

# POLICIES AND PROCEDURES

CANADA

VERSION 6.1

# RODAN+FIELDS

## CONSULTANT POLICIES AND PROCEDURES (CANADA) Version 6.1

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*PLEASE NOTE:*

*If there are questions regarding any of the following Policies and Procedures, please contact the Compliance Department via email at [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com)*

## SECTION 1: THE COMPANY

Rodan & Fields, LLC (“Rodan + Fields” or the “Company”) is dedicated to giving people the best skin of their lives through dermatologically inspired skincare solutions. Founded by renowned Stanford-trained dermatologists, Dr. Katie Rodan and Dr. Kathy Fields, Rodan + Fields\* is recognized as the #1 Premium Skincare brand in North America<sup>1</sup> and the #1 Skincare Regimen brand in Canada<sup>2</sup> in 2019. Each of our proprietary Multi-Med® Therapy Regimens offer clinically-tested results and our standard of efficacy holds true with every new innovation. The brand is driven by its disruptive consumer connected commerce business model and community of entrepreneurs and provides the closest alternative to a professional skincare experience outside of a medical office.

\*Rodan and Fields, Rodan & Fields, Rodan + Fields

1 Source: Euromonitor International Limited; Beauty and Personal Care 2020 Edition, retail value RSP terms; all channels, Premium Skincare

2 Source Euromonitor International Limited; Beauty and Personal Care 2020 Edition; all channels; Skincare Regimen includes Sets and Kits; retail value RSP terms.

**The Rodan + Fields Mission:** Create life-changing opportunities and results for Consultants and Customers; bring transformative dermatology-inspired solutions to every market we serve.

We estimate that in 2019, the typical plan participant in Canada earned an average of \$214 CAD.

## SECTION 2: POLICIES AND PROCEDURES INCORPORATED INTO CONSULTANT AGREEMENT

These Policies and Procedures (including the Compensation Plan and the Glossary incorporated herein by reference and attached as Appendices A and B hereto), in their present form and as amended from time to time at the sole discretion of Rodan + Fields (the “Policies and Procedures”), are incorporated into and form an integral part of the Consultant Agreement, which sets forth Rodan + Fields’ and each Consultant’s legal rights and obligations. Throughout these Policies and Procedures, where the term “Consultant Agreement” is used, it refers to the legally binding agreement between Rodan + Fields and each Consultant, consisting of (i) a properly completed and submitted Consultant Application that has been accepted by Rodan + Fields; (ii) these Policies and Procedures that are incorporated into and form an integral part of the Consultant Agreement; and, if applicable, (iii) a properly completed Business Entity Registration Form that has been accepted by Rodan + Fields. In the event of any conflict between the applicable Consultant Application or the Business Entity Registration Form, on the one hand, and these Policies and Procedures, on the other hand, these Policies and Procedures shall control. It is the responsibility of each Consultant to read, understand, adhere to, and ensure that she or he is aware of and operating under the most current version of these Policies and Procedures. When sponsoring a potential Consultant, it is the responsibility of the Sponsor to provide access to the most current version of these Policies and Procedures (including the Compensation Plan) to the new Applicant prior to that potential Consultant’s submission of the Consultant Application. The R+F Policies and Procedures can be found on the R+F Website at [www.rodanandfields.com/ca](http://www.rodanandfields.com/ca), and in the Library on PULSE.

Rodan + Fields may amend these Policies and Procedures and thereby amend the Consultant Agreement at its discretion, which shall be exercised reasonably and in good faith. Notice of any substantive changes will be provided in *The Insider Scoop* weekly newsletter and posted in the Library on PULSE. The amended Policies and Procedures will become effective thirty (30) days after notice is provided, at which time the final amended policies will be posted on the R+F Website at [www.rodanandfields.com/ca](http://www.rodanandfields.com/ca), and in the Library on PULSE. Amended provisions shall not apply retroactively to conduct that occurred prior to the effective date of the amendment(s) except where indicated, and only in the event that the Consultant expressly agrees to the amendment. Consultants are responsible for reading *The Insider Scoop* and for regularly reviewing Rodan + Fields publications in the Library on PULSE for notices of substantive changes to the Policies and Procedures. Consultants’ continued participation

in the Program following the effective date of the amended Policies and Procedures constitutes acceptance of any changes or additions.

NOTWITHSTANDING ANYTHING TO THE CONTRARY ABOVE, ANY AMENDMENT BY RODAN + FIELDS TO THE DISPUTE RESOLUTION AGREEMENT IN SECTION 18i HEREIN SHALL ONLY TAKE EFFECT UPON A CONSULTANT'S EXPRESS AGREEMENT TO SUCH AMENDMENT. A CONSULTANT MAY INDICATE HER OR HIS AGREEMENT TO SUCH PROPOSED AMENDMENT BY FOLLOWING THE INSTRUCTIONS ACCOMPANYING THE PROPOSED AMENDMENT THAT WILL APPEAR WHEN LOGGING IN TO THE R+F CORPORATE WEBSITE OR THE CONSULTANT'S PERSONAL WEBSITE. RODAN + FIELDS MAY TERMINATE THE CONSULTANT AGREEMENT OF ANY CONSULTANT WHO DOES NOT AGREE TO A PROPOSED AMENDMENT TO THE DISPUTE RESOLUTION AGREEMENT IN SECTION 18i WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDMENT. ANY SUCH AMENDMENT SHALL APPLY TO ALL CLAIMS BROUGHT BY RODAN + FIELDS OR THE CONSULTANT ON OR AFTER THE EFFECTIVE DATE OF THE AMENDMENT, REGARDLESS OF THE DATE OF OCCURRENCE OR ACCRUAL OF ANY FACTS UNDERLYING SUCH CLAIM.

Rodan + Fields is deeply committed to ethical business practices and doing the right thing. It is the Company's expectation that, as the face of Rodan + Fields, Consultants review and uphold the R+F Code of Business Ethics, which is attached to the Policies and Procedures as Appendix C and which is also available on the R+F Website at [www.rodanandfields.com/ca](http://www.rodanandfields.com/ca).

The mutual success of Rodan + Fields and its Independent Consultants relies on the Consultants' understanding and execution of these Policies and Procedures, as well as all laws and regulations that apply to each Consultant's Rodan + Fields Consultant Agreement. The Code of Business Ethics is designed to protect Consultants and their businesses, the Rodan + Fields brand, and, importantly, all Consumers (namely, any potential and existing Customers or Consultants). Capitalized terms used throughout these Policies and Procedures are defined in the Glossary (Appendix B).

### **SECTION 3: TO BE A CONSULTANT**

#### **3a. To be a Canadian Consultant, one must:**

- be 18 years of age or older;
- complete and submit a Consultant Application that is accepted by Rodan + Fields;
- purchase a Business Starter Pack;
- be authorized to run a business, and provide an address to which products, correspondence and other items may be sent, in Canada (excluding Quebec<sup>1</sup>);
- provide your valid email address not already associated with another Rodan + Fields Consultant or Customer account, and valid credit card;
- not be in jail or prison or otherwise confined to a correctional institution;
- not have ever been convicted of an indictable offence;
- not be a current employee, officer or director of Rodan + Fields and/or its affiliates or the spouse or domestic partner of any of the foregoing; and
- not be a current employee, officer or director of Guthy-Renker LLC, Nestlé Skin Health S.A. and/or their affiliates or the spouse or registered domestic partner of any of the foregoing.

***1** CONSULTANTS MAY NOT MARKET OR SELL PRODUCTS WITHIN THE PROVINCE OF QUEBEC. CONSULTANTS LOCATED OUTSIDE THE PROVINCE OF QUEBEC MAY ACCEPT UNSOLICITED INCOMING ORDERS FROM RETAIL CUSTOMERS OR PREFERRED CUSTOMERS PHYSICALLY LOCATED IN THE PROVINCE OF QUEBEC, PROVIDED SUCH INCOMING ORDERS ARE NOT THE RESULT OF THE CONSULTANT'S MARKETING OF SUCH PRODUCTS WITHIN THE PROVINCE OF QUEBEC.*

Any proprietorship doing business under a registered business name (DBA) must also submit a true and complete copy of its business name registration, or equivalent, if requested by Rodan + Fields. A Business Entity (i.e., a corporation or partnership) applying to be a Consultant must also comply with the requirements of Section 5j. Certain provinces and territories in Canada require a Consultant to register for, and obtain, an individual direct seller's licence or a direct seller's ID card prior to doing business in such province or territory. It is the Consultant's responsibility to seek out and obtain the requisite information in order to obtain a direct seller's licence in such jurisdictions. It is also the responsibility of the Consultant to register and obtain a direct seller's licence or ID card in the jurisdictions where necessary prior to doing business in such jurisdictions. In jurisdictions where required, it is the duty of the Consultant to carry the direct seller's ID card with her or him at all times while doing business in such jurisdictions. Consultants should make sure to review their "Welcome Email" in detail for further information on this topic.

### **3b. Independent Contractor Status:**

Consultants shall not be treated as employees of Rodan + Fields for any purpose including, without limitation, for federal, provincial, territorial, or local tax purposes or for retirement or unemployment benefits. Consultants are not entitled to the benefits that Rodan + Fields may make available to its employees. Consultants are self-employed, non-exclusive independent contractors who are authorized by Rodan + Fields to market and sell the R+F Products in all Provinces and Territories in Canada (except Quebec<sup>2</sup>) and in any Authorized Country, subject to having legal authorization to run a business and work in the applicable jurisdiction. Except to the extent necessary to comply with legal requirements and/or to protect the Company's intellectual property and brand reputation, Rodan + Fields does not exercise control over the manner or means by which Consultants sell R+F Products, enroll others in the Program or otherwise operate the Consultantship, provided that Consultants comply with the Consultant Agreement. Consultants may engage helpers or assistants without seeking approval from Rodan + Fields, but any Consultant who hires others remains fully responsible for the activities of such helpers or assistants, such that any breaches of the Consultant Agreement by any such person will be deemed to have been committed by the Consultant who hired such person. Consultants are not, and shall not represent themselves to be, employees, agents or representatives of R+F or purchasers of a franchise. Any agreement between Rodan + Fields and a Consultant does not create an employee/employer relationship, agency, partnership or joint venture between Rodan + Fields and such Consultant.

Consultants have no authority (expressed or implied), and shall not represent that they have any authority, to bind Rodan + Fields to any obligation, contract or agreement. Consultants shall establish their own goals, hours, place of business, and methods of sale, so long as they comply with the Consultant Agreement. Consultants are solely responsible for all decisions made and all costs incurred with respect to their Consultant Agreements. All Consultants assume all entrepreneurial and business risk in connection with their Consultant Agreements. Consultants are responsible for obtaining any provincial, territorial, or local licences, permits, and other governmental approvals applicable to her or his business, including qualifications to transact business in jurisdictions other than her or his domicile. There is no guarantee that there is or will be a market for the Rodan + Fields Products or that Consultants will earn or will not lose money.

### **3c. Getting Activated:**

Once an Applicant has submitted a properly completed Consultant Application, purchased a Business Starter Pack, submitted any other documents that Rodan + Fields may require, and Rodan + Fields has accepted and processed the Consultant Application, the Applicant will become a Consultant and will be assigned a unique Identification Number and will be required to select a Password. It is the responsibility of the Consultant to provide the correct Identification Number in all communication, verbal and written, to Rodan + Fields.

<sup>2</sup> CONSULTANTS MAY NOT MARKET OR SELL PRODUCTS WITHIN THE PROVINCE OF QUEBEC. CONSULTANTS LOCATED OUTSIDE THE PROVINCE OF QUEBEC MAY ACCEPT UNSOLICITED INCOMING ORDERS FROM RETAIL CUSTOMERS OR PREFERRED CUSTOMERS PHYSICALLY LOCATED IN THE PROVINCE OF QUEBEC, PROVIDED SUCH INCOMING ORDERS ARE NOT THE RESULT OF THE CONSULTANT'S MARKETING OF SUCH PRODUCTS WITHIN THE PROVINCE OF QUEBEC.

A Consultant's Identification Number must be used by that Consultant to identify herself or himself to Rodan + Fields in all correspondence with Rodan + Fields and may also be required for transactions. A Consultant may, but is not required to, provide her or his Identification Number to Customers and potential Customers to assist Rodan + Fields in identifying and linking the Customer or potential Customer to that Consultant's account for online sales. A Consultant's Password is considered Confidential Information and should not be shared with anyone. This Password is used by that Consultant to access the R+F Website, her or his PULSE Personal Websites (PWS), and PULSE, through which she or he can order the R+F Products and/or access the Consultant's performance history records, organizational status and Performance Reports. For information regarding the PULSE Program, see Section 11j.

## **SECTION 4: CONSULTANT ADVANTAGES**

Once an Applicant has become a Consultant as described above, the Consultant is able to participate in, and make good use of, the opportunities and advantages provided by the Program. These advantages include the ability of the Consultant to:

- purchase the R+F Products at Consultant Prices;
- sell the R+F Products as described herein;
- qualify and participate in the Compensation Plan (receiving Commissions and Achievement Rewards, if eligible);
- sponsor Preferred Customers and other potential Consultants into the Program to build a Downline and advance through the various levels under the Compensation Plan;
- receive periodic Rodan + Fields literature and other Rodan + Fields communications; and
- voluntarily participate in Rodan + Fields-sponsored support, service and training, and in motivational, promotional, incentive and recognition Programs for Consultants, upon payment of appropriate charges, if applicable.

## **SECTION 5: CONSULTANT REQUIREMENTS AND RESTRICTIONS**

### **5a. Business Starter Pack:**

In order to become a Consultant, an Applicant must purchase a Business Starter Pack at the time she or he submits a Consultant Application to Rodan + Fields. A Consultant may return the Business Starter Pack at any time within one year after activation and receive a complete refund of the purchase price (not including any shipping costs). The return of a Business Starter Pack will be considered a voluntary Termination by the Consultant. For additional information on Consultant return policies, refer to Section 10.

### **5b. No Inventory Requirements/70% Rule:**

Inventory and purchase controls are designed to ensure compliance with legal prohibitions on inventory loading, i.e., purchasing of inventory in large quantities for the purpose of achievement of Title recognition, rewards or payments under the Compensation Plan. Consultants are not required or encouraged to purchase or carry any amount of inventory of the R+F Products. Indeed, Consultants have active accounts and earn Commissions and Achievement Rewards without carrying any inventory. Orders may be transacted directly with the Company on behalf of the Consultant through the R+F Website and/or PULSE Personal Websites (PWS). Consultants receive full credit for all such sales without the need to carry any inventory. Consultants may, at their option, purchase the R+F Products in bulk for resale to Customers, provided that the Consultant retains receipts showing that at least 70% of those R+F Products were resold to one (1) or more different Retail Customers or were otherwise used in support of business activities (e.g., incentives or demonstrations) within thirty (30) days of the last applicable order date.

**Any such purchases may not be made for the purpose of qualification for Recognition Titles or Achievement Rewards and must not be excessive in relation to the Earnings of any Consultant who makes such purchases.**

Furthermore, falsely representing the sale or use of R+F Products is grounds for termination of the applicable Consultant Agreement. Rodan + Fields reserves the right to require further documentation concerning any bulk or large orders to ensure compliance with this Section. Moreover, any Consultant purchasing R+F Products in excess of \$1000 CAD in any calendar month will be subject to requirements set forth in Section 5c, below.

#### **5c. Purchase Limitations and Advancement Buying:**

##### ***5c (i): Purchase Limitations***

As stated in Section 5b, above, Rodan + Fields takes measures to prevent illegal inventory loading. All Consultants purchasing R+F Products in excess of \$1,000 CAD during any calendar month are subject to review by Rodan + Fields. In addition to the 70% sale requirement stated in Section 5b above, such orders must be supported by receipts retained by a Consultant demonstrating they were sold to at least three (3) different Retail Customers and/or provided as incentives to at least three (3) individuals. Also as part of this review, and in addition to the sales receipts, Consultants may be required to complete a Monthly Retail Sales Record Form, available in the Library on PULSE, detailing the date of the sale to the Retail Customer, the Retail Customer name, the products sold, the method of payment and the total sale amount. Rodan + Fields' obligation to repurchase the R+F Products as set forth in Section 10 will not apply with respect to Consultant purchases that fail to comply with Sections 5b and 5c. Rodan + Fields reserves the right to rescind qualification for Recognition Titles or Achievement Rewards, including incentive trips and car allowances, or to claw back Commissions, in instances in which a Consultant is found to have placed excessive orders, whether those orders are placed in her or his own Consultant account or in a Customer account.

##### ***5c (ii): Advancement Buying***

Advancement Buying is prohibited in all circumstances. "Advancement Buying" is the purchase of product for a reason that is unrelated to bona fide resale or use, or any mechanism used to qualify for: (i) rank advancement, (ii) maintenance, (iii) achievement of incentives, (iv) prizes, (v) commissions or (vi) advancement rewards that are not driven by bona fide product purchases by end user consumers for actual use, or for use in an Independent Consultant's business in a reasonable manner.

#### **5d. Consultant Status:**

An Applicant becomes a Consultant when her or his Consultant Application or, in the case of a Business Entity, a Business Entity Registration Form, is accepted by Rodan + Fields. A Consultant remains a Consultant in the Program by: (i) renewing her or his Consultant Agreement in accordance with Section 5l below on each anniversary date and acceptance of such renewal by Rodan + Fields; (ii) complying with the requirements of the Consultant Agreement; and (iii) not having a terminated account status.

#### **5e. Eligibility:**

Rodan + Fields reserves the right to accept or reject any Consultant Application or Business Entity Registration Form for any reason at its sole discretion, to the extent permitted by law. Without limiting the generality of the foregoing, Rodan + Fields reserves the right to reject any Consultant Application or Business Entity Registration Form if Rodan + Fields determines in its sole discretion that its acceptance of a Consultant Application would result in any actual or potential conflict of interest or would call into question the independence of a Consultant.

#### **5f. Single Consultant Account:**

A Consultant may hold only one account under a single Sponsor. A person or entity may not be a party to more than one Consultant Agreement or hold, directly or indirectly, any interest in additional Consultantships, including any Consultant Agreements operated by a Business Entity. **Consultants whose credit card information appears on Consultant accounts other than their own will be in violation of this policy and subject to termination.**



### **5g. Spouses and Common Law Married Couples Operate Under a Single Consultant Agreement:**

To prevent household buying of R+F Products that constitutes illegal inventory, if spouses or common law married couples both wish to be Consultants, they must be registered together under a single Consultant Agreement under a single Sponsor. To be compliant, spouses or common law married couples must first enroll as an individual under a single Sponsor, and then submit a completed Spouse or Partner Add Form that must be received by Rodan + Fields. This form can be found on the Rodan + Fields Website at [www.rodanandfields.com/ca](http://www.rodanandfields.com/ca), and in the Library on PULSE. Spouses and common law married couples may neither sponsor each other directly or indirectly, nor have different Sponsors. Children over the age of eighteen (18) residing with their parents who meet all of the eligibility requirements may have their own Consultant Agreements. For information regarding the disposition of a Consultant Agreement shared by persons in a spousal or common law marital relationship upon divorce or separation, see Section 14b. For information on Sale and Transfer requirements, see Section 14a.

### **5h. Territory:**

No Consultant shall assert or imply that she or he has ownership of, or exclusivity in, any particular geographic area, territory, market or region. All Consultant Agreements are nonexclusive, and all Active Consultants have the full right to market and sell the R+F Products and otherwise conduct their Consultantships in Canada (excluding Quebec<sup>3</sup>) and in any Authorized Country, in accordance with the terms of the Consultant Agreement. Consultants may only market or sell the R+F Products or otherwise conduct their Consultantships in jurisdictions outside of any Authorized Country in the event Rodan + Fields advises its Consultants that they may do business in those jurisdictions, subject to any conditions and limitations of such advisory. Notwithstanding the foregoing, Consultants doing business in jurisdictions outside of Canada shall do so pursuant to that jurisdiction's Policies and Procedures and the Consultant shall be responsible to comply with the laws of such jurisdiction, including tax and immigration laws. See Section 5n below for rules relating to cross-border activities.

### **5i. Consultant Information:**

Each Consultant is responsible for keeping her or his Consultant Information up to date and accurate and must immediately update any changes in her or his PULSE account. It is particularly important that a Consultant provides Rodan + Fields with her or his current email address, since email is one of the primary ways that Rodan + Fields and a Consultant's Upline will communicate with the Consultant. By agreeing to these Policies and Procedures, the Consultant consents to receiving emails from Rodan + Fields as well as from her or his Upline. Each Consultant may modify her or his Consultant Information (e.g., update an address, phone number or email address). Consultant agrees that Rodan + Fields may share with Consultant's Upline her or his name, telephone number, address, email address and select sales performance data for all Consultants in their Downline. No credit card number shall be shared with a Consultant's Upline without separate express permission by Consultant to allow such personal information sharing. By providing her or his email address and telephone number, the Consultant agrees to disclose her or his email address and telephone number to Rodan + Fields as well as to her or his Upline. Consultant further acknowledges that information provided to Rodan + Fields by Consultant will be shared with and processed by Rodan + Fields' corporate offices located in other jurisdictions, including but not limited to the United States, Canada, Australia, and Japan.

To change a Business Number, please refer to Section 5j. Without limitation of the foregoing, a Business Entity that is a Consultant must immediately report any changes in its Beneficial Ownership to Rodan + Fields. A Consultant must submit appropriate legal documentation in support of any name change request. Further information about R+F's privacy practices and procedures is contained in its Privacy Policy available at <https://www.rodanandfields.com/ca/privacy-policy>.

**3** CONSULTANTS MAY NOT MARKET OR SELL PRODUCTS WITHIN THE PROVINCE OF QUEBEC. CONSULTANTS LOCATED OUTSIDE THE PROVINCE OF QUEBEC MAY ACCEPT UNSOLICITED INCOMING ORDERS FROM RETAIL CUSTOMERS OR PREFERRED CUSTOMERS PHYSICALLY LOCATED IN THE PROVINCE OF QUEBEC, PROVIDED SUCH INCOMING ORDERS ARE NOT THE RESULT OF THE CONSULTANT'S MARKETING OF SUCH PRODUCTS WITHIN THE PROVINCE OF QUEBEC.

## 5j. Business Entities/Change in Consultant Agreements:

A Consultant enrolled as an individual may apply to convert her or his Consultantship to a corporation, limited liability company, partnership or similar business entity (“Business Entity”). To effect such, the Business Entity must:

- be beneficially owned by the converting Consultant immediately following conversion, and thereafter;
- be incorporated or organized in Canada as a federal corporation or in any Province or Territory, with the exception of Quebec<sup>4</sup>;
- have its principal place of business in Canada, (with the exception of Quebec<sup>4</sup>);
- have a valid Business Number;
- complete, sign and submit a Business Entity Registration Form that is accepted by Rodan + Fields (see Business Entity Registration Form in the Library on PULSE for more details);
- list all members, partners, beneficial owners, etc. that are part of the Business Entity;
- each proposed member of the Business Entity must fill out an Independent Consultant Application and meet the eligibility requirements of Section 3a prior to taking Beneficial Ownership of the Business Entity;
- if requested by Rodan + Fields, submit a true and complete copy of the organizational and corporate documentation (e.g., certificate of incorporation, articles of incorporation, partnership agreement, operating agreement, or any other document R+F may request in its sole discretion) of such corporation or partnership; and
- have a valid email address and a valid credit card.

In addition, the Beneficial Owner of the Business Entity must assign her or his Independent Consultant Agreement to the Business Entity Applicant pursuant to the Business Entity Registration Form. All other Beneficial Owners of the Business Entity must be identified in the Business Entity Registration Form.

All Beneficial Owners of a Consultantship that is a Business Entity shall be jointly and severally liable for, and shall indemnify and hold harmless Rodan + Fields from and against, any breach of the Consultant Agreement by such Business Entity or any indebtedness or other obligation to Rodan + Fields of such Business Entity.

The Beneficial Owners of the Business Entity are responsible for the conduct of their employees, contractors or agents and will be held accountable for any violation of the Consultant Agreement, including the failure of their employees, contractors or agents to adhere to these Policies and Procedures. See Section 5k for further information.

A Consultantship that is a Business Entity and undergoes a change of Beneficial Ownership must comply with Section 14d or it may have its Consultant Agreement and Consultantship terminated.

A Consultantship that is a Business Entity may not use any trade name, business name or DBA that includes any R+F Trademark.

<sup>4</sup> CONSULTANTS MAY NOT MARKET OR SELL PRODUCTS WITHIN THE PROVINCE OF QUEBEC. CONSULTANTS LOCATED OUTSIDE THE PROVINCE OF QUEBEC MAY ACCEPT UNSOLICITED INCOMING ORDERS FROM RETAIL CUSTOMERS OR PREFERRED CUSTOMERS PHYSICALLY LOCATED IN THE PROVINCE OF QUEBEC, PROVIDED SUCH INCOMING ORDERS ARE NOT THE RESULT OF THE CONSULTANT'S MARKETING OF SUCH PRODUCTS WITHIN THE PROVINCE OF QUEBEC.

Subject to the above requirements and restrictions, a Consultant may change a Consultantship's status from a sole proprietorship to a corporation, limited liability company, partnership or other form of approved Business Entity, or from one type of Business Entity to another, by submitting a new Business Entity Registration Form. In addition, a Consultant may add her or his spouse to a sole proprietorship as a co-applicant to the Consultant's existing Consultantship by submitting a new Consultant Application in the form of a partnership. In each such case, upon Rodan + Fields' acceptance of the new Consultant Application and, if applicable, the Business Entity Registration Form, the Consultant's original Consultant Agreement will cease to be in effect and will be replaced and superseded by the newly formed Consultant Agreement. Note that none of the changes described above will permit a Consultant to change Sponsors, except as specified in Section 7d, or to assign or transfer a Consultantship except as specified in Section 14a. Additionally, converting a Consultantship from an individual consultantship to a Business Entity or from one type of Business Entity to another shall not be used as a means to transfer the Consultant account from one party to another. Please note that Rodan + Fields will not approve a request to convert a Consultantship to a Business Entity if the intention, whether express or implied, is to achieve an improper sale/transfer or to Line Switch. See Section 14a and 7d for more information.

#### **5k. Actions of Household Members, Employees, Agents, etc.:**

Each Consultant is responsible for the actions of her or his immediate household members, except for children over the age of eighteen (18) who have their own Consultant Agreement pursuant to Section 5g. Each Consultant is also responsible for the actions of the Consultant's employees, contractors and agents, and each Consultantship that is a Business Entity is responsible for the actions of its owners, officers, directors, employees, contractors and agents. If any such household member or such owner, officer, director, employee, contractor or agent engages in any activity which, if performed by the Consultant, would violate the Consultant Agreement, including a failure to adhere to these Policies and Procedures, such activity will be deemed a breach by the Consultant and Rodan + Fields may terminate the Consultantship and/or seek other appropriate remedies against such Consultant as detailed in the Consultant Agreement. In appropriate circumstances, Rodan + Fields may elect to first provide notice to the Consultant allowing her or him time to cure the breach prior to taking further action.

#### **5l. Consultant Agreement Renewal:**

A Consultant Agreement commences on the date of activation and must be renewed on an annual basis. A Consultant's failure to renew her or his Consultant Agreement upon the one (1) year anniversary of the activation date may result in the termination of her or his Consultant Agreement.

Rodan + Fields will send the Consultant a renewal notice no later than thirty (30) days prior to the anniversary date of acceptance by Rodan + Fields of the original Application. If a Consultant wishes to apply to renew her or his Consultant Agreement, the Consultant must complete the renewal process and pay a \$25.00 CAD fee. Failure to do so may result in termination of the Consultant Agreement within thirty (30) days. The \$25.00 CAD fee is waived for a Consultant who: (i) carries the Recognition Title of Executive Consultant or higher as of the Commission Period immediately prior to her or his anniversary month; or (ii) has achieved a minimum of 100 SV in any of the three (3) Commission Periods immediately prior to her or his anniversary month. If a Consultant Agreement is terminated for non-renewal, the affected Consultant may re-enroll in accordance with Section 15d of the Policies and Procedures.

#### **5m. Income Taxes:**

Each Consultant is responsible for reporting and paying (and will indemnify and hold Rodan + Fields harmless from) all local, provincial, territorial, federal, and other taxes with respect to the Consultant's income from sales of R+F Products and any payments or other monetary or non-monetary compensation under this Agreement. Rodan + Fields will not withhold or make payments for any income taxes, Canadian Pension Plan or employment insurance or obtain worker's compensation insurance on a Consultant's behalf. Rodan + Fields will provide the Canadian Revenue Authority with Form T4A (non-employee compensation) earning statement to each Canadian resident Consultant who had global compensation of \$500 or more in the previous calendar year paid to them in Canada. If for any reason a Consultant provides an invalid Social Insurance Number or Tax ID and does not provide a valid

Social Insurance Number, once requested, within thirty (30) days, Rodan + Fields reserves the right to terminate her or his Consultant Agreement.

#### **5n. Cross-Border Activity – Conducting Business in a Home Country:**

A Consultant Agreement is specific to the country in which a Consultant enrolls (“Home Country”). A Consultant must have legal authorization to run a business in her or his Home Country and must provide to Rodan + Fields upon enrollment a valid address in such Home Country to which R+F Products, correspondence or other items may be shipped. A Consultant may make purchases, sell the R+F Products and sponsor other Consultants within her or his Home Country. Additionally, a Consultant may sponsor Consultants and Preferred Customers and sell to Retail Customers in countries outside her or his Home Country and make sales to them via the R+F Website or the Consultant’s PWS, so long as Rodan + Fields has direct selling operations in such other country. Consultants may not purchase R+F Products in their Home Country and physically transport them across a country border to sell the R+F Products in another country. See below for further details regarding conducting business outside a Home Country. Rodan + Fields currently has direct selling operations in the United States (including the District of Columbia, Puerto Rico and Guam), Canada (except Quebec<sup>5</sup>), and Australia, and Japan.

#### **5o. Cross-Border Activity - Conducting Business Outside a Home Country:**

##### ***5o (i): Conducting Business in a Location where Rodan + Fields Currently does Business, an “Authorized Country”***

If a Consultant wishes to cross a border to do business on the ground in a country where Rodan + Fields has direct selling operations that is outside her or his Home Country (an “Authorized Country”), the Consultant must ensure that she or he has the proper authorization to work or run a business, as applicable, in such Authorized Country. The Consultant must make sure to comply with all applicable laws of the Authorized Country, including but not limited to, all immigration, visa and registration requirements. Short-term trips and visits for the purpose of meetings, negotiations and training may require business visitor status in such Authorized Country or even a visa in some cases, depending on the country the Consultant is visiting. For further details and information, the Consultant should consult her or his own immigration attorney.

##### ***5o (ii): Tax Consequences Relating to Canadian Consultant Business Activities Physically Performed in Other Authorized Countries***

In some circumstances, Canadian Consultants who conduct business activities in other Authorized Countries may be subject to certain tax consequences. Consultants should seek advice from their own tax advisors with respect to the tax implications of working in other Authorized Countries.

##### ***5o (iii): Conducting Business in a Location where Rodan + Fields does not do Business, an “Unauthorized Country”***

If a Consultant wishes to cross a border to do business on the ground in a country where Rodan + Fields does not yet have a direct selling business (an “Unauthorized Country”), the Consultant is limited to providing business cards and attending small (less than five (5) person) meetings where the Consultant may discuss her or his current business and general aspects of the Rodan + Fields business as they apply in Authorized Countries, but may not otherwise make attempts to establish a Downline or promote the Program. The Consultant may not use flyers, cold calling, mass emailing or mass soliciting of any kind to promote her or his business in an Unauthorized Country.

In addition, the Consultant may not do any of the following in an Unauthorized Country:

- import or facilitate the importation of, sell or distribute in any manner, the R+F Products;
- place any type of advertisement or distribute any promotional material regarding Rodan + Fields (unless previously approved by Rodan + Fields);
- conduct training meetings;

**5 CONSULTANTS MAY NOT MARKET OR SELL PRODUCTS WITHIN THE PROVINCE OF QUEBEC. CONSULTANTS LOCATED OUTSIDE THE PROVINCE OF QUEBEC MAY ACCEPT UNSOLICITED INCOMING ORDERS FROM RETAIL CUSTOMERS OR PREFERRED CUSTOMERS PHYSICALLY LOCATED IN THE PROVINCE OF QUEBEC, PROVIDED SUCH INCOMING ORDERS ARE NOT THE RESULT OF THE CONSULTANT’S MARKETING OF SUCH PRODUCTS WITHIN THE PROVINCE OF QUEBEC.**

- solicit or negotiate any agreement for the purpose of committing a citizen or resident of an Unauthorized Country to the opportunity or a specific Sponsor. Furthermore, Consultants may not sign up citizens or residents of an Unauthorized Country by using forms from an Authorized Country, unless the citizen or resident of the Unauthorized Country has, at the time of enrollment, an address to which products, correspondence and other items can be sent, as well as legal authorization to work, in the Authorized Country. It is the Consultant's responsibility to ensure compliance with any residency and work authorization requirements;
- accept money or other consideration, or be involved in any financial transaction with any prospective Consultant, either personally or through an agent, for purposes relating to the R+F Products or the opportunity, including renting, leasing or purchasing facilities for the purpose of promoting or conducting Rodan + Fields- related business; or
- promote, facilitate or conduct any type of activity which exceeds the limitations set forth in these Policies and Procedures or which Rodan + Fields, in its sole discretion, deems to be contradictory to its business or interest in international expansion.

#### **5p. International Sponsorship:**

If you wish to sponsor Consultants in an Authorized Country that is not your Home Country, you must comply with all applicable laws of that specific Authorized Country, including but not limited to, all immigration, visa and registration requirements, and comply with Policies and Procedures, and any applicable company certification or requirements of that Authorized Country. Provided you are compliant with such laws and applicable Policies and Procedures, you may sponsor new Consultants in an Authorized Country other than your Home Country. Notwithstanding the above provisions, you may not import, sell or distribute R+F Products from one Authorized Country to another Authorized Country.

Rodan + Fields reserves the right to designate certain countries wherein all pre-marketing conduct is expressly prohibited. It is a Consultant's responsibility, prior to each instance of conducting pre-market opening activities in any Unauthorized Country, to verify with Rodan + Fields any allowable activity unless previously approved by Rodan + Fields.

## **SECTION 6: CONSULTANT BUSINESS PRACTICES**

### **6a. Media Inquiries:**

Consultants may not respond to media inquiries regarding Rodan + Fields, the R+F Products, the Program or any other aspect of Rodan + Fields's businesses. All such media inquiries should be immediately referred to the Rodan + Fields Corporate Communications Team at [CorporatePR@rodanandfields.com](mailto:CorporatePR@rodanandfields.com).

Additionally, Consultants may not seek out their own media opportunities that relate to Rodan + Fields without first gaining permission from the Corporate Communications Team. If you have a media opportunity that you feel falls within the Policies and Procedures that you would like to pursue, you must first contact [CorporatePR@rodanandfields.com](mailto:CorporatePR@rodanandfields.com). This policy is designed to ensure that accurate, compliant, and consistent information is provided to the public.

If Consultants are approved to communicate with media regarding Rodan + Fields, they are not to provide direct referrals to their website or PWS, phone number or other personal contact information. The only reference that should be provided is the R+F Website or to contact [CorporatePR@rodanandfields.com](mailto:CorporatePR@rodanandfields.com).

For additional media and advertising guidelines, refer to Section 11, including sub-section 11k Influencers.

## **6b. Adherence to the Program:**

Consultants shall present the Program in a truthful and accurate manner consistent with the Consultant Agreement and the R+F Marketing Materials. Consultants shall not offer the Program through or in combination with any other system, program or method of marketing. Consultants shall not promote, require or encourage any current or potential Customers or Consultants to: (i) participate in the Program in any manner that varies from the Program as set forth in the Consultant Agreement and the R+F Marketing Materials; or (ii) execute or adhere to any agreement or contract other than the Consultant Application and these Policies and Procedures in order to become Consultants and participate in the Program.

## **6c. Product Claims:**

### ***6c (i): Product Claims in General***

Consultants shall not make any claims or representations regarding the R+F Products other than those claims and representations found in the R+F Marketing Materials. Rodan + Fields sells two categories of products: Cosmetic and those that contain OTCs (Over-The-Counter drugs). All claims regarding Cosmetic Products must focus exclusively on appearance changes. If “active ingredients” are included in the Drug Facts Box on the product level, then it contains OTCs and any claims regarding changes to the structure or function of the body must be strictly limited to the claims found in R+F Marketing Materials and product labeling. For additional information on Product Claims for use on Social Media or in Newsletters, refer to Sections 11k and 11o.

### ***6c (ii): “Before and After” Photos***

“Before and after” photos claiming results for conditions other than those indicated on the product labeling may not be used for any purpose. Consultants may use the “before and after” photos and product stories that Rodan + Fields publishes in support of the R+F Products. “Before and after” photos and product testimonials may be submitted for suggested publication on the R+F Product Success Stories website located at [www.rodanandfieldsresults.com](http://www.rodanandfieldsresults.com).

**If a Consultant wishes to use her or his own personal “before and after” photos, the subsequent guidelines must be followed:**

- the Consultant must identify herself or himself as an Independent Consultant for Rodan + Fields and the subject of the photo.
- the information shared must represent the Consultant’s honest opinions, findings, beliefs and experiences from using R+F Products.
- the information shared must clearly and conspicuously disclose the substantiation of representations conveyed, which includes:
  - o how often and how long the R+F Products were used unless otherwise directed by Corporate’s advertising standards; or
  - o whether any other products or treatments contributed to the results.
- makeup must be removed and hair pulled back from the face;
- photos must be in focus, in a portrait landscape and with a well-lit, plain background;
- photos must be supported by and consistent with Rodan + Fields’ label claims;
- the “before and after” photos must be taken under the same conditions;
- touch- ups and photo editing are not permitted.
- if showcasing results on the body such as the arms, chest, or legs, before and afters must be realistic, consistent with claims, and no manipulation of the skin is permitted (such as stretching or pulling it); and

- for “before and after” photos showcasing products with color, such as Rodan + Fields Radiant Defense Perfecting Liquid, no other makeup may be applied before, with, or over the product (i.e. no bronzer, foundation, blush, etc.) without proper disclosure.

If a Consultant wishes to use “before and after” photos or product testimonials of a Customer, friend or family member, in addition to the foregoing requirements, the Consultant is responsible for obtaining and maintaining permission from the person who is the subject of the photos or testimonial. Do not use “before and after” photos of anyone under the age of 13. If the Customer, friend or family member is between the ages of 13 and 18, it is highly recommended that you obtain the permission of a parent or guardian. A Consultant who posts a “before and after” photo or product testimonial on social media sites must identify the subject if the subject is a relative (e.g., “daughter of R+F Independent Consultant”) and is responsible for ensuring that all requirements of this Section are met. Such photos and testimonials may be shared on social media sites, unless the Consultant who shares it has any reason to believe that the foregoing requirements have not been met.

#### **6d. Income Claims Prohibited:**

Consultants shall not make claims or representations of potential or guaranteed income or profits in connection with the Program. Any amounts that Consultants earn through the Program are based only on the sale of R+F Products and not on the mere act of sponsoring other Consultants. Canada has laws and/or regulations that prohibit certain types of income claims and testimonials by persons engaged in direct selling/network marketing. While Consultants may believe it beneficial to tell other Consultants and potential Consultants about their Earnings or the Earnings of others, such claims may have legal consequences and adversely impact Rodan + Fields as well as the Consultants making the claims, unless appropriate disclosure required by law is also made contemporaneously with the income claim. When discussing the Program with other Consultants or potential Consultants, Consultants may not make any projections, claims or estimates regarding such other Consultants’ potential or guaranteed income from the Program, or disclose their own income from the Program (including by showing RF Payday Account statements, cheques, copies of cheques, bank statements, tax records or other such documents). Additionally, Consultants may not make income claims that represent the non-typical earner. All claims of income must be consistent with the publicly available Rodan + Fields Income Disclosure Statement and must represent what the average or typical participant is likely to earn.

Lifestyle claims (e.g., my Rodan + Fields business allowed me to buy a house, retire from my other job, allow my spouse to quit her or his job, or take a luxury vacation) are considered to be equivalent to income claims. Similarly, hypothetical income examples that are used to explain the operation of the Compensation Plan are also considered to be analogous to income claims, and must also represent what the typical Rodan + Fields Consultant is likely to achieve based on the most current Rodan + Fields Income Disclosure Statement.

If a Consultant does make a statement of what Rodan + Fields has afforded them or provides hypothetical examples, the following conditions **must** be met:

- the information must be accurate and not misleading; where misleading may be considered anything not typical;
- the level of effort required to achieve the results described must be fully detailed;
- claims of potential or guaranteed income may not be made;
- actual earnings may not be disclosed;
- hypothetical income examples must be typical and clearly indicated as such; and
- the Income Disclosure Statement must be provided in all instances.

Any writings, including social media posts or personal profiles, email signature blocks, or written personal stories that include any earnings claim or lifestyle claim must include a link to the Income Disclosure Statement, which includes the following disclaimer: ***“The typical plan participant in Canada during 2019 earned an average of \$214***

**CAD,**” which may be updated by Rodan + Fields from time to time. If a link cannot be provided, the above “one-liner” must be added to the image or post. A copy of the Income Disclosure Statement should be handed out if speaking about lifestyle claims during in-person meetings. Further, posting a picture or message proclaiming your lifestyle success and tying it to Rodan + Fields, either by explicitly referring to Rodan + Fields, or by saying “my company,” “the company,” or when using any implicating hashtags, you must include the above disclaimer.

In addition, if the income and/or lifestyle claim is geared toward recruiting, the following, more robust disclaimer, must be included:

***“This is my unique story. Actual earnings vary significantly; no income is guaranteed. For info re: typical results, search Rodan + Fields IDS.” [or: click here.]***

The Income Disclosure Statement is available in the Library on PULSE and on the R+F Website.

#### **6e. No Representations Regarding Governmental Approval:**

Consultants may not represent that the R+F Products or the Program have been approved or endorsed by any governmental or regulatory agency. In addition, Consultants may not make any claims or representations regarding the R+F Products that constitute off-label drug claims. Notwithstanding the foregoing, with respect to R+F products which have a Health Canada-issued Natural Product Number (NPN) or Drug Identification Number pursuant to requirements under Canadian law, a Consultant may indicate same has been issued.

#### **6f. No Repackaging or Re-labeling:**

Consultants may not re-label or alter the labels on any R+F Products, R+F Marketing Materials or other information or materials related to the Program in any way, other than as authorized or directed by Rodan + Fields. Consultants may, however, affix their address labels to the Product packaging, but must affix the labels in a way that does not impair the ability to return such Products and may not cover any other text on the label. Please refer to Section 10e. Consultants may not repackage or refill any R+F Products. The R+F Products must be sold in original Company containers only. Repackaging or re-labeling may violate applicable laws, which could result in civil damages or criminal penalties. Civil liability may also result if a person using the R+F Products suffers any type of injury or property damage due to the repackaging or re-labeling of the R+F Products.

#### **6g. Performance Reports (Downline Activity):**

Rodan + Fields will make online Performance Reports available to Consultants for the sole purpose of supporting communication and leadership with their own respective Downlines and the development of their own respective Consultantships. The Performance Reports will contain names, telephone numbers, addresses, email addresses and select sales performance data for all Consultants in their Downline. Consultants agree to allow their performance information to be included in the Performance Reports provided to their Upline. All Performance Reports and the information contained therein are the Confidential Information of Rodan + Fields and must be treated as such pursuant to Section 6r.

In particular, except as expressly permitted by Section 6r, Consultants must not:

- directly or indirectly disclose any information contained in any Performance Reports to any thirdparty;
- use such information to compete with Rodan + Fields or for any purpose other than supporting communication and leadership with their own respective Downlines and the development of their own respective Consultantships;
- encourage or solicit any Customers or Consultants listed in a Performance Report to alter their business relationship with Rodan + Fields; and
- directly or indirectly disclose their Password to anyone.



## **6h. Ethical Marketing:**

Consultants shall safeguard and promote the good reputation of Rodan + Fields. Consultants shall at all times conduct their Consultantships in a manner that reflects favourably on the R+F Products and the good name, goodwill, and reputation of Rodan + Fields. Consultants shall not engage in deceptive, misleading or unethical conduct or practices that are or might be detrimental to Rodan + Fields, the R+F Products, or the public, including, without limitation, disparagement of Rodan + Fields or the R+F Products (as discussed in more detail below). Consultants shall comply with all laws, rules, regulations, and governmental requirements applicable to the operation of their Consultantships and performance under this Agreement, including the marketing, promotion, and sale of the R+F Products.

In addition, Consultants shall:

- not publish or use any misleading or deceptive advertising material regarding the R+F Products or the Program;
- honour the Satisfaction Guarantee with respect to all R+F Products;
- not make any statements, representations, guarantees or warranties regarding the R+F Products or the Program that are inconsistent with those set forth in the Consultant Agreement and R+F Marketing Materials (whether with regard to prices, quality, performance, standards, grades, contents, style or model, place of origin, availability or otherwise);
- distribute the R+F Products only as shipped by Rodan + Fields, unopened, and with all documentation, packaging, and other supplemental materials intact; and
- not alter or modify any R+F Product or packaging or take any action that affects or could affect the appearance, quality, content or performance of any R+F Product, other than as authorized or directed by Rodan + Fields.

## **6i. Retail Sales Receipts:**

In the event of a Product resale conducted directly between a Consultant and a Customer, a Consultant must provide her or his Customer with two (2) copies of a signed Rodan + Fields retail sales receipt at the time of the sale. The Rodan + Fields retail sales receipt sets forth certain Customer protection rights afforded by provincial or territorial law. A Consultant is required to inform her or his Customer that they are entitled to cancel any purchase pursuant to the cancellation rights outlined in the customer agreement as applicable to the province or territory in which the sale occurs. Consultants must retain copies of their customer agreements for a period of two (2) years and furnish them to Rodan + Fields at the Company's request. Rodan + Fields will maintain records documenting the purchases made by Customers through a Consultant's PULSE Personal Website (PWS) or the R+F Website. Please refer to the Rodan + Fields Order Form and customer agreement located in the Library on PULSE.

## **6j. Disparaging Remarks:**

Rodan + Fields strives to provide the best products, Compensation Plan, and service in the industry in support of the business for each and every Independent Consultant. Accordingly, we value constructive comments and input from Consultants. However, by becoming a Consultant for Rodan + Fields, and in exchange for the opportunity to sell R+F Products and sponsor other Consultants for Rodan + Fields, Consultant agrees not to disparage Rodan + Fields in any regard.

Complaints or concerns regarding Rodan + Fields or the R+F Products should be directed to the Sales Support Department at [SalesSupportCA@rodanandfields.com](mailto:SalesSupportCA@rodanandfields.com). Complaints or concerns regarding other Consultants should be directed to the Compliance Department at [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com). Disputes or disagreements between any Consultant and Rodan + Fields shall be resolved through the dispute resolution process set forth in Section 18i below.

#### **6k. Professional, Lawful and Ethical Conduct:**

Consultants are expected to conduct themselves in a professional, lawful and ethical manner at all times and not to engage in any activity that could damage the Company's good reputation, unlawfully interfere with any other Consultant's Consultantship or otherwise create legal liability for Rodan + Fields or for others who participate in the Program.

While it is not possible to provide a comprehensive list of behaviours that fall outside the level of professional, lawful and ethical conduct expected of Consultants, Consultants should recognize that the following forms of misconduct may, without limitation, result in a notice of non-compliance and/or, where appropriate, termination of the Consultant Agreement:

- sexual harassment;
- any activity that advocates, promotes or incites hatred, violence or discrimination in any form;
- fraudulent, misleading or deceptive conduct;
- verbal abuse;
- racial, religious, gender or sexual orientation discrimination, intolerance or abuse;
- unfair criticisms of, or accusations regarding, fellow Consultants or Rodan + Fields, made without a good faith belief in the truth of the matter stated; and
- failure to cooperate with an investigation conducted by Rodan + Fields, including not responding to emails or phone calls from the Compliance Department, and/or failure to provide information requested by Rodan + Fields, including, if applicable, a valid Social Insurance Number or Tax ID number.

#### **6l. Reporting Policy Violations:**

Consultants who become aware that another Consultant has violated the Consultant Agreement or believe that an employee or representative of Rodan + Fields has engaged in conduct that violates the professional standards of Section 6k above may promptly notify the Rodan + Fields Compliance Department. Details of the incident (such as dates, number of occurrences, and persons involved) and any supporting documentation should be included in the report to the extent available. Please use the Consultant Policy Violation or Grievance Report Form available in the Library on PULSE to report violations and submit the form to [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com).

#### **6m. Security:**

All Consultants must adopt, implement and maintain appropriate administrative, technical and physical safeguards to protect against anticipated threats or hazards to the security of Confidential Information and Customer Data. These safeguards must be appropriate to the sensitivity of the information. Appropriate safeguards for electronic and paper records may include, but are not limited to: (i) encrypting data before electronically transmitting it; (ii) storing records in a secure location; and (iii) password-protecting computer files and securely shredding paper files containing Confidential Information or Customer Data after transferring information into the Rodan + Fields data systems. Without limitation of the preceding sentence or the provisions of Section 6r regarding Confidential Information, Consultants must keep Customer Data and other Confidential Information secure from all persons who do not have legitimate business needs to see or use such information. In the case of Customer Data, such business needs must have been disclosed to the Customer and the Customer must have provided her or his informed consent to them. If Consultants dispose of any paper or electronic record containing Customer Data and other Confidential Information, Consultants shall do so by taking all reasonable steps to destroy the information in a manner that preserves its security, such as by: (i) shredding; permanently erasing and deleting; or (ii) otherwise modifying the Customer Data and other Confidential Information in those records to make it unreadable, non-reconstructible and indecipherable through any means. Upon request, Consultant will certify to Rodan + Fields that all forms of the requested Confidential Information and Customer Data have been destroyed and will describe any exceptions.

## **6n. Reporting Security Breaches:**

Consultants must comply with all applicable privacy and data security laws, including any security breach notification laws. Without limitation of the preceding sentence, in the event of an actual or suspected Security Breach affecting Rodan + Fields' data, Customer Data, the applicable Consultants shall first promptly notify the Rodan + Fields Compliance Department in writing after becoming aware of such Security Breach, and if instructed by the R+F Legal or Compliance Department, notify the applicable Customers. Any such notification shall be made in compliance with the applicable law and shall specify the following: (i) the extent to which Customer Data was or was suspected to be disclosed or compromised; (ii) the circumstances of the Security Breach; (iii) the date or period of time on which it occurred; (iv) a description of the information affected; (v) a description of the steps taken to reduce the risk of harm from the Security Breach; (vi) contact information for a person able to answer questions regarding the Security Breach; (vii) any other information required by the applicable law; and (viii) in the case of a notice to a privacy commissioner or other regulatory body, an assessment of the risk of harm to any affected persons and an estimate of the number of persons affected. Consultants shall promptly comply with all applicable information Security Breach disclosure laws. Consultants, at their expense, shall cooperate with Rodan + Fields, any applicable privacy commissioner or other regulatory body and the applicable Customers and use their best efforts to mitigate any potential damage caused by a breach of their obligations under the Consultant Agreement or any law applicable to Customer Data, including by sending notice to the affected individuals, applicable agencies and consumer reporting agencies, if such notification is required by law or by Rodan + Fields in its sole discretion.

## **6o. Venues:**

### ***6o (i): Commercial Outlets***

Rodan + Fields is a person-to-person marketing company and as such does not allow the R+F Products to be sold or displayed in, or otherwise distributed through, any permanent retail establishment open or available to the general public or otherwise available to "walk-in" Customers. This includes department stores, health food stores, beauty supply outlets, supermarkets, pharmacies, mall booths, kiosks, discount establishments, swap meets, drugstores, flea markets, specialty gift shops or any other business or commercial establishment that is open or available to the general public. No Consultant shall: (i) sell, display or distribute any R+F Products in or through any such establishment; (ii) sell any R+F Products to any Customer that the Consultant knows or has reason to believe may resell such R+F Products in or through any such establishment; or (iii) solicit or encourage any third party to do any of the foregoing. For rules regarding sales and marketing on the Internet, see Section 11.

### ***6o (ii): Personal Service Facilities***

Subject to the requirements set forth in this Section, R+F Products may be sold or displayed in personal service facilities if owned and operated by a Consultant or with the permission of the owner of the facility. Personal service facilities may include but are not limited to the following (i) offices and other areas located in private clubs that are not accessible to or in view of the general public; (ii) the private offices of professionals who operate by appointment only (e.g., doctors, dentists, chiropractors, etc.); and (iii) beauty salons or spas that operate by appointment only. Rodan + Fields allows the sales of R+F Products in such personal service facilities, consistent with local laws and regulations, so long as there are no signs, flyers, advertisements or products visible from outside of the personal service facility. Any owner of any such personal service facility where the R+F Products are sold or displayed must be a Consultant in good standing and sign a special agreement confirming that her or his business complies with the foregoing requirements. Furthermore, each Consultant with a personal service facility is responsible for the actions of her or his non-Consultant employees and independent contractors. If any such non-Consultant employee or independent contractor engages in any activity which, if performed by the Consultant, would violate the Consultant Agreement, including a failure to adhere to these Policies and Procedures, such activity will be deemed a breach by the Consultant and Rodan + Fields may terminate the Consultantship Agreement and/or seek other appropriate remedies against such Consultant as detailed in the Consultant Agreement. In appropriate circumstances, Rodan + Fields may elect to first provide notice to the Consultant allowing her or him time to cure the breach prior to taking further action. The Personal Service Facility Approval Form is located in the Library on PULSE.

### **6o (iii): Events**

Consultants may display and/or sell the R+F Products and Rodan + Fields authorized signage at events that are limited in duration with an environment that is appropriate for promoting Rodan + Fields' brand integrity. Events consistent with Rodan + Fields' brand integrity may include trade shows, professional expositions, fairs, health fairs, conventions, and bridal shows. On the other hand, swap meets, garage sales, flea markets, farmers' markets, and other similar events are not conducive to Rodan + Fields' professional image. Advance approval from Rodan + Fields is not required to attend an event, but Consultants must use their best judgment in deciding whether a particular event is an appropriate forum to promote the R+F Products or the Program.

Consultants are responsible for registering to attend an event and confirming with the event manager that all event-specific requirements are met. For example, some promoters have a policy that allows only one vendor for a product brand to have a display at a function or may have other policies that prohibit a vendor from participating. It is therefore the Consultant's responsibility to ensure that the promoter will allow her or him to display before making a deposit with the promoter. While representing Rodan + Fields as Independent Consultants at an event, Consultants must personally comply with the Policies and Procedures and are responsible for the actions of any non-Consultant individuals who work the event to promote Rodan + Fields. Consultants understand and agree that they must defend and hold Rodan + Fields and its agents, stockholders, members, employees, directors, officers and attorneys harmless from any claims by third parties related to their participation in events not sponsored by Rodan + Fields.

If a Consultant plays music at her or his event, or includes music in any publicly shared recording, it is the responsibility of such Consultant to obtain a proper license to play such song(s) with performing rights organizations, if applicable, or obtain a business account from a streaming service such as Spotify.

Please note that Rodan + Fields does not offer liability insurance and will not provide the Company Business Number for any event, and will not consign R+F Products, R+F Marketing Materials, R+F Business Supplies or other types of merchandise or materials for display, use or sale at any event.

### **6o (iv): Other**

Other than sales through the R+F Website, a PULSE Personal Website (PWS) or via the events as described above, sales must be made through personal one-on-one marketing to people with whom Consultants have established a business or personal relationship. The term "business or personal relationship" means an existing or developed relationship formed by a voluntary two (2)-way communication between a Consultant and a person on the basis of: (i) an inquiry, application by the person regarding products offered by the Consultant in the prior six (6) months, (ii) a purchase or transaction by the person regarding products offered by the Consultant in the prior two (2) years; or (iii) a personal or familial relationship whose relationship has not been previously terminated by either party.

Rodan + Fields discourages Consultants from engaging in door-to-door solicitation for sales. Should a Consultant conduct business in this manner, she or he must ensure compliance with applicable provincial, territorial, or local laws regarding door-to-door sales or solicitation. Certain local, provincial, or territorial laws impose restrictions on the time of day during which such solicitation may take place, and/or require door-to-door sellers to register with the local authorities, or obtain a government-issued identification card and/or direct sellers licence. These jurisdictions may also impose fines for non-compliance.

### **6p. Account Maintenance:**

Each Consultant is solely responsible for maintaining her or his account with Rodan + Fields and remitting all payments due in a timely manner. Should a Consultant's account go into collection, the Consultant will be responsible for (and will indemnify and hold harmless Rodan + Fields from and against) all costs and fees incurred by Rodan + Fields in the collection of the amount due. The Consultant agrees to allow Rodan + Fields to deduct any amount due and any such costs and fees from the Consultant's account and/or any Commissions, Achievement Rewards, or other amounts due to the Consultant.

## **6q. Sales Tax:**

All amounts payable by Consultants to Rodan + Fields are exclusive of applicable Goods and Services Tax (“GST”), Harmonized Sales Tax (“HST”), Quebec Sales Tax (“QST”) and Provincial Sales Taxes (“PST”) (collectively “Sales Taxes”). Rodan + Fields will charge and collect the applicable Sales Taxes and remit them to the appropriate taxation authority as required under applicable law. Rodan + Fields is registered for purposes of the GST/HST under the Excise Tax Act (Canada) (the “ETA”) and its registration number thereunder is 81948 1334 RT0001. Rodan + Fields is also registered for purposes of the QST under an Act respecting the Québec sales tax (“QST Act”) and its registration number thereunder is 12210 56961 TQ0001. Rodan + Fields is also registered for PST purposes in the provinces of British Columbia, Saskatchewan and Manitoba and Rodan + Fields will refund PST to a Consultant when a Consultant makes a valid claim for exemption from PST and provides Rodan + Fields with the appropriate documentation.

Generally, if a Consultant earns more than \$30,000 annually, from Rodan + Fields and other Earnings, they should charge GST/HST to Rodan + Fields, by providing an invoice setting out such information as is prescribed under the ETA to permit Rodan + Fields to claim available input tax credits (and input tax refunds) to recover the GST/HST, including the Consultant’s GST/HST registration number under the ETA. An example of such an invoice in the required format is available in the Library on PULSE. Consultants should consult with their tax advisors or appropriate government agency with respect to their obligations concerning the Sales Taxes and the application to their business activities.

### ***6q (i): Alternative Sales Tax Agreements***

Notwithstanding the foregoing, Rodan + Fields reserves the right to enter into alternative sales tax agreements with the revenue authorities, which to the extent that Consultant is registered for the Sales Taxes, could relieve Consultants from collecting and remitting Sales Taxes on certain transactions. Should Rodan+ Fields choose to enter into any such agreements, Rodan + Fields will notify Consultants of the implementation of such agreements and will charge Sales Taxes as required under applicable law.

## **6r. Confidential Information, Non-Solicitation, and other Business Restrictions:**

Rodan + Fields’ relationship with its Consultant is a valuable asset to the company. Rodan + Fields provides extensive support to aid its Consultants in achieving their goals, including access to Rodan + Fields’ sensitive, confidential and proprietary information and trade secrets. At the same time, Rodan + Fields seeks to protect this information as well as its goodwill. Therefore, Rodan + Fields and Consultant agree as follows:

A Consultant shall not disclose to any third-party Confidential Information (as defined in Appendix B). All such Confidential Information is the property of Rodan + Fields and is not owned by Rodan + Fields Consultants. A Consultant shall use the same degree of care to protect Confidential Information that she or he uses to protect her or his own sensitive and proprietary information.

Both during the term of her or his Consultant Agreement and indefinitely thereafter, a Consultant shall:

- use Confidential Information only for the purposes of performing her or his obligations or exercising rights under her or his respective Consultant Agreement; and
- limit access to Confidential Information to only those persons who have a legitimate need to know such information in the performance of Consultant’s rights and obligations under her or his respective Consultant Agreement.

Each person who is given access to Confidential Information shall be bound by a confidentiality obligation at least equivalent to the confidentiality obligations of each Consultant under her or his respective Consultant Agreement. A Consultant shall be responsible for the acts and omissions of her or his respective employees, contractors and agents with respect to such confidentiality obligations. Notwithstanding the foregoing, a Consultant may disclose Confidential Information to the extent she or he is legally compelled to do so, provided, however, that prior to any

such compelled disclosure, the Consultant notifies Rodan + Fields and fully cooperates with Rodan + Fields in protecting against or limiting the disclosure of Confidential Information.

The Consultant agrees that she or he will receive significant benefits from Rodan + Fields including training on the R+F Products, access to support systems and other benefits of the Rodan + Fields network. In consideration for the benefit of Rodan + Fields' investment in the development of its Consultants, each Consultant, to the fullest extent allowed by applicable law, agrees that the following restrictions apply to the Consultant:

To the fullest extent permitted by law, during the term of her or his Consultant Agreement and for a period of six (6) months after the termination of her or his Consultant Agreement, Consultant will not, directly or indirectly, solicit any Rodan + Fields Consultant or any Rodan + Fields employee for engagement as an employee, or as an independent consultant, contractor or distributor of any direct selling, network marketing, or social selling business, nor will Consultant solicit any Rodan + Fields employee to become a Consultant of Rodan + Fields during this period. For purposes of this paragraph, "Solicit" includes but is not limited to: (i) communicating information or offering to provide information about another direct selling, network marketing, or social selling business opportunity to a Rodan + Fields Consultant or Rodan + Fields employee; (ii) posting or messaging information about another direct selling, network marketing, or social selling business opportunity on any social media site (Facebook, Instagram, Twitter, etc.) utilized by Consultant in the past six (6) months to promote her or his Rodan + Fields business; and (iii) tagging any Rodan + Fields Consultant or Rodan + Fields employee with a post on any social media site that provides information or offers to provide information about another direct selling, network marketing, or social selling business opportunity.

In furtherance of this provision, a Consultant shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Consultants relating to the Consultant's other direct selling, network marketing, or social selling business opportunity. Violation of this provision shall constitute a violation of the Non-Solicitation Policy.

- In exchange for being compensated, publicly recognized and otherwise promoted by the Company as a leader of Rodan + Fields, a Consultant who has achieved Level V Executive Consultant or above will not be eligible for certain rewards or incentives if that Consultant also is promoting, marketing or selling the products, services or programs offered by any other direct selling business, regardless of whether the products, services or programs are related to skincare. Level V Executive Consultants or above who promote, market or sell the products, services or programs offered by any other direct selling, network marketing, or social selling business may not be eligible for trips, training, programs, access to early product releases, global expansion, recognition, Corporate-sponsored opportunities, and/or other similar remedial measures.
- Consultants at all levels are obligated to notify Rodan + Fields if they are enrolled as a Consultant, Distributor, Affiliate, Ambassador, etc. for another Direct Selling company by sending an email to [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com)
- During the term of her or his Consultant Agreement, in order to avoid legal liability related to promotion of sales aids, Consultant may not sell training materials or sales aids including published books, eBooks, videos, or other sales aids including mobile applications to her or his Downline or other Consultants.
- During the term of her or his Consultant Agreement, Consultant will not use Confidential Information for mass solicitation of charitable contributions other than those related to the communication of company sponsored Rodan & Fields Prescription for Change Foundation programs. When partnering with a charitable organization in connection with a giveaway, donation, sale of or proceeds from the sale of R+F Products, Consultant must indicate in the communication that the solicitation of charitable contributions is not promoted or sponsored by Rodan + Fields. Consultants who sponsor or promote such charitable activities must make it clear that participation is voluntary and may not exert undue influence or pressure on others to participate.

Activities that would constitute a conflict of interest with the Consultant's obligations under the Consultant Agreement are not permitted. During the term of the Consultant Agreement, the Consultant will not accept work, enter into a contract or accept an obligation inconsistent or incompatible with the Consultant's obligations, or the scope of services to be rendered for Company under this Agreement. The Consultant warrants that to the best of the Consultant's knowledge there is no other existing contract or duty on the Consultant's part that conflicts with or is inconsistent with this Agreement. The Consultant agrees to indemnify and hold harmless Company from any and all losses and liabilities incurred or suffered by Company by reason of the alleged breach by Consultant of any services agreement between Consultant and any third party. The determination of whether an obligation is inconsistent or incompatible with the Consultant's obligations under the Consultant Agreement shall be made at the reasonable discretion of Rodan + Fields.

Consultants and the Company recognize that because network marketing is conducted through networks of independent contractors, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of the foregoing provisions would render them wholly ineffective. Therefore, Consultants and Rodan + Fields agree that the provisions of this Section shall apply to Canada and the 50 United States, the District of Columbia, Puerto Rico, Guam and all Authorized Countries.

The Consultant further agrees that the provisions contained in this Section are reasonable and necessary to protect the legitimate interests of Rodan + Fields and that Rodan + Fields would not have accepted the Consultant's Consultant Application in the absence of the Consultant's agreement to these provisions. The Consultant agrees that the Consultant's breach or threatened breach of such provisions would cause Rodan + Fields irreparable harm and significant injury, the amount of which would be extremely difficult to estimate and ascertain and thus making any remedy at law or in damages inadequate. Each Consultant therefore agrees that Rodan + Fields shall be entitled, without the necessity of posting a bond or security, to the issuance of injunctive relief by any court or arbitrator of competent jurisdiction as provided in Section 18i, enjoining any breach or threatened breach of the above provisions and for any other relief such court deems appropriate. The rights granted to Rodan + Fields in this Section are in addition to any other remedy available to Rodan + Fields at law or in equity.

## **SECTION 7: SPONSORING AND TRAINING**

### **7a. Sponsoring Other Consultants:**

Consultants may sponsor other persons to become Consultants in any jurisdiction where Rodan + Fields is authorized to be business. However, Consultants earn Commissions and Achievement Rewards in the Program only based on the sale of the R+F Products, not from sponsoring other Consultants. The most current version of the Consultant Agreement can always be found in the Library on PULSE. Once the potential Consultants have read and understood the Consultant Agreement, they may complete the Consultant Application with the Sponsors' full name and Identification Number. Any Consultant Applications completed offline must be sent to Rodan + Fields within two (2) Business Days from the time it is signed by the new Consultant.

### **7b. Responsibilities of Sponsors:**

Sponsors must always present the R+F Products and the Program to others in a manner that complies with the Consultant Agreement, including the requirements of Section 6 of these Policies and Procedures regarding business ethics and practices.

In order to comply with various legal requirements, Sponsors must:

- provide prospective Consultants with a copy of, or access to, the current Policies and Procedures prior to submission of a new Consultant Application;
- ensure that prospective Consultants complete and submit the Consultant Application themselves. If extraordinary circumstances prevent a prospective Consultant from submitting the online Consultant

Application, the sponsoring Consultant may do so for the prospective Consultant so long as the prospective Consultant completes and signs a hard copy of the Consultant Application in advance, is provided access to the Policies and Procedures and has the opportunity to review the Consultant Application Terms and Conditions before enrolling, in which case the signed Consultant Application must be sent to the Sales Support Department, Rodan + Fields, 3001 Bishop Drive, Suite 450, San Ramon, CA, 94583. Additionally, the Sponsor must advise the new Consultant to change her or his password as soon as possible; and

- explain to prospective Consultants that the only required purchase to become a Consultant is a Business Starter Pack;
- explain to prospective Consultants that the Consultant Replenishment Program (CRP) and PULSE Pro are optional, subscription programs; and
- educate Downline Consultants about, and answer questions regarding, the Policies and Procedures and direct them to the Compliance Department for additional assistance.

Ensure Preferred Customers complete the enrollment process themselves so that the prospective customer reviews and accepts the PC Perks Terms and Conditions. If extraordinary circumstances prevent a prospective Preferred Customer from enrolling online, the sponsoring Consultant may do so for the prospective Preferred Customer so long as the Consultant reviews the PC Perks Terms and Conditions with the customer, including the fact that the customer is signing up for a flexible autoship program, and the Sponsoring Consultant must provide the new Preferred Customer with a copy of the PC Perks Terms and Conditions. Copies of the PC Perks Terms & Conditions can be found on the R+F Website at <https://www.rodanandfields.com/ca/pc-perks> and in the Library on PULSE.

Sponsors are not required to maintain any inventory of Products or business supplies for new Consultants. Refer to Section 5b.

### **7c. Applicant Rights and Responsibilities:**

It is a new Consultant's responsibility to understand her or his rights and obligations as incorporated into the Consultant Agreement. Part of this responsibility includes performing due diligence to understand the Program and choose a Sponsor. For reasons of sponsoring ethics, Rodan + Fields strongly encourages any new Consultant to enroll in the Program under the Sponsor who introduced such Applicant to the Program. Every Consultant, however, ultimately has the right to choose who her or his Sponsor will be. As such, if an individual asks to be registered under another Sponsor prior to submitting the Consultant Application, Rodan + Fields reserves the right to honour such request. Notwithstanding the foregoing, if a Preferred Customer desires to become a Consultant, she or he must either (i) apply as a Consultant under the Consultant with whom she or he originally enrolled as a Preferred Customer; or (ii) close her or his account and wait a total of ninety (90) days before enrolling as a Consultant with a different Sponsor.

For additional information regarding Preferred Customers, see the PC Perks Terms and Conditions located in the Library on PULSE.

If two Consultants both claim to be the Sponsor of an Applicant, Rodan + Fields shall regard the first Consultant Application received by Rodan + Fields as the controlling Consultant Application and shall designate the Consultant listed as the Sponsor on such Consultant Application as the Applicant's Sponsor.

Resolving disputes between Consultants regarding claims of Sponsorship of another Consultant is extremely difficult, particularly when a Downline organization is implicated. Rodan + Fields reserves the sole and exclusive right to determine the final disposition of such disputes. Therefore, CONSULTANT ASSUMES THE RISK THAT MULTIPLE CONSULTANTS MAY CLAIM SPONSORSHIP OF A DOWNLINE ORGANIZATION AND THAT RODAN + FIELDS MAY RESOLVE SUCH DISPUTE IN ITS SOLE DISCRETION IN FAVOR OF ANOTHER CONSULTANT. CONSULTANT UNDERSTANDS AND AGREES THAT TO THE EXTENT PERMITTED BY LAW NEITHER RODAN + FIELDS NOR ITS OFFICERS, MEMBERS, DIRECTORS, OWNERS, EMPLOYEES OR AGENTS SHALL BE HELD



RESPONSIBLE FOR ANY DAMAGES THAT RELATE TO OR ARISE FROM THE COMPANY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT IS IMPLICATED IN A DISPUTE BETWEEN CONSULTANTS REGARDING CLAIMS OF SPONSORSHIP, AND CONSULTANT WAIVES ANY AND ALL CLAIMS WITH RESPECT THERETO.

#### **7d. Line Switching:**

Each Consultant may have only one Sponsor and no Consultant shall sponsor or attempt to sponsor any person or Business Entity that has already submitted a Consultant Applicant or Business Entity Registration Form, as applicable, to Rodan + Fields or that has had a Consultant Agreement terminated within the preceding six (6) months (or any Business Entity that is controlled by such a person or Business Entity). This practice, known as "Line Switching," is strictly prohibited, as is any attempt to circumvent the prohibition on Line Switching through the use of pseudonyms or assumed names, a spouse's or relative's name, trade names, DBAs or Business Entities. A Consultant is not permitted to encourage, offer or assist any other Consultant to change Sponsors or Uplines. Under no circumstance shall any Consultant offer or provide any financial or other consideration or incentive to another Consultant in exchange for such other Consultant's agreement to terminate her or his existing Consultant Agreement and re-apply under another Sponsor. Once a Consultant is sponsored, Rodan + Fields requires that the relationship between the Consultant and her or his Sponsor be maintained and protected.

#### ***7d (i): Consultant to Consultant under different Sponsor***

A Consultant wishing to change Sponsors may do so only if she or he: (i) terminates her or his applicable Consultant Agreement by written notice to Rodan + Fields as provided herein; (ii) does not participate in the Program in any capacity for six (6) consecutive months after the effective date of such termination; and (iii) re-applies to become a new Consultant after such six (6) month period and is reaccepted by Rodan + Fields in accordance with Section 3a.

#### ***7d (ii): Consultant re-enrollment within 180 days with same Sponsor***

In the case that a Consultant has voluntarily terminated her or his Consultant Agreement and chooses to re-enroll as a Rodan + Fields Consultant within 180 days of such voluntary termination, such Consultant's Sponsor, upon re-enrollment, shall be her or his Enrollment Sponsor, if such person is still a Rodan + Fields Consultant. In the case that the re-enrolling Consultant's Enrollment Sponsor is not a Rodan + Fields Consultant at the time of re-enrollment, then the re-enrolling Consultant's Performance Sponsor shall be her or his new Sponsor at the time of re-enrollment. The same rules apply for a Consultant who is involuntarily terminated and is later approved by Rodan + Fields to re-enroll. See Appendix A, Compensation Plan, for an explanation of Enrollment Sponsor and Performance Sponsor.

In cases wherein a Consultant enrollment has occurred due to mistake, inadvertence or error, the new Consultant must notify the Sales Support Department within three (3) Business Days of the enrollment to request a correction of the original Enrollment Sponsor.

#### ***7d (iii): PC to PC under different Sponsor***

If a Consultant enrolls a Preferred Customer through PC Perks, that Consultant will be deemed the Preferred Customer's Sponsor. If the Preferred Customer wishes to change her or his Sponsor, she or he must terminate her or his PC Perks account and wait at least thirty (30) days from the date of termination before re-enrolling as a Preferred Customer under a different Sponsor.

#### ***7d (iv): PC to Consultant under different Sponsor***

If a Preferred Customer wishes to become a Consultant under a new Sponsor, she or he must terminate the PC account and wait ninety (90) days to enroll as a Consultant under the new Sponsor. However, if both the current and proposed new Sponsor, as well as the PC, all sign an agreement (which can be obtained by emailing [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com)) the wait time may be waived.

**7d (v): Consultant to PC under different Sponsor**

If a Consultant wishes to end their Consultant Agreement and enroll as a Preferred Customer under a different Sponsor, she or he must terminate the Consultant account and wait ninety (90) days, unless there is written agreement (which can be obtained by emailing ComplianceCA@rodanandfields.com) between the current and proposed new Sponsor, as well as the Consultant, in which case the wait time to enroll as a Preferred Customer may be waived. The Consultant Agreement will be terminated and the account will be closed. The Preferred Customer who was previously a Consultant under a different Sponsor must wait an additional ninety (90) days from the PC enrollment date to re-enroll as a Consultant under the new Sponsor unless six (6) months have passed from the termination date of the Consultant Agreement.

**7d (vi): PC to PC under different Sponsor with subsequent upgrade to Consultant**

If a PC has terminated her or his account and waited the appropriate thirty (30)-days to switch to being a PC under a new Sponsor and now wants to become a Consultant under that new Sponsor, the PC must wait an additional sixty (60) days to equate to the full ninety (90)-day wait period that is required for PCs to become a Consultant under a new Sponsor.

## **SECTION 8: ORDERING PROCEDURES**

### **8a. General:**

To protect the Company's brand integrity and intellectual property and to help ensure compliance with legal requirements regarding disclosures and claims, except as provided in Section 11e, Consultants must purchase all R+F Products, R+F Marketing Materials (including business cards) and R+F Business Supplies from Rodan + Fields or RF Mail, its approved third-party suppliers. All orders are subject to acceptance by Rodan + Fields or Rodan + Fields' applicable third-party suppliers. Orders for R+F Products may be placed via the R+F Website, a PULSE Personal Website (PWS) or by telephone. Orders for R+F Marketing Materials and R+F Business Supplies may be placed on the RF Mall.

### **8b. Commission Period End:**

All orders are credited to a Consultant's account for the Commission Period in which the order was placed. In order for a Consultant to be credited for an order in a particular month, the payment must be processed by 11:59 p.m. Pacific Time on the last day of the month. For all orders processed via the R+F Website, a PULSE Personal Website (PWS) or by telephone, the cut-off for Receipt of Orders to be included in Commission and Performance Bonus calculations for any given month is 11:59 p.m. Pacific Time on the last day of that month. Consultants may monitor their Sales Volume via PULSE and are responsible for reporting any issues or inaccuracies within twenty-four (24) hours after the last day of the month. Rodan + Fields shall not be liable for incorrect, incomplete, lost or mailed orders.

### **8c. Placing Orders Under Another Identification Number:**

Consultants must place all orders using their own Identification Numbers and credit cards. Placement of an order by a Consultant using another Consultant's Identification Number or using another individual's, Customer's, or Consultant's credit card is strictly prohibited.

### **8d. Forms of Payment:**

In order to simplify the payment process, facilitate the shipment of orders, and maintain accurate Consultant account records, Rodan + Fields requires payment using a major credit card and other forms of accepted payment. See Authorized Country's website for details surrounding that country's accepted methods of payment. Rodan + Fields will not accept personal cheques, money orders or cash.

### **8e. Shipping Charges:**

Shipping charges will be applied on applicable orders and will be automatically included as part of the “Shopping Cart” order entry process. Shipping charges for autoship orders can be found by logging into your account on [www.rodanandfields.com/ca](http://www.rodanandfields.com/ca). For more information on shipping information, see the Satisfaction Guarantee page on [www.rodanandfields.com/ca/satisfaction-guarantee](http://www.rodanandfields.com/ca/satisfaction-guarantee).

## **SECTION 9: SHIPMENTS**

### **9a. General:**

After Rodan + Fields has accepted and processed an order, it will use reasonable efforts to ship the order to the address specified in the order using a carrier chosen by Rodan + Fields. Risk of loss or damage will pass to the ordering Consultant upon the carrier’s confirmation of delivery to the specified address. Orders are shipped on Business Days only. Consultants and their Customers should allow up to two (2) Business Days for order processing and an additional five to seven (5-7) Business Days for delivery within Canada. Ground orders can be shipped only to a street address within the Provinces and Territories in Canada and in most cases Military APO/FPO/DPO or Military P.O. Box addresses. Please note delivery to Military APO/FPO/DPO and Military P.O. Box addresses can, in some instances, include additional Business Days to complete delivery. Rodan + Fields will use reasonable efforts to fill Consultants’ and Customers’ orders but will not be liable for any damages arising from any failure to fill orders or any delay in delivery. Rodan + Fields reserves the right to cancel any order where the address has been changed after the order is placed.

Please note that shipments to freight forwarders are strictly prohibited. If we receive a request to send to a freight forwarder, the order will be cancelled. In the event that the order goes through and we later find out that there was an attempt to send product to a freight forwarder, the Consultant Agreement will be subject to termination.

### **9b. Special Handling:**

Some R+F Products require special handling as specified by federal, provincial, or local regulations governing the shipping of these items. The method of shipment for these items is dictated by these regulations. Rodan + Fields complies with these regulations and therefore the shipment of some Products to certain locations may not be possible. Please contact the Sales Support Department for additional shipping information.

### **9c. Shipment to APO/FPO/DPO/PO Boxes in the U.S.:**

Most R+F Products may be shipped to Military APO/FPO/DPO or Military P.O. Box addresses in the U.S., but some restrictions may apply. Orders being sent to Military P.O. Boxes or Military APO/FPO/DPO addresses in the U.S. must be shipped via United States Postal Service and cannot be shipped via overnight or second day service. Consultants should inquire as to whether they need to notify and obtain permission from the base commander in charge, and if so, must do so prior to sending and/or accepting shipment on a military base.

### **9d. Shipments to all Provinces and Territories in Canada:**

Most R+F Products can be shipped to all Provinces and Territories in Canada, but some restrictions apply and additional shipping charges may apply. Priority shipping methods (overnight or second day service) are not available for certain locations.

### **9e. Order Tracking:**

Following placement of an order with Rodan + Fields, a tracking number will be provided via a shipment confirmation email within five (5) Business Days. A Consultant (or her or his Customer for whom the order was

placed) may contact the Sales Support Department at [SalesSupportCA@rodanandfields.com](mailto:SalesSupportCA@rodanandfields.com) if such an email is not received for order- tracking information. Once an order has been shipped, the tracking information will be made available via PULSE and via the Order History page on the R+F Website.

#### **9f. Non-Deliverable Orders:**

In some cases, an order may be returned to Rodan + Fields if the carrier is unable to deliver it to the specified shipping address. This may happen because:

- the Consultant or Customer did not accept the order when it was delivered by the carrier;
- the Consultant or Customer was unavailable to accept delivery to an address or in an area that dictates signature-required for delivery, or;
- the Consultant or Customer provided invalid or incorrect shipping information.

When this occurs, Rodan + Fields will refund the order less the cost of shipping and neither the Consultant nor the Consultant's Upline will receive any credit for the order. If the order has already been credited to the Consultant's Sales Volume, the credit (and any associated awards, Commissions, or Achievement Rewards) will be cancelled. In cases where the ordered item included a Business Starter Pack, the order cancellation will result in termination of the new Consultant's account.

#### **9g. Cancelled Orders:**

Consultants understand that once orders have been placed they cannot be cancelled. Rodan + Fields will use reasonable efforts to refund an order placed in error. Since orders cannot be cancelled, a Consultant must follow the procedure applicable to returns under the Customer Satisfaction Guarantee as described in Section 10c. Replacements or refunds for such orders are also handled in the same manner as described in Section 10c.

#### **9h. Missing Items:**

When an item is missing from an order, the Consultant or Customer is requested to review her or his order details online and contact the Sales Support Department. If Rodan + Fields determines that the item was not shipped with the original order, it will use reasonable efforts to ship the missing item to the address specified by the Consultant or Customer at no charge within three to five (3-5) Business Days. Out-of-stock items may require a longer period. For additional information regarding out-of-stock items, refer to Section 9i.

#### **9i. Out-of-Stock Items:**

Rodan + Fields' inventory control procedures are intended to ensure that shortages of R+F Products rarely occur. However, should an item not be available, Consultants will have the option of waiting for the backordered item to be re- stocked or cancelling the order. Rodan + Fields makes every effort to ensure that Consultants receive the associated volume for an out-of-stock item when processing backorders. Consultants who opt to cancel an order will be issued a prompt refund and will not receive the Sales Volume associated with the order.

#### **9j. Discontinued Items:**

Rodan + Fields may at any time discontinue the manufacture and/or sale of any R+F Products or make any changes in their respective prices, quality, performance, standards, grades, contents, place of origin, or otherwise, in its sole discretion. Rodan + Fields will have no liability to any Consultant based on any such discontinuation or change. When an item is discontinued, orders will not be accepted for such items. Rodan + Fields will use reasonable efforts to notify Consultants of the date of discontinuance.

## SECTION 10: RETURN PROCEDURES

### 10a. General:

All Customers and Consultants who wish to return R+F Products to Rodan + Fields for any reason must log in to their Rodan + Fields account and complete a Return Authorization Form (RA) for those items they wish to return. Only items for which a refund is available pursuant to Section 10 should be returned to Rodan + Fields. Items returned for which no refund is available will be discarded. For information on how return adjustments may affect Qualifications, Commissions and Achievement Rewards, refer to Section 12c.

Rodan + Fields regularly audits return behaviours, and reserves the right to review and terminate any Consultant Agreement for excessive or improper return activity.

### 10b. Returns of Defective or Damaged Products:

For any items that were defective at the time that Rodan + Fields delivered them to the carrier, Rodan + Fields will, at the option of the Consultant or Customer: (i) replace and ship replacements for the defective items to the Consultant or applicable Customer at no additional charge if replacements are available; or (ii) refund the amounts paid for the items by crediting 100% of the purchase price, sales tax, and shipping charges to the credit card used to make the purchase. Rodan + Fields reserves the right to arrange a product pick up for defective products or for those Rodan + Fields wishes to examine, at no charge to the purchaser at its discretion. The determination of whether the Product was defective at the time of shipment shall be made by Rodan + Fields in its sole discretion.

### 10c. Returns Under the Customer Satisfaction Guarantee:

#### ***10c (i): Purchases made through the R+F Website or PWS***

If for any reason a Customer or Consultant is not completely satisfied with any R+F Product, she or he may return the unused portion of the Product within sixty (60) days from the date of order for a 100% refund of the amount paid (less shipping charges) and sales tax on the credit card used to make the purchase.

#### ***10c (ii): Resale between a Consultant and a Customer***

In the event of a Product resale conducted directly between a Consultant and a Customer, the Consultant bears the responsibility of honouring the sixty (60) day Customer Satisfaction Guarantee. Two copies of a retail sales receipt must be provided to the Customer in order to be covered under the Customer Satisfaction Guarantee. (For additional information on retail sales receipts, refer to Section 6i.) The cost to return ship the R+F Products shall be borne by the Customer or Consultant. The Customer or Consultant may place a separate order for replacement Products if desired.

#### ***10c (iii): Returns of Business Starter Packs***

Business Starter Packs returned within sixty (60) days of purchase are refundable under the Customer Satisfaction Guarantee only if returned with all components of the Business Starter Pack included. No refunds will be issued for a partial return from a Business Starter Pack. Additionally, the return of a Business Starter Pack will be considered a termination of the Consultant Agreement. For additional information on Business Starter Packs, refer to Section 5a.

### 10d. Return of Unsold Inventory by a Terminating Consultant:

In addition to a potential return under the sixty (60) day Customer Satisfaction Guarantee, a terminating Consultant may return unsold R+F Products and/or Business Building Kits that she or he personally purchased from Rodan + Fields after sixty (60) days and up to one year from date of purchase for a refund if she or he does not wish to sell or use the items and the items are resalable (see Section 10e below). Upon Rodan + Fields' receipt of the returned Products, the Company will refund 100% of the original purchase price of the resalable items. The

refund will be credited to the same credit card used for the original order or by such other method as determined by Rodan + Fields.

Consultants who voluntarily terminate must complete the termination process on the R+F Website. Alternatively, a Consultant may submit a properly completed and signed Termination Notice Form to the Sales Support Department which will be effective when received and processed by Rodan + Fields. (Please allow seven to ten (7-10) Business Days for processing once the termination request has been received.) Return of a Business Starter Pack will be considered a termination of the Consultant Agreement. If a Consultant has received reimbursement from Rodan + Fields Corporate for a Business Starter Pack through any type of incentive program, she or he will not be eligible for a refund upon termination.

#### **10e. Resalable Items:**

R+F Products are “resalable” only if they meet all of the following requirements:

- the items are unopened and unused;
- the packaging and labeling are current and have not been altered or damaged;
- the items have a current shelf life;
- the items and their packaging are in such condition that it is commercially reasonable within the trade to sell the items at full price;
- the items, at the time of purchase, are not identified as non-returnable, discontinued, expired or seasonal items; and
- Business Starter Packs must meet all of the above requirements and must also have all components of the Pack included in the return.

#### **10f. Items Purchased on RF Mall:**

R+F Marketing Materials, R+F Business Supplies and other items purchased on the RF Mall are supplied by a third- party supplier and Rodan + Fields cannot accept returns of any such items. The return procedures applicable to such items are posted on the RF Mall online.

## **SECTION 11: ADVERTISING AND USE OF R+F TRADEMARKS AND OTHER R+F CONTENT**

#### **11a. General:**

The R+F Trademarks and R+F Content represent Rodan + Fields’ quality, integrity, and service, and are valuable business assets that support a successful Rodan + Fields Independent Consultant Business. The R+F Trademarks, when properly used, lend strength, professionalism, and credibility to Consultantships. Accordingly, Rodan + Fields and Consultants have a mutual interest in protecting the integrity of the R+F Trademarks. For this reason, Consultants must use the R+F Trademarks and R+F Content only as permitted by Section 11. Any content or trademark visible to the public must be approved R+F Trademarks and R+F Content made available by the Company. The R+F Trademarks and R+F Content are defined in Appendix B.

#### **11b. Trademark Ownership:**

Rodan + Fields is the sole and exclusive owner of all right, title, and interest in the R+F Trademarks and R+F Content, including all related intellectual property and proprietary rights, subject only to the specific licences granted to Consultants in Section 11. Except as expressly set forth in this Section, Consultants shall not acquire or claim any rights in any R+F Trademarks or R+F Content. No Consultant’s use of any R+F Trademark or R+F

Content shall give the Consultant any right, title or interest in or to the R+F Trademark or R+F Content and all such use and associated goodwill will inure solely to the benefit of Rodan + Fields.

#### **11c. Licence:**

Subject to full compliance with the terms and conditions of the Consultant Agreement and this Section 11, Rodan + Fields grants each Consultant a non-transferable, non-exclusive right during the term of the Consultant Agreement to use the R+F Trademarks solely to promote the R+F Products (as outlined in Section 11d) and to indicate that the Consultant is an authorized Rodan + Fields Independent Consultant.

Consultants who wish to use a Rodan + Fields Logo must use the Independent Consultant Logo which is available in the Library on PULSE. Consultants are not permitted to change or modify the Independent Consultant Logo in any way.

#### **11d. Restrictions:**

To ensure that the intellectual property of Rodan + Fields is legally protected, Consultants are not permitted to: (i) use any trademark or service mark confusingly similar to any R+F Trademark or R+F Content; (ii) combine any R+F Trademark or R+F Content with any other brand's tagline, trademark, image, logo or other intellectual property; (iii) remove any R+F Trademark or R+F Content from the R+F Products, R+F Marketing Materials or R+F Business Supplies; (iv) modify any R+F Trademark or R+F Content; (v) use or register any domain name that includes any R+F Trademark or R+F Content or any mark confusingly similar thereto; (vi) use any R+F Trademark or R+F Content in connection with any products other than the genuine R+F Products;; (vii) use any R+F Trademark or R+F Content in connection with any other services, businesses or opportunities other than the Consultantship; (viii) register or attempt to register any R+F Trademark or confusingly similar trademarks in any class of products or services anywhere in the world; (ix) use any trade name or business name in connection with their Consultantships that includes any R+F Trademark or R+F Content; or (x) use the Proactiv® Trademark on or in connection with any R+F Products, R+F Marketing Materials or R+F Business Supplies, or otherwise in connection with their Consultantships. For a list of R+F Trademarks, refer to Appendix B Glossary.

#### **11e. R+F Marketing Materials and Business Supplies:**

The Company's R+F Products and business model are subject to significant regulation, including by Health Canada and the Competition Bureau. To help address the highly regulated nature of the Company's R+F Products and business model, Rodan + Fields has arranged for approved R+F Marketing Materials and Business Supplies to be available to Consultants for use in promoting the R+F Products and the Program. Section 6c and 6d explain what claims can be made about Rodan + Fields' Products and business model. Each Consultant is nonetheless responsible for legal compliance for any advertising and promotion she or he undertakes to promote R+F Products. These materials are available through the RF Mall, the Consultant Only category of the R+F Website and the PULSE Personal Websites (PWS) and the Library on PULSE. If Consultants have particular needs for R+F Marketing Materials or Business Supplies that are not available through the RF Mall or from the Company, Consultants may submit suggestions to the Rodan + Fields Marketing Department at [Marketing@rodanandfields.com](mailto:Marketing@rodanandfields.com). Rodan + Fields, however, is under no obligation to provide specially requested R+F Marketing Materials or Business Supplies.

Rodan + Fields' specific policies regarding Consultant-created Marketing Materials are as follows:

##### ***11e (i): Trademark Merchandise***

Consultants who wish to use items with the R+F Trademarks, including the Rodan + Fields logos, may purchase merchandise approved by Rodan + Fields through the RF Mall, the Consultant Only category of the R+F Website and the PULSE Personal Websites (PWS). Consultants are not permitted to add R+F Trademarks to any items or merchandise. Co-branding Consultant team logos with R+F Trademarks, including the Rodan + Fields logos, is not permitted. The R+F Trademarks are defined in Appendix B.

### **11e (ii): Branded Assets**

Consultants may use the Marketing Materials, including socially-shareable assets, images, video, brochures, flyers, and invitations, that Rodan + Fields makes available on a variety of virtual sites, including but not limited to the Communications Corner, RF Mall, the Library on PULSE, *The Insider Scoop* and any Rodan + Fields Event websites.

Because Rodan + Fields and its Independent Consultants must comply with direct selling and product-related regulations and intellectual property laws, all which also serve to protect the Rodan + Fields brand and respect the intellectual property rights of third parties, Consultants may not create their own flyers or invitations to advertise or promote the R+F Products or the Program.

### **11e (iii): Videos**

Consultants may use Rodan + Fields corporate videos to advertise or promote the R+F Products and the Program. Corporate videos must be re-posted in their entirety and may not be modified in any way. It is the Consultants' responsibility to ensure that they are using the most current version of Rodan + Fields videos. **In some cases, Consultants are allowed to create and share their own videos so long as the rules outline below are followed.**

#### **1. Personal Videos on Public Forums:**

In general, Consultants may not post personal videos on public forums using the R+F Trademarks or R+F Content (as defined in Appendix B); especially pertaining to the business opportunity. However, Consultants *may* post videos on public forums discussing specific approved products, but must follow the rules outlined below:

1. ONLY approved products can be featured. For a full list of approved products and compliant claims, please refer to the VIDEO POLICY PRODUCT CHART.
2. Consultants are not permitted to discuss the business opportunity and/or R+F Programs.
3. No representation of income may be discussed.
4. Consultants must identify themselves as an R+F Independent Consultant.
5. Consultants may not share videos of others without first obtaining their express, written consent.
6. No videos featuring anyone under the age of 18 may be shown without express, written parental consent.
7. All claims must be compliant.
8. The following disclaimer must be used in its entirety: ***“Always read the label. Use as directed. Results may vary.”***
9. Videos may not be longer than 60 seconds.
10. If required, always tag videos with appropriate hashtags.

#### **2. Personal Videos on Private Forums**

Consultants may create personal videos that use R+F Trademarks or R+F Content solely for the purposes of training Active Consultants. The intended audience of these videos must be Active Consultants, not consumers or the public at large. They may only be shared on private forums such as on social media accounts with appropriate privacy settings. These videos must be in compliance with these Policies and Procedures and must contain the following disclaimer:

***“This video is not sponsored or endorsed by Rodan + Fields (“R+F”). The information and views in it are provided by a Rodan + Fields Independent Consultant to be viewed by Rodan + Fields Independent Consultants. It may not be shared with the public.”***



**a. Team Training Videos Mentioning Income and Lifestyles**

Any video that discusses or mentions the Rodan + Fields Program and/or explicitly or implicitly makes an income or lifestyle claim must include this additional disclaimer:

***“This is my unique story. Actual earnings vary significantly; no income is guaranteed. For info re: typical results, search Rodan + Fields IDS.”***

**b. Product Team Training Videos**

Any video that discusses or mentions R+F Products must include this additional disclaimer:

***“Do not use the information provided as a substitute for medical advice. Results vary and depend on multiple factors, including age, gender, skin type and condition, other products used, health history, climate, lifestyle and diet. Rodan + Fields makes no guarantee as to the results that you may experience.”***

The disclaimers required in this section must be provided in their entirety in the video, either verbally or displayed in writing for a reasonable period to enable the viewer to review the information. It is the responsibility of the Consultant to ensure any of the material she or he is recording is compliant with these Policies and Procedures, as well as any Federal, State or local laws.

If Consultants use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any personal video, it is solely their responsibility to ensure that they have received the proper licence to use such intellectual property and to pay the appropriate licence fee. Consultant warrants that she or he either owns all the content in the video or is authorized to use any materials that do not belong to her or him, including music that requires licensing. If any demands or legal claims are made against Rodan + Fields or its officers or employees as a result of a Consultant’s personal video, she or he promises to defend and indemnify Rodan + Fields and be responsible and assume financial liability for responding to those claims or demands.

No other videos are approved for Consultant use and, as such, Consultants may not create videos that combine personal material with the R+F Trademarks or R+F Content except as provided above. Finally, the videography of guest speakers at Rodan + Fields corporate events may be prohibited and Consultants must comply with any specific instructions in that regard. For details on video streaming of events, see subsection below entitled “Video Streaming.”

***11e (iv): Video Streaming***

Facebook Live and other streaming services are methods Consultants may use to share information about Rodan + Fields live with their team or prospective Customers and Consultants. Consultants may share content such as their own personal “why,” and information on R+F Products or the Program. During a live event, Consultants must include the same disclaimers as required in a video. While this content is streaming live, it is not otherwise subject to the Video Policy, as discussed above. This means Consultants may host live streamed events on public forums. Once the content is saved, however, it is considered a video and is subject to the Video Policy.

Live video streaming at events sponsored by Rodan + Fields is subject to restriction and Consultants must obtain permission before live streaming those events. This subsection only pertains to Consultant-led events.

***11e (v): Audio and Video Recordings***

Training calls and business presentations may be recorded. If initiated by Rodan + Fields, Rodan + Fields will ensure that participants are informed at the beginning of the call that it is being recorded. For any call initiated by Consultants, it is the Consultant’s responsibility to ensure that participants are informed at the start of the call that it is being recorded. It is likewise the responsibility of Consultants that they ensure that any of the material they are recording is compliant and abides by these Policies and Procedures, as well as any Federal, State or local laws.

### ***11e (vi): Business Presentations***

Consultants may use the Business Presentation materials that Rodan + Fields has made available through the RF Mall, the Consultant Only category of the R+F Website, and the Library on PULSE to promote the R+F Products and the Program. Corporate business presentations must be re-posted in their entirety and may not be modified in any way. It is the Consultants' responsibility to ensure that they are using the most current version of Rodan + Fields business presentations; no other business presentations are approved for Consultant use.

### ***11e (vii): Training Tools***

Rodan + Fields makes available optional training tools through the RF Mall, the Consultant Only category of the R+F Website, and the Library on PULSE to advertise or promote the R+F Products and the Program such as the Getting Started Site or other Rodan + Fields provided tools. Training tools that are not compliant with these Policies and Procedures may be subject to compliance action.

### ***11e (viii): Third Party Training***

Consultants are responsible for the content of any third party training session that they sponsor for their Downline teams. Any such presentation must be compliant with all aspects of the Policies and Procedures and the trainer and the sponsoring Consultant must both execute the Third Party Training Agreement that is available in the Library on PULSE. Rodan + Fields Compliance and Field Development teams reserve the right to attend such third party training events to ensure they are compliant and meet the requirements of the Policies and Procedures. Consultants should be warned that there are various third party trainers who purport to specialize in various direct selling matters and have been known to provide non-compliant content. Rodan + Fields does not maintain a list of third party trainers.

## **11f. General Advertising Policies:**

Consultants must engage in advertising and marketing activities directed to Customers, potential Customers or potential Consultants that comply with all applicable federal, provincial, territorial and local laws, rules and regulations, as well as any applicable platform terms, rules or guidelines. This includes, without limitation, compliance with all Competition Bureau guides, privacy laws, and laws, rules and regulations concerning email, SMS/text and phone calls. Consultants should consult their own legal counsel for any questions about their compliance obligation. Appropriate locations for distribution of advertising and marketing materials include bulletin boards, message boards and digital message boards located in public places and private businesses.

## **11g. Mass Media Advertising:**

As a matter of fairness to all Rodan + Fields Consultants, Consultants are not permitted to advertise the R+F Products or the Program on television, radio, billboards, national print, online channels, through mass mailings or through channels otherwise deemed inappropriate by Rodan + Fields. Subject to the other requirements of this Section, Consultants are permitted to advertise in their local newspaper, community newsletters, and outreach within an 80 kilometer radius of Consultant's home postal code, local opportunities, local business directories, through their local Chamber of Commerce and through telephone book listings provided the advertisement does not exceed \$1,500 CAD value (per activity). Telephone directory listings must comply with Section 11p below. For promotion on independent websites, see Section 11l.

Consultants may not advertise under the "help wanted" section of any newspaper or other directory, nor may any advertisement state or imply that the Consultant is seeking to employ or hire an individual or that the Consultant is an agent or recruiter for the Company. If an advertisement is placed in a newspaper or other directory, the advertisement must clearly indicate that the opportunity being presented is that of an independent contractor as an Independent Consultant for Rodan + Fields.

### **11h. Selling Via Third-Party Internet Sites:**

Consultants may sell the R+F Products through their PULSE Personal Website (PWS) or through the R+F Website and may also direct Customers to purchase the R+F Products through the R+F Website. Sales of the R+F Products or Rodan + Fields Branded Assets, through any other website, including but not limited to Third-Party Internet sites such as eBay, Amazon, Craigslist, and Kijiji are strictly prohibited. This rule is required for many reasons, including consumer protection, compliance with laws regarding the R+F Products, and to protect R+F Independent Consultants from losing potential enrollments of Customers and Consultants who may be reluctant to engage via the R+F Program because they view the third-party sites as a competitive source of supply.

### **11i. Search Engines, Keywords, and Meta-Tags:**

Rodan + Fields endeavors to promote the brand and Company, generate product awareness and elevate the global Rodan + Fields community on behalf of our Independent Consultants worldwide through search engine marketing (SEM) and other paid online advertising programs. Consultants agree to cooperate fully with Rodan + Fields' effort to boost the search rank of Rodan + Fields owned sites on search engine results pages (SERPs) in all markets by not competing with the Home Office for branded keyword terms and phrases; including but not limited to "Rodan + Fields," "Rodan Fields," "R+F," "Multi-Med Therapy," "REDEFINE Regimen," and more.

Consultants may not bid on or purchase (or encourage or solicit any third party to bid on or purchase) any R+F Trademark, R+F Content, or any term containing any R+F Trademark or R+F Content as a meta-tag, keyword, paid search term, sponsored advertisement or sponsored link in both global and local markets.

### **11j. PULSE Program:**

PULSE is a proprietary suite of web-based tools that provides business and Customer relationship management resources to Rodan + Fields Consultants to support team growth, product sales, Downline productivity, and Customer satisfaction and retention.

PULSE is available in two versions: (i) PULSE Pro (advanced) and (ii) PULSE (basic).

- PULSE (basic) is available to all Consultants.
- PULSE Pro is an optional advanced suite of tools available through a monthly subscription program. PULSE Pro features two (2) personal websites through which Consultants may sell the R+F Products and enroll new Consultants, with all transactions automatically linked directly to their Rodan + Fields Consultant Identification Numbers.

It is the responsibility of each Consultant to ensure that her or his PULSE Pro Website fully complies with the PULSE Terms and Conditions, the R+F Website Terms and Conditions, these Policies and Procedures, and all applicable federal, provincial, and territorial rules and regulations. The requirement of compliance also extends to any social networking site that is linked from a Consultant's PULSE Personal Website (PWS). Rodan + Fields reserves the right to disable any link from a Consultant's PULSE Personal Website (PWS) to a non-compliant social networking site or posting. The PWS may not be promoted or marketed via mass media as outlined in Section 11g. Subject to Sections 11i and 11n, Consultants are permitted to purchase their own personalized URL through a third party and redirect to their own PWS sites. For additional information regarding social networking, refer to Section 11k and to the Social Media Guidelines located in the Library on PULSE. For additional information regarding PULSE Personal Websites (PWS) content requirements, refer to the PWS Best Practices Guidelines located in the Library on PULSE.

### **11k. Social Networking and Social Media:**

Consultants may join social networking sites, online forums, discussion groups, blogs, and other forms of Internet communication to leverage the power of the Rodan + Fields brand and to communicate the benefits of the R+F

Products and the Program. Online social pages belonging to a Consultant may be used to drive traffic to PULSE Personal Websites (PWS) or to the R+F Website. However, social pages belonging to Influencers or other companies or brands may not be used to drive traffic to a Consultant's own PWS. Social networks include but are not limited to such sites as Facebook, Instagram, Pinterest, LinkedIn, Twitter, etc.

Consultants may use their own social networking profiles to advertise and promote their Rodan + Fields businesses and the R+F Products, and direct traffic to their respective PWS sites or the R+F Website. No actual sales of R+F Products, however, may be processed on social networking profiles or groups and no pricing may be shown on an image or in the copy of a post.

Profiles a Consultant generates in any social community where Rodan + Fields, the R+F Products or the Program are discussed or mentioned must clearly identify the Consultant as a Rodan + Fields Independent Consultant, and when a Consultant participates in those communities, Consultants must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at Rodan + Fields' sole discretion, and offending Consultants will be subject to disciplinary action. If a link is provided, it must link to the Consultant's PULSE Personal Website (PWS), to a Consultant's Independent Website that has been approved by Rodan + Fields pursuant to Section 11l, or to the R+F Website.

Consultants may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Consultants create or leave must be useful, unique, relevant, and specific to the blog's article.

Consultants who use social networking sites must also comply with the rules associated with that particular website or network. For example, some sites prohibit users from advertising products or promoting financial opportunities. Federal, provincial, and territorial agencies have established guidelines and rules for what may and may not be communicated and even a Consultant's personal experience may not conform to these regulatory guidelines. Consultants who provide testimonials on social networking sites and otherwise on the Internet are responsible for ensuring that their testimonials comply with all applicable laws and regulations. Among other things, Consultants shall not: (i) make any specific income claim or commitment to any amount of income that others may realize as a Rodan + Fields Consultant; (ii) make any guarantee of success; or (iii) suggest that a specific amount of inventory must be purchased at the time of enrollment. Consultants may describe, in general terms, the positive impact of Rodan + Fields on their lifestyle or the positive results they have personally experienced from using the R+F Products so long as the requirements of Section 6c regarding Product Claims and Section 6d regarding Income Claims are met.

In addition to the foregoing general provision, Rodan + Fields' specific policies regarding Social Networking and Social Media are as follows:

***11k (i): Consultants Are Responsible for Postings***

Consultants are personally responsible for their postings and all other online activity that relates to Rodan + Fields. Therefore, even if a Consultant does not own or operate a blog or social media site, if a Consultant makes a post that relates to Rodan + Fields, or which can be traced to Rodan + Fields, the Consultant is responsible for the posting. Consultants are also responsible for postings that occur on any blog or social media site that the Consultant owns, operates or controls. Rodan + Fields reserves the right to remove noncompliant or infringing posts from its social media pages and may terminate the Consultant Agreement of any Consultant who repeatedly breaches this section.

***11k (ii): Identification as a Rodan + Fields Independent Consultant***

Consultants must disclose their full names on all social media postings and conspicuously identify themselves as Rodan + Fields Independent Consultants. In addition to the foregoing, Consultants may use the Rodan + Fields Independent Consultant logo in social networking profiles. The Rodan + Fields Independent Consultant logo is available in the Library on PULSE. Anonymous postings or use of an alias are prohibited.

**11k (iii): Deceptive Postings**

Postings that are false, misleading or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the R+F Products, the Program, and/or Consultant biographical information and/or credentials.

**11k (iv): Use of Third-Party Intellectual Property**

Subject to Section 11d, if Consultants use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any posting, it is solely their responsibility to ensure that they have received the proper licence to use such intellectual property and pay the appropriate licence fee. All third-party intellectual property must be properly referenced as the property of the third party, and Consultants must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property. A Consultant may be personally liable for any violation of this policy should the owner of the intellectual property bring an action. In addition, it is important not to repost any posts which violate this policy.

**11k (v): Respecting Privacy**

Consultants must respect the privacy of others and be judicious in their postings. Consultants must not engage in gossip or advance rumors about any individual, company or competitive products or services.

**11k (vi): Ethics & Legal Compliance**

Consultants must conduct themselves with professionalism, ethically and in full compliance with all laws on social networking sites. Consultants are responsible for ensuring that any posts or other social media activity that promotes the R+F Products or Program is legally compliant, and complies with any applicable platform terms, rules or guidelines. This includes ensuring that their postings are truthful and accurate and that any legally required disclosures are made in compliance with applicable law. Report non-compliant posts to the Compliance Department at [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com).

**11k (vii): Prohibited Postings**

Consultants may not make any posting, or link to any posting or other material, that:

- is sexually explicit, obscene or pornographic;
- is offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability or otherwise);
- is solicitous of any unlawful behavior;
- engages in personal attacks on any individual, group, or entity;
- is in violation of any intellectual property rights of the Company or any third party; or
- is not consistent with the standards set forth in these Policies and Procedures.

For ease of reference on how to ensure that a social media profile is in compliance with the Policies and Procedures, see the “Social Media Guidelines” available in the Library on PULSE.

**11k (viii): Social Media and Online Presence with Independent Website-like Features**

Rodan + Fields reserves the sole and exclusive right to classify a Consultant’s social media and online presence as the functional equivalent of operating an independent website. In such an instance, the Consultant must adhere to the Company’s policies regarding Independent Websites. For example, a blog, a website developed on a blogging platform, and other social media presence that is developed for the primary purpose of marketing or promoting the R+F Products or the Program may be classified by the Company as an independent website. For additional information on Independent Websites, refer to Section 11I.

### **11k (ix): Influencers**

Independent Consultants are not permitted to contact social media influencers who have 10,000 or more followers or any media, including media outlets or media members. This includes communication via direct message through social platforms and emails. Additionally, Independent Consultants are not permitted to send products and/or goods to influencers or media. This includes payment for collaboration or sponsorship, content creation, or product promotion, as well as free product or a gift for a potential review.

R+F Corporate works with influencers and media through product gifting to help you reach new audiences. If an Independent Consultant sees an influencer tag @RodanAndFields on a post, it is not permitted to reach out to them in any way for prospecting. This includes sending direct messages or commenting on their social content.

If an Independent Consultant has a relationship with an Influencer (with 10,000 or more followers), and the Consultant would like her/him to promote R+F products or she/he reached out to a Consultant offering to promote R+F products, please contact the Corporate Communications Team at [CorporatePR@rodanandfields.com](mailto:CorporatePR@rodanandfields.com) to refer this person. The inquiry will be reviewed the same way as media inquiries and if the partnership is right for the brand, Rodan + Fields will work with the suggested influencer and her/his content will be directed to the Rodan + Fields Corporate Website, not to an Independent Consultant's Personal Website (PWS).

Social media content created by influencers and media is owned by them. It is illegal to share any content without the rights and permission of the creator.

### **11k (x): Nano-Influencers**

If a Consultant has a relationship with a nano-influencer (less than 10,000 followers), and the Consultant would like the nano-influencer to promote Rodan + Fields products or if the nano-influencer reaches out to the Consultant offering to promote R+F products, there are some guidelines that must be followed:

1. Consultants are not permitted to pay nano-influencers for creating content and the nano-influencer's content may only reference back to the Corporate website, not to a Consultant's Personal Website (PWS).
2. The nano-influencer is legally required to identify the relationship and to disclose whether the Consultant provided free products to them. Nothing else of value should be provided to induce the nano-influencer to provide a favorable review/social media post.
3. If a nano-influencer shares their review of a product you have provided to them on social media, they may not share your PWS or email and only tag R+F corporate @RodanAndFields and your social media handle.
4. When providing free R+F Products to nano-influencers, Independent Consultants must inform them of the following:
  - a. ***"To be compliant with Competition Bureau guidelines, if you choose to review this product, please clearly and conspicuously state that you received this product for free from an R+F Independent Consultant. This must appear in the first line of the post if shared on social media or at the top of the communication (e.g. top of the Blog or in the Vlog). This cannot be in the comments section of the Blog, Vlog, or other messaging platform. This must appear above or in the body of the communication (e.g. in the Blog or in the Vlog) and not in the comments section of the Blog, Vlog, or other messaging platform."***
5. If the Consultant has a relationship with the individual, the Consultant must convey to them that they must reveal that they are the Consultant's [insert: friend, sister, co-worker, etc., as appropriate]. This is required by law.

Reach out to the Corporate Communication Team at [CorporatePR@rodanandfields.com](mailto:CorporatePR@rodanandfields.com) with any questions.

### ***11k (xi): Social Networking and Independent Website Termination***

If a Consultant Agreement is terminated for any reason, the Consultant must discontinue using the Rodan + Fields name, all of the R+F Trademarks, trade names, service marks, other intellectual property and all derivatives of such marks and intellectual property, in any postings and on all social media sites that she or he utilizes. If the Consultant posts on any social media site on which she or he has previously identified herself or himself as a Rodan + Fields Independent Consultant, she or he must conspicuously disclose that she or he is no longer a Rodan + Fields Independent Consultant. In the event of a voluntary or involuntary termination of a Rodan + Fields Consultant Agreement, a Consultant is required to remove all references to Rodan + Fields from social networking profile(s) from public view within ten (10) days of the date of termination. If the Consultant has a specific Rodan + Fields social networking group presence, she or he is required to remove her or his social networking group from public view within ten (10) days of the date of termination. The name of the social networking group may be transferred to another Rodan + Fields Consultant, subject to Rodan + Fields approval. Removal of references to Rodan + Fields from independent websites is subject to the provisions in the Independent Consultant Website Application and Agreement.

### ***11k (xii): Sweepstakes, Contests and Giveaways***

As an independent business owner, a Consultant may choose to run a sweepstakes, contest or promotion. While such sales tools may not be illegal, it is important to understand that they are regulated by law and the laws may differ by province. Raffles, on the other hand, are not a suitable mechanism for providing incentives. We strongly recommend that any Consultant who wishes to run a sweepstakes, contest or promotion in conjunction with their Rodan + Fields business speak with a lawyer to ensure that it adheres to the relevant local laws. It is very important to ensure that all sweepstakes, contest or promotion are legally conducted. In all cases, a Consultant must indicate that the sweepstakes, contest or promotion is not sponsored or approved by Rodan + Fields.

## **11l. Independent Websites:**

Upon subscription to PULSE Pro, Rodan + Fields provides Consultants with their own PULSE Personal Websites (PWS) from which they can market the R+F Products and the Program.

However, if Consultants wish to develop their own independent websites to promote Rodan + Fields, the R+F Products, or the Program, they may do so if they execute an Independent Consultant Website Application and Agreement with the Company. The Independent Consultant Website Application and Agreement is located in the Library on PULSE. Consultants must strictly comply with the terms of the Independent Consultant Website Application and Agreement, which include a required legal review of the Consultant's independent website by outside counsel retained by Rodan + Fields. It shall be the Consultant's responsibility to pay the attorney's fees and any legal expenses associated with the legal review and opinion relating to her or his independent website. Upon a Consultant's execution of an Independent Consultant Website Application and Agreement and submission of the required website content (including screenshots of all pages and transcripts of any audio and video portions) to Rodan + Fields, a preliminary estimate of attorney's fees and legal expenses will be provided to the Consultant for her or his acceptance as authorization to proceed with the legal review. Consultants should understand before undertaking any website development that such legal review may cost between \$5,000 and \$10,000, or more, depending on length and complexity of the site. Any other independent website used to promote Rodan + Fields, the R+F Products, or the Program will be considered a non-compliant website in violation of this policy. Any Consultant who chooses to accept the legal review will be required to provide a \$5,000 CAD deposit toward the payment of any such legal fees. Any unused portion of such deposit shall be returned to Consultant.

## **11m. Anti-Spam:**

Consultants must comply with Canada's Anti-Spam Legislation ("CASL") when sending commercial electronic messages ("CEMs"). CEMs include all emails, text messages or messages sent using private messaging (e.g. Facebook Messages) that offer, advertise, market, or promote R+F Products or Program.

It is the Consultant's responsibility to ensure that the Consultant has prior express or implied consent to send a CEM to the recipient. A request for express consent will be valid only if the request:

- states the purpose of seeking consent;
- states the Consultant's name and name under which the Consultant carries on business;
- identifies the Consultant as requesting consent on her or his own behalf and on behalf of Rodan +Fields;
- includes the Consultant's physical mailing address and one or more of the Consultant's phone number, email address or web address;
- states that consent can later be withdrawn; and
- uses an "opt-in" mechanism (for example a consent box that is not pre-checked) that allows the Consultant to record or track that consent was given.

Consultants may have implied consent to send CEMs if the Consultant has: (i) an existing business relationship with the recipient; (ii) a family relationship with the recipient; (iii) a personal relationship with the recipient; or (iv) received a valid referral to send a CEM to the recipient.

An "existing business relationship" will exist if the recipient has made a purchase or accepted a business opportunity from the Consultant within the previous two years or has made an inquiry to the Consultant within the previous six months. An individual signing up as a Consultant with Rodan + Fields is evidence that "business relationship" exists between the Consultant and her or his sponsor, as well as with Rodan + Fields.

A "family relationship" will exist if the Consultant and Recipient have a parent/child, marital, or common-law relationship and engage in voluntary two-way communication.

A "personal relationship" will exist if the Consultant and recipient have had voluntary two-way contact and it is reasonable to assume that the relationship is "personal," taking into consideration factors such as the sharing of interests, experiences, opinions and information, the frequency of communication, the length of time since the communication, and if the parties have met in person.

A single CEM may be sent to a recipient pursuant to a valid "referral." In order to be valid, the person who gives the referral to the Consultant must have an existing business or personal or family relationship with both the Consultant and the referred person. The referred person must also have agreed to receive a CEM from the Consultant. The CEM sent by the Consultant must include the name of the person who gave the referral and must state that the message was sent as a result of the referral. After sending the initial message, the Consultant must delete the referred person's email and not use it for any other purposes or to send further messages, unless the referred person gives her or his consent to receive further CEMs.

All CEMs sent by Consultants must comply with CASL's message content and unsubscribe requirements, as follows:

- the CEM must clearly identify the Consultant as the sender of the email and as a Rodan + Fields Independent Consultant;
- the CEM must include the Consultant's physical mailing address and one or more of the Consultant's phone number, email address or web address;
- there must be a functioning return email address to the Consultant;
- the CEM must advise the recipient that he or she may reply to the email address to opt-out of receiving further CEMs;
- all "opt-out" requests, whether received by email or regular mail, must be honoured within ten (10) Business Days; and



- any request from a customer to opt-out from receiving CEMs from R+F must immediately forward to [SalesSupportCA@rodanandfields.com](mailto:SalesSupportCA@rodanandfields.com).

Consultants agree that Rodan + Fields may periodically send CEMs on behalf of Consultants and include the Consultant's physical and email or web addresses in the CEM. Consultants must honour opt-out requests generated as a result of CEMs sent by Rodan + Fields on behalf of the Consultant.

#### **11n. Domain Names and Email Addresses:**

Consultants may not use or register any domain name or email address that consists of or contains any R+F Trademark (see list set out in Appendix B), R+F Content, or any mark confusingly similar, except that Consultants may use a domain name that is provided by Rodan + Fields in connection with their respective PULSE Personal Websites (PWS), as set out in Section 11j. Domain names used in connection with any PULSE Personal Websites (PWS) must be in good taste and exhibit no vulgarity. Rodan + Fields reserves the right to prohibit the use of domain names deemed inappropriate by Rodan + Fields in its sole discretion.

#### **11o. Newsletters:**

Consultant-created newsletters may be used for providing members of a Consultant's Downline with information on meetings, functions and events, for purposes of encouragement, motivation and recognition. Consultants may only send newsletters to those within their Downline Report, which is available via PULSE. See PULSE FAQs set out in the Library on PULSE. A Consultant may use R+F Trademarks or R+F Content that Rodan + Fields provides for such purposes in newsletters that they distribute to her or his Downlines.

In addition to the foregoing, newsletters must comply with the following:

- the newsletter must clearly identify the Consultant as the publisher of the newsletter, must identify the Consultant as a Rodan + Fields Independent Consultant, and must include the Rodan + Fields Independent Consultant logo;
- the newsletters must include the Income Disclaimer and the Product Disclaimer where appropriate (The Income Disclaimer and the Product Disclaimer are defined in Appendix B.);
- the newsletter must not reference Earnings based on recruiting or sponsorship activities;
- the newsletter must not be used to sell, advertise or promote any product, service or program other than the R+F Products or the Program;
- the newsletter may contain articles and other R+F Content taken from *The Insider Scoop* or other downloadable R+F Content that Rodan + Fields makes available for such purposes, provided that: (i) the R+F Content is reproduced exactly as it originally appeared in the R+F Marketing Materials without any modification; (ii) Rodan + Fields or the applicable individual author is credited as the author of the R+F Content; and (iii) all copyright, trademark and other proprietary notices are reproduced with the R+F Content as they originally appeared in the Library on PULSE;
- newsletters must comply with other sections of the Policies and Procedures, including to but not limited to, Section 11d, Section 11k, Section 11l and Section 11m; and
- all "opt-out" requests for newsletters, whether received electronically or otherwise, must be promptly honoured.

Each Consultant represents and warrants that any material or content that appears in her or his newsletters (other than material or content provided by Rodan + Fields) does not and will not infringe or misappropriate any patent, copyright, trademark, trade secret, publicity, privacy or other rights of any third person and is not and will not be hateful, discriminatory or vulgar.

## **11p. Directory Listings and Advertising:**

### ***11p (i): Telephone and Online Directories***

A Consultant who wishes to appear in a telephone directory, online or otherwise, or other similar directory must list her or his name alphabetically according to her or his surname or, if the Consultant is a Business Entity, the registered business name of the Business Entity. If the directory permits, the Consultant's name may be followed by the words "Rodan + Fields Independent Consultant" and the Consultant's address, and telephone number. A Consultant is permitted to advertise her or his Consultantship through telephone directory display ads provided she or he only uses approved R+F Trademarks.

### ***11p (ii): Toll-Free Numbers***

A Consultant may use and advertise toll-free telephone numbers in connection with her or his Consultantship, which must be listed in accordance with the guidelines above. A Consultant may not state or imply that her or his toll-free number is a Rodan + Fields number or is linked to any Rodan + Fields location. In addition, any use of a toll-free number in connection with infomercials or any other television programs is prohibited. Consultants may not use or register any toll-free number that consists of or contains any R+F Trademark (see list set out in Appendix B), R+F Content, or any mark confusingly similar.

### ***11p (iii): Answering the Phone***

A Consultant may not answer (or have any phone answering service or device answer) the telephone by saying "Rodan + Fields," or in any manner that would lead the caller to believe that she or he has reached Rodan + Fields or a Rodan + Fields office. A Consultant is permitted to state that she or he is an Independent Consultant for Rodan + Fields.

### ***11p (iv): Telemarketing and Fax Marketing Techniques***

The Canadian Radio-television and Telecommunications Commission (CRTC) enforces the Unsolicited Telecommunications Rules, which restrict telemarketing and fax marketing practices. The CRTC administers a national "do not call" list as part of these telemarketing rules, which also require telemarketers to maintain their own internal "do not call" list and to register with the national "do not call" list operator. Although Rodan + Fields does not consider Consultants to be "telemarketers" in the traditional sense of the word, these rules broadly define the term "telemarketer" and "telemarketing" so that a Consultant's inadvertent action of making an unsolicited telephone call or sending an unsolicited fax without registering with the national "do not call" list operator or calling someone whose telephone number is listed on the federal "do not call" registry could cause her or him to violate the rules. These rules must not be taken lightly, as they carry significant penalties.

Therefore, Consultants must not engage in telemarketing or unsolicited fax marketing in the operation of their Rodan + Fields Consultantships. The term "telemarketing" means the placing of one or more telephone calls or fax messages to an individual or entity to induce the purchase of the R+F Products or to discuss the Program. "Cold calls" made to prospective Customers or Consultants that promote the R+F Products or the Program constitute telemarketing and are prohibited. Consultants shall not place or initiate any automated, outbound telephone call to any person that delivers any pre-recorded message (a "robocall") regarding or relating to the R+F Products or the Program. However, a telephone call may be placed to a prospective Customer or Consultant (a "prospect") where the prospective Customer or Consultant has made a specific request to be called at the applicable telephone number and the call is not "unsolicited" (for example, they have left a voice message asking to be contacted), or if the telephone call is not for the purpose of selling or promoting the Products, the Program, or otherwise soliciting the recipient.

## **11q. Personal Videos, Photographs and Recordings:**

If any personal photograph, video, audio tape or other recording of Rodan + Fields corporate events, Dr. Katie Rodan, Dr. Kathy Fields or Rodan + Fields employees is posted on the Internet (on any social media site or otherwise), Rodan + Fields reserves the right at its discretion to require such personal video, audio tape or other recording to be immediately removed and not otherwise displayed. Any such personal photograph, video, audio

tape or other recording must be of high quality and, in the sole discretion of Rodan + Fields, must not portray Dr. Rodan, Dr. Fields, or Rodan + Fields employees in a negative light or in a way that may embarrass or damage the reputation of Rodan + Fields or the individuals appearing in the photograph, video, audio tape or recording. Consultants may distribute, reproduce or post on the Internet videos, photographs or recordings that are made available by Rodan + Fields Corporate for use by Consultants. It is the responsibility of Consultants to ensure any of the material they are sharing is compliant and abides by these Policies and Procedures in particular Section 11e.

#### **11r. Reporting Online Policy Violations:**

Consultants may participate in social networking as outlined in these policies. To Comply with legal requirements and maintain the Company's brand integrity, any Consultant who suspects a policy violation, must report as much information as possible, including detailed descriptions and screenshots, to [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com).

## **SECTION 12: COMPENSATION**

#### **12a. General:**

The Compensation Plan is attached as Appendix A to these Policies and Procedures and is incorporated into and made a part of these Policies and Procedures. The Compensation Plan identifies the earning opportunities available to Consultants and sets forth the sales and organizational requirements necessary to earn Commissions and Achievement Rewards. The Compensation Plan is built upon sales of the R+F Products to Customers. Consultants who meet minimum Sales Volume requirements are eligible to earn Commissions and Achievement Rewards as described in this Section and in the Compensation Plan.

#### **12b. RF Payday Account:**

Rodan + Fields uses an independent third-party payment processor ("Payment Processor") to pay Commissions and Achievement Rewards earned by Consultants through the Rodan + Fields Compensation Plan. The Payment Processor will set up an account for Consultants (an "RF Payday Account" or "wallet") and will deposit monies owed to Consultants into their RF Payday Accounts. Consultants are responsible for reviewing the Payment Processor's privacy policy to better understand how the Payment Processor handles Consultant's personal information and Customer Data. With the exception of certain Performance Bonus payments made on an exception basis, all Commissions or Achievement Rewards that Consultants may earn will be paid through the RF Payday program. (Pursuant to Section 12f, a Consultant must earn at least \$20 CAD in Commissions and/or Achievement Rewards before she or he will receive payment to her or his RF Payday Account.) This payment processing service may be terminated or modified by Rodan + Fields or the Payment Processor at any time upon notice as specified in these Policies and Procedures. Consultants may manage their RF Payday Accounts through PULSE or may direct inquiries to RF Payday support via phone at 877-604-8455 or via email at [support@payday.myrandf.com](mailto:support@payday.myrandf.com). For additional information, refer to the RF Payday FAQs located in the Library on PULSE.

CONSULTANT ASSUMES THE RISK THAT RODAN + FIELDS AND/OR ITS PAYMENT PROCESSOR MAY MAKE ERRORS THAT RESULT IN UNDERPAYMENT OR OVERPAYMENT TO A CONSULTANT, AND CONSULTANT AUTHORIZES RODAN + FIELDS, THROUGH THE PAYMENT PROCESSOR, TO DEBIT OR CREDIT HER OR HIS ACCOUNT AS NECESSARY TO CORRECT ERRORS. CONSULTANT UNDERSTANDS AND AGREES THAT TO THE EXTENT PERMITTED BY LAW NEITHER RODAN + FIELDS NOR THE PAYMENT PROCESSOR, NOR THEIR RESPECTIVE OFFICERS, MEMBERS, DIRECTORS, OWNERS, EMPLOYEES, OR AGENTS SHALL BE HELD RESPONSIBLE FOR ANY DAMAGES THAT RELATE TO OR ARISE FROM AN ERROR THAT RESULTS IN AN UNDERPAYMENT OR OVERPAYMENT TO A CONSULTANT, AND CONSULTANT WAIVES ANY AND ALL CLAIMS WITH RESPECT THERETO.

### **12c. Commission Period:**

A Commission Period under the Compensation Plan is equivalent to a calendar month. Orders received on the last day of a Commission Period via the R+F Website or Consultants' PULSE Personal Websites (PWS) by 11:59 p.m. Pacific Time will be included for that Commission Period's Commission and Performance Bonus period calculation. All sales received after the cut-off date will be included in the Commission and Performance Bonus calculation for the following Commission Period. With respect to a Commission Period, Commission payments will be issued to Consultants no later than the 15th day following the close of that Commission Period, unless otherwise notified by Rodan + Fields.

### **12d. Return Adjustments - Impact on Qualifications, Commissions, Achievement Rewards and Incentive Program Rewards:**

The qualifications, Commissions, Performance Rewards, and Incentive Program Rewards attributable to R+F Product(s) are not considered earned until after the applicable return period has expired. When a Product is returned to Rodan + Fields for a refund or funds are returned to a Consultant or Customer due to a credit card chargeback, the qualifications, Commissions, Achievement Rewards and Incentive Program Rewards attributable to the returned Product(s), funds, or volumes will be deducted from the Consultant's current and future qualifications, Commissions and Achievement Rewards. These deductions will be made in the month in which the refund was given and will continue every Commission Period thereafter until the Commissions and Achievement Rewards are recovered from the Consultant who received the Commissions and Achievement Reward on the sale of the returned Product or disputed charge. In the event any Consultant terminates her or his Consultant Agreement and the amounts of the Commissions and Achievement Rewards attributable to the returned Product(s) or returned funds have not yet been fully recovered by Rodan + Fields, the remainder of the outstanding balance may be set off against any Earnings amounts owed to the terminated Consultant. **Rodan + Fields reserves the right to review and terminate any account for consistently excessive or improper return activity associated with non-defective merchandise.** For additional information on adjustments for returned Products, refer to Appendix A, Section 11.

### **12e. Payment for Month of Advancement:**

An Executive Consultant or above is paid at the level of the highest Title for which she or he satisfies the qualification requirements during the current Commission Period. If she or he does not satisfy the qualification requirements for that Recognition Title during the current Commission Period, she or he will be paid at the level of the highest Paid-As Title for which she or he qualifies.

### **12f. Accrual of Commission or Performance Bonus Payments:**

A Consultant must earn at least \$20 CAD in Commissions and/or Achievement Rewards before she or he will receive payment to her or his RF Payday Account. If the \$20 CAD threshold is not met, a Consultant will not receive payment to her or his RF Payday Account, including upon the Consultant's termination. Commissions and/or Achievement Rewards earned that do not meet this \$20 CAD threshold will be accrued and paid in a later Commission Period when the Consultant's combined Earnings are \$20 CAD or more.

### **12g. Closure of Inactive RF Payday Accounts and Unclaimed Commissions, Achievement Rewards and Credits:**

After three (3) consecutive months of having a positive balance in your RF Payday account without activity (example: No new loads via the Commission plan, no transfers, etc.), there will be a monthly CAD \$7.00 maintenance fee applied for each month a balance remains, up to 36 months. Rodan + Fields will attempt to notify the Consultant of the fees being imposed by sending notice to her or his last known email address. Fees imposed on inactive accounts will be deducted from the current balance until the sooner of (a) the balance on the account equals CAD \$0.00, or (b) the balance is determined abandoned under applicable unclaimed property law and the funds will be allocated to the appropriate province or territory. The positive balance in a Consultant's RF Payday account will be withdrawn and the unclaimed Commissions, Achievement Rewards and Credits in the

account will be paid to the relevant authority responsible for administering unclaimed monies in the relevant jurisdiction if the monies remain unclaimed for the statutory period under applicable law.

CONSULTANTS WAIVE ALL CLAIMS AGAINST RODAN + FIELDS, THE PAYMENT PROCESSOR AND THEIR OFFICERS, DIRECTORS, MEMBERS, OWNERS, EMPLOYEES, AND AGENTS RELATING TO THE CLOSURE OF A CONSULTANT'S ACCOUNT OR WITHDRAWAL OF FUNDS, EVEN IF THE LIKELIHOOD OF SUCH DAMAGES OR LOSSES ARE MADE KNOWN TO RODAN + FIELDS AND/OR THE PAYMENT PROCESSOR PRIOR TO THE TIME OF THE CANCELLATION OR WITHDRAWAL.

#### **12h. Temporary Hold of Volume Requirements for Title Advancement:**

Rodan + Fields understands that from time to time special, extenuating, and/or uncontrollable circumstances may arise that require a Consultant to take time away from her or his Consultant Account. If that becomes the case, the Consultant may contact Rodan + Fields to request a temporary hold of their monthly volume requirements and discuss the special circumstances with Rodan + Fields. Rodan & Fields will review the request on a case-by-case basis and may temporarily suspend volume requirements, subject to the terms set forth below, for a period of time that Rodan + Fields shall determine in its sole discretion (the "Volume Hold Period"). Rodan + Fields may require documentation to support a request for a temporary hold of volume requirements. Without proper documentation, all approved Volume Holds will be on a month-to-month basis.

During the Volume Hold Period, the Consultant will receive Commissions on their Downline without having to meet the monthly minimum Sales Volume requirement of the Compensation Plan. For Executive Consultants, this means that the requirements to achieve monthly minimum of 100 in Sales Volume (SV) and a minimum of 600 in Personally Sponsored Qualifying Volume (PSQV) are placed on hold. All other qualifications for title, level, and programs must be maintained. No Title advancements may occur during the Volume Hold Period; however, when the Volume Hold Period terminates, any new ECs that advanced during the Volume Hold Period will remain in her or his Personal Team and the Consultant will advance at that time. Should the Consultant elect to terminate her or his Volume Hold Period early, she or he would advance at the close of the Commission Period for the month ending the Volume Hold Period, provided that the Consultant has met the monthly minimum Sales Volume and any other requirements.

A request for a Volume Hold Period must be made prior to, during the month of, or one month immediately following the month for which the Volume Hold is being requested. For example, if an Independent Consultant wants to request a Volume Hold Period for the month of November, 2020, s/he must request it prior to November, during the month of November, or by the end of December. Any requests that come in past this deadline will be declined. If a Consultant is requesting multiple months (e.g. November and December), Rodan + Fields will use the later month as the determining month.

### **SECTION 13: RELATIONSHIP TO PROACTIV<sup>®</sup> SOLUTION**

Rodan + Fields does not distribute Proactiv<sup>®</sup>-branded products and has no affiliation or involvement with the distributor of the Proactiv-branded products. Consultants should not use or display the Proactiv brand or trademark, or mention or reference any Proactiv-branded products, in connection with the sale, advertising or promotion of any R+F Products. Consultants should not compare the R+F Products to Proactiv-branded products, including with respect to any feature or benefit, or otherwise comment on Proactiv-branded products. Consultants should not suggest in any manner that the R+F Products are endorsed by any past or future spokesperson for the Proactiv-branded products, including celebrities who have endorsed the Proactiv-branded products. Consultants are responsible for any representations or misrepresentations they make with respect to Proactiv products or the distributor of such products.

Without limiting the general restrictions described above, Consultants shall not:

- direct any sales activity toward or solicit any person engaged in the sale of Proactiv, including but not limited to posts on any Facebook page devoted to Proactiv products and solicitations of individuals selling Proactiv in shopping mall kiosks;
- compare any R+F Product with Proactiv-branded products in any way (for example, do not say that an R+F Product is more effective, better suited, better priced, produces better results, etc. than Proactiv-branded products) on any platform including social media;
- state or suggest that Rodan + Fields is “backed” by the Proactiv brand;
- use or display the Proactiv brand or trademark when selling any R+F Products;
- refer to any of the celebrities who endorse Proactiv-branded products when selling any R+F Products;
- use the Proactiv brand or trademark to mislead or redirect Internet users to a site selling R+F Products (for example, do not use the word “Proactiv” in domain names, meta tags, purchased keywords or banner ads); and
- post, re-post or share on any platform, including social media and other Internet sites, any communications regarding Proactiv that violate the rules outlined in this Section 13.

The only permitted use of the word Proactiv is to say that Dr. Katie Rodan and Dr. Kathy Fields are the creators of Proactiv, which may be stated when describing the background or history of Rodan + Fields, but not in any other context such as communication the primary purpose of which is to sell any product or service of Rodan + Fields. Consultants must remove all existing use, display, or social media post that are not compliant with the restrictions provided in this Section. Failure to do so or other violations of this policy can result in a notice of non-compliance and/or, where appropriate in the Company’s sole discretion, termination of the Consultant Agreement.

## **SECTION 14: TRANSFER OF CONSULTANT AGREEMENT**

### **14a. Sale or Transfer of a Consultant Agreement:**

A Consultant may not sell, assign or otherwise transfer her or his Consultant Agreement without the prior written approval of Rodan + Fields. Please note Rodan + Fields will not approve a request for the sale or transfer of a Consultant Agreement if the intention, whether express or implied, is to achieve Line Switching. Specific rules on Sale and Transfer of a Consultant Agreement are as follows:

#### ***14a (i): Consultant Achieved Paid-As-Title of LIII or Above in Past 12 Months***

A Consultant who has achieved Paid-As-Title of LIII or above at least once in the past 12 months and wants to sell or transfer her/his Consultant Agreement must meet the following criteria:

- have been an Active Consultant for at least six (6) months prior to the sale or transfer request;
- wait six (6) months before re-enrolling under a different Sponsor; and
- have a Downline that consists of annualized earnings of at least \$2500.

#### ***The Transferee/Buyer under 14a(i) must meet the following criteria:***

- have been an Active Consultant in good standing for at least six (6) months prior to the sale or transfer request; and
- have achieved the Paid-As-Title of LII or greater within the previous 12 months.

#### ***14a (ii): Consultant Has NOT Achieved Paid-As-Title of LIII or Above in Past 12 Months***

A Consultant who has NOT achieved Paid-As-Title of LIII or above at least once in the past 12 months and wants to sell or transfer her/his Consultant Agreement must meet the following criteria:

- have been an Active Consultant for at least six (6) months prior to the sale or transfer request;
- wait six (6) months before re-enrolling under a different Sponsor; and
- have a Downline that consists of annualized earnings of at least \$2500.

The Transferee/Buyer under 14a(ii) must meet the following criteria:

- have been an Active Consultant in good standing for at least six (6) months prior to the sale or transfer request.

If the above-referenced criteria have been met, a Consultant wishing to sell or transfer her or his Consultant Agreement (“Seller”) must first provide Compliance with evidence that the immediate Upline Consultant was informed in writing of the impending Sale or Transfer at least 7 calendar days prior to Rodan + Fields drafting and sending the formal Sale and Transfer Agreement. If the Seller chooses to sell their Consultant Agreement to their immediate Upline Consultant and the two parties finalize a mutually acceptable sale / transfer arrangement, the Seller’s Downline will compress (Roll Up) into the immediate Upline Consultant’s existing Downline. If the Seller chooses not to sell their Consultant Agreement to their immediate Upline Consultant, the Seller may offer to sell/transfer the Consultant Agreement to another party that meets the eligibility criteria.

If the Consultant Agreement is sold or transferred to an existing Rodan + Fields Consultant, who is not the Seller’s immediate Upline Consultant, the buying Consultant must terminate their Consultant Agreement, leave behind her or his existing Downline and assume the Seller’s position; the two organizations will not merge. The buying Consultant’s existing Downline will then compress (Roll Up) to her or his former Sponsor. Rodan + Fields reserves the right to refuse any transfer request in its sole discretion. If a transfer request is approved, the Seller must work with the buying Consultant and RF Payday to convert the RF Payday Accounts accordingly. For additional information regarding RF Payday refer to Section 12b.

**14b. Divorce/Separation:**

To prevent household buying that constitutes illegal inventory loading, spouses and common law married couples must operate under a single Consultant Agreement, whether as individual proprietors or through a Business Entity.

Upon a divorce or separation, spouses or common law married couples must do one of the following:

1. One of the Consultants agrees in writing to: (i) terminate the Consultant Agreement as it applies to her or him; (ii) relinquish her or his interest in the Consultant Agreement; and (iii) authorize Rodan + Fields to pay all Commissions and Achievement Rewards to, and otherwise deal directly and solely with, the non-relinquishing spouse/partner (in which case the terminating Consultant may re-enroll as a Consultant under a new Sponsor without completing the 180 day period pursuant to Section 7d); or
2. Notwithstanding the divorce or separation, the spouses or common law married couple agree to continue to operate the Consultantship jointly on a “business-as-usual” basis, in which case Rodan + Fields will continue to pay all Commissions and Achievement Rewards and otherwise deal with the spouses and common law married couple in the same manner as it did prior to the divorce or separation.

Under no circumstances will the Downline of divorcing or separating spouses or common law married couples be divided. Similarly, under no circumstances will Rodan + Fields split Commission or Performance Bonus payments between divorcing or separating spouses or common law married couples.

**14c. Marriage of Consultants:**

Should an unmarried Consultant get married to a person who is not currently a Consultant, she or he has the option of adding her or his new spouse to her or his Rodan + Fields Consultantship. In the case of a Business Entity Consultant, the new spouse may become a Beneficial Owner of the Consultantship. To add a spouse to an existing

Consultantship, the spouse must complete and submit a Spouse/Partner Add Form, which includes a new Consultant Application and can be found in the Library on PULSE. In the case of a Business Entity Consultantship, the Consultant must report that the new spouse has become a Beneficial Owner of the Consultantship, who must also meet all applicable eligibility requirements.

To prevent household buying of R+F Products that constitutes illegal inventory loading, should an unmarried Consultant marry another person who is currently a Consultant, the new couple must work together under a single Consultant Agreement. If one of the Consultants in the marriage chooses to join the Consultant Agreement of her or his new spouse, such Consultant must terminate her or his existing Consultant Agreement. The Consultant has the option of simply abandoning the Consultant Agreement or selling the Consultant Agreement pursuant to Section 14a. These are the options available to marrying Consultants who are in the same Downline, but have different Sponsors, and to marrying Consultants who have the same Sponsor, but occupy different Legs in the Sponsor's Downline.

Marrying Consultants may merge their two Consultantships into one Consultantship only if one of the Consultants Personally Sponsored the other Consultant.

#### **14d. Business Entity Change of Beneficial Ownership:**

In the event that a Business Entity who is a Consultant undergoes a Change of Beneficial Ownership, arrangements must be made to ensure that the Consultantship, other Consultants in the applicable Upline, and Rodan + Fields are not adversely affected.

A "Change of Beneficial Ownership" means, with respect to any Consultantship that is operated as a Business Entity, the sale, transfer or acquisition of any ownership interest in the Business Entity by any person or entity or group of persons or entities who are not listed on the original Business Entity Registration Form or any subsequent amendment to the Business Entity Registration Form, that is on file with the Company. If Rodan + Fields determines in its sole discretion that such a Change of Beneficial Ownership will adversely affect the Consultantship, other Consultants, or Rodan + Fields, Rodan + Fields may terminate the Business Entity's Consultant Agreement.

Upon any Change of Beneficial Ownership, the Business Entity and each Beneficial Owner must continue to meet each of the requirements set forth in Section 5j. If a Business Entity who is a Consultant is not the surviving Business Entity upon any Change of Beneficial Owner, the new Business Entity must submit a new Consultant Application and Business Entity Registration Form to become a Consultant.

#### **14e. Death and Incapacity:**

##### ***14e (i): Death***

Upon the death of a Consultant, the Consultant's interest in the Consultant's interest in her or his Consultant Agreement may be transferred only by will or other testamentary instrument to the Consultant's beneficiaries (each of such persons referred to herein as a "Transferee"), subject to the conditions and requirements of this Section and applicable law.

In addition, a Transferee shall have the right to assume the deceased Consultant's rights and obligations under the applicable Consultant Agreement, including the right to collect Commissions and Achievement Rewards generated by such Consultant's Downline, subject to the conditions and requirements of this Section and applicable law. However, a Transferee may not assume a Consultant's rights and obligations under an applicable Consultant Agreement if Rodan + Fields determines, in its sole discretion, that the Consultant Agreement, other Consultants in the applicable Upline, or Rodan + Fields will be adversely affected by reason of such assumption.

Appropriate legal documentation must be submitted to Rodan + Fields in connection with any transfer under this Section. Please note that should a Consultant die without a will or other testamentary instrument designating the



transferee of the Consultant's interest in her or his Consultant Agreement, the Consultantship will be automatically terminated and heirs of the deceased Consultant will not have any rights under that Consultant's Consultant Agreement. Accordingly, each Consultant should consult her or his lawyer to assist in the preparation of a will or other testamentary instrument that will properly transfer the Consultant's interest in her or his Consultant Agreement.

To effect a transfer of a Consultant's interest in her or his Consultant Agreement upon the death of such Consultant, the following must be provided to Rodan + Fields:

- letters testamentary or other instrument confirming the appointment of the executor of the estate; and
- written instructions from the executor of the estate directing on the disposition of the Consultant's applicable interest in the Consultant Agreement. A general bequeath of all of the Consultant's property to the transferee is not sufficient to satisfy this requirement

Pending receipt of such documentation, the Consultant's executor or administrator may request that the applicable Consultant Agreement be placed on a Volume Hold Period. Please consult Section 12h to learn more about temporary Volume Holds.

When a Transferee assumes a Consultant's rights and obligations under an applicable Consultant Agreement with Rodan + Fields's approval, the Transferee will, in addition to acquiring the right to collect Commissions and Achievement Rewards generated by the deceased Consultant's Downline, otherwise assume all the rights and obligations of the deceased Consultant under the Consultant Agreement, provided the following requirements are met. The Transferee must:

- submit a new Consultant Application or Business Entity Registration Form, as applicable, and otherwise meet all the eligibility requirements to become a Consultant;
- comply with the terms and provisions of the Consultant Agreement; and
- meet all the qualifications for the deceased Consultant's level and Title.

In the case of a Transferee that is an estate, these requirements may be satisfied by the executor on behalf of the beneficiaries who would not otherwise meet the eligibility and qualification requirements to become a Consultant. In the event that the beneficiaries are minor children, the executor may act on behalf of the Transferee(s) only until the oldest child becomes eighteen (18) and is otherwise eligible to assume the Consultantship.

A Consultantship is reliant on the leadership ability of the individual Consultant; therefore if a Consultant's interest in a Consultant Agreement is bequeathed or to be distributed to joint devisees who desire to assume the Consultant's rights and obligations under such Consulting Agreement, they must form a Business Entity, identifying the person responsible for the entity's operation and submit a properly completed and signed Business Entity Registration Form and otherwise comply with all of the requirements for a Business Entity that is a Consultantship, as set forth in these Policies and Procedures. Rodan + Fields will issue all Commission and Performance Bonus payments and any necessary tax documents to the new Business Entity.

#### ***14e (ii): Incapacity***

Upon the incapacity of a Consultant, the Consultant's continuing attorney for property or court appointed guardian (each of such persons referred to herein as an "Agent") may act on behalf of such Consultant under an applicable Consultant Agreement, subject to the conditions and requirements of this Section and applicable law. However, an Agent may not act on behalf of a Consultant under the applicable Consultant Agreement if Rodan + Fields determines, in its sole discretion, that the Consultant Agreement, other Consultants in the applicable Upline, or Rodan + Fields will be adversely affected by reason of such action; provided, however, that Rodan + Fields's exercise of such discretion shall be subject to any limitations under applicable law. Alternatively, an Agent may request that the applicable Consultant Agreement be placed on a Volume Hold Period. Please consult Section 12h to learn more about Volume Hold Period requests.

Appropriate legal documentation must be submitted to Rodan + Fields in connection with any action by an Agent under this Section. Accordingly, each Consultant should consult her or his lawyer to assist in the preparation of a continuing power of attorney for property or other legal instrument that will authorize an Agent to act on behalf of such Consultant under her or his Consultant Agreement in the event of her or his incapacity.

In order for an Agent to act on behalf of an incapacitated Consultant, the Agent must provide the following to Rodan + Fields:

- the continuing power of attorney for property or other legal instrument or court appointment authorizing the Agent to act on behalf of the Consultant under her or his Consultant Agreement, in a form acceptable to Rodan + Fields; and
- such other documents as Rodan + Fields may require in its sole discretion, including, without limitation, an affidavit from the Agent stating that the continuing power of attorney for property or other legal instrument or court appointment remains effective at the time it is presented to Rodan + Fields and/or an indemnification agreement from the Agent.

#### **14f. All Other Transfers by Consultants Prohibited:**

Except as expressly permitted by this Section 14 with Rodan + Fields' prior written approval, Consultants shall not assign, sell, transfer, delegate, or otherwise dispose of, whether voluntarily or involuntarily, by operation of law or otherwise, the Consultant Agreement, or any rights or obligations under the Consultant Agreement. Any purported assignment of the Consultant Agreement, including for the sale, transfer, delegation, or other disposition of the Consultant Agreement, except as permitted herein, will be null and void.

## **SECTION 15: TERMINATION AND SUSPENSION**

### **15a. Voluntary Termination:**

A Consultant has the right to terminate her or his Consultant Agreement (and thereby end the Consultant Agreement) at any time regardless of the reason. Consultants who voluntarily terminate must complete the termination process on the R+F Website. Alternatively, a properly completed and signed Termination Notice Form may be submitted to the Sales Support Department and will be effective when received and processed by Rodan + Fields. (Please allow seven to ten (7-10) Business Days for processing once the termination request has been received.) A Consultant may also voluntarily terminate the Consultant Agreement by electing not to renew as described in Section 5l, or by selling, assigning, or otherwise transferring the Consultant Agreement as described in Section 14.

The return of the Business Starter Pack within one (1) year after activation will be considered a voluntary termination of the Consultant Agreement by the Consultant as described in Section 5a.

A Consultant who terminates her or his Consultant Agreement on a voluntary basis shall have the right to seek to re-enroll in the Rodan + Fields Program pursuant to the provisions of Section 15d of these Policies and Procedures.

### **15b. Involuntary Termination:**

In addition to the imposition of any remedial action described in Section 16, Rodan + Fields reserves the right to terminate the Consultant Agreement of any Consultant who, in the reasonable judgment of Rodan + Fields, fails to provide required information, has violated the terms of the Consultant Agreement or for acts or omissions that Rodan + Fields reasonably deems to be harmful to the interests of other Consultants, Customers or Rodan + Fields. Comments or social media posts that state, hint at, or allude to the fact that a Consultant is no longer an R+F Independent Consultant will be considered a public announcement of the termination of her/his Consultant

Agreement with R+F. Consultants should recognize that the previously stated behavior may, without limitation, result in a notice of non-compliance and/or, where appropriate, termination of the Consultant Agreement. Involuntary termination shall be effective upon Rodan + Fields' notice to the Consultant.

A Consultant who has her or his Consultant Agreement terminated on an involuntary basis may seek to re-enroll in the Rodan + Fields Program by submitting a formal written request after the one (1) year anniversary of the termination date. Rodan + Fields, however, reserves the right to reject any such request in its sole discretion, to the extent permitted by law. If Rodan + Fields accepts the re-enrollment request, the Consultant must complete a new Consultant Agreement and purchase a new Business Starter Pack. A re-enrolled Consultant will have no access or rights to any Downline organization that may have existed under her or his prior Consultant Agreement.

#### **15c. Effect of Termination:**

Upon any expiration or termination of a Consultant Agreement, the former Consultant shall have no right, title, claim, or interest to the Consultant Agreement or Downline that she or he operated or to the opportunity to receive any Commissions or Achievement Rewards from future sales generated by the Consultant Agreement or Downline. A Consultant whose Consultant Agreement is terminated will lose all rights to participate in or benefit from the Program. This includes the right to sell the R+F Products, act as a Sponsor, use any R+F Trademarks or other R+F Content for any purpose, and the right to receive future Commissions and Achievement Rewards or other income resulting from sales and other activities of the Consultant's former Downline. In the event of termination, all licences granted to the Consultant hereunder, if any, shall automatically terminate, and the terminated Consultant agrees to waive all rights, if any, she or he may have, including but not limited to, property rights, if any, to her or his former Downline and any Commissions, Achievement Rewards, Incentive Program Rewards, or other amounts derived from the future sales and other activities of such Downline.

Former Consultants shall not hold themselves out as Consultants and shall not have the right to sell the R+F Products, sponsor other Consultants or otherwise participate in the Program. Consultants whose Consultant Agreements are terminated shall receive Commissions and Achievement Rewards for the last full Commission Periods in which they were active and qualified prior to termination (less any amounts withheld during any suspension preceding an involuntary termination, any outstanding balance that may exist on the Consultants' accounts, or any other amounts that may be owed to Rodan + Fields). Incentive Program Rewards are only eligible to those Consultants who hold an active Consultant Agreement. For information regarding inactive RF Payday Accounts and unclaimed commissions, Achievement Rewards, and credits, refer to Section 12g. Rodan + Fields will not be liable to any Consultant for damages of any kind solely as a result of terminating a Consultant Agreement in accordance with the terms set forth herein, and termination of the Consultant Agreement will be without prejudice to any other right or remedy of Rodan + Fields under the Consultant Agreement or applicable law.

Upon any expiration or termination of the Consultant Agreement, the following sections of these Policies and Procedures shall survive and continue: Sections 2, 3b, 5j (with respect to Beneficial Owners' obligations related to their respective Business Entities), 6g (with respect to the confidentiality of Performance Reports (Downline Activity)), 6j, 6k, 6m, 6n (with respect to each of 6m and 6n, any Confidential Information or Customer Data retained by Consultants after termination), 6p, 6q, 6r, 11a, 11d, 11h, 12c, 13, 14g, 15c, 16 and 17.

#### **15d. Re-Enrollment:**

A Consultant who has voluntarily terminated the Consultant Agreement, either through non-renewal, or by selling, assigning or otherwise transferring the Consultant Agreement in accordance with Section 14, may re-enroll as a Consultant by purchasing a Business Starter Pack, and the Consultant will be provided a new Identification Number. Re-enrollment timelines: (i) If a Consultant wishes to re-enroll within 180 days of the deactivation date, she or he must remain under her or his same sponsor; or (ii) If a Consultant wishes to re-enroll more than 180 days after the deactivation date, she or he may enroll under any Rodan + Fields Consultant. Please contact the Sales Support Department for instructions on how to re-enroll. Please note: the Consultant's Downline organization will remain with the Upline Consultant, which is where it was placed when the Consultant voluntarily terminated.

### **15e. Cessation of Business:**

Rodan + Fields expressly reserves the right to terminate all Consultant Agreements upon thirty (30) days written notice (or upon such shorter notice as required by unforeseen circumstances) in the event it elects to: (i) cease business operations; (ii) dissolve as a Business Entity; or (iii) terminate distribution of its products via direct selling.

## **SECTION 16: REMEDIAL ACTIONS, GRIEVANCES, AND COMPLAINTS**

### **16a. Remedial Actions:**

A violation of the Consultant Agreement, or any act or omission that Rodan + Fields determines in its sole discretion may damage its reputation or goodwill, by a Consultant, or her or his employees, independent contractors or agents, may be considered a breach of the Consultant Agreement. Rodan + Fields will provide a notice of breach and a reasonable opportunity to cure the same, except that in instances where Rodan + Fields reasonably determines in its sole discretion that such breach is egregious and/or is not capable of being cured within a reasonable cure period, and/or is part of a repeated pattern of breaches, Rodan + Fields reserves the right to immediately terminate the Consultant Agreement upon notice.

Measures Rodan + Fields may take could include one or more of the following:

- a notice email or telephone call;
- issuance of a written warning letter the offending Consultant;
- requiring the offending Consultant to take immediate corrective measures;
- the withholding of all or part of the offending Consultant's Commissions or Achievement Rewards or eligibility for Incentive Program Rewards during the period that Rodan + Fields is investigating any conduct allegedly in breach of the Consultant Agreement or as a result of Rodan + Fields' determination that such withholding is required in light of the circumstances. If the Consultant Agreement is ultimately terminated, the Consultant will not be entitled to recover any Commissions, Achievement Rewards, or Incentive Program Rewards withheld during the investigation period;
- suspension of the offender's Consultant Agreement, including suspension of payment of Commissions or Achievement Rewards or entitlement to Incentive Program Rewards for one or more Commission Periods;
- involuntary termination of the offender's Consultant Agreement;
- any other measure permitted by applicable law expressly allowed within any provisions of the Consultant Agreement or which Rodan + Fields deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the offending Consultant's policy violation or contractual breach; and
- in situations deemed appropriate by Rodan + Fields, the Company may institute legal proceedings for monetary and/or equitable relief.

### **16b. Grievances and Complaints:**

When a Consultant has a grievance or complaint with another Consultant regarding any practices or conduct in relationship to her or his Consultant Agreement, the complaining Consultant should first report the problem to her or his Sponsor. If the matter cannot be resolved, it may be reported in writing to the Compliance Department by filling out a Grievance Report Form available in Library on PULSE. If a Consultant has a complaint of harassment or other inappropriate conduct on the part of an employee or representative of Rodan + Fields, the Consultant may file a report with the Compliance Department without first reporting the issue to her or his Sponsor. The Compliance Department will review the facts and may attempt to assist the Consultant to resolve the issue.

If the issue is such that a Consultant feels threatened with serious bodily harm or believes she or he is the victim of financial fraud or other criminal activity, then the Consultant should contact law enforcement authorities and file a police report.

## **SECTION 17: WARRANTIES; LIMITATION OF LIABILITY; INDEMNIFICATION**

### **17a. Warranty; Disclaimer:**

Rodan + Fields warrants to Consultants that the R+F Products as and when delivered by Rodan + Fields shall be free from material defects. Rodan + Fields' sole obligation to Consultants, and Consultants' sole and exclusive remedy, for breach of this warranty shall be to return any defective R+F Product and receive a replacement or refund as described in Section 10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, RODAN + FIELDS HEREBY DISCLAIMS ALL OTHER WARRANTIES WITH RESPECT TO THE R+F PRODUCTS, THE PROGRAM, R+F MARKETING MATERIALS, R+F BUSINESS SUPPLIES, AND ANY OTHER SUBJECT MATTER OF THE CONSULTANT AGREEMENT, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NONINFRINGEMENT, ACCURACY OR COMPLETENESS OF CONTENT, RESULTS, LACK OF NEGLIGENCE, OR LACK OF WORKMANLIKE EFFORT, AND CORRESPONDENCE TO DESCRIPTION.

### **17b. Limitation of Liability:**

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY OR ANY FAILURE OF ESSENTIAL PURPOSE, IN NO EVENT SHALL A CONSULTANT, RODAN + FIELDS OR ANY OF ITS RELATED PARTIES (AS DEFINED IN SECTION 18i) BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR EXEMPLARY, OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE, HOWEVER CAUSED, ARISING OUT OF OR RELATED TO THE CONSULTANT AGREEMENT OR THE SUBJECT MATTER HEREOF (INCLUDING BUT NOT LIMITED TO THE R+F PRODUCTS, THE PROGRAM, R+F MARKETING MATERIALS, OR R+F BUSINESS SUPPLIES), WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHER THEORY OF LIABILITY (INCLUDING BUT NOT LIMITED TO NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, EVEN IF THE CONSULTANT OR RODAN + FIELDS OR ANY OF ITS RELATED PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN JURISDICTIONS THAT DO NOT GIVE EFFECT TO LIMITED LIABILITY OR EXCULPATORY CLAUSES, THIS PROVISION IS NOT APPLICABLE. IN JURISDICTIONS THAT ALLOW FOR EXCULPATORY OR LIMITED LIABILITY CLAUSES IN A LIMITED MANNER, THIS PROVISION IS APPLICABLE TO THE FULLEST EXTENT ALLOWED BY THE LAW OF SUCH JURISDICTION.

### **17c. Indemnification:**

Each Consultant agrees to indemnify, defend and hold harmless Rodan + Fields (together with its Related Parties as defined in Section 18i), its agents, other Consultants, stockholders, members, employees, directors, officers, and attorneys (collectively "Indemnified Parties") from and against any and all losses or liabilities (including attorney's fees) they may suffer or incur as a result of such Consultant's actions or inactions, or breach or alleged breach of the Consultant Agreement, including, without limitation, any terms or conditions of these Policies and Procedures.

## **SECTION 18: MISCELLANEOUS; DISPUTE RESOLUTION**

### **18a. Severability:**

If any provision of the Consultant Agreement is determined to be invalid or unenforceable, in whole or in part, such provision shall be reformed only to the extent necessary to make it enforceable, and the remaining part of such provision and all other provisions of the Consultant Agreement will continue in full force and effect to the

maximum extent possible so as to effect the intent of the parties, or if incapable of such reform, only such limited portion of the provision that is held to be void or unenforceable shall be deleted from the Consultant Agreement, and the remainder of the Consultant Agreement and such provisions as applied to other persons, places and circumstances will remain in full force and effect.

**18b. Waivers:**

The waiver by either party of a breach of or a default under any provision of the Consultant Agreement will not be effective unless in writing and will not be construed as a waiver of any subsequent breach of or default under the same or any other provision of the Consultant Agreement, nor will any delay or omission on the part of either party to exercise or avail itself of any right or remedy that it has or may have hereunder operate as a waiver of any right or remedy.

**18c. Governing Law:**

The Consultant Agreement, which includes the Policies and Procedures, is to be construed in accordance with and governed by the laws of the Province or Territory in which the Consultant resides without regard to its choice of law or conflicts of law principles.

This Consultant Agreement is intended to govern the terms and conditions that apply to Rodan + Fields Consultants for whom Canada is their Home Country, regardless of any individual's residence or sales territory. To the extent that any provision of this Consultant Agreement is not enforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event the parties cannot reach mutually agreeable and enforceable replacement for such provision, then: a) such provision shall be stricken from this Agreement; b) the balance of this Agreement shall be interpreted as if such provision were excluded; and c) the balance of this Agreement shall be enforceable in accord with its terms.

**18d. Right to Use Third Parties:**

Notwithstanding anything to the contrary in the Consultant Agreement, Rodan + Fields may use Consultants or other contractors in connection with the performance of its obligations and the exercise of its rights under the Consultant Agreement.

**18e. Force Majeure:**

Rodan + Fields will not be liable to any Consultant for failure or delay in performing its obligations hereunder if such failure or delay is due to circumstances beyond its reasonable control, including acts of any governmental body, war, insurrection, sabotage, embargo, fire, flood, strike or other labor disturbance, interruption of or delay in transportation, unavailability of or interruption or delay in telecommunications or third-party services, or inability to obtain raw materials, supplies, equipment or power needed to perform hereunder.

**18f. Interpretation:**

For purposes of interpreting the Consultant Agreement: (i) headings are for reference purposes only and will not be deemed a part of the Consultant Agreement; (ii) unless the context otherwise requires, the singular includes the plural and the plural includes the singular; (iii) unless otherwise specifically stated, the words "herein," "hereof," and "hereunder," and other words of similar import refer to the Consultant Agreement as a whole and not to any particular section or paragraph; and (iv) the words "include" and "including" shall not be construed as terms of limitation and shall therefore mean "including but not limited to" and "including without limitation."

**18g. Entire Agreement:**

The Consultant Agreement, along with all documents incorporated by reference, in their current form and as amended by the Company in its sole discretion, constitute the entire agreement of the parties hereto with respect

to its subject matter. The Consultant Agreement supersedes all previous, contemporaneous, inconsistent agreements, negotiations, representations, and promises between the parties, written or oral, regarding the subject matter hereunder. There are no oral or written collateral representations, agreements, or understandings except as provided herein.

#### **18h. Notices:**

Except as otherwise expressly set forth in the Consultant Agreement, all notices required or permitted by the Consultant Agreement shall be in writing and sent to the party to be notified. Notices to Rodan + Fields shall be sent to Rodan & Fields, LLC, 60 Spear Street, Suite 600, San Francisco, CA 94105, Attention: Legal, or by email to [Legal@rodanandfields.com](mailto:Legal@rodanandfields.com). Notices to a Consultant shall be sent via email to the email address on the applicable Consultant Application or updated Consultant Account Profile or by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile, or certified or registered mail.

#### **18i. Dispute Resolution:**

THIS PROVISION CONTAINS AN AGREEMENT THAT AFFECTS HOW CLAIMS A CONSULTANT MAY HAVE AGAINST RODAN + FIELDS, OR CLAIMS RODAN + FIELDS MAY HAVE AGAINST A CONSULTANT, WILL BE RESOLVED. THE PARTIES UNDERSTAND AND AGREE THAT THE DISPUTE RESOLUTION AGREEMENT IN SECTION 18i OPERATES AS A SEPARATE AND DISTINCT AGREEMENT THAT IS SEVERABLE FROM THE REMAINDER OF THE CONSULTANT AGREEMENT AND IS ENFORCEABLE REGARDLESS OF THE ENFORCEABILITY OF ANY OTHER PROVISION OF THE CONSULTANT AGREEMENT OR THE CONSULTANT AGREEMENT AS A WHOLE. CONSIDERATION FOR THIS DISPUTE RESOLUTION AGREEMENT INCLUDES, WITHOUT LIMITATION, THE PARTIES' MUTUAL AGREEMENT TO ARBITRATE CLAIMS. THE PARTIES FURTHER UNDERSTAND AND AGREE THAT THE UNENFORCEABILITY OF THE CONSULTANT AGREEMENT IN WHOLE OR IN PART SHALL NOT SUPPORT A FINDING THAT THE DISPUTE RESOLUTION AGREEMENT IN SECTION 18i IS UNENFORCEABLE.

Any controversy, claim or dispute of whatever nature arising between Consultant, on the one hand, and Rodan + Fields and/or the Related Parties (as defined below), on the other, including but not limited to those arising out of or relating to the Consultant Agreement including these Policies and Procedures or the breach thereof, the sale, purchase or use of the R+F Products or Business Starter Packs, or the commercial, economic or other relationship of Consultant and R+F and/or the Related Parties (for purposes of this Section 18i, each a "party"), whether such claim is based on rights, privileges or interests recognized by or based upon statute, contract, tort, common law or otherwise ("Dispute"), and any Dispute as to the arbitrability of a matter under this provision, shall be settled through negotiation, mediation or arbitration, as provided in this Section 18i.

If a Dispute arises, the parties shall first attempt in good faith to resolve it promptly by negotiation. Any of the parties involved in the Dispute may initiate negotiation by providing notice (the "Dispute Notice") to each involved party setting forth the subject of the Dispute and the relief sought by the party providing the Dispute Notice, and designating a representative who has full authority to negotiate and settle the Dispute. Within ten (10) Business Days after the Dispute Notice is provided, each recipient shall respond to all other known recipients of the Dispute Notice with notice of the recipient's position on and recommended solution to the Dispute, designating a representative who has full authority to negotiate and settle the Dispute. Within twenty (20) Business Days after the Dispute Notice is provided, the representatives designated by the parties shall confer either in person at a mutually acceptable time and place or by telephone, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute.

At any time twenty (20) Business Days or more after the Dispute Notice is provided, but prior to the initiation of arbitration, regardless of whether negotiations are continuing, any party may submit the Dispute to the ADR Chambers for a mediation by providing notice of such request to all other concerned parties and providing such notice and a copy of all relevant Dispute Notices and notices responding thereto to the ADR Chambers. In such case, the parties shall cooperate with the ADR Chambers and with one another in selecting a mediator from the ADR Chambers panel of neutrals and in promptly scheduling the mediation proceedings, and shall participate in

good faith in the mediation either in person at a mutually acceptable time and place or by telephone, in accordance with the then-prevailing ADR Chambers' mediation procedures and this Section, which shall control.

Any Dispute not resolved in writing by negotiation or mediation shall be subject to and shall be settled exclusively by final, binding arbitration before a single arbitrator or, for disputes in excess of \$2,000,000, a panel of three arbitrators, in the Province or Territory in which the Consultant resides, or at such of their mutually convenient place as the parties may agree in writing, in accordance with the then-prevailing ADR Chambers' Arbitration Rules which are available at: <http://adrchambers.com/ca/arbitration/regular-arbitration/arbitration/rules/>. Copies of the ADR Chambers' commercial arbitration rules and mediation procedures will also be mailed to ICs upon request to Rodan + Fields' Customer Service Department. Copies of the ADR Chambers' Commercial Arbitration Rules and Mediation Procedures will also be forwarded to the Consultant upon request. No party may commence Arbitration with respect to any Dispute unless that party has pursued negotiation and, if requested, mediation, as provided herein, provided, however, that no party shall be obligated to continue to participate in negotiation or mediation if the parties have not resolved the Dispute in writing within sixty (60) Business Days after the Dispute Notice was provided to any party or such longer period as may be agreed by the parties. Unless otherwise agreed by the parties, the mediator shall be disqualified from serving as an arbitrator in the case. The parties understand and agree that if the arbitrator or arbitral panel awards any relief that is inconsistent with the Limitation of Liability provision in Section 17b herein, such award exceeds the scope of the arbitrator's or the arbitral panel's authority, and any party may seek a review of the award in the exclusive jurisdiction and venue of the courts of the Province or Territory in which the Consultant resides without regard to choice of law or conflict of law principles. Mandatory and exclusive jurisdiction and venue of any claim, dispute, matter, controversy or action that is not subject to the arbitration shall be in the Superior Court of the Province or Territory in which the Consultant resides to the exclusion of all other venues and forums and the Consultant hereby waives any and all objections to such venue including personal jurisdiction and forum non-conveniens.

THE NEGOTIATION, MEDIATION OR ARBITRATION OF ANY DISPUTE SHALL BE LIMITED TO INDIVIDUAL RELIEF ONLY AND SHALL NOT INCLUDE CLASS, COLLECTIVE OR REPRESENTATIVE RELIEF. IN ANY ARBITRATION OF A DISPUTE, THE ARBITRATOR OR ARBITRAL PANEL SHALL ONLY HAVE THE POWER TO AWARD INDIVIDUAL RELIEF AND SHALL NOT HAVE THE POWER TO AWARD ANY CLASS, COLLECTIVE OR REPRESENTATIVE RELIEF. THE PARTIES UNDERSTAND AND AGREE THAT EACH IS WAIVING THE RIGHT TO TRIAL BY JURY OR TO PARTICIPATE IN A CLASS, COLLECTIVE OR OTHER REPRESENTATIVE ACTION.

The parties agree that Rodan + Fields has valuable trade secrets and proprietary and confidential information. The parties agree to take all necessary steps to protect from public disclosure such trade secrets and proprietary and confidential information.

To the fullest extent allowed by law: 1) the costs of negotiation, mediation and arbitration, including fees and expenses of any mediator, arbitrator, ADR Chambers, or other persons independent of all parties acting with the consent of the parties to facilitate settlement, shall be shared in equal measure by Consultant, on the one hand, and R+F and any Related Parties involved on the other, except where applicable law requires that Rodan + Fields bear any costs unique to arbitration (which Rodan + Fields shall bear); and 2) the arbitrator or arbitral panel or, in the case of provisional or equitable relief or to challenge an award that exceeds arbitral authority as described in this Section 18i, the court, shall award reasonable costs and attorneys' fees to the person or entity that the arbitrator, arbitral panel, or court finds to be the prevailing party; provided, however, that if fees are sought under a statute or rule that sets a different standard for awarding fees or costs, then that statute or rule shall apply.

Although the Consultant Agreement is made and entered into between Consultant and Rodan + Fields, Rodan + Fields's affiliates, owners, members, managers and employees ("Related Parties") are intended third-party beneficiaries of the Consultant Agreement for purposes of the provisions of the Consultant Agreement referring specifically to them, including this agreement to negotiate, mediate and arbitrate. The parties acknowledge that nothing contained herein is intended to create any involvement by, responsibility of, or liability for, the Related Parties with respect to any dealings between Consultant and Rodan + Fields, and the parties further acknowledge that nothing contained herein shall be argued by either of them to constitute any waiver by the Related Parties of



any defense which Related Parties may otherwise have concerning whether they can properly be made a party to any dispute between the other parties.

Any party may seek specific performance of this Section, and any party may seek to compel each other party to comply with this Section by petition to any court of competent jurisdiction. For purposes of any provisional or equitable relief sought under this Section, the parties consent to exclusive jurisdiction and venue in the courts of the Province or Territory in which the Consultant resides. The pendency of mediation or arbitration shall not preclude a party from seeking provisional remedies in aid of the arbitration from a court of appropriate jurisdiction, and the parties agree not to defend against any application for provisional relief on the ground that mediation or arbitration is pending. If any portion of this Section is held to be unenforceable for any reason, the remainder shall remain in full force and effect.

Nothing in this Section shall preclude any party from seeking interim or provisional relief concerning the Dispute, including a temporary restraining order, a preliminary injunction, or an order of attachment, either prior to or during negotiation, mediation or arbitration.

In the event any portion of this Section 18i is found to be unenforceable, such portion shall be severable from the remainder of this Section 18i, which shall remain in full force and effect.

ANY AMENDMENT BY RODAN + FIELDS TO THE DISPUTE RESOLUTION AGREEMENT IN THIS SECTION 18i SHALL ONLY TAKE EFFECT UPON A CONSULTANT'S EXPRESS AGREEMENT TO SUCH AMENDMENT. A CONSULTANT MAY INDICATE HER OR HIS AGREEMENT TO SUCH PROPOSED AMENDMENT BY FOLLOWING THE INSTRUCTIONS THAT WILL APPEAR WHEN LOGGING INTO THE R+F CORPORATE WEBSITE OR THE CONSULTANT'S PERSONAL WEBSITE. RODAN + FIELDS MAY TERMINATE THE CONSULTANT AGREEMENT OF ANY CONSULTANT WHO DOES NOT AGREE TO A PROPOSED AMENDMENT TO THE DISPUTE RESOLUTION AGREEMENT IN SECTION 18i WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE OF THE AMENDMENT. ANY SUCH AMENDMENT SHALL APPLY TO ALL CLAIMS BROUGHT BY RODAN + FIELDS OR THE CONSULTANT ON OR AFTER THE EFFECTIVE DATE OF THE AMENDMENT, REGARDLESS OF THE DATE OF OCCURRENCE OR ACCRUAL OF ANY FACTS UNDERLYING SUCH CLAIM.

## Appendix A: Compensation Plan

### **SECTION 1: INTRODUCTION**

The Compensation Plan (this “Compensation Plan”) identifies the earning opportunities available to Consultants and sets forth the sales and organizational requirements necessary to earn Commissions and Achievement Rewards under this Compensation Plan. This Compensation Plan is designed to compensate Consultants for their sales of R+F Products that are facilitated through their PULSE Personal Websites (PWS) and/or the R+F Website, including (i) their own sales directly to Customers and (ii) sales that are made to Customers by the sales organization that such Consultants develop. Earning potential under this Compensation Plan is based upon the effectiveness as sales representatives for R+F Products of (i) the Consultants; and (ii) the people who join the Consultants’ sales organizations. Earning potential under this Compensation Plan is not based upon financial investment in the Program. This Compensation Plan is incorporated into and made a part of the Policies and Procedures. As provided in Section 2 of the Policies and Procedures, Rodan + Fields may, at any time, revise the Consultant Agreement (including the Policies and Procedures and this Compensation Plan), which revisions shall become effective thirty (30) days after notice thereof is provided. Consultants must check the R+F Website and the Library on PULSE frequently for revised Policies and Procedures (including this Compensation Plan). Except where otherwise indicated in Section 2, Consultants’ continued participation in the Program following the effective date of the amended Policies and Procedures (including this Compensation Plan) constitutes acceptance of any changes or additions.

There are five (5) ways in which Consultants may be eligible to earn compensation through product sales under this Compensation Plan:

- through Retail Profit on sales (at a marked-up selling price) of R+F Products that are sold to Customers by the Company on behalf of a Rodan + Fields Consultant through a Consultant’s PULSE Personal Website (PWS) or the R+F Website;
- through Consultant Commissions (also known as Level 1 or L1 Commissions);
- through Personal Team Commissions;
- through Generation Commissions paid based on an Executive Consultant’s qualified EC Legs and EC Group Downline; and
- through Achievement Rewards or Incentive Program Rewards that are offered by Rodan + Fields from time to time for sales achievements, in Rodan + Fields’ sole discretion.

For more detailed information, please see Section 8 below. Consultants also have the opportunity to sell Products directly to their personal Customers for a profit that is earned outside the Compensation Plan.

As with any other sales opportunity, the compensation earned by Consultants varies significantly. People become Consultants for various reasons. Some people become Consultants to be able to purchase R+F Products at Consultant Prices and resell at a profit. Some people become Consultants to improve their skills or to experience the management of their own businesses. Others become Consultants, but, for various reasons, never sell any R+F Products.

Accordingly, many Consultants may never qualify to receive compensation under this Compensation Plan. Generating meaningful compensation as a Consultant requires considerable time, effort and commitment. The Program is not a get-rich-quick plan, and there are no guarantees of financial success. Rodan + Fields does not guarantee that a Consultant participating in this Compensation Plan will generate any income or advance in this Compensation Plan.

The success or failure of each Consultant, like any other independent business, depends on each Consultant’s own individual capacity, business experience, expertise, skills, personal effort, and motivation. Rodan + Fields is a product- driven company that strongly encourages people to try R+F Products as a Customer before deciding to

participate as a Consultant and build a business. See the Income Disclosure Statement posted in the Library on PULSE and on the R+F Website.

## **SECTION 2: DEFINITIONS**

As used in this Compensation Plan, the following terms have the respective meanings set forth below:

### **Achievement Rewards**

In addition to Earnings available through the Compensation Plan, Consultants have the opportunity to earn additional income from time to time through Achievement Rewards. Achievement Rewards may be earned by Consultants based on eligibility and performance metrics defined in the terms and conditions of each Achievement Reward program.

Applicable Achievement Reward terms and conditions can be found in the Library on PULSE.

### **Active Consultant**

A Consultant has an Active account status in the Rodan + Fields Program when:

- Consultant Agreement is in compliance with the requirements of the Consultant Agreement; and
- Consultant Agreement is renewed in accordance with the Policies and Procedures.

### **Commissions**

Any payout to a Consultant or Executive Consultant, usually based on her or his Level 1 Volume, eligible Downline Commissionable Volume, and Title qualifications for the Commission Period.

### **Commissions Eligible Consultant**

A Consultant who is in compliance with the terms of the Consultant Agreement and qualifies to earn Commissions as a result of achieving a minimum Sales Volume (SV) of 100 for the Commission Period.

### **Commissions Ineligible Consultant (C\*)**

A Consultant who is in compliance with the terms of the Consultant Agreement but does not qualify to earn Commissions as a result of not achieving a minimum Sales Volume (SV) of 100 for the Commission Period. Commissions Ineligible Consultants are still able to earn Retail Profit.

### **Commission Period**

The timeframe for which Commissions are processed determines which sales will be included when calculating Commissions.

### **Commissionable Volume (CV)**

With respect to a Consultant's Performance Lineage during any Commission Period, CV is the value of the Commissionable Volume assigned to each commissionable Product for calculation of Commissions. This volume may be different than Qualifying Volume (QV) and may differ by country of purchase. Commissionable purchases may include those made by:

- Consultant's Preferred Customers;
- Consultant's Downline Consultants who sell the Products; and
- Downline Consultants' Preferred Customers and Retail Customers.

### **Compression (Roll Up)**

The changes to the Performance Lineage due to termination (whether the result of non-renewal or voluntary or involuntary Termination of a Consultant Agreement) or due to a performance Roll Around. In a Compression, when a Consultant's Sponsor is no longer Active, their Performance Sponsor becomes their next Active Upline.

### **Downline**

With respect to any Consultant, the organization consisting of the Consultants and Preferred Customers directly or indirectly sponsored by or attributed to such Consultant.

### **Earnings**

Earnings is the amount attributable to Commissions, Retail Profit, Achievement Rewards and Incentive Program Rewards, less any return adjustments related to Product returns.

### **Enrollment Lineage**

The lineage based on initial enrollment and which is used in determining Personally Sponsored Qualifying Volume (PSQV) for the Enrollment Sponsor. This lineage does not change as a result of performance, Compressions or Roll Arounds and is associated with the original Enrollment Sponsor for each Consultant and Preferred Customer, or with any Consultant who purchases the Enrollment Sponsor's Downline.

### **Enrollment Sponsor**

Enrollment Sponsor is the Sponsor selected by a Consultant upon enrollment. If a Consultant Agreement is purchased, the acquiring Consultant will become the Enrollment Sponsor.

### **Executive Consultant (EC)**

The first advancement Title an Active Consultant may achieve. Requires a monthly minimum of 100 in Sales Volume (SV) and a minimum of 600 in Personally Sponsored Qualifying Volume (PSQV) to be eligible to earn Commissions as an Executive Consultant.

### **Executive Consultant (EC) Group**

Personal Team of an Executive Consultant that starts at L1 of said Executive Consultant and ends at the first EC in the Downline Leg in the Performance Lineage, including the volume of that first EC. Executive Consultant Groups make up the generational volume. A Personal Team is an Executive Consultant Group that is Generation 0.

### **Executive Consultant (EC) Leg**

With respect to an Executive Consultant's Personal Team, each Downline Leg in the Performance Lineage that contains at least one qualified Executive Consultant.

### **Generations**

All Executive Consultant Groups that exist on a specific level in the EC Performance Lineage.

### **Generation I (G I)**

With respect to an Executive Consultant, the EC Groups of each Executive Consultant within such Executive Consultant's Personal Team. For example, if Executive Consultant A's Personal Team includes Executive Consultants B and C, Executive Consultant A's Generation I consists of the EC Group of Executive Consultant B and the EC Group of Executive Consultant C.

### **Generation II (G II)**

With respect to an Executive Consultant, the EC Groups of all Executive Consultants within such Executive Consultant's Generation I.

### **Generation III (G III)**

With respect to an Executive Consultant, the EC Groups of all Executive Consultants within such Executive Consultant's Generation II.

### **Generation IV (G IV)**

With respect to an Executive Consultant, the EC Groups of all Executive Consultants within such Executive Consultant's Generation III.

### **Generation V (G V)**

With respect to an Executive Consultant, the EC Groups of all Executive Consultants within such Executive Consultant's Generation IV.

### **Generation Commissions**

Generation Commissions are paid on Downline Generations of Executive Consultant Groups. Generation Commissions begin with the first Executive Consultant Groups under a Personal Team in a Consultant's Performance Lineage and can continue down to five (5) Generations based on the Executive Consultant's Paid-As Title.

### **Grace Period**

Each Executive Consultant or above is entitled to receive one Grace Period:

- during the twelve (12) month period that follows the Executive Consultant's advancement to the Recognition Title of Executive Consultant or above; and
- during any twelve (12) month period that follows the anniversary date of the Executive Consultant's first advancement to the Recognition Title of Executive Consultant provided that the Consultant retains a Recognition Title of Executive Consultant or above.

An Executive Consultant or above may never have more than one Grace Period in any twelve (12) month period. Accordingly, a Grace Period that is not used by an Executive Consultant or above will not be carried over into the following twelve (12) month period in which she or he is entitled to receive one new Grace Period, which may be used for the purpose of maintaining a Title as described herein, but may not be used to allow a Consultant to advance to a new Title.

An EC can use a Grace Period to:

- satisfy the requirement of a minimum of 600 in PSQV during a Commission Period. If an EC or above uses a Grace Period, she or he will continue to be paid at her or his Qualification Title only if she or he continues to satisfy the requirement that she or he must achieve a minimum of 100 SV in each Commission Period and otherwise maintains the required number of Qualified EC Legs in her or his Personal Team for that Title; and
- satisfy the requirement of a minimum of 100 in SV during a Commission Period. If an EC or above uses a Grace Period, she or he will be paid as a Commissions Ineligible Consultant but will retain her or his Recognition Title and will not lose her or his organization. If a Grace Period is used to satisfy the 100 SV, the EC will not count as a Qualified EC Leg for the Upline in that Commission Period.

An EC or above who has used up her or his Grace Period (having none remaining) and then fails to achieve a minimum of either (i) 100 SV or (ii) 600 in PSQV during a subsequent Commission Period is downgraded to the Recognition Title of Consultant. For additional information, refer to Appendix A, Section 7.

### **Incentive Program Rewards**

Incentive Program Rewards include monetary and non-monetary compensation (gifts, trips, etc.) that are not included in Retail Profit, Achievement Rewards or Commissions.

### **LI EC – RFx EC**

These are the leadership Titles earned by Executive Consultants as they build their Downline organizations and achieve and satisfy the requirements for each new Title in accordance with the provisions of the Compensation Plan. Each new Title requires the Consultant to maintain 100 in Sales Volume (SV) and 600 PSQV and is based on the number of new Downline Consultants that she or he helps to advance to EC and/or Level V or higher on her or his Personal Team through Product sales.

### **Leg**

Each L1 Consultant and all of her or his Downline. Executive Consultant Legs are required for advancement and Title qualification.

### **Level 1 (L1)**

With respect to a Consultant, L1 consists of all Preferred Customers and Consultants of which that Consultant is the Sponsor in the Performance Lineage.

### **Level 1 Volume (L1V)**

The total of all CV of the earning Consultant's Performance Lineage where the products are sold to L1 Preferred Customers or purchased and sold by L1 Consultants or sold to said L1 Consultants' online Retail Customers.

### **L1+L2 Qualifying Volume**

The total of all Qualifying Volume (QV) of the qualifying Consultant's Performance Lineage where the products are sold to L1 and L2 Preferred Customers or purchased and sold by L1 and L2 Consultants or sold to said Consultants' online Retail Customers.

### **L1-L6 Qualifying Volume**

The total of all Qualifying Volume (QV) of the qualifying Consultant's Performance Lineage where the products are sold to L1-L6 Preferred Customers or purchased and sold by L1-L6 Consultants or sold to said Consultants' online Retail Customers.

### **Level V EC Leg**

A LV EC Leg is an EC Leg where the first EC in the Leg is in the Personal Team and has a Paid-As Title of LV or above.

### **Non-Active Consultant**

A Non-Active Consultant or Executive Consultant has a terminated account status in the Rodan + Fields Program.

### **Organization Volume (Org Vol)**

Organization Volume is the sum of all CV in the Personal Team and in Generation I thru Generation V.

### **Paid-As Title**

The highest Title for which a Consultant or EC satisfies the qualification requirements for the Commission Period.

### **Performance Lineage**

The lineage based on performance within the Program. The lineage can change as a result of Compressions, which may be the result of either a Roll Around or Termination.

### **Performance Sponsor**

Performance Sponsor is a Sponsor to whom a Downline Consultant has been assigned through a Compression or Roll Around. A Performance Sponsor may be different from the Enrollment Sponsor.

### **Personal Team**

With respect to any Consultant, her or his Personal Team consists of:

- Consultants who are directly or indirectly sponsored by that Consultant down to and including the first EC in each respective Downline Leg in the Performance Lineage; and
- PCs who are directly sponsored by the Consultant or have compressed to the Consultant, and any PCs of Consultants who have not advanced to EC in the Consultant's Personal Team.

### **Personal Team Volume**

With respect to any Consultant, her or his Personal Team Volume consists of:

- the CV of Consultants who are directly or indirectly sponsored by that Consultant down to and including the first EC in each respective Downline Leg in the Performance Lineage; and
- the CV of PCs who are directly sponsored by the Consultant or have compressed to the Consultant, and any PCs of Consultants who have not advanced to EC in the Consultant's Personal Team.

### **Personally Sponsored**

All Consultants and Preferred Customers on a Consultant's L1 who were enrolled by that Consultant are considered Personally Sponsored by that Consultant (excluding Retail Customers). If the Consultant Agreement of the Sponsor is terminated, the L1 Consultants and Preferred Customers compress (Roll Up) to the L1 of the next Consultant in the Upline, but those Consultants and Preferred Customers will not be considered Personally Sponsored by the new Upline Consultant.

### **Personally Sponsored Qualifying Volume (PSQV)**

With respect to a Consultant, the Qualifying Volume (QV) of all online sales of R+F Products made:

- to Personally Sponsored Preferred Customers; and
- by Personally Sponsored Consultants or to their Retail Customers.

### **Qualification Title**

The highest title, calculated in real time, for which a Consultant satisfies the qualification requirements during the current Commission Period.

### **Qualifying Volume (QV)**

Qualifying Volume (QV) is the volume on which qualifications for Titles, Incentive Programs and Achievement Rewards are based. This volume may be different than Commissionable Volume (CV) and may differ by country. The categories of Qualifying Volume (QV) are as follows: SV; PSQV; L1+L2 Qualifying Volume; and L1-L6 Qualifying Volume.

### **Recognition Title**

The highest Paid-As Title that a Consultant has achieved during the prior three (3) Commission Periods under the Compensation Plan, provided that an Executive Consultant or above has not been downgraded to Consultant.

### **Retail Profit**

Under the Compensation Plan, Retail Profit is earned by a Consultant with respect to retail purchases made by a Consultant's Retail Customers or L1 Preferred Customers, via Rodan + Fields systems, including a Consultant's PULSE Personal Website (PWS) or the R+F Website. It is the difference between the wholesale price and the selling price, typically not taking into account any promotions, discounts or special pricing that may be offered to Consultants from time to time.

### **Roll Around**

#### ***Roll Around for Non-Advancement ("Timer")***

When a Downline Consultant advances to an EC or above, the Upline Consultant (direct or indirect Sponsor) has four Commission Periods to advance to an EC or above (sometimes referred to as a "Timer"). If the Upline Consultant fails to advance to an EC or above in the four (4) Commission Periods, the Downline EC Leg rolls around the Upline Consultant to the next Upline EC in the Performance Lineage and is recognized as an EC Leg for that Upline EC. This effectively removes this EC Leg permanently from the Performance Lineage of the Consultant from which the EC Leg is rolling around. Any Personally Sponsored Consultant will always count toward the PSQV of the Enrollment Sponsor regardless of the Performance Lineage. For more information, refer to Appendix A, Section 7.

### ***Roll Around for Downgrade***

When an EC or above fails to meet Executive Qualification of either (i) 100 SV or (ii) 600 PSQV with no eligible Grace Period, the EC will be downgraded to Recognition Title of Consultant effective upon the close of that Commission Period. A Downline EC Leg recognized in the prior Commission Period that maintains EC status in the Commission Period in which the Upline Consultant is downgraded rolls around the Upline Consultant to the next Upline EC in the Performance Lineage and is recognized as an EC Leg for that Upline EC. This effectively removes this EC Leg permanently from the Performance Lineage of the Consultant from which the EC Leg is rolling around. Any Personally Sponsored Consultant will always count toward the Qualifying PSQV of the Enrollment Sponsor, regardless of the Performance Lineage.

In the scenario where a potential Roll Around for non-advancement is in direct conflict with an immediate Roll Around for downgrade, the immediate Roll Around of the Downline EC Leg for downgrade will take precedence. For more information refer to Appendix A. Section 8.

### **Sales Volume (SV)**

SV is the volume that qualifies a Consultant to be eligible for Commissions. With respect to a Consultant, SV consists of:

- Qualifying Volume (QV) of sales made directly from Rodan + Fields to such Consultant's Retail Customers; and/or
- Qualifying Volume (QV) of such Consultant's personal purchases and resale of products.

A Consultant does not receive Commission on SV; however a Consultant does receive Retail Profit based on Rodan + Fields sales to a Consultant's Retail Customers.

### **Title**

Position in the Rodan + Fields Program based on SV, PSQV in product sales and qualifying EC Legs. The starting Recognition Title for the Compensation Plan is Consultant and the highest Recognition Title that may be achieved is RFX Executive Consultant.

### **Upline**

With respect to a Consultant, the Consultants who directly or indirectly sponsored said Consultant.

## **SECTION 3: VOLUME**

### **Qualifying Volume (QV)**

Qualifying Volume (QV) is the volume on which qualifications for Titles, Incentive Program Rewards and Achievement Rewards are based. This volume may be different than the Commissionable Volume (CV) and may differ by country.

### **Categories of Qualifying Volume (QV)**

The following categories of Qualifying Volume (QV) are used to determine eligibility for Titles, Incentive Program Rewards and Achievement Rewards:

- SV;
- PSQV;
- L1+L2 Qualifying Volume; and
- L1-L6 Qualifying Volume.



### **Commissionable Volume (CV)**

With respect to a Consultant's Performance Lineage during any Commission Period, CV is the value of the Commissionable Volume assigned to each commissionable Product for calculation of Commissions. This volume may be different than Qualifying Volume (QV) and may differ by country of purchase. Commissionable purchases may include those made by:

- Consultant's Preferred Customers;
- Consultant's Downline Consultants who sell the Products; and
- Downline Consultants' Preferred Customers and Retail Customers.

## **SECTION 4: RECOGNITION TITLES AND QUALIFICATIONS**

A "Recognition Title" is the highest Paid-As Title that a Consultant has achieved during the prior three (3) Commission Periods under the Compensation Plan, provided that an Executive Consultant or above has not been downgraded to Consultant. The Recognition Titles and the necessary qualifications to achieve such Recognition Titles are described below.

### **a. Commissions Eligible Consultant**

Upon becoming a Consultant as described in the Policies and Procedures, such Consultant is initially assigned the Title of Consultant for the first calendar month of her or his participation in the Program and is entitled to buy Products at Consultant Pricing for resale at a profit and earn online Retail Profits from sales to Customers when she or he has satisfied the requirements for becoming a Consultant in accordance with the Policies and Procedures.

Thereafter, in order for such Consultant to participate in the Program, she or he must satisfy the requirements of the Consultant Agreement and Policies and Procedures. A Consultant becomes a Commissions Eligible Consultant and therefore has an opportunity to earn Consultant Commissions by achieving a minimum of 100 SV in sales during a Commission Period. In order for a Consultant to maintain her or his status as a Commissions Eligible Consultant, she or he must achieve a minimum of 100 in SV on a monthly basis. A Commissions Eligible Consultant is not entitled to any Grace Period to satisfy the requirement that she or he must achieve a minimum of 100 in SV during a Commission Period in order to maintain her or his status as a Commissions Eligible Consultant.

A Consultant maintains the Title of Consultant for subsequent months until the earlier of the occurrence of one of the following events:

- the advancement of such Consultant to the Recognition Title of Executive Consultant in accordance with this Compensation Plan; or
- the termination of such Consultant's Consultant Agreement in accordance with the Policies and Procedures.

### **b. Executive Consultant**

Executive Consultant is the next higher Recognition Title to which an Active Consultant may be advanced and Commissions-eligible if she or he satisfies the following qualification requirements (the "Executive Consultant Qualification Requirements") during any given Commission Period: (i) achieving a minimum of 100 in SV; and (ii) achieving a minimum 600 in PSQV in Product sales. The advancement to the Recognition Title of Executive Consultant becomes effective for the month in which the Title qualification was achieved at the close of that Commission Period, which is on or around the 15<sup>th</sup> of the following month.

An Executive Consultant maintains the Recognition Title of Executive Consultant until the occurrence of one of the following events:

- the advancement of such Executive Consultant to the Recognition Title of Level I Executive Consultant in accordance with this Compensation Plan;
- the downgrade of an Executive Consultant to the Recognition Title of Consultant as discussed below; or
- the termination of such Consultant's Consultant Agreement in accordance with the Policies and Procedures.

For any given Commission Period, an Executive Consultant who satisfies the Executive Consultant Qualification Requirements is paid as an Executive Consultant for that Commission Period.

**c. Level I Executive Consultant (LI EC)**

Level I Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which an Executive Consultant may be advanced if she or he:

- achieves a minimum of 100 SV and 600 PSQV in product sales; and
- helps one (1) Downline Consultant in her or his Personal Team advance to EC through product sales (the "Level I Executive Qualification Requirement").

The advancement to the Recognition Title of Level I Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, a Level I Executive Consultant who satisfies the Executive Consultant Qualification Requirements and the Level I Executive Consultant Qualification Requirement is paid as a Level I Executive Consultant for that Commission Period.

**d. Level II Executive Consultant (LII EC)**

Level II Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which a Level I Executive Consultant may advance if she or he:

- achieves a minimum of 100 SV and 600 PSQV in product sales; and
- maintains her or his status as a paid as LI EC AND creates one (1) additional Downline EC Leg in her or his Performance Lineage, by helping at least one (1) Downline Consultant in her or his Personal Team advance to EC through product sales (the "Level II Executive Qualification Requirement").

The advancement to the Recognition Title of Level II Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, a Level II Executive Consultant who satisfies the Executive Consultant Qualification Requirements and the Level II Executive Consultant Qualification Requirement is paid as a Level II Executive Consultant for that Commission Period.

**e. Level III Executive Consultant (LIII EC)**

Level III Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which a Level II Executive Consultant may become advance if she or he:

- achieves a minimum of 100 SV and 600 PSQV in product sales; and
- maintains her or his status as a paid as LII EC AND creates two (2) additional Downline EC Legs in her or his Performance Lineage by helping at least two (2) Downline Consultants in her or his Personal Team advance to EC through product sales (the "Level III Executive Qualification Requirement").

The advancement to the Recognition Title of Level III Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, a Level III Executive Consultant who satisfies the Executive Consultant Qualification Requirements and the Level III Executive Consultant Qualification Requirement is paid as a Level III Executive Consultant for that Commission Period.

**f. Level IV Executive Consultant (LIV EC)**

Level IV Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which a Level III Executive Consultant may advance if she or he:

- achieves a minimum of 100 SV and 600 PSQV in product sales; and
- maintains her or his status as a paid as LIII EC AND creates two (2) additional Downline EC Legs in her or his Performance Lineage by helping at least two (2) Downline Consultants in her or his Personal Team advance to EC through product sales (the “Level IV Executive Qualification Requirement”).

The advancement to the Recognition Title of Level IV Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, a Level IV Executive Consultant who satisfies the Executive Consultant Qualification Requirements and the Level IV Executive Consultant Qualification Requirement is paid as a Level IV Executive Consultant for that Commission Period.

**g. Level V Executive Consultant (LV EC)**

Level V Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which a Level IV Executive Consultant may advance if she or he:

- achieves a minimum of 100 SV and 600 PSQV in product sales; and
- maintains her or his status as a paid as LIV EC AND creates two (2) additional Downline EC Legs in her or his Performance Lineage, by helping at least two (2) Downline Consultants in her or his Personal Team advance to EC through product sales (the “Level V Executive Qualification Requirement”).

The advancement to the Recognition Title of Level V Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, a Level V Executive Consultant who satisfies the Executive Consultant Qualification Requirements and the Level V Executive Consultant Qualification Requirement is paid as a Level V Executive Consultant for that Commission Period.

**h. Premier Executive Consultant (Premier EC)**

Premier Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which a Level V Executive Consultant may advance to if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- maintains her or his status as a paid as LV EC AND creates three (3) additional Downline EC legs in her or his Performance Lineage, by helping three (3) Downline Consultants in her or his Personal Team advance to EC through product sales (the “Premier Executive Consultant Qualification Requirement”). Of the EC legs, one (1) must be LV EC or above.

The advancement to the Recognition Title of Premier Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, a Premier Executive Consultant who satisfies the Executive Consultant Qualification Requirement and the Level V Executive Consultant Qualification Requirement is paid as a Premier Executive Consultant for the Commission Period.

**i. Elite Executive Consultant (Elite EC)**

Elite Executive Consultant, which is a leadership Title, is the next higher Recognition Title to which a Premier Executive Consultant may advance to if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- maintains her or his status as a paid as Premier EC AND creates two (2) additional Downline EC legs in her or his Performance Lineage, by helping two (2) Downline Consultants in her or his Personal Team advance to EC through product sales (the “Premier Executive Consultant Qualification Requirement”). Of the EC legs, three (3) must be LV EC or above.

The advancement to the Recognition Title of Elite Executive Consultant becomes effective at the close of the Commission Period for the month in which the advancement was achieved.

For any given Commission Period, an Elite Executive Consultant who satisfies the Executive Consultant Qualification Requirement and the Level V Executive Consultant Qualification Requirement is paid as an Elite Executive Consultant for the Commission Period.

**j. RFX Executive Consultant (RFX EC)**

RFX Executive Consultant, which is a leadership Title, is the highest Recognition Title to which a Level V Executive Consultant may have access if she or he:

- achieves a minimum of 100 SV and 600 PSQV in product sales; and
- maintains her or his status as a paid as Elite EC AND creates two (2) additional Downline EC Legs in her or his Performance Lineage by helping at least two (2) Downline Consultants in her or his Personal Team advance to EC through product sales. Of the EC Legs, five (5) must be LV EC or above.

The eligibility status for an RFX Executive Consultant becomes effective at the close of the Commission Period for the month in which the eligibility was achieved.

For any given Commission Period, an RFX Executive Consultant who satisfies the Executive Consultant Qualification Requirements and the RFX Executive Consultant Qualification Requirement is paid as an RFX Executive Consultant for that Commission Period.

**k. Use of Grace Period**

An EC through RFX EC is entitled to one Grace Period during any twelve-month period following advancement to the Recognition Title of EC. An EC through RFX EC who has had her or his Grace Period applied and then fails to achieve a minimum of 100 SV and/or 600 in PSQV during a subsequent Commission Period is downgraded to the Recognition Title of Consultant.

## **SECTION 5: PAID-AS TITLES**

The highest Title for which a Consultant satisfies the qualification requirements for the Commission Period. See Grace Period rules for exceptions.

## **SECTION 6: TITLE ADVANCEMENT AND MAINTENANCE**

Advancement to each higher Recognition Title requires the achievement and maintenance of minimum requirements for each previous Recognition Title. Advancements become effective on the close of the Commission Period for the month in which they were achieved.

## **SECTION 7: NON-ADVANCEMENT (“TIMER”)**

If a Consultant (who is not qualified as an Executive Consultant) has a Consultant in her or his Downline (a “Downline Consultant”) who has advanced to Executive Consultant or above, such Consultant has four (4) Commission Periods, commencing on the first day after the Commission Period in which that Downline Consultant was advanced, to qualify as an Executive Consultant. If the Consultant fails to qualify and maintain a Recognition Title of Executive Consultant during this time, she or he will be precluded from receiving Commissions on that Downline Executive Leg but will count the sales of a Personally Sponsored Downline Executive Consultant for Title advancement and for purposes of satisfying a Recognition Title qualification requirement (PSQV). At the start of the fifth Commission Period following the advancement of that Downline Consultant to Executive Consultant or above, that Downline Executive Leg will be permanently excluded from the Consultant’s Downline and that Downline Executive Leg will Roll Around to the first Upline Consultant who is an Executive Consultant or above.

The four (4) Commission Period rule is in effect for any sponsored new Consultant enrolled during a Commission Period in which her or his Sponsor’s Recognition Title is Consultant. For any new Consultant enrolled during a Commission Period in which her or his Sponsor’s Recognition Title is EC or higher, the four (4)-month rule will not apply to the Sponsor but will apply to the new Consultant and any of her or his enrollees.

## **SECTION 8: TITLE DOWNGRADE**

Downward adjustment of Recognition Title that occurs when an Executive Consultant fails to achieve her or his current Paid-As Title for three (3) consecutive Commission Periods provided that the Executive Consultant has not failed to meet Executive Qualifications of 100 SV and 600 PSQV with no eligible Grace Period\*. Effective upon the close of that Commission Period following a Downgrade, the Executive Consultant will be reassigned the Recognition Title of the highest Paid-As Title achieved for the prior three (3) Commission Periods.

\*Upon failure to meet Executive Qualification of (i) 100 SV and/or (ii) 600 PSQV in sales with no eligible Grace Period, the EC will be downgraded to Recognition Title of Consultant effective upon the close of that Commission Period. See Roll-Around definition for further detail.

## **SECTION 9: COMPENSATION PLAN CATEGORIES**

There are five (5) ways in which a Consultant may be able to earn compensation under this Compensation Plan: (i) Retail Profit; (ii) Consultant Commissions (also known as L1 Commissions); (iii) Personal Team Commissions; (iv) Generation Commissions; and (v) Achievement Rewards.

**(i) Retail Profit**

A Consultant may earn a Retail Profit representing any positive difference between the Consultant Price (generally not taking into account any advancements, discounts or special pricing) and the selling price to Consultant's Retail Customers and L1 Preferred Customers who purchase the R+F Products via Rodan + Fields systems, including a Consultant's PULSE Personal Website (PWS) or the R+F Website.

**(ii) Consultant Commissions (also known as Level 1 Commissions)**

An Active Consultant or above is eligible to a Commission (a "Consultant Commission") equal to 10% of her or his Level 1 Commissionable Volume (L1V).

**(iii) Personal Team Commissions**

A qualified Executive Consultant or above is eligible to earn a Commission (a "Personal Team Commission") equal to 5% of her or his Personal Team Commissionable Volume.

**(iv) Generation Commissions**

A qualified Level I Executive Consultant or above is eligible to earn a Commission (a "Generation Commission") equal to 5% of Generation I through Generation V Commissionable Volume based on the highest Qualification Title achieved during the Commission Period.

**(v) Achievement Rewards**

To the extent a Consultant performs under this Compensation Plan, she or he may be eligible to receive Achievement Rewards (an "Achievement Reward") that are offered by Rodan + Fields from time to time, at Rodan + Fields' sole option.

# COMPENSATION PLAN AT A GLANCE

	Consultant	Active Consultant	Executive Consultant	Level I Executive	Level II Executive	Level III Executive	Level IV Executive	Level V Executive	Premier Executive	Elite Executive	RF <sup>x</sup> Executive
<b>Requirements</b>											
Business Starter Pack	X	X	X	X	X	X	X	X	X	X	X
Total Sales Volume (SV)		100 SV	100 SV	100 SV	100 SV	100 SV	100 SV	100 SV	100 SV	100 SV	100 SV
Personally Sponsored Qualifying Volume (PSQV)			600 PSQV	600 PSQV	600 PSQV	600 PSQV	600 PSQV	600 PSQV	600 PSQV	600 PSQV	600 PSQV
Number of Qualified EC Legs				1	2	4	6	8	11	13	15
Number of Qualified LV Legs									1	3	5
<b>Earning Potential</b>											
Retail Profit	X	X	X	X	X	X	X	X	X	X	X
Level 1 (L1) Consultant Commission		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Personal Team Commission (Includes L1)			5%	5%	5%	5%	5%	5%	5%	5%	5%
Generation I Commission				5%	5%	5%	5%	5%	5%	5%	5%
Generation II Commission					5%	5%	5%	5%	5%	5%	5%
Generation III Commission						5%	5%	5%	5%	5%	5%
Generation IV Commission							5%	5%	5%	5%	5%
Generation V Commission								5%	5%	5%	5%

\*Under this Compensation Plan, no Generation Commission is payable based on the CV of generations below an Executive Consultant's Generation V.

As indicated in the table above:

- A qualified Level I Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I.
- A qualified Level II Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I and Generation II.
- A qualified Level III Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I, Generation II and Generation III.
- A qualified Level IV Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I, Generation II, Generation III and Generation IV.
- A qualified Level V Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I, Generation II, Generation III, Generation IV and Generation V.
- A qualified Premier Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I, Generation II, Generation III and Generation IV and Generation V.
- A qualified Elite Executive Consultant is eligible to earn a Generation Commission equal to 5% of the CV of her or his Generation I, Generation II, Generation III and Generation IV and Generation V.
- A qualified RFX Executive Consultant is eligible to earn a Generation Commission equal to 5% of the Commissionable Volume of her or his Generation I, Generation II, Generation III, Generation IV and Generation V.

## **SECTION 10: INCENTIVE TRIPS AND ACHIEVEMENT REWARDS**

To the extent a Consultant performs under this Compensation Plan, she or he may be eligible to receive incentive trips and other Performance Bonuses (i.e. "Incentive Trips and Performance Bonuses") that are offered by Rodan + Fields from time to time, at Rodan + Fields' sole option. Incentive Trips or Performance Bonuses may not be deferred for future acceptance. No payment or credit will be given to those who cannot or choose not to attend Incentive Trips or to accept Achievement Rewards. Although Rodan + Fields pays some or all of the costs of such Incentive Trips, the Consultant agrees to indemnify and hold harmless Rodan + Fields and its affiliates for any injuries sustained in connection with the trip by the Consultant and/or her or his guests. The Consultant cannot make claim upon, or rely upon, any insurance policy of Rodan + Fields to cover the costs and expenses of any injuries to the Consultant and/or her or his guests.

Rodan + Fields may be required by law to include the fair market value of any Incentive Trips and Achievement Rewards on the Canada Revenue Agency (CRA) Form T4A (non-employee compensation) earning statement that is provided by Rodan + Fields to each Canadian resident Consultant who had Earnings of more than \$500 in the previous calendar year or made purchases from Rodan + Fields during the previous year in excess of \$5,000.

## **SECTION 11: CURRENCY EXCHANGE RATE**

Commissions are calculated in Volume which is then exchanged into the Home Country currency of the Consultant receiving the Earnings based on the currency exchange rate. Retail Profit is calculated in the currency of the transaction which is then exchanged into the Home Country currency.

### **Exchange Rate**

Rodan + Fields reserves the right to determine the frequency of updates to exchange rates.



## **SECTION 12: PRICE BASIS FOR RETAIL PROFIT**

All Retail Profit is based on the price schedules for the R+F Products then in effect at the time of the transaction that occurs via Rodan + Fields systems, including a Consultant's PULSE Personal Website (PWS) or the R+F Website, for all Retail and PC orders.

### **Retail Price**

The Retail Price is the suggested retail price published by Rodan + Fields in R+F Marketing Materials and on the R+F Website based on the country of transaction.

### **Preferred Customer Price**

The Preferred Customer Price is the discounted Retail Price available to Preferred Customers by enrolling in PC Perks. The Preferred Customer Price is based on the country of transaction.

## **SECTION 13: COMMISSION ADJUSTMENTS FOR RETURNED PRODUCT**

When a Product is returned for credit or refund, the Commission Period of the original purchase is used to determine the qualifications on that sale and to determine the amount of qualification and Commission adjustment for the returned Product. The adjustment to Commissions will be made for the Commission Period in which the Product was returned for the Consultant who received qualifications, L1 Commission and all Upline Consultants who received Commission on that sale. Retail Profit paid to Consultant by Rodan + Fields will also be deducted in the Commission Period during which the Product was returned. Any foreign exchange rate that needs to be applied to determine the amount of the adjustment will be the foreign exchange rate at the time the original purchase was made.

## **Appendix B: Glossary**

### **Applicant**

A potential Consultant who has submitted a Consultant Application that is under consideration by Rodan + Fields and has not yet been accepted or rejected by Rodan + Fields.

### **Authorized Country**

An Authorized Country is a country in which Rodan + Fields has established direct selling operations. See Section 5n of the Policies and Procedures for further details regarding the states, territories or provinces where Rodan + Fields conducts its operations.

### **Beneficial Owner**

Any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has voting power which includes the power to vote, or to direct the voting of, the Business Entity's ownership interest and/or (b) investment power which includes the power to dispose, or to direct the disposition of, such ownership interest.

### **Business Starter Pack**

A pack that includes business building tools and samples (which Rodan + Fields may change at its sole discretion) as described in the Consultant Application. Each Applicant is required to purchase a Business Starter Pack at the time she or he submits a Consultant Application to Rodan + Fields.

### **Business Days**

Monday through Friday, excluding holidays observed by Rodan + Fields Canada field office.

### **Business Entity**

A corporation or partnership that has submitted a properly completed Business Entity Registration Form that has been approved by Rodan + Fields.

### **Business Entity Registration Form**

The legally binding agreement that must be properly completed, signed, and submitted by a Business Entity and the Consultant seeking to assign her or his Consultant Agreement to the Business Entity, subject to approval by Rodan + Fields in its sole discretion. The Consultant must be a Beneficial Owner of the Business Entity.

### **Compensation Plan**

The Compensation Plan attached as Appendix A to the Policies and Procedures and which is incorporated into and part of these Policies and Procedures.

### **Confidential Information**

The confidential and/or proprietary information of Rodan + Fields, which includes, but is not limited to, the Performance Reports (Downline Activity) and all information contained in such reports, all Customer Data, and R+F's Product development plans, pricing, problem reports and performance information, marketing and financial plans and data, Customer emails, Consultant emails, contact information and training materials. For the avoidance of doubt, all information in PULSE is R+F Confidential Information and shall not be disclosed or made publicly available.

### **Consultant**

Consultants, or Independent Consultants, may be individuals, married couples or Business Entities that: have submitted a Consultant Application that has been accepted by Rodan + Fields;

- comply with the requirements of the Consultant Agreement, including the obligations set forth in the Policies and Procedures; and
- renews the Consultant Agreement annually in accordance with Policies and Procedures.

Unless otherwise specified, the term “Consultant” refers to any Consultant, whether or not such Consultant has been advanced to a higher Title.

### **Consultant Agreement**

The legally binding agreement between Rodan + Fields and each Consultant consisting of:

- a properly completed and submitted Consultant Application, which includes Terms and Conditions, that has been accepted by Rodan + Fields;
- the Policies and Procedures that are incorporated into and form an integral part of the Consultant Agreement; and
- if applicable, a properly completed and signed Business Entity Registration Form that has been accepted by Rodan + Fields.

### **Consultant Application**

The official application that must be properly completed and submitted to Rodan + Fields by an Applicant to apply to become a Consultant, together with the terms and conditions set forth therein. Each Consultant Application is subject to acceptance or rejection by Rodan + Fields in its sole discretion.

### **Consultant Information**

Each Consultant’s name, address, phone number, email address, Social Insurance Number or Business Number, date of birth, and other information required to be provided in or with a Consultant Application.

### **Consultant Price**

The price at which Rodan + Fields offers R+F Products for sale to Consultants, which is typically less than the prices offered to Retail Customers and Preferred Customers.

### **Consultant Agreement**

A Consultant’s independent business to the extent that it involves marketing and selling R+F Products, as authorized by the Consultant Agreement.

### **Customer**

A person, either a Preferred Customer (PC) or Retail Customer, who purchases the R+F Products for the purpose of personally using them rather than for resale to another person.

### **Customer Data**

All data and information submitted by a Customer or potential Customer to a Consultant in connection with a purchase of the R+F Products, or otherwise about an identifiable Customer or potential Customer, including, without limitation, such Customer’s name, address, phone number, payment account information, products ordered and order volume.

### **Customer Identification Number (CID)**

Each Consultant, Preferred Customer and Retail Customer is assigned a unique Customer Identification Number (CID) by Rodan + Fields for identification in Rodan + Fields’ records and computer system. A CID must be used to identify her/himself to Rodan + Fields in all correspondence with Rodan + Fields and may also be required for certain transactions. A Consultant may provide her or his CID to Retail Customers, Preferred Customers and business prospects to assist Rodan + Fields in connecting Retail Customers, Preferred Customers and business prospects to the Consultant’s account.

### **Customer Satisfaction Guarantee**

The guarantee that Rodan + Fields offers to Customers for all R+F Products. Under the Customer Satisfaction Guarantee, if for any reason a Customer is not completely satisfied with any R+F Product, Rodan + Fields allows the Customer to return the unused portion within sixty (60) days of purchase for a full refund of the purchase price

(less shipping charges). Consultants have certain responsibilities with respect to the Customer Satisfaction Guarantee.

### **Home Country**

The country in which a Consultant enrolls is her or his “Home Country.”

### **Income Disclaimer**

Rodan & Fields, LLC (“R+F” or “Rodan + Fields®”), and its affiliates, including Rodan & Fields ULC, markets its products through a network of Independent Consultants. It launched its direct selling business in Canada in February 2015. **“We estimate that in 2019, the typical participant in Canada earned \$214 CAD.”** This estimate is based on experience in the United States and will be updated after Rodan + Fields has sufficient experience to present reliable data in Canada. Of course, there is no guarantee that Consultants participating in the Rodan + Fields program will generate any income. As with any business, each Consultant’s business results may vary. Earnings depend on a number of factors, including the area in which you live, individual effort, business experience, diligence and leadership. Potential Consultants are urged to perform their own due diligence prior to making any decision to participate. For information about Earnings at Rodan + Fields, see the Income Disclosure Statement.

### **The Insider Scoop**

A newsletter available to Rodan + Fields enrolled Consultants via email weekly and in the Library on PULSE. Consultants are expected to read *The Insider Scoop*, which contains important information regarding Rodan + Fields events, Products, recognition of Consultants, compliance issues, special editions and other matters useful to Consultants in conducting their Rodan + Fields activities.

### **Line Switching**

Line Switching is re-enrolling under a different Sponsor in less than a 180 day period after terminating an account or while still enrolled under a previous Sponsor. Line Switching is strictly prohibited. If a Consultant wishes to change Sponsors, the Consultant must terminate her or his Consultant Agreement and wait 180 days. After 180 days, the Consultant may re-enroll under a new Sponsor. For information regarding Line Switching see Section 7d.

### **Password**

A unique string of numbers and/or letter characters that provides Consultants access to the R+F Website, her or his respective PULSE Personal Website (PWS) and PULSE. The Password is required to obtain online performance history records, Performance Reports (Downline Activity), and other information critical to the management of a Consultant Agreement. A separate and unique Password will be used to access the RF Payday account. Passwords are highly confidential and must not be shared with anyone.

### **Payment Processor**

A third party retained by Rodan + Fields to pay Commissions and Achievement Rewards earned by Consultants through the Rodan + Fields Compensation Plan. The Payment Processor will set up an account (an “RF Payday Account”) for Consultants and deposit monies owed to Consultants into their RF Payday Accounts.

### **Performance Report (Downline Activity)**

A report generated by Rodan + Fields that provides critical data relating to the identities of a Consultant’s sales team and their sales performance, and enrollment (sponsoring) activity of each Consultant’s sales team. All Performance Reports and the data contained therein are the Confidential Information of Rodan + Fields. For more information, see Section 6g. Performance Reports (Downline Activity).

### **Policies and Procedures**

The policies, procedures, rules, guidelines and other terms and conditions set forth in the document of which the Compensation Plan and this Glossary are incorporated therein by reference and attached as Appendices A and B thereto are a part (as may be amended from time to time at the sole discretion of Rodan + Fields), which, together with the terms and conditions set forth in a Consultant Application accepted by Rodan + Fields, constitute the legally binding agreement between Rodan + Fields and each Consultant. Policies and Procedures are updated from

time to time and all Consultants are required to review and accept all updates in order to access PULSE or other Company systems.

### **Preferred Customer (PC)**

A Customer who purchases the R+F Products, mostly from the Company through a Consultant and enrolls in PC Perks, a bi-monthly auto-replenishment and Customer loyalty program (see PC Perks Terms and Conditions located in the Library on PULSE for more details). A Preferred Customer's volume is separated from a PC Sponsor's SV and treated as Level 1 Volume. It is included in the calculation of PSQV when Personally Sponsored, paid Level 1 Commissions to the PC's personal sponsor, and included in an Executive Consultant's Personal Team. Additionally, a Consultant will receive Retail Profit on orders placed by their Level 1 Preferred Customers.

### **Product Disclaimer**

This is not intended to be used as a substitute for medical advice. Results may vary depending upon the individual and will depend on multiple factors including your age, gender, skin type and condition, concomitant products used, health history, where you live (climate, humidity), lifestyle and diet. Rodan + Fields makes no guarantee as to the results that you may experience. Rodan + Fields recommends that you consult with your physician or other qualified health care provider before beginning any product regimen or treatment.

### **Program**

The Rodan + Fields Consultant Compensation Plan, as defined above.

### **PULSE**

PULSE is an online enterprise management system designed to support a Consultant. Every Consultant has access to basic PULSE functions, which include basic reporting and access to the Library on PULSE that holds Rodan + Fields- produced training materials, flyers, product information, event information, and communications. There is an optional paid subscription to PULSE, called PULSE Pro, which also includes two (2) personal websites and enhanced business tools.

### **PULSE Personal Website (PWS)**

Personalized websites provided by Rodan + Fields to a Consultant participating in the optional subscription PULSE Pro. PULSE Personal Websites (PWS) are linked to the Consultant's CID and may be used for placing Customer orders and enrolling new Consultants. An additional monthly charge may apply for PULSE Personal Websites (PWS).

### **RF Mall**

Consultants may order additional R+F Marketing Materials and R+F Business Supplies on the RF Mall. Because the RF Mall is a third-party supplier, the purchase of additional R+F Marketing Materials and R+F Business Supplies on the RF Mall is subject to the return policy of the RF Mall and does not qualify as Commissionable Volume for the Compensation Plan. Consultants can reach the RF Mall at [www.rfmall.biz](http://www.rfmall.biz) or through the Library on PULSE.

### **RF Payday Account**

An RF Payday Account is a pay account (sometimes referred to as a "wallet" or "portal") that is set up for Consultants by an independent Payment Processor retained by Rodan + Fields. With the exception of certain payments made on an exception basis, all Commissions or Achievement Rewards that Consultants may earn will be paid through her or his RF Payday Account.

### **R+F Business Supplies**

The business supplies, such as business cards, stationery, etc., that Consultants may purchase from Rodan + Fields or its approved third-party suppliers.

### **R+F Content**

The R+F Content includes: (i) all R+F Trademarks; (ii) all text, images, graphics and other content and materials used or displayed on or in connection with any R+F Product (or any related packaging), R+F Marketing Materials,

R+F Business Supplies or the R+F Website; and (iii) the names, images and likenesses of the principals of Rodan + Fields, including Dr. Katie Rodan and Dr. Kathy Fields.

### **R+F Marketing Materials**

The advertising, marketing, and informational materials that Rodan + Fields provides for the R+F Products and the Program from time to time.

### **R+F Products (or Products)**

Rodan + Fields skincare products, regimens and cosmetic tools that Consultants are authorized to sell under the Agreement.

### **R+F Trademarks**

All trademarks and service marks, whether registered or not, trade names, product names, logos and domain names used or displayed on or in connection with any R+F Product (or any related packaging), R+F Marketing Materials, R+F Business Supplies or the R+F Website owned by Rodan + Fields or any parent, subsidiary or related companies. R+F trademarks and registered trademarks include but are not limited to: RODAN + FIELDS, RODAN + FIELDS Logo, RODAN & FIELDS, R+F, R+F Logo, RF (stylized), BELIEVE IN MORE. EMPOWER CHANGE., GONAKED, LIFE-CHANGING SKINCARE, PRESCRIPTION FOR CHANGE, RFGONAKED, AMP MD, MULTI-MED, MULTI-STEP SCIENCE, PULSE, SOLUTION TOOL, ACTIVE HYDRATION, ACUTE CARE, LASH BOOST, R+F LASH BOOST, ENHANCEMENTS, ESSENTIALS, REDEFINE, REVERSE, SOOTHE, UNBLEMISH, RADIANT DEFENSE, RODAN + FIELDS ENHANCEMENTS, RODAN + FIELDS ESSENTIALS, RODAN + FIELDS REDEFINE, RODAN + FIELDS REVERSE, RODAN + FIELDS SOOTHE, RODAN + FIELDS UNBLEMISH, Rodan + Fields Regimen Bag Design, 3D3P, BPO2 (stylized), ELECTRI5, ENHANCEMENTS LASH BOOST, R+F ACTIVE HYDRATION SERUM, RD3, RODAN + FIELDS ACTIVE HYDRATION, RODAN + FIELDS ACTIVE HYDRATION SERUM, RODAN + FIELDS CONCEPT TO COMMERCE, RODAN + FIELDS LASH BOOST, RODAN + FIELDS RECHARGE, SPOTLESS, RODAN + FIELDS SPOTLESS, RODAN AND FIELDS, and the names and likenesses of Dr. Katie Rodan and Dr. Kathy Fields.

### **R+F Website**

The Internet site located at the URL address [www.rodanandfields.com/ca](http://www.rodanandfields.com/ca).

### **Receipt of Order**

A Consultant, Preferred Customer or Retail Customer accepting delivery of R+F Products shipped from Rodan + Fields.

### **Retail Customer**

A Customer who purchases the R+F Products from or through a Consultant or direct to Rodan + Fields at Suggested Retail Price. Retail Customer volume, from purchases made through the R+F Website or a Consultant PWS, is attributed to the selling Consultant's SV and Retail Profit, but no Commissionable Volume is assigned to that Consultant.

### **Return Authorization Form**

The Rodan + Fields return form located on the front of a Rodan + Fields invoice. If a Customer or Consultant wishes to return a Product, this form must be filled out and included with the returned Products.

### **Security Breach**

A breach of security or an unauthorized disclosure, access, acquisition or use of Customer Data or any Confidential Information of Rodan + Fields, including such access or acquisition as a result of theft, hacking or inadvertent error.

### **Sponsor**

A Consultant who enrolls another Consultant into the Program and is listed as the Sponsor on the Consultant Application (Enrollment Sponsor), or to whom a Downline Consultant has been assigned through Compression or

Roll Around (Performance Sponsor). See Compensation Plan for definitions of Enrollment Sponsor and Performance Sponsor.

**Termination**

The non-renewal termination, or other voluntary or involuntary termination of a Consultant Agreement following which the former Consultant shall have no right, title, claim or interest to the Consultant Agreement or Downline that she or he operated or to the opportunity to receive any Commissions or Achievement Rewards from the sales generated by such Consultant Agreement or Downline.

**Unauthorized Country**

An Unauthorized Country is a country in which Rodan + Fields has not established direct selling operations.

## **Appendix C: Code of Business Ethics**

### **RODAN + FIELDS CODE OF BUSINESS ETHICS**

Rodan + Fields is Life-Changing Skincare™. Our mission is to give our customers the best skin of their lives and to help people create life-changing opportunities for themselves and others, including through our Prescription for Change Foundation, which serves youth with empowerment programs where they live.

You are the face of Rodan + Fields. You represent us every day when you interact, share your story and invite people along on your personal Rodan + Fields Journey. It is important that our representatives conduct themselves in a manner that upholds the high standards of the Rodan + Fields brand.

It is our expectation that you review and uphold the R+F Code of Business Ethics. When sharing information about the R+F Products and Programs, always communicate honestly, respectfully, accurately and with integrity.

Our mutual success relies on your understanding and execution of the Policies and Procedures, as well as all laws and regulations that apply to your Rodan + Fields business. This Code is designed to protect you, your business, the Rodan + Fields brand, and, importantly, all Consumers (namely, any potential and existing Customers or Consultants). If you have any questions regarding how to best or accurately represent Rodan + Fields, please email [ComplianceCA@rodanandfields.com](mailto:ComplianceCA@rodanandfields.com).

#### **ACT WITH INTEGRITY AND TRANSPARENCY**

- Respect the rights of Consumers and act with integrity and transparency at all times.
- Do not mislead or deceive Consumers.
- Be authentic, honest and lawful. While this code highlights important legal obligations, it does not restate all of them. You agree that when acting as an Independent Consultant for Rodan + Fields you will comply with all legal obligations that apply to your Rodan + Fields business.
- When promoting R+F Products or the R+F Program, always identify yourself as a Rodan + Fields Independent Consultant.

#### **BE PROFESSIONAL**

- Interact respectfully with your Customers, your Rodan + Fields team, other Consultants, HomeOffice employees, and anyone else you encounter in connection with your Rodan + Fields business.
- Use appropriate language when interacting with others, giving presentations and in written communications.
- Promptly address any complaint and strive to resolve the matter professionally and in good faith.
- Be mindful of the difference between what is factually correct and what may be your personal opinion or desires, or those of your fellow team members, while taking care to respect the opinions and desires of others.
- As a representative of Rodan + Fields, hold yourself to the highest standards of service to your Customers and fellow Consultants.

#### **RECRUIT RESPONSIBLY**

- Whenever encouraging others to join Rodan + Fields as an Independent Consultant, always present accurate information, use proper disclaimers and be sure to provide access to the Income Disclosure Statement to provide important context on the R+F Program.



- Never deceive, intimidate or engage in unlawful recruiting practices, including suggesting that R+F Product purchases or enrollment in any program, such as CRP or PULSE Pro, are required.
- You may not reward Consultants for recruiting other Consultants. All incentives must be based on R+F Product sales only.
- Any business interactions that are unethical or predatory will not be tolerated. Apply good judgment.

### **COMMUNICATE EARNINGS AUTHENTICALLY**

- Do not make any promises or guarantees of income. Refer to the Rodan + Fields Policies and Procedures and Income Disclosure Statement for compliant language to use when discussing potential Earnings.
- Always provide proper disclaimers of typical results when sharing information about potential Earnings, including lifestyle income claims.
- Properly represent the level of effort and skill needed to succeed with Rodan + Fields. Do not oversimplify or state that it only takes “hard work.”

### **PURCHASE RESPONSIBLY**

- Purchase reasonably and responsibly in compliance with laws prohibiting inventory loading and encourage others to do the same.
- Product purchases may only be made for personal use, not for Title advancement or to earn incentives.
- Always be prepared to provide a full account explaining how the R+F Products you purchased were used. The Home Office has the discretion to request this information at any time.

### **RESPECT IP RIGHTS**

- Never use the name, likeness, photo, logo or any other property of a celebrity, company, organization or any other person or entity without their approval or consent.
- All music, videos, images or other content, whether found on the Internet or otherwise, must be properly licensed before you can use them in your communications.
- R+F Products may not be resold on any website outside of Rodan + Fields owned and operated sites and/or via person to person transactions.
- Any use of the Rodan + Fields name or brand assets in support of any personal endeavors, including in books or other writings, requires the advance permission of Rodan + Fields. It is expected that you will avoid any potential negative impact on Rodan + Fields from any public personal endeavors.

### **PROTECT CONSUMER PRIVACY**

- Always safeguard and protect all personal information provided by a Customer or prospective Customer.
- The best protection you can provide is to ensure that all Consumer transactions are conducted by the Consumer on the Rodan + Fields e-commerce system.

Disclaimer: The information in this document is not in any way intended to provide medical or business advice. The information in this document is not intended to create a doctor-patient relationship. Rodan+Fields® does not guarantee that Consultants participating in the business opportunities described in this brochure will generate any income. As with any business, each Consultant's business results may vary, and will be based on, among other factors, such Consultant's individual capacity, business experience, expertise, and motivation. Readers are cautioned not to place undue reliance on the information in this document and are urged to perform their own due diligence prior to making any decision to participate.