces, or any State or Federal agency or Government entity.
- Entry into any unauthorized or restricted area.
- Distribution of literature other than to the person being interviewed.
- Contacting military personnel by calling a Government telephone, faxing to a Government fax machine, or sending e-mail to a Government computer, unless a pre-existing relation (that is, the military member is a current client or requested to be contacted exists between the parties and the military member has not asked for the contact to be terminated).
- Soliciting door to door or without an appointment.

The foregoing items are not an all-inclusive list. There are many more prohibited activities that are addressed in the applicable military Regulation or Instruction. The violation of military Regulations or Instructions by one Ambassador could jeopardize the ability of all Zilis Ambassadors to engage in commercial solicitation activities on a particular military installation or even the entire branch of the military involved (e.g., Army, Air Force, Navy, Marines, or Coast Guard).

#### **4.10 - Trade Shows, Expositions and Other Sales Forums**

Ambassadors may display and/or sell Zilis products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Ambassadors must submit for reservation of their tradeshow through the Ambassador calendar, as Zilis’ policy is to authorize only one Zilis business per event. Final approval will be granted to the first Ambassador who submits an official online registration and agrees to the tradeshow terms and conditions. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Ambassador calendar, no fewer than 30 days after the prior event’s conclusion. Zilis further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum

for the promotion of its products, services, or the Zilis opportunity. Approval will not be given for swap meets, garage sales, or flea markets as these events are not conducive to the professional image Zilis wishes to portray.

#### **4.11 - Conflicts of Interest**

**4.11.1 - Crossline Communication and Recruiting —** Ambassadors are prohibited from crossline recruiting. The use of a spouse or relative’s name, trade names, DBAs, assumed names, entities, federal identification numbers, or fictitious identification numbers, or any other device or contrivance to circumvent this policy is prohibited. An Ambassador shall not demean, discredit, or defame other Zilis Ambassadors in an attempt to entice another customer, Ambassador or prospective Ambassador to become part of the Ambassador’s organization.

For the purposes of this Section 4.11.1, the term “crossline recruiting” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way, either directly, indirectly, or through a third party, of another Zilis Ambassador or Customer to enroll, join, or otherwise participate in another Zilis marketing organization, downline, or line of sponsorship other than the one in which he, she, or it originally enrolled.

Ambassadors are strictly prohibited from meeting privately with crossline Ambassadors without the presence of one or more common upline Ambassador(s), in person, telephonically, online or via any other method of communication. For the purposes of these Policies and Procedures:

- “Crossline Ambassador” means any Ambassador who is not in the subject Ambassador’s enrollment tree upline or downline.
- “Meeting” includes, but is not limited to, the act of coming together and/or an occasion in which two or more people come together to discuss or decide something, via any means including in-person, telephonically, online or via any other method of communication.

An Ambassador (the “Inviting Ambassador”) is strictly prohibited from inviting or allowing into any social media group any Crossline Ambassadors.

#### **4.11.2 - Associating Other Organizations with the Company —**

The Zilis opportunity is not based on race, gender, religious or spiritual beliefs or political affiliations. When you are training, communicating or interacting with any other Ambassador(s), marketing or selling Products, or promoting the Zilis opportunity, you may not promote, advocate, offer, sell, or provide literature, books, or other material that promotes any other organization or individual, whether religious, spiritual, political, business, or social, or that implies any association between the Company and any other organization. No Zilis or Ambassador Meetings, calls, webinars or any other functions may be used as a forum to promote or express personal beliefs, other organizations, companies, events, or individuals.

**4.11.3 - Non-Solicitation —** Zilis Ambassadors are free to participate in other direct selling, multilevel marketing, or network marketing entities, businesses, organizations, opportunities, or ventures (collectively referred to as a “network marketing business”). However, during the term of this Agreement, any renewal or

extension hereof, and for a period of two (2) years following the termination of an Ambassador's Ambassador Agreement whether voluntary or involuntary, and regardless of the reason for the termination of the Ambassador Agreement, an Ambassador (or former Ambassador) is strictly prohibited from soliciting any Zilis Employee, Vendor, Consultant, Ambassador or Customer (including, but not limited to Ambassadors or Customer who were personally enrolled by the soliciting Ambassador) to join, become affiliated with in any contractual manner, or to purchase products from another network marketing business. Ambassadors and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Ambassadors and Zilis agree that this non-solicitation provision shall apply nationwide throughout the United States and to all international markets in which Ambassadors are located. This provision shall survive the termination or expiration of the Ambassador Agreement for a period of two years. In the event that an Ambassador breaches the provisions of this section, the parties agree that damages will be very difficult to ascertain. Therefore, the parties stipulate that if an Ambassador is proven to have breached this Section, the Ambassador shall be liable to pay Zilis liquidated damages in the amount of the lifetime value of an Ambassador. If an Ambassador commits multiple breaches of this Section, the Ambassador shall be liable in the amount of the liquidated damages of the preceding sentence multiple by each instance of solicitation. In the event that this Section is breached by an Ambassador at the rank of Area Ambassador or higher, the Ambassador shall permanently lose all leadership bonuses, which include increased binary percentages and payout caps, infinity fast start bonuses, increased generational bonus levels (generations 4, 5 and 6), infinity residual bonuses, infinity matching bonuses, the Jeep bonuses, the health care bonus, the dream bonus, the Global Bonus Pool and the Founder Pool and incentive trips.

For the purposes of this Section 4.11.2, the term "solicit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way (either directly, indirectly, or through a third party) another Zilis Ambassador or Customer to: (1) enroll, join, or otherwise participate in another network marketing business; (2) to purchase the products or services of another network marketing business; or (3) terminate or alter the Ambassador's business or contractual relationship with the Zilis. The term "solicit" also includes the above activities if the soliciting Ambassador's actions are in response to an inquiry made by another Ambassador or Customer.

**4.11.4 - Other Business Ventures** — During the term of the Agreement and for a period of two (2) years after its termination, Ambassadors may not offer any non-Zilis opportunity, products or services (including, but not limited to, coaching, mentoring, seminars or training services) to any Zilis Customer or Ambassador.

**4.11.5 - Ambassador Participation in Other Network Marketing Programs** — If an Ambassador is engaged in other non-Zilis network marketing business, it is the responsibility of the Ambassador to ensure that the Ambassador's Zilis business is operated entirely separate and apart from any other network marketing business. To this end, the following must be adhered to:

- Ambassadors must not sell, give, transfer or attempt to sell, give or transfer any programs, products or services of any other multilevel marketing or network marketing company to Zilis Customers or Ambassadors. This provision shall survive the termination or expiration of the Ambassador Agreement for a period of two (2) years after such termination or expiration.
- Ambassadors shall not display Zilis promotional material, sales aids, products or services with or in the same location as, any other multilevel marketing or network marketing company promotional material or sales aids, products or services.
- Ambassadors shall not offer the Zilis opportunity, products or services to prospective or existing Customers or Ambassadors in conjunction with any other multilevel marketing or network marketing company program, opportunity, product or service.
- Ambassadors may not offer any other multilevel marketing or network marketing company opportunity, products, services or opportunity at any Zilis-related meeting, seminar, convention, webinar, teleconference, or other function.
- Ambassadors may not hold non-Zilis related meetings, functions, gatherings or events with Ambassadors not in the Ambassador's enrollment tree downline unless it has been authorized in writing by the Compliance Department.

**4.11.6 - Confidential Information** — "Confidential Information" includes, but is not limited to, Downline Genealogy Reports, the identities of Zilis customers and Ambassadors, contact information of Zilis customers and Ambassadors, Ambassadors' personal and group sales volumes, Ambassador rank and/or achievement levels, business trade secrets, and other financial and business information. All Confidential Information (whether oral or in written or electronic form) is proprietary information of Zilis and constitutes a business trade secret belonging to Zilis. Confidential Information is, or may be available, to Ambassadors in their respective Back Offices. All information provided or available in an Ambassador's Back Office and all content therein is Confidential Information. Such Confidential Information is provided to Ambassadors in strictest confidence and is made available to Ambassadors for the sole purpose of assisting Ambassadors in working with their respective downline organizations in the development of their Zilis business. Ambassadors may not use the reports for any purpose other than for developing, managing, or operating their Zilis business. Where an Ambassador participates in other multi-level marketing ventures, the Ambassador is not eligible to have access to Downline Genealogy Reports. Ambassadors should use the Confidential Information to assist, motivate, and train their downline Ambassadors. The Ambassador and Zilis agree that, but for this agreement of confidentiality and nondisclosure, Zilis would not provide Confidential Information to the Ambassador.

To protect the Confidential Information, Ambassadors shall not, on the Ambassador's own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any Confidential Information to any third party;
- Directly or indirectly disclose the password or other access code to the Ambassador's Back Office;
- Use any Confidential Information to compete with Zilis or for any

purpose other than promoting the Ambassador's Zilis business;

- Recruit or solicit any Ambassador or Customer of Zilis listed on any report or in the Ambassador's Back Office, or in any manner attempt to influence or induce any Ambassador or Customer of Zilis, to alter their business relationship with Zilis; or
- Use or disclose to any person, partnership, association, corporation, or other entity any Confidential Information.

The obligation not to disclose Confidential Information shall survive cancellation or termination of the Agreement and shall remain effective and binding irrespective of whether an Ambassador's Agreement has been terminated, or whether the Ambassador is or is not otherwise affiliated with the Zilis. Upon nonrenewal or termination of the Agreement, Ambassadors must immediately discontinue all use of the Confidential Information and if requested by the Zilis promptly return all materials in their possession to the Zilis within five (5) business days of request at their own expense.

## **4.12 - Other Direct Sellers**

**4.12.1 - Targeting Other Direct Sellers** — Zilis does not condone Ambassadors specifically or consciously targeting the sales force of another direct sales company to sell Zilis products or to become Ambassadors for Zilis, nor does Zilis condone Ambassadors solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Ambassadors engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against an Ambassador alleging that the Ambassador engaged in inappropriate recruiting activity of its sales force or customers, Zilis will not pay any of the Ambassador's defense costs or legal fees, nor will Zilis indemnify the Ambassador for any judgment, award, or settlement.

**4.12.2 - Independent Contractors from other Direct Selling Companies** — A person is free to enroll with Zilis as long as the person does not have any legal obligations or limitations which would prevent the person from joining as a Zilis Independent Ambassador. A prospective Ambassador should honor and respect any legal obligation(s) the Ambassador has with any other direct selling company with whom the Ambassador may have previously been associated.

## **4.13 - Errors or Questions**

If an Ambassador has questions about or believes any errors have been made regarding commissions, bonuses, genealogy lists, or charges, the Ambassador must notify Zilis in writing within thirty (30) days of the date of the purported error or incident in question. Zilis will not be responsible for any errors, omissions or problems not reported to the Company within thirty (30) days. Any errors not provided to Zilis within thirty (30) days of the date of the purported error or incident in question are permanently waived by the Ambassador. All Ambassadors are required to fulfill qualification obligations for earned compensation. It is the sole and exclusive responsibility of each Ambassador to monitor and be aware of all data and information related to the Ambassador's business, downline, personal volume, downline volume and all other compensation eligibility criteria. Under no circumstances will Zilis be responsible for providing reporting, information or updates that are available in the Back Office to an Ambassador.

## **4.14 - Governmental Approval or Endorsement**

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Ambassadors shall not represent or imply that Zilis or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

## **4.15 - Holding Applications or Orders**

Ambassadors must not manipulate enrollments of new applicants and purchases of products. All Ambassador Applications and Agreements and product orders must be entered into the Zilis Cloud on the same day on which it was signed by an Ambassador or placed by a Customer, respectively. Any intentional delay or Ambassador or Customer enrollments, or orders of Customers, in an effort to manipulate the compensation plan or rank advancement for the sponsoring or selling Ambassador's benefit shall constitute a material breach of the Agreement.

## **4.16 - Income Taxes**

Each Ambassador is responsible for paying local, state, and federal taxes on any income generated as an Independent Ambassador. Unfortunately, we cannot provide you with any personal tax advice. Please consult your own tax accountant, tax attorney, or other tax professional. If an Ambassador's Zilis business is tax exempt, the Federal tax identification number must be provided to Zilis. Every year, Zilis will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: (1) Had earnings of over \$600 in the previous calendar year; or (2) Made purchases during the previous calendar year in excess of \$5,000.

## **4.17 - Independent Contractor Status**

Ambassadors are independent contractors. The agreement between Zilis and its Ambassadors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Ambassador. Ambassadors shall not be treated as an employee for the Ambassador's services or for Federal or State tax purposes. All Ambassadors are responsible for paying local, state, and federal taxes due from all compensation earned as an Ambassador of the Company. The Ambassador has no authority (expressed or implied), to bind the Company to any obligation. Each Ambassador shall establish the Ambassador's own goals, hours, and methods of sale, so long as the Ambassador complies with the terms of the Ambassador Agreement, these Policies and Procedures, and applicable laws.

## **4.18 - Insurance**

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present homeowner's policy.

## **4.19 - International Marketing**

Ambassadors are authorized to promote and/or sell Zilis products and services and enroll Customers or Ambassadors only in the countries in which Zilis is authorized to conduct business, as announced in official Company literature (an "Official Country"). Zilis

products or sales aids may not be given, transferred, distributed, shipped into or sold in any Unauthorized Country (see definition below). Ambassadors may not sell, give, transfer, or distribute Zilis products or sales aids from one Official Country into another Official Country.

Ambassadors have no authority to take any steps in any country toward the introduction or furtherance of the Company. This includes, but is not limited to, any attempt to register, reserve or otherwise secure any Company names, trademarks, trade names, copyright, patent, other intellectual property, to secure approval for products or business practices, or to establish business or governmental contacts. You agree to indemnify the Company for all costs incurred by it for any remedial action needed to exonerate the Company in the event you improperly act purportedly on behalf of the Company.

Only after the Company has announced that a country is officially open for business (an "Official Country") may Ambassadors conduct business in that Official Country by promoting the Company (or related entity) and/or promoting, marketing or selling Products, and enrolling other Ambassadors or Customers. Ambassadors are required to follow all laws, rules and regulations of the Official Country. Ambassador may use only promotional materials approved by the Company for use in an Official Country and sell only products approved for sale in that country.

In addition, no Ambassador may, in any Unauthorized Country:

- advertise the Company, the Compensation Plan or its products;
- offer Company products for sale or distribution
- conduct sales, enrollment or training meetings;
- enroll or attempt to enroll potential Customers or Ambassadors;
- Accept payment for enrollment or recruitment from citizens of countries where Zilis does not conduct business;
- promote international expansion via the Internet or in promotional literature; or
- conduct any other activity for the purpose of selling Zilis products, establishing a marketing organization, or promoting the Zilis opportunity.

An Ambassador is solely responsible for compliance with all laws, tax requirements, immigration customs laws, rules and regulations of any country in which the Ambassador conducts business. Ambassadors accept the sole responsibility to conduct their independent businesses lawfully within each country in which the Ambassador conducts business.

An Ambassador's right to receive commissions in a country may be revoked at any time if the Company determines that the Ambassador has not conducted business in particular country in accordance with the terms and conditions contained herein or the governing operations within such country.

The Company reserves the right to establish additional policies and procedures that are applicable to a specific country. An Ambassador who conducts business internationally agrees to abide by all special policies established by the Company for the specific country or countries in which the Ambassador conducts business.

#### **4.20 - Excess Inventory and Bonus Buying**

Ambassadors must never purchase more products than they can reasonably use or sell to Retail Customers in a month, and must not influence or attempt to influence any other Ambassador to buy more products than they can reasonably use or sell to Retail Customers in a month. In addition, bonus buying is strictly prohibited. Bonus buying includes any mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product or service purchases by end user consumers. Bonus buying includes, but is not limited to, purchasing products through a straw man or other artifice.

#### **4.21 - Adherence to Laws, Regulations and the Agreement**

Ambassadors must comply with all federal, state, and local laws, regulations, ordinances, codes, and the terms of the Agreement in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Ambassadors because of the nature of their business. However, Ambassadors must obey those laws that do apply to them. If a city or county official tells an Ambassador that an ordinance applies to the Ambassador, the Ambassador shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Zilis. In addition, Ambassadors must not recommend, encourage or teach other Ambassadors to violate federal, state, or local laws, regulations, ordinances, codes, or the terms of the Agreement in the operation of their Zilis business.

#### **4.22 - Multiple Zilis Businesses in a Household**

An Ambassador may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Zilis business. No individual may have, operate or receive compensation from more than one Zilis business.

Individuals of the same Household may maintain, own, and operate their own Zilis Business. If two members of the same Household elect to become Ambassadors, one must be enrolled by the other or both must be enrolled by the same sponsor. Exceptions to this provision must be approved by Zilis in writing.

#### **4.23 - Actions of Household Members or Affiliated Parties**

If any member of an Ambassador's Household or any member of an Affiliated Member's Household, engages in any activity which, if performed by the Ambassador, would violate any provision of the Agreement, such activity will be deemed a violation by the Ambassador and Zilis may take disciplinary action pursuant to the these Policies and Procedures against the Ambassador. Similarly, if any individual associated in any way with a corporation, partnership, limited liability company, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and Zilis may take disciplinary action against the Business Entity. Likewise, if an Ambassador enrolls in Zilis as a Business Entity, each Affiliated Party of the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

#### **4.24 - Requests for Records**

Any request from an Ambassador for copies of invoices,

applications, downline activity reports, or other records will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

#### **4.25 - Roll-up of Marketing Organization**

When a vacancy occurs in a Marketing Organization due to the termination of a Zilis business, the Ambassador in the first level immediately below the terminated Ambassador on the date of the termination will not be moved to the first level (“front line”) of the terminated Ambassador’s sponsor. The position occupied by the terminated Ambassador shall remain permanently vacant.

#### **4.26 - Sale, Transfer or Assignment of Zilis Business**

Although a Zilis business is a privately owned and independently operated business, the sale, transfer or assignment of a Zilis business, and the sale, transfer, or assignment (collectively referred to herein as “transfer”) of an interest in a Business Entity that owns or operates a Zilis business, is subject to certain limitations. Ambassadors at the ranks of Active Ambassador to City Ambassador, must notify Zilis with the Sale/Transfer/Assignment form.

If an Ambassador at the rank of Area Ambassador or higher wishes to transfer the Ambassador’s Zilis business, or transfer an interest in a Business Entity that owns or operates a Zilis business, the following criteria must be met:

- The selling Ambassador must offer Zilis the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. Zilis shall have fifteen days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- The transferee must become a qualified Zilis Ambassador. If the prospective buyer or transferee is not a current Zilis Ambassador, the Ambassador must execute a Zilis Ambassador Agreement. If the transferee is an active Zilis Ambassador, the Ambassador must first terminate the Ambassador’s Zilis business and wait six calendar months before acquiring any interest in a different Zilis business. If the prospective transferee was a Zilis Ambassador within the six months immediately preceding the prospective transfer, the Ambassador must delay the transfer until six calendar months after the Ambassador’s termination before acquiring any interest in a different Zilis business
- Before the transfer can be finalized and approved by Zilis, any debt obligations the selling party has with Zilis must be satisfied.
- The transferring party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to transfer a Zilis business.

The transfer of an Ambassador position cannot be advertised via the Internet or any online media or communities, including but not limited to, all forms of social media, Craigslist, online classified advertisements, SaleSpider, etc...

Prior to transferring an independent Zilis business or Business Entity interest, the transferring Ambassador must notify Zilis’ Compliance Department in writing and advise of the Ambassador’s intent to transfer the Ambassador’s Zilis business or Business Entity interest.

The transferring Ambassador must receive written approval from the Compliance Department before proceeding with the transfer. For a Zilis distributorship that has earned the rank of Area Ambassador or higher, Zilis reserves the right to: (1) review the qualifications of the prospective purchaser, transferee or assignee to ensure that the Ambassador possesses the abilities, knowledge and skills to fulfill the leadership responsibilities associated with a larger organization; and (2) decline the approval of a sale, transfer or assignment in its sole and absolute discretion if it concludes that the prospective purchaser, transferee or assignee lacks the requisite abilities, knowledge and skills. The decisions of Zilis regarding a transfer shall be made within thirty (30) days or less and shall be made in its sole and absolute discretion. No changes in line of sponsorship can result from the transfer of a Zilis business. If an Ambassador transfers the Ambassador’s Zilis business without the express written approval of the Compliance Department, such transfer shall be voidable in the sole and absolute discretion of Zilis. Please note that Infinity Matching Bonuses are not transferable or assignable.

After the transfer is approved by Zilis, the transferring Ambassador must submit the following documents to Compliance at support compliance@zilis.com:

- Completed Sale/Transfer/Assignment form;
- New Zilis Ambassador Application and Agreement signed by the transferee;
- Copy of the transferee’s Business Entity registration documents (if applicable); and
- A \$100.00 transfer fee to Zilis.

#### **4.27 - Separation of a Zilis Business**

Zilis Ambassadors sometimes operate their Zilis businesses as husband-wife partnerships, regular partnerships, limited liability companies, corporations, trusts, or other Business Entities. At such time as a marriage may end in divorce or a corporation, limited liability company, partnership, trust or other Business Entity may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the Zilis business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Zilis to deal directly and solely with the other spouse or non-relinquishing shareholder, member, partner, or trustee.
- The parties may continue to operate the Zilis business jointly on a “business-as-usual” basis, whereupon all compensation paid by Zilis will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

**Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Zilis split commission**

**and bonus checks between divorcing spouses or members of dissolving entities. Zilis will recognize only one downline organization and will issue only one commission check per Zilis business per commission cycle. Commission checks shall always be issued to the same individual or entity.**

If a former spouse has completely relinquished all rights in the original Zilis business pursuant to a divorce, the Ambassador is thereafter free to enroll under any sponsor of the Ambassador's choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as an Ambassador. In either case, the former spouse or business affiliate shall have no rights to any Ambassadors in their former organization or to any former Customer. They must develop the new business in the same manner as would any other new Ambassador.

#### **4.28 - Sponsoring Online**

When sponsoring a new Ambassador through the online enrollment process, the sponsor may assist the new applicant in filling out the enrollment materials. **However, the applicant must personally review and agree to the online Ambassador Agreement, Zilis' Policies and Procedures, and the Zilis Compensation Plan. The sponsor may not fill out the online Ambassador Application and Agreement on behalf of the applicant and agree to these materials on behalf of the applicant.**

#### **4.29 - Succession**

Upon the death or incapacitation of an Ambassador, the Ambassador's business may be passed to the Ambassador's heirs. Upon the death or incapacitation of the owner of a business entity registered as an Ambassador, such owner's interest may be passed to the owner's heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper, including but not limited to, letters of administration, letter testamentary and the Final Order of Probate. Accordingly, an Ambassador should consult an attorney to assist the Ambassador in the preparation of a will or other testamentary instrument. Whenever a Zilis business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Ambassador's marketing organization provided the following qualifications are met. The successor(s) must:

- Notify Zilis no later than six (6) months after the date of the Final Order of Probate;
- Execute an Ambassador Agreement;
- Comply with terms and provisions of the Agreement and Policies and Procedures;
- Meet all qualifications for the deceased Ambassador's status;
- The devisee must provide Zilis with an "address of record" to which all bonus and commission checks will be sent;
- If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification Number. Zilis will issue all bonus and commission checks and one 1099 to the business entity.

**4.29.1 - Transfer Upon Death of an Ambassador —** To effect a

testamentary transfer of a Zilis business, the executor of the estate must provide the following to Zilis: (1) an original death certificate; (2) certified letters testamentary or a letter of administration appointing an executor; and (3) written instructions from the authorized executor to Zilis specifying to whom the business and income should be transferred.

**4.29.2 - Transfer Upon Incapacitation of an Ambassador —** To effectuate a transfer of a Zilis business because of incapacity, the successor must provide the following to Zilis: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Zilis business; and (3) a completed Ambassador Agreement executed by the trustee.

#### **4.30 - Telemarketing Techniques**

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although Zilis does not consider Ambassadors to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

Therefore, Ambassadors must not engage in telemarketing in the operation of their Zilis businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Zilis product or service, or to recruit them for the Zilis opportunity. "Cold calls" made to prospective customers or Ambassadors that promote either Zilis' products or services or the Zilis opportunity constitute telemarketing and are strongly prohibited. However, a telephone call(s) placed to a prospective customer or Ambassador (a "prospect") is permissible under the following situations:

- If the Ambassador has an established business relationship with the prospect. An "established business relationship" is a relationship between an Ambassador and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Ambassador, or a financial transaction between the prospect and the Ambassador, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- The prospect's personal inquiry or application regarding a product or service offered by the Ambassador, within the three (3) months immediately preceding the date of such a call.
- If the Ambassador receives written and signed permission from the prospect authorizing the Ambassador to call. The authorization must specify the telephone number(s) which the Ambassador is authorized to call.
- You may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you engage in "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this

exemption. Thus, if you engage in calling “acquaintances,” you must make such calls on an occasional basis only and not make this a routine practice.

- **Ambassadors shall not use automatic telephone dialing systems or software relative to the operation of their Zilis businesses.**
- **Ambassadors shall not place or initiate any outbound telephone call to any person who delivers any pre-recorded message (a “robocall”) regarding or relating to the Zilis products, services or opportunity.**

#### **4.31 - Back Office Access**

Zilis makes online Back Offices, often referred to as the Ambassador Cloud, available to its Ambassadors. Back offices provide Ambassadors access to confidential and proprietary information that may be used solely and exclusively to promote the development of an Ambassador’s Zilis business and to increase sales of Zilis products. However, access to a Back Office is a privilege, and not a right. Zilis reserves the right to deny Ambassadors’ access to the Back Office at its sole discretion. Any Ambassador who is denied access to the Back Office may contact Ambassador Support to obtain necessary information for the management of their Zilis business.

#### **4.32 - Unauthorized Communication**

In the excitement and enthusiasm of working the Ambassador’s Zilis business, an Ambassador may attempt to contact the Company’s employees, vendors, service providers, consultants, suppliers, or advisors via personal phone, personal email or personal social media account with comments, questions or ideas. During the term of the Agreement and for a period of two (2) years thereafter, any such communication without the Company’s prior written consent is strictly prohibited. Vendors, service providers, consultants, suppliers, and advisors are often not set up to handle a large volume of contacts. Equally important, we must respect their rights to privacy. Questions regarding any of these Entities may be directed to Field Support.

## **SECTION 5 - RESPONSIBILITIES OF AMBASSADORS**

### **5.1 - Change of Address, Telephone, and E-Mail Addresses**

To ensure timely delivery of products, support materials, commission, and tax documents, it is important that the Zilis’ files are current. Street addresses are required for shipping since UPS and FedEx cannot deliver to a post office box. Ambassadors planning to change their e-mail address or move must send their new address and telephone numbers to Zilis’ Corporate Offices to the attention of the Ambassador Services Department. To guarantee proper delivery, two weeks advance notice must be provided to Zilis on all changes. In the alternative, an Ambassador’s whose contact information changes may amend their contact information through their Ambassador Back Office.

### **5.2 - Continuing Development Obligations**

**5.2.1 - Ongoing Training** — Any Ambassador who sponsors another Ambassador into Zilis must perform a bona fide continuing

assistance and training function to ensure that the Ambassador’s downline is properly operating the Ambassador’s Zilis business. Ambassadors must have ongoing contact and communication with the Ambassadors in their Downline Organizations. Examples of such contact and communication may include, but are not limited to newsletters, written correspondence, personal meetings, telephone contact, webinars, voice mail, electronic mail, and the accompaniment of downline Ambassadors to Zilis meetings, training sessions, and other functions. Upline Ambassadors are also responsible to motivate and train new Ambassadors in Zilis product knowledge, effective sales techniques, the Zilis Compensation Plan, and compliance with Company Policies and Procedures and applicable laws. Communication with and the training of downline Ambassadors must not, however, violate Sections 4.1 (Adherence to the Zilis Compensation Plan), 4.2 (Advertising), or 4.11.4 (Other Business Ventures). An Ambassador’s failure to fulfill the responsibilities and requirements of this section constitutes a significant and material breach of these Policies and Procedures which could result in one or more of the sanctions set forth in Section 9.1.

Ambassadors should monitor the Ambassadors in their Downline Organizations to guard against downline Ambassadors making improper product or business claims, violation of the Policies and Procedures, or engaging in any illegal or inappropriate conduct.

**5.2.2 - Increased Training Responsibilities** — As Ambassadors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Zilis program. An Ambassador’s to share with and impart this knowledge to less experienced and knowledgeable Ambassadors within their organization is a continuous obligation and responsibility. An Ambassador’s failure to fulfill the responsibilities and requirements of this section constitutes a significant and material breach of these Policies and Procedures which could result in one or more of the sanctions set forth in Section 9.1.

**5.2.3 - Ongoing Sales Responsibilities** — Regardless of their level of achievement, Ambassadors have an ongoing obligation and responsibility to continue to personally promote sales through the generation of new customers and through servicing their existing customers. An Ambassador’s failure to fulfill the responsibilities and requirements of this section constitutes a significant and material breach of these Policies and Procedures which could result in one or more of the sanctions set forth in Section 9.1.

**5.2.4 - Reporting Policy Violations** — Ambassadors who are aware of a violation of these Policies and Procedures by another Ambassador must submit a written report of the violation directly to the attention of Zilis’ Compliance Department by mail or email at [compliance@zilis.com](mailto:compliance@zilis.com). Details of the incident in question such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report. Any incident reported to the Compliance Department must have supported documentation such as images, screenshots, text messages, emails, etc... Any incident reported without proper supporting documentation will not be reviewed.

### **5.3 - Non-Disparagement**

Zilis wants to provide its independent Ambassadors with the best products, compensation plan, and service in the industry.

Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Ambassador Support Department. Remember, to best serve you, we must hear from you! While Zilis welcomes constructive input, negative comments and remarks made in the field by Ambassadors about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Zilis Ambassadors.

For this reason, and to set the proper example for their downline, during the Term of this Agreement, all renewals or extensions thereof, and for a period of two (2) years after its termination, Ambassador agrees not make any false, derogatory, demeaning or disparaging statements (collectively “disparage”) or encourage or induce others to disparage Zilis, other Zilis Ambassadors, the Compensation Plan or any of Zilis’ past and present owners, officers, directors, employees or products (the “Company Parties”). (i) make any statements, or take any other actions whatsoever, to disparage, defame, demean, sully or compromise the goodwill, name, brand or reputation of the Company, its products, Marketing and Compensation Plan, Customers, Ambassadors or any of its Zilis Affiliates (as defined in Section 4.6.1) (collectively, the “Company Goodwill”) or (ii) commit any other action that could likely injure, hinder or interfere with the Business, business relationships or Company Goodwill of the Company, its Ambassadors, Customers or its Zilis Affiliates.

For purposes of this Section 5.3, the term “disparage” includes, without limitation, comments or statements to the press, any media outlet, industry group, financial institution, the Zilis’ Ambassadors, employees or to any individual or entity with whom Zilis has a business relationship (including, without limitation, any vendor, supplier, Customer, Ambassador or independent contractor), social media posts, or any public statement, that in each case is intended to, or can be reasonably expected to, materially damage any of the Company Parties. Notwithstanding the foregoing, nothing in this Section 5.3 shall prevent an Ambassador from making any truthful statement to the extent, but only to the extent: (1) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, in the forum in which such litigation, arbitration or mediation properly takes place; or (2) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over the Ambassador.

#### **5.4 - Providing Documentation to Applicants**

Ambassadors must provide the most current version of the Policies and Procedures, Income Disclosure Statement, and the Compensation Plan to individuals whom they are sponsoring to become Ambassadors before the applicant signs an Ambassador Agreement or ensure that they have online access to these materials.

## **SECTION 6 - SALES REQUIREMENTS**

### **6.1 - Product Sales**

The Zilis Compensation Plan is based on the sale of Zilis products and services to end consumers. Ambassadors must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

### **6.2 - No Territory Restrictions**

There are no exclusive territories granted to anyone.

### **6.3 - Sales Receipts**

All Ambassadors must provide their Retail Customers with two copies of an official Zilis sales receipt at the time of the sale. If a Retail Customer’s order will not produce a digital receipt, the selling Ambassador must provide the customer with a paper receipt. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Ambassadors must maintain all paper retail sales receipts for sales to their Retail Customers for a period of two years and furnish them to Zilis at the Company’s request. Records documenting the purchases of Ambassadors’ Preferred and Wholesale Customers will be maintained by Zilis.

## **SECTION 7 - BONUSES AND COMMISSIONS**

### **7.1 - Bonus and Commission Qualifications and Accrual**

An Ambassador must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an Ambassador complies with the terms of the Agreement, Zilis shall pay commissions to such Ambassador in accordance with the Marketing and Compensation plan. The minimum amount for which Zilis will issue a commission is twenty dollars (\$20.00). If an Ambassador’s bonuses and commissions do not equal or exceed twenty dollars (\$20.00), the Company will accrue the commissions and bonuses until they total twenty dollars (\$20.00). Payment will be issued once twenty dollars (\$20.00) has been accrued. Notwithstanding the foregoing, all commissions owed an Ambassador, regardless of the amount accrued, will be paid at the end of each fiscal year or upon the termination of an Ambassador’s business.

### **7.2 - Adjustment to Bonuses and Commissions**

#### **7.2.1 - Adjustments for Returned Products and Cancelled Services**

— Ambassadors receive bonuses, commissions, or overrides based on the actual sales of products and services to end consumers. When a refund is issued by the Company, any of the following will occur: (1) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service will be deducted from payments to the Ambassador and upline Ambassadors who received bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service, in the week or month in which the refund is given, and continuing every pay period thereafter until the commission is recovered; (2) the Ambassador or upline Ambassadors who earned bonuses, commissions, or overrides based on the sale of the returned product(s) or cancelled service will have the corresponding points deducted from their Qualifying Volume in the same month and all subsequent

months until it is completely recovered; or (3) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service may be deducted from any refunds or credits to the Ambassador who received the bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service. In the event that the Company is unable, within six (6) months from the payment of any refund(s) by the Company, to recover all bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service(s) from the Ambassador or upline Ambassadors who received them, the Company shall be entitled to assert a claim against such Ambassador(s) for payment.

**7.2.2 - Commission Payments** — The Company pays commissions via direct deposit into a vendor provided payment system. Ambassador understands that the Company does not charge fees for direct deposit, however, the payment vendor may do so.

**7.2.3 - Tax Withholdings** — If an Ambassador fails to provide the Ambassador's correct tax identification number, Zilis will deduct the necessary withholdings from the Ambassador's commission checks as required by law.

### **7.3 - Reports**

All information provided by Zilis in downline activity reports, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to the inherent possibility of human, digital, and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by Zilis or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, ZILIS AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY AMBASSADOR OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF ZILIS OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, ZILIS OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS

RELATED THERETO.

Access to and use of Zilis' conference calls, webinars, text blasts, online or telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Zilis' conference calls, webinars, text blasts, online or telephone reporting services and your reliance upon the information.

## **SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE**

### **8.1 - Product Guarantee and Rescission**

Zilis offers to its retail, Preferred and Wholesale Customers a money back guarantee on products returned within thirty (30) days from the date of sale, less a 20% restocking fee. Products shipped directly to a Retail, Preferred or Wholesale Customer by the Company must be returned to the Company at the Customer's expense, and the refund will be issued to the Customer by the Company. Products delivered to a Retail Customer by an Ambassador must be returned to the selling Ambassador, and it shall be the responsibility of the Ambassador to issue the refund to the Ambassador's Retail Customer. Every Ambassador is bound to honor the Retail Customer guarantee. If, for any reason, a Retail Customer is dissatisfied with any Zilis product or service, the Retail Customer may return the unused portion of the product to the Ambassador from whom it was purchased, within thirty (30) days, for a replacement, exchange or a full refund of the purchase price (less shipping costs and restocking fee). This product satisfaction guarantee does not apply to products damaged by abuse or misuse, and shipping costs are not refundable.

If an Ambassador returns any products for a refund (with the exception of damaged or defective products), the request will constitute the Ambassador's voluntary termination of the Ambassador's Ambassador Agreement, and the refund will be processed as an inventory repurchase pursuant to Section 8.3, and the Ambassador's Agreement will be terminated and the Ambassador's Zilis business will be cancelled.

### **8.2 - Rescission**

**8.2.1 - Retail Customers** — Federal and state law requires that a Retail Customer who makes a purchase of \$25.00 or more has three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form or sales receipt. When an Ambassador makes a sale or takes an order from a Retail Customer who cancels or requests a refund within the three business day period, the Ambassador must promptly refund the customer's money as long as the products are returned to the Ambassador in substantially as good condition as when received (five business days for Alaska residents).

**8.2.2 - Wholesale and Preferred Customers** — Ambassadors

MUST notify their Wholesale and Preferred Customers that they have three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) within which to cancel their first order and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Ambassadors should also notify their Wholesale Customers and Preferred Customers about these time limits at the time they enroll as a Wholesale Customer or Preferred Customer and place their first order. Should a Wholesale Customer or Preferred Customer choose to exercise the cancellation right as discussed herein, Products shipped directly to a Preferred or Wholesale Customer by the Company must be returned to the Company and the refund will be issued to the Customer by the Company. Wholesale and Preferred Customers may contact the Company for a “call tag” that will provide return shipping back to the Company at no cost to the Customer.

**8.2.3 - Informing Customers** — Ambassadors MUST verbally inform their customers (Retail, Wholesale, and Preferred) of this right of rescission, they MUST provide their Retail Customers with TWO copies of a sales receipt at the time of the sale, and MUST point out this cancellation right stated on the sales receipt. Copies of the sales receipt can be found in the Resource section of the Ambassador Cloud. If a Customer places an order online, the Company will provide the Customer with the sales receipt. Ambassadors must ensure that the date of the order or purchase is entered on the sales receipt. All Retail Customers must be provided with two copies of an official Zilis sales receipt at the time of the sale. The back of the sales receipt provides the customer with written notice of the Customer’s rights to cancel the order.

### **8.3 - Return of Inventory and Sales Aids by Ambassadors Upon Termination**

Upon termination of an Ambassador’s Agreement, the Ambassador may return Starter Kits, products, and sales aids that the Ambassador personally purchased from Zilis (purchases from other Ambassadors or third parties are not subject to refund) that are in Resalable (see Definition of “Resalable” below) condition and which have been purchased within one year prior to the date of termination. Upon receipt of a Resalable Starter Kit and/or Resalable products and sales aids, the Ambassador will be reimbursed 90% of the net cost of the original purchase price(s), less any amounts or compensation the Ambassador received on account of the purchase of the returned products. In addition, the Company shall be entitled to recover from the terminating Ambassador any incremental compensation (i.e., compensation that the Ambassador received as a result of the Ambassador’s product purchase(s) which the Ambassador would not have otherwise received), incentives, trips, the fair market value of prizes or other items received as the result of the purchases of such returned products. Neither shipping and handling charges incurred by an Ambassador when the Starter Kit, products or sales aids were purchased, nor return shipping fees, will be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If an Ambassador was paid a commission, rebate, or any other form of compensation based on a product(s) that the Ambassador purchased, and such product(s) is/are subsequently returned for a refund, the commission, rebate, or any other form of compensation that was paid based on that product purchase will be deducted

from the amount of the refund.

Products and Sales aids shall be deemed “resalable” if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) they are still in Zilis’ current inventory; (5) the expiration date(s) for any returned products is/are more the four (4) months from the date on which the returned product(s) is/are received by Zilis; and (6) they are returned to Zilis within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable. Replicated Website fees are not refundable except as required by applicable state law.

**8.3.1 - Montana Residents** — A Montana resident may cancel the Ambassador’s Ambassador Agreement within 15 days from the date of enrollment and may return the Ambassador’s Starter Kit for a full refund within such time period.

### **8.4 - Procedures for All Returns**

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

- All items must be returned by the Ambassador or customer who purchased it directly from Zilis.
- All items to be returned must have a Return Merchandise Authorization Number which is obtained by calling the Ambassador Support Department. This Return Merchandise Authorization Number must be written on each carton returned.
- The return is accompanied by:
  - The original packing slip with the completed (and signed) Consumer Return information, if applicable;
  - The unused portion of the item(s) in its/their original container.
- Proper shipping carton(s) and packing materials are to be used in packaging the items(s) being returned, and the best and most economical means of shipping is suggested. All returns must be shipped to Zilis pre-paid. Zilis does not accept shipping-collect packages. The risk of loss in shipping for returned items shall be on the Ambassador. If the returned items are not received by the Company’s Distribution Center, it is the responsibility of the Ambassador to trace the shipment.
- If an Ambassador is returning merchandise to Zilis that was returned to the Ambassador by a personal Retail Customer because of a defect or damage, the defective or damaged product must be received by Zilis within ten (10) days from the date on which the Retail Customer returned the merchandise to the Ambassador, and must be accompanied by the sales receipt the Ambassador gave to the customer at the time of the sale.

**No refund or replacement of any items will be made if the conditions of these rules are not met.**

### **8.5 - Shipping Delays**

Zilis tracks all shipments. In the event of a shipping problem Ambassadors should contact Ambassador Support, within 15 days from the date that the order was placed, at (214) 705-3702. Upon notification, Ambassador Support will investigate the shipping

problem and partner with the Ambassador to validate shipping order details.

## SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by an Ambassador that, in the sole discretion of the Company may damage its reputation or goodwill (such damaging act or omission need not be related to the Ambassador's Zilis business), may result, at Zilis' discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the Ambassador to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- Zilis may withhold from an Ambassador all or part of the Ambassador's bonuses and commissions during the period that Zilis is investigating any conduct allegedly violative of the Agreement. If an Ambassador's business is canceled for disciplinary reasons, the Ambassador will not be entitled to recover any commissions withheld during the investigation period;
- Suspension of the person's Ambassador Agreement for one or more pay periods;
- Permanent or temporary loss of, or reduction in, the current and/or lifetime rank of an Ambassador (which may subsequently be re earned by the Ambassador);
- Transfer or removal of some or all of an Ambassador's downline Ambassadors from the offending Ambassador's downline organization.
- Involuntary termination of the offender's Ambassador Agreement;
- Suspension and/or termination of the offending Ambassador's Zilis website or website access;
- Any other measure expressly allowed within any provision of the Agreement or which Zilis deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Ambassador's policy violation or contractual breach;
- In situations deemed appropriate by Zilis, the Company may institute legal proceedings for monetary and/or equitable relief.

### 9.2 - Grievances and Complaints

When an Ambassador has a grievance or complaint with another Ambassador regarding any practice or conduct in relationship to their respective Zilis businesses, the complaining Ambassador should first report the problem to the Ambassador's enrollment tree upline who should review the matter and try to resolve it with the other party's enrollment tree upline. If the matter involves interpretation or violation of Company policy, it must be reported in

writing to [compliance@zilis.com](mailto:compliance@zilis.com). The Compliance Department will review the facts and attempt to resolve it.

### 9.3 - Mediation

Prior to instituting an arbitration, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediation shall occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Denton County, Texas, and shall last no more than two business days.

### 9.4 - Arbitration

If mediation is unsuccessful, **ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THE AGREEMENT, OR THE BREACH THEREOF, SHALL BE SETTLED BY ARBITRATION. THE PARTIES WAIVE ALL RIGHTS TO TRIAL BY JURY OR TO ANY COURT.** The arbitration shall be filed with, and administered by, the American Arbitration Association ("AAA") or JAMS Endispute ("JAMS") under their respective rules and procedures. The *Commercial Arbitration Rules and Mediation Procedures* of the AAA are available on the AAA's website at [www.adr.org](http://www.adr.org). The *Streamlined Arbitration Rules & Procedures* are available on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). Copies of AAA's *Commercial Arbitration Rules and Mediation Procedures* or JAM's *Streamlined Arbitration Rules & Procedures* will also be emailed to Ambassadors upon request to Zilis' Legal Department.

Notwithstanding the rules of the AAA or JAMS, the following shall apply to all Arbitration actions:

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

All arbitration proceedings shall be held in Denton County, Texas. There shall be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The parties shall be allotted equal time to present their respective cases. The decision of the arbitrator shall be final and binding on the parties and may if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall indefinitely survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the

entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

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

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

### 9.5 - Governing Law, Jurisdiction, and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Denton County, State of Texas. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Texas shall govern all other matters relating to or arising from the Agreement. Where permitted under applicable law, each party expressly agrees that each may bring claims against the other only in its individual capacity and not as a plaintiff or class member in any purported class or representative action. **THE PARTIES FURTHER WAIVE PARTICIPATION IN ANY CLASS-ACTION LAWSUITS, CLASS-WIDE ARBITRATIONS, PRIVATE ATTORNEY GENERAL ACTIONS, AND ANY OTHER PROCEEDING IN WHICH SOMEONE ACTS IN A REPRESENTATIVE CAPACITY.**

**9.5.1 - Louisiana Residents** — Notwithstanding the foregoing, and the arbitration provision in Section 9.4, residents of the State of Louisiana shall be entitled to bring an action against Zilis in their home forum and pursuant to Louisiana law.

## SECTION 10 - PAYMENTS

### 10.1 - Insufficient Funds and Insufficient Credit

All checks returned by an Ambassador's bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Ambassador. After receiving a returned check from a customer or an Ambassador, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to Zilis by an Ambassador for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks. Zilis is not obliged to contact you regarding orders that are canceled due to insufficient funds or credit. Ambassadors must be sure that there are sufficient funds or credit available to cover any orders they place.

### 10.2 - Restrictions on Third Party Use of Credit Cards and Bank Account Access

With the exception of the Special Leadership Recoding Opportunity as defined in the Compensation Plan, an Ambassador shall not use another individual's credit card, debit card, or payment

account to enroll in or make purchases from the Company. Unless an Ambassador has a properly executed Zilis Credit Card Authorization Form on file with the Company, an Ambassador shall not use the credit card or debit card of a third party, or make debits to the checking or savings account of a third party, to enroll in or to make purchases from the Company.

### 10.3 - Sales Taxes

Zilis is required to charge sales taxes on all purchases made by Ambassadors and Customers, and remit the taxes charged to the respective states. Accordingly, Zilis will collect and remit sales taxes on behalf of Ambassadors, based on the suggested retail price of the products, according to applicable tax rates in the state or province to which the shipment is destined. If an Ambassador has submitted, and Zilis has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Ambassador (unless the state in question does not accept a Sales Tax Exemption Certificate and Sales Tax Registration License from a direct selling independent contractor). Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Zilis is not retroactive.

## SECTION 11 - INACTIVITY, RECLASSIFICATION AND TERMINATION

### 11.1 - Effect of Termination

So long as an Ambassador remains active and complies with the terms of the Ambassador Agreement and these Policies and Procedures, Zilis shall pay commissions to such Ambassador in accordance with the Zilis Compensation Plan. An Ambassador's bonuses and commissions constitute the entire consideration for the Ambassador's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following an Ambassador's non-renewal of the Ambassador's Ambassador Agreement, termination for inactivity, or voluntary or involuntary termination of the Ambassador's Ambassador Agreement (all of these methods are collectively referred to as "termination"), the former Ambassador shall have no right, title, claim or interest to the marketing organization which the Ambassador operated, or any commission or bonus from the sales generated by the organization. **An Ambassador whose business is cancelled will lose all rights as an Ambassador. This includes the right to sell Zilis products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Ambassador's former downline sales organization. In the event of termination, Ambassadors agree to waive all rights they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of the Ambassador's former downline organization.**

Following an Ambassador's termination of the Ambassador's Ambassador Agreement, the former Ambassador shall not hold himself or herself out as a Zilis Ambassador and shall not have the right to sell Zilis products or services. An Ambassador whose business is canceled shall receive commissions and bonuses only for the last full pay period the Ambassador was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

## 11.2 - Termination Due to Inactivity

**11.2.1 - Failure to Meet PV Quota** — If an Ambassador fails to personally qualify as the rank of "Active" according to the guidelines set forth in the Zilis compensation plan once every rolling six months, the Ambassador's Ambassador Agreement shall be converted to a Wholesale Customer. If an Ambassador who is converted to a Wholesale Customer is within the 12-month term of the Ambassador's Ambassador agreement, the Ambassador may contact Support to reactivate the Ambassador's Ambassador position with an appropriate order to qualify as the rank of "Active".

### 11.2.2 - Reclassification Following Termination Due to Inactivity

— If an Ambassador is cancelled for inactivity, the Ambassador's Ambassador Agreement will be terminated, and the Ambassador will be converted to a Wholesale Customer. In the event the former Ambassador wants to reactivate the Ambassador's status as an Ambassador during what would have been the remaining term of the Ambassador's Ambassador Agreement if it had not been terminated, the Ambassador may contact Ambassador Services for reinstatement. Such reinstatement shall require the reactivating Ambassador to generate a personal volume order of 75 BV or higher. If the Ambassador is on the Company's autoship program at the time of termination, the autoship agreement shall remain in force. If the former Ambassador was not on autoship, the Ambassador will be entitled to continue purchasing products directly from the company at the retail price.

## 11.3 - Involuntary Termination

An Ambassador's violation of any of the terms of the Agreement, including any amendments that may be made by Zilis in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary termination of the Ambassador's Ambassador Agreement. Termination shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Ambassador's last known address, email address, or fax number, or to the Ambassador's attorney, or when the Ambassador receives actual notice of termination, whichever occurs first.

Zilis reserves the right to terminate all Ambassador Agreements upon fifteen (15) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

## 11.4 - Voluntary Termination

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Termination must be submitted in writing to the Company at its principal business address. The written notice must include the Ambassador's signature, printed name, address, and Ambassador I.D. Number. If an Ambassador is also on the Autoship program, the Ambassador's Autoship order

shall continue under the terms of a Preferred Customer unless the Ambassador also specifically requests that the Ambassador's Autoship Agreement also be canceled.

## 11.5 - Non-renewal

An Ambassador may also voluntarily cancel the Ambassador's Ambassador Agreement by failing to renew the Agreement on its anniversary date or by failing to pay the Ambassador's annual renewal fee. The Company may also elect not to renew an Ambassador's Agreement upon its anniversary date.

## 11.6 - Exceptions to Activity Requirements

**11.6.1 - Military Deployment** — Military personnel shall be exempt from meeting their Personal Volume requirements for the duration of the deployment and three (3) full calendar months thereafter while deployed into a foreign country. During this period, all additional rank requirements associated with a military member's Zilis rank must still be met. In order to qualify for this exemption, the deploying Ambassador must submit a completed and signed Deployment Waiver Form to the Ambassador Support Department and receive written confirmation of its receipt and acceptance.

# SECTION 12 - DEFINITIONS

**Active Customer** — A Zilis customer who has placed an online order for at least one BV associated product in the current calendar month.

**Active Ambassador** — An Ambassador who satisfies the minimum Personal Sales Volume requirements, as set forth in the Zilis Compensation Plan, to ensure that the Ambassador is eligible to receive certain bonuses and commissions.

**Active Rank** — The term "active rank" refers to the current rank of an Ambassador, as determined by the Zilis Compensation Plan, for a particular pay period. To be considered "active" relative to a particular rank, an Ambassador must meet the criteria set forth in the Zilis Compensation Plan for the Ambassador's respective rank. *(See the definition of "Rank" below.)*

**Affiliated Party** — A shareholder, member, partner, manager, trustee, or other parties with any ownership interest in, or management responsibilities for, a Business Entity.

**Agreement** — The contract between the Company and each Ambassador includes the Ambassador Application and Agreement Terms and Conditions, the Zilis Policies and Procedures, the Zilis Compensation Plan, and the Business Entity Addendum (where appropriate), all in their current form and as amended by Zilis in its sole discretion. These documents are collectively referred to as the "Agreement."

**Binary Downline Leg** — Ambassadors that have been enrolled by any individual in your Upline and placed below you in your left or right binary tree.

**Binary Tree Downline** — A placement structure consisting of two downline legs, one left and one right.

**Cancel** — The termination of an Ambassador's business. Termination may be either voluntary, involuntary, through non-renewal or inactivity.

**Crossline Ambassador** — An Ambassador who is not in your enrollment tree upline or downline marketing organization is a “Crossline Ambassador”.

**Downline** — Your enrollment tree downline (or downline organization) consists of the Ambassadors you personally enroll or sponsor (your first level Ambassadors), the Ambassadors that first level Ambassadors enroll or sponsor, as well as the Ambassadors that are subsequently enrolled or sponsored beneath them.

**Enrollment tree Downline** — Any and all Ambassadors in your downline that ultimately originate from an Ambassador that you personally sponsored. This does not include Ambassadors placed below you in the binary tree.

**Enrollment Tree Upline** — All Ambassadors in your upline to which you qualify as an Enrollment Tree Downline.

**Enrollment Tree Downline Leg** — Each one of the individuals personally enrolled immediately underneath you and their respective personally enrolled downline represents one “leg” in your Enrollment Tree Downline.

**Enroll** — The act of introducing a prospective Ambassador to Zilis and assisting them to execute an Ambassador Application and Agreement and thereby become a Zilis Ambassador. (Also see the definition of “Sponsor.”) These activities are called “enrolling.”

**Enroller** — The person who introduces and ultimately enrolls a prospective Ambassador into Zilis.

**Group Volume** — The commissionable value of services and products purchased by the Customers and Ambassadors in the enrollment tree downline of a particular Ambassador.

**Household** — Spouses, domestic partners, heads-of-household, children, dependent family members, and adult children residing in the same residence or doing business at the same residence.

**Level** — The layers of enrollment tree downline Customers and Ambassadors in a particular Ambassador’s enrollment tree downline. This term refers to the relationship of an Ambassador relative to a particular upline Ambassador, determined by the number of Ambassadors between them who are related by sponsorship. For example, if A enrolls B, who enrolls C, who enrolls D, who enrolls E, then E is on A’s fourth level.

**Official Zilis Material** — Literature, audio or video tapes, websites, and other materials developed, printed, published and/or distributed by Zilis to Ambassadors.

**Person** — an individual (a natural person) or an entity.

**Personal Volume** — The commissionable value of services or products purchased by: (1) an Ambassador; (2) the Ambassador’s personally-enrolled Retail or Preferred; and (3) the Ambassador’s personal Retail or Preferred Customers who purchase from the Ambassador’s Zilis replicated website.

**Preferred Customer** — A Customer that elects to purchase Zilis products on an optional autoship program and who is not a participant in the Zilis compensation plan.

**Rank** — The “title” that an Ambassador holds pursuant to the Zilis Compensation Plan. “Title Rank” refers to the highest rank an

Ambassador has achieved in the Zilis compensation plan at any time. “Paid As” rank refers to the rank at which an Ambassador is qualified to earn commissions and bonuses during the current pay period.

**Recruit** — For purposes of Zilis’ Conflict of Interest Policy (Section 4.11), the term “Recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Zilis Ambassador or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

**Registered External Website** — An Ambassador’s Zilis-approved personal website that is hosted on non-Zilis servers and has no official affiliation with Zilis.

**Replicated Website** — A website provided by Zilis to Ambassadors which utilizes website templates developed by Zilis.

**Resalable** — Products and Sales aids shall be deemed “resalable” if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) it is returned to Zilis within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as non-refundable, non-returnable, discontinued, or as a seasonal item, shall not be resaleable.

**Retail Customer** — An individual who purchases Zilis products from or through an Ambassador but who is neither a participant in the Zilis compensation plan nor a Preferred Customer.

**Retail Sales** — Sales to a Retail Customer.

**Social Media** — Any type of online media that invites, expedites or permits conversation, comment, rating, and/or user generated content, as opposed to traditional media, which delivers content but does not allow readers/viewers/listeners to participate in the creation or development of content, or the comment or response to content. Examples of Social Media include, but are not limited to, blogs, chat rooms, Facebook, MySpace, Twitter, LinkedIn, Delicious, and YouTube.

**Sponsor** — An Ambassador who enrolls a Customer or Ambassador into the Company and is listed as the Sponsor on the Customer or Ambassador account. The act of enrolling others and training them to become Ambassadors is called “sponsoring.”

**Starter Kit** — A selection of Zilis training materials and business support literature, and Ambassador replicated website that each new Independent Marketing Ambassador is required to purchase.

**Upline** — This term refers to the Ambassador or Ambassadors above a particular Ambassador in an enrollment tree upline to the Company. Conversely stated, it is the line of sponsorship that links any particular Ambassador to their enrollment tree upline, and ultimately, the Company.

**Wholesale Customer** — A customer who elects to purchase an annual membership providing them benefits, including but not limited to, wholesale pricing on all Zilis products during the term of the Wholesale Customer Agreement. Wholesale Customers are not participants in the Zilis Compensation Plan.