POLICIES AND PROCEDURES
CONSULTANT POLICIES AND PROCEDURES

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PLEASE NOTE:
If there are questions regarding any of the following Polices & Procedures, please contact the Sales Support Department at 415-273-8000 or via e-mail SalesSupport@rodanandfields.com
SECTION 1: THE COMPANY

Rodan & Fields, LLC, a California limited liability company, including its successors and assigns “R+F,” is a leading clinical skincare company, founded by Dr. Katie Rodan, M.D. and Dr. Kathy Fields, M.D. Their Rodan + Fields Dermatologists® line of products merges proven over-the-counter medicines and active cosmetic technologies to offer a comprehensive regimen approach to common skin concerns. The direct selling model was adopted by the company to allow independent Consultants the opportunity to market and sell Rodan + Fields skincare products directly to Customers and sponsor others to become independent Consultants and develop Consultantships of their own.

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 R+F (these “Policies and Procedures”), are incorporated into and form an integral part of the Consultant Agreement, which sets forth R+F’s 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 R+F and each Consultant, consisting of (i) a properly completed and submitted Consultant Application that has been accepted by R+F; (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 and signed Business Entity Registration Form. In the event of any conflict between the applicable Consultant Application and 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.

R+F may at any time revise these Policies and Procedures by posting the amended Policies and Procedures on the R+F Website, Pulse Personal Websites (PWS), and Pulse Business Development Library and any changes or additions will be effective immediately upon posting. Consultants must check the R+F Website, Pulse Personal Websites (PWS), and Pulse Business Development Library frequently for revised Policies and Procedures. Consultants’ continued participation in the Program following the posting of revised Policies and Procedures constitutes acceptance of any changes or additions.

Capitalized terms used herein are defined in the Glossary.

SECTION 3: BECOMING A CONSULTANT

a. To become a Consultant, one must:

– be 18 years of age or older;
– be a legal resident of the United States, the District of Columbia, Puerto Rico or Guam;
– have a valid Social Security Number;
– not be in jail or prison or otherwise confined to a correctional institution;
– not have ever been convicted of a felony;
– not be a current employee, officer or director of R+F or the spouse of any of the foregoing;
- not be a current employee, officer or director of Guthy-Renker Corporation and/or its affiliates, or the spouse of any of the foregoing;
- complete and submit a Consultant Application that is accepted by R+F;
- purchase a Business Portfolio (except that purchase of a Business Portfolio is optional for residents of North Dakota); and
- have a valid e-mail address and valid credit card.

Any proprietorship doing business under an assumed name (DBA) must also submit a true and complete copy of its certificate of DBA. A Business Entity (i.e., a corporation, limited liability company, partnership or trust) applying to be a Consultant must also comply with the requirements of Section 5(j).

b. Independent Contractor Status:

Consultants are self-employed, non-exclusive independent contractors who are authorized to market and sell R+F Products in the 50 United States, the District of Columbia, Puerto Rico and Guam. Consultants are not, and shall not represent themselves to be, employees, agents or representatives of R+F or purchasers of a franchise or a business opportunity. Any agreement between R+F and a Consultant does not create an employee/employer relationship, agency, partnership or joint venture between R+F and such Consultant. Consultants shall not be treated as employees of R+F for any purpose including, without limitation, for federal, state or local tax purposes. Consultants have no authority (expressed or implied), and shall not represent that they have any authority to bind R+F to any obligation. Consultants shall establish their own goals, hours, place of business and methods of sale, so long as they comply with their Consultant Agreement. Consultants are solely responsible for all decisions made and all costs incurred with respect to their Consultantships. All Consultants assume all entrepreneurial and business risk in connection with their Consultantships. There is no guarantee that there is or will be a market for the R+F Products or that Consultants will earn or will not lose money.

c. Getting Activated:

Once an Applicant has submitted a properly completed Consultant Application, purchased a Business Portfolio (except that purchase of a Business Portfolio is optional for residents of North Dakota), submitted any other documents that R+F may require, and R+F has accepted and processed the Consultant Application, the Applicant will become a Consultant and will be assigned a unique Identification Number and Password.

- A Consultant’s Identification Number must be used by that Consultant to identify herself or himself to R+F in all correspondence with R+F and may also be required for transactions. A Consultant may provide her or his Identification Number to Customers and potential Customers to assist R+F in identifying and linking the Customer or potential Customer to that Consultant’s account for online orders.

- A Consultant’s Password is used by that Consultant to access her or his Pulse Personal Website (PWS), R+F Website, or Pulse Business Management Suite through which she or he can order R+F Products and/or access the Consultant’s performance history records, organizational status and Performance Reports (Downline Activity). This Password must not be given to anyone else. For information regarding the Pulse Program see Section 11(j).
SECTION 4: CONSULTANT BENEFITS

Once an Applicant has become a Consultant as described above, the Consultant is able to participate in and take advantage of the Program’s benefits. These benefits include the ability of the Consultant to:

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

SECTION 5: CONSULTANT REQUIREMENTS AND RESTRICTIONS

a. Business Portfolio:

In order to become a Consultant, an Applicant must purchase a Business Portfolio (either by itself or as part of the purchase of a Business Building Kit that includes a Business Portfolio) at the time she or he submits a Consultant Application to R+F (except that purchase of a Business Portfolio is optional for residents of North Dakota). A Consultant may return the initial Business Portfolio 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 Portfolio will be considered a Voluntary Termination by the Consultant. For additional information on Consultant return policies, refer to section 10.

*The one year requirement is not applicable to residents of Maryland, Wyoming, Massachusetts and Puerto Rico.

b. No Inventory Requirements/70% Rule:

Consultants are neither required to purchase nor required to carry any amount of inventory of R+F Products, and it is possible to maintain active status and earn Commissions and Performance Bonuses without carrying any inventory at all. Orders may be transacted directly with the company on behalf of the Consultant through rodanandfields.com and/or Pulse Personal Websites (PWS). Consultants receive full credit for all such sales without the need to carry any inventory at all. Consultants may, at their option, purchase R+F Products in bulk for resale to Customers, provided that if a Consultant purchases over $600 of R+F Products in bulk orders during any calendar month, the Consultant must retain receipts showing that at least 70% of those R+F Products were resold to at least three different Retail Customers within thirty days of the last applicable order date. R+F’s obligation to repurchase R+F Products as set forth in Section 10 will not apply with respect to any R+F Products that a Consultant claimed were previously sold or consumed. Furthermore, falsely representing the sale of R+F Products is grounds for termination of the applicable Consultant Agreement and Consultantship.

c. Purchase Limitations:

All individual Consultant orders in excess of $600 during any calendar month will be subject to acceptance by R+F and are subject to the 70% sale and three different Retail Customers requirements stated in Section 5(b) above.
d. Consultant Status:
An Applicant becomes a Consultant when her or his Consultant Application is accepted by R+F. A Consultant remains a Consultant in the Program by (i) renewing her or his Consultant Agreement in accordance with Section 5(l) below on each anniversary date and acceptance of such renewal by R+F; and (ii) complying with the requirements of the Consultant Agreement.

e. Eligibility:
R+F reserves the right to accept or reject any Consultant Application for any reason in its sole discretion. Without limiting the generality of the foregoing, R+F reserves the right to reject any Consultant Application if R+F determines in its sole discretion that its acceptance of a Consultant Application would result in any actual or potential conflict of interest or that would call into question the independence of a Consultant.

f. Single Consultant Account:
A Consultant may hold only one account under a single Sponsor. A person may not be a party to more than one Consultant Agreement or hold, directly or indirectly, any interest in additional Consultantships, including any Consultantships operated by a Business Entity. No Consultant may pay others to market and sell R+F Products.

g. Husband and Wife Treated as a Single Consultantship:
Except as described in Section 14(c), if a husband and wife both wish to be Consultants, they must be registered together as a single Consultantship under a single Sponsor. A husband and wife may neither sponsor each other directly or indirectly, nor have different Sponsors. Children over the age of 18 residing with their parents who meet all of the eligibility requirements may have their own Consultantships. For information regarding the disposition of a husband/wife Consultantship upon divorce or separation, see Section 14(b). For information on Transferring a Consultantship to a Spouse, see section 14(f).

h. 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 Consultantships are nonexclusive, and all Active Consultants have the full right to market and sell R+F Products and otherwise conduct their Consultantships in all geographic areas and territories within the 50 United States, the District of Columbia, Puerto Rico and Guam in accordance with the terms of the Consultant Agreement. Consultants may not market or sell R+F Products or otherwise conduct their Consultantships in any geographic area or territory outside the 50 United States, the District of Columbia, Puerto Rico and Guam.

i. 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 R+F with her or his current e-mail address, since e-mail is one of the primary ways that R+F will communicate with the Consultant. Each Consultant may modify her or his Consultant Information (e.g., update an address, phone number or e-mail address). To change a Social Security Number or Federal Tax Identification Number, please refer to section 5(j)
j. Business Entities/Change in Consultantships:

A corporation, limited liability company, partnership or trust may apply to become a Consultant. To become a Consultant, a corporation, limited liability company, partnership or trust must:

- be incorporated or organized in the United States, the District of Columbia, Puerto Rico or Guam;
- have its principal place of business in the United States the District of Columbia, Puerto Rico or Guam;
- have a valid Federal Tax Identification Number;
- complete a Consultant Application that is accepted by R+F;
- complete, sign and submit a Business Entity Registration Form that is accepted by R+F;
- submit a true and complete copy of the organizational and charter documentation (e.g., certificate of incorporation, articles of organization, certificate of formation, operating agreement, trust agreement, etc.) of such corporation, limited liability company, partnership or trust (See Business Entity Registration Form in the Pulse Document Library for more details);
- purchase a Business Portfolio (except that purchase of a Business Portfolio is optional for residents of North Dakota); and
- have a valid e-mail address and a valid credit card.

A corporation, limited liability company, partnership or trust that has completed a Consultant Application and submitted a properly completed Business Entity Registration Form that has been approved by R+F is referred to in these Policies and Procedures as a “Business Entity.”

Each beneficial owner of the Business Entity (a “Beneficial Owner”) must sign the Business Entity Registration Form and personally and irrevocably guarantee performance by such Business Entity of all of its duties, obligations and responsibilities as a Consultant under the Consultant Agreement, and all such Beneficial Owners shall be jointly and severally liable for, and shall indemnify and hold harmless R+F from and against, any breach of the Consultant Agreement by such Business Entity or any indebtedness or other obligation to R+F of such Business Entity.

All sales and sponsorship activities of a Consultant that is a Business Entity must be conducted only by the Beneficial Owners of the Business Entity; these activities cannot be conducted by persons (including employees or contractors) who are not Beneficial Owners of the Business Entity.

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

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

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 trust, or from one type of Business Entity to another, by submitting a new Consultant Application and 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 each such case, upon R+F’s acceptance of the new Consultant Application and, if applicable, the Business Entity Registration Form, the Consultant’s original Consultant Agreement will automatically terminate and 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 pursuant to Section 7(d), or to assign or transfer a Consultantship except pursuant to Section 14(a).
k. Actions of Household Members, Employees, Agents, etc.:

Each Consultant is responsible for the actions of her or his immediate household members and each Consultant 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, such activity will be deemed a violation by the Consultant, and R+F may take remedial action pursuant to the Consultant Agreement and seek other appropriate remedies against such Consultant.

l. Consultantship 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 within one year of the activation date (the anniversary date) may result in the termination of her/his Consultant Agreement.

R+F will send the Consultant a Consultantship renewal notice no later than thirty days prior to the anniversary date of acceptance of the original Application. If a Consultant wishes to apply to renew the Consultantship and continue participating in the Program, the Consultant must complete the renewal process and pay a $25.00 fee. The $25.00 fee is waived for (i) a Consultant who carries the Recognition Title of Executive Consultant or higher, as of the applicable anniversary date; or (ii) has been a participant in the Consultant Replenishment Program for a minimum of three consecutive months at the time of the applicable anniversary date. R+F reserves the right to refuse any renewal request. If a Consultant Agreement is terminated for non-renewal, the affected Consultant may re-enroll in accordance to Section15(b) of the Policies and Procedures.

m. Income Taxes:

Each Consultant is responsible for paying (and will indemnify and hold R+F harmless from) all local, state, federal and other taxes on any income derived from the sale of R+F Products and any payments or other compensation under this Agreement. R+F will provide the Internal Revenue Service’s (IRS) Form 1099 MISC (non-employee compensation) earning statement to each U.S. resident Consultant who had earnings of over $600 in the previous calendar year or made purchases from R+F during the previous year in excess of $5,000. R+F will not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, or obtain worker’s compensation insurance on Consultant’s behalf.

SECTION 6: CONSULTANT BUSINESS PRACTICES

a. Media Inquiries:

Consultants may not respond to media inquiries regarding R+F, the Program, the R+F Products, or R+F’s other products or services, or any other aspect of R+F’s businesses. All such media inquiries should be immediately referred to R+F’s corporate offices. This policy is designed to ensure that accurate and consistent information is provided to the public. For additional advertising guidelines refer to section 11.

b. 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 require or encourage any current or potential Consultants or
Customers 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.

c. Product Claims:
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. For additional information on use of Product Claims, refer to Section 11.

d. 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. The Federal Trade Commission and several states have laws and/or regulations that prohibit certain types of income claims and testimonials by persons engaging 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 R+F as well as Consultants making the claims, unless appropriate disclosure required by law is also made contemporaneously with the income claim. Because Consultants generally do not have the information necessary to comply with such legal requirements, 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 checks, copies of checks, bank statements, tax records or other such documents). Hypothetical income examples that are used to explain the operation of the Compensation Plan, and which are based solely on mathematical projections, may be presented to potential Consultants, so long as Consultants who use such hypothetical examples make clear to the potential Consultants that such earnings are hypothetical. For additional information on use of Income Claims, refer to Section 11.

e. No Representations Regarding Governmental Approval:
Consultants may not represent that the Program or the R+F Products 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.

f. No Repackaging and Relabeling:
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, although, Consultants may affix their address labels to the product packaging. Consultants may not repackage or refill any R+F Products. R+F Products must be sold in original company containers only. Re-labeling or repackaging may violate applicable laws, which could result in civil damages or criminal penalties. Civil liability may also result if a person using R+F Products suffers any type of injury or property damage due to the repackaging or re-labeling of R+F Products.
g. Performance Reports (Downline Activity):

R+F will make on-line 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 and sales performance data for all Consultants in their Downline. Consultants agree to allow such 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 R+F, and must be treated as such pursuant to Section 6(s). In particular, except as expressly permitted by Section 6(s), Consultants must not:

- directly or indirectly disclose any information contained in any Performance Reports to any third party;
- use such information to compete with R+F 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 Consultants or Customers listed in a Performance Report to alter their business relationship with R+F; and
- directly or indirectly disclose to any third party their Password.

h. Ethical Marketing:

Consultants shall safeguard and promote the good reputation of R+F. Consultants shall at all times conduct their Consultantships in a manner that reflects favorably on the R+F Products and the good name, goodwill and reputation of R+F. Consultants shall not engage in deceptive, misleading, or unethical conduct or practices that are or might be detrimental to R+F, the R+F Products, or the public, including, without limitation, disparagement of R+F 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: (i) not publish or use any misleading or deceptive advertising material regarding the R+F Products or the Program; (ii) honor the Customer Satisfaction Guarantee with respect to all R+F Products; (iii) 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); (iv) distribute the R+F Products only as shipped by R+F, unopened and with all documentation, packaging and other supplemental materials intact; and (v) 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.

i. 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 copies of an R+F sales receipt at the time of the sale. The R+F sales receipt sets forth certain Customer protection rights afforded by federal law. A Consultant is required to inform her or his Customer that they are entitled to cancel any purchase of $25 or more within three Business Days from the date of the sale. Consultants must retain copies of their retail sales receipts for a period of two years and furnish them to R+F at the company’s request. R+F 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 R+F Order Form located in the Pulse Business Development Library. Retail sales receipt books are available on line via RF Mall.
j. Non-disparagement:

R+F welcomes constructive input regarding the Program and R+F Products, but publically communicated negative comments and remarks by Consultants about R+F, the R+F Products, the Program or other Consultants serve no purpose other than to undermine the enthusiasm of other R+F Consultants. For this reason, and to set the proper example for each Consultant's Downline, Consultants must not disparage R+F (or any of its employees, officers or directors), the R+F Products, the Program or other Consultants. The disparagement of R+F (or any of its employees, officers or directors), the R+F Products, the Program or other Consultants shall constitute a material breach of the Consultant Agreement.

k. Reporting Policy Violations:

Consultants who become aware that another Consultant has violated a Consultant Agreement should promptly notify the R+F 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 direct all violations to Compliance@rodanandfields.com.

l. 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. 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 or locking up physical files containing Confidential Information or Customer Data. Without limitation of the preceding sentence or the provisions of Section 6(s) 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. 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 by: (i) shredding; (ii) permanently erasing and deleting; or (iii) otherwise modifying the Customer Data and other Confidential Information in those records to make it unreadable, unreconstructible, and indecipherable through any means. Upon request, Consultant will certify to R+F that all forms of the requested personal information have been destroyed and will describe any exceptions.

m. Reporting Security Breaches:

Consultants must comply with all applicable privacy and data security laws, including security breach notification laws. Without limitation of the preceding sentence, in the event of an actual or suspected Security Breach affecting Customer Data, the applicable Consultants shall promptly notify the applicable Customers and the R+F Compliance Department in writing after becoming aware of such Security Breach and specify the extent to which Customer Data was or was suspected to be disclosed or compromised and shall promptly comply with all applicable information Security Breach disclosure laws. Consultants, at their expense, shall cooperate with R+F and applicable Customers and use their best efforts to mitigate any potential damage caused by a breach of their obligations under the Consultant Agreement applicable to Customer Data, including by sending notice to the affected individuals, state agencies and consumer reporting agencies, if such notification is required by law.
n. Commercial Outlets:

R+F 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, retail establishments 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, 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.

o. Personal Service Facilities:

Subject to the requirements set forth in this Section, R+F Products may be sold or displayed in the following personal service facilities if owned and operated by a Consultant: (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. R+F 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, products, 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. The Personal Service Facility Approval Form is located in the Pulse Business Development Library.

p. Fairs and Trade Shows:

Subject to the requirements set forth in this Section, a Consultant is permitted to operate temporary booths to promote the R+F Products and Program at fairs and trade shows. When arranging and participating in such an event, the Consultant must comply with the following policies and requirements:

- The Consultant must register for the event as a Rodan + Fields Independent Consultant and the registration must be pre-approved by R+F’s Consultant Services Department at least four weeks prior to the event. This form may be found in the Pulse Business Development Library.

- The first Consultant to register for space at an event has the right to determine whether other Consultants will also be permitted to work the event. If other Consultants wish to work the event, they should contact the first registered Consultant to inquire about working the event together and sharing related costs.

- The Consultant’s booth must meet R+F’s advertising and trademark guidelines and meet the high quality and image standards established by R+F.

- The booth must be staffed at all times by knowledgeable Consultants.

- Each Consultant is responsible for contacting the local authorities regarding any required permits or other documentation with regard to participating in the trade show, fair or other event. If a permit or other documentation is required, the Consultant must submit a copy of the permit or other documentation to R+F prior to the applicable event. All R+F Products displayed, used or sold at such events must be owned by the Consultant or group of Consultants that is registered to work the event. No Consultant may display, use or sell any R+F Products for any other Consultant at the event.
Under no circumstances will R+F 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 such event.

q. Account Maintenance:
Each Consultant is solely responsible for maintaining her or his account with R+F 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 R+F from and against) all costs and fees incurred by R+F in the collection of the amount due. The Consultant agrees to allow R+F to deduct any amount due and any such costs and fees from Consultant’s account and/or any Performance Bonuses or other amounts due to Consultant.

r. Taxes:
As a direct selling company, R+F collects sales tax on behalf of Consultants based on the suggested retail price of the R+F Products. R+F collects sales tax based on the purchase price of the Business Building Kits, R+F Business Supplies and R+F Marketing Materials as these items are for personal use or demonstration purposes only and not intended for resale. Sales tax collected by R+F is based on the sale occurring at the applicable “Ship To” address. R+F submits sales tax collected to the appropriate agency on behalf of each Consultant.

If a Consultant has submitted, and R+F has accepted, a current sales tax exemption certificate, R+F will return the sales tax on the Consultant’s direct purchase of R+F Products and it shall be the Consultant’s responsibility to collect and remit sales tax to the appropriate tax agency. (See Registration of a Resale Certificate Form in the Pulse Business Development Library for more details)

s. Confidential Information, Non-Solicitation and Competitive Businesses:
A Consultant shall not disclose to any third party the Confidential Information (as defined in Appendix A). A Consultant shall use the same degree of care to protect the Confidential Information that she or he uses to protect her or his own sensitive and proprietary information. A Consultant shall use the Confidential Information only for the purposes of performing her or his obligations or exercising rights under her or his respective Consultant Agreement. A Consultant shall limit access to the 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 the Confidential Information to the extent she, he or it is legally compelled to do so; provided, however, that, prior to any such compelled disclosure, the Consultant notifies R+F and fully cooperates with R+F in protecting against or limiting the disclosure of Confidential Information.

In order to avoid disruption to R+F’s business, each Consultant further agrees that, during the term of her or his Consultant Agreement and for a period of two years following the termination of the Consultant Agreement, the Consultant shall not:

(i) directly or indirectly, solicit business from any Customer of R+F unless the Consultant can prove by a preponderance of the evidence that the solicitation was done without the use of Confidential Information;

(ii) directly or indirectly, solicit for employment, or solicit for engagement as a Consultant or independent contractor, any person employed by R+F, or any R+F independent Consultant where, in either case, such person
was employed by R+F or an R+F independent Consultant at any time prior to the termination of the Consultant’s Consultant Agreement;

(iii) use any aspect of the Program (as defined in Appendix A) to promote, market or sell the products, services or programs offered by any competitive business or to market or sell R+F Products together with the products or services of any competitive business during the term of this Consultant Agreement. A business, program or activity is “competitive” if it involves or is related to the direct sale of products or services by independent Consultants or representatives.

Each Consultant further agrees that the provisions contained in this Section are reasonable and necessary to protect the legitimate interests of R+F and that R+F would not have accepted the Consultant’s Consultant Application in the absence of the Consultant’s agreement to these provisions. Consultant agrees that the Consultant’s breach or threatened breach of such provisions would cause R+F 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 R+F 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 18(i), enjoining any breach or threatened breach of the above provisions and for any other relief such court deems appropriate. The rights granted to R+F in this section are in addition to any other remedy available to R+F at law or in equity.

t. No International Sale or Marketing:

Due to critical legal and tax considerations, R+F must limit the sale and marketing of R+F Products and the presentation of the Program to potential Customers and Consultants located within the 50 United States, the District of Columbia, Puerto Rico and Guam. R+F Products and Marketing Materials may not be shipped into or sold in any foreign countries, including Canada. In addition, Consultants may not engage in the following activities outside of the 50 United States, the District of Columbia, Puerto Rico and Guam: (i) conducting training meetings; (ii) sponsoring or attempting to sponsor potential Consultants; or (iii) conducting any activity for the purpose of selling R+F Products, establishing a Downline or promoting the Program. (R+F recognizes that Pulse Personal Websites (PWS) may be available for viewing worldwide through the internet, and Consultants will not be deemed to be in violation of this Section based solely on such availability, as long as they comply with the other provisions of this Section.)

SECTION 7: SPONSORING AND TRAINING

a. Sponsoring Other Consultants:

Consultants may sponsor other persons to become Consultants within the 50 United States, the District of Columbia, Puerto Rico and Guam. However, Consultants earn Commissions and Performance Bonuses in the Program only based on the sale of R+F Products, not merely from sponsoring other Consultants. The most current version of the Consultant Agreement can always be found in the Pulse Business Development Library. 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 R+F within forty eight hours from the time it is signed by the new Consultants.

b. Responsibilities of Sponsors:

Sponsors must always present the R+F Products and 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 addition, Sponsors are responsible for assisting, motivating and training their Downlines. Accordingly, Sponsors must:

- provide assistance, as appropriate, in the sale and delivery of R+F Products to Customers by their Downlines;
- train and communicate to their Downlines to ensure that their Downline Consultants do not make improper product or business claims, engage in illegal or inappropriate conduct or otherwise violate the Consultant Agreement;
- assist, motivate and train their Downlines by having ongoing contact and communication, which may include the use of newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail and training sessions and accompanying their Downline Consultants to R+F training and orientation meetings; and
- motivate and train their Downlines regarding R+F Products, effective sales techniques, the Compensation Plan and compliance with these Policies and Procedures.

As Consultants progress through the various levels of leadership in the Program, they will become more experienced in sales techniques, as well as more knowledgeable about the R+F Products and the Program. Such Consultants may be called upon to share this knowledge with less experienced Consultants.

Those who sponsor widely but do not help new Consultants develop their Consultantships meet with limited success. Therefore, all Sponsors have a responsibility to work with new Consultants in their Downline, helping them learn the business, and encouraging them during the critical early months of their Consultantships.

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

c. Applicant Rights:

For reasons of sponsoring ethics, R+F 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, R+F reserves the right to honor such request. Notwithstanding the foregoing, if a Preferred Customer becomes a Consultant, her or his Sponsor will always be deemed to be the Consultant with whom she or he originally enrolled, as described in the PC Perks Terms and Conditions located in the Pulse Business Development Library.

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

d. 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 to R+F or that has had a Consultantship terminated within the preceding six 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
Consultantship and re-apply under another Sponsor. Once a Consultant is sponsored, R+F requires that the relationship between the Consultant and her or his Sponsor be maintained and protected. A Consultant wishing to change Sponsors may do so only if she or he: (i) terminates her or his applicable Consultant Agreement and Consultantship by written notice to R+F as provided herein; (ii) does not participate in the Program in any capacity for six consecutive months after the effective date of such termination; and (iii) re-applies to become a new Consultant after such six-month period and is reaccepted by R+F in accordance with Section 3(a).

SECTION 8: ORDERING PROCEDURES

a. General:
Consultants must order all R+F Products, R+F Marketing Materials and R+F Business Supplies from R+F or its approved suppliers by logging in with their respective Usernames and Passwords. All orders are subject to acceptance by R+F or R+F’s applicable third party suppliers. Orders for R+F Products may be placed via the R+F Website, Pulse Personal Websites (PWS) or by telephone. Orders for R+F Marketing Materials and R+F Business Supplies may be placed on the RF Mall.

b. Cut-Off Date:
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, 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. R+F shall not be liable for incorrect, incomplete, lost or mailed orders.

c. Placing Orders Under Another Identification Number:
Consultants must place all orders using their own Identification Numbers. Placement of an order by a Consultant using another Consultant’s Identification Number or account is strictly prohibited and constitutes a material breach of the Consultant Agreement.

d. Forms of Payment:
In order to simplify the payment process, facilitate the shipment of orders and maintain accurate Consultant account records, R+F requires payment using a Visa, Master Card, Discover Card or American Express credit card. R+F will not accept personal checks, money orders or cash.

e. Shipping and Handling Charges:
Shipping and handling charges will be applied on applicable orders and will be automatically included as part of the “Shopping Cart” order entry process.
SECTION 9: SHIPMENTS

a. General:
After R+F 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 R+F. Risk of loss or damage will pass to the ordering Consultant upon R+F’s delivery to the carrier. Orders are shipped on Business Days only and allow up to forty eight business hours for order processing and an additional five to seven business for delivery. Orders can be shipped only to a street address within the 50 United States, the District of Columbia, Puerto Rico or Guam or in most cases Military APO/FPO or Military P.O. Box addresses. R+F 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.

b. Special Handling:
Some R+F Products require special handling as specified by federal, state and local regulations governing the shipping of these items. The method of shipment for these items is dictated by these regulations. R+F complies with these regulations and therefore the shipment of some products to certain locations may not be possible. Please contact the R+F Customer Service Department for additional shipping information.

c. Shipment to APO/FPO/PO Boxes:
Most R+F Products may be shipped to Military APO/FPO or Military P.O. Box addresses, but some restrictions may apply. Orders being sent to Military P.O. Boxes or Military APO/FPO addresses must be shipped via United States Postal Service and cannot be shipped via overnight or second day service.

d. Shipments to Alaska and Hawaii, Hawaii, Puerto Rico or Guam:
Most R+F Products can be shipped to Alaska and Hawaii, Puerto Rico or Guam, but some restrictions apply and additional shipping and handling charges may apply. Priority shipping methods (overnight or second day service) are not available for certain locations in Alaska or Hawaii.

e. Order Tracking:
A Consultant should not assume that an order has been lost until at least ten Business Days from the date the order was placed with R+F. If a tracking number for an order is not provided to a Consultant, the Consultant (or her or his Customer for whom the order was placed) may contact the R+F Customer Service Department for any available order-tracking information. Order-tracking information may also be available on the applicable shipment confirmation e-mail, via Pulse or through the applicable carrier’s shipment tracking system.

f. Non-Deliverable Orders:
In some cases, an order may be returned to R+F 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 for orders that require signature upon delivery (it is R+F’s sole discretion to deliver with or without signature required); or
the Consultant or Customer provided invalid or incorrect shipping information.

When this occurs, at the Consultant’s or Customer’s request within one week following the date of the final delivery attempt, R+F will reship the order. R+F will reship orders only once. The Consultant or Customer will be required to pay the original shipping and handling charges and the charges for the second delivery. If an order is returned a second time, that order will be cancelled 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 Performance Bonuses) will be canceled.

g. Canceled Orders:

R+F will use reasonable efforts to cancel an order placed due to an error. If an order cannot be canceled, the Consultant must follow the same procedure applicable to Returns Under the Customer Satisfaction Guarantee as described in Section 10(c). Replacements or refunds for such orders are also handled in the same manner as described in Section 10(c).

h. Missing Items

When an item is missing from an order, the Consultant or Customer is requested to contact the R+F Customer Service Department. If R+F 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 at no charge within three to five days. Out-of-stock items may require a longer period. For additional information regarding Out-Of-Stock items, refer to Section 9(i).

i. Out-of-Stock Items:

R+F’s inventory control procedures are intended to ensure that shortages of R+F Products rarely occur. However, should an item not be available at the time of an order, we make every effort to ensure that the Consultant receives the associated volume for the out-of-stock item by processing back orders or recommending a replacement product.

j. Discontinued Items:

R+F 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. R+F 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. R+F will use reasonable efforts to notify Consultants of the date of discontinuance.

SECTION 10: RETURN PROCEDURES

a. General:

All Customers and Consultants who wish to return R+F Products to R+F for any reason must complete a R+F Return Authorization Form (RA) located on the back of the R+F Invoice. Only items for which a refund is available pursuant to this Section 10 should be returned to R+F. Items returned for which no refund is available will be discarded.
b. Returns of Defective or Damaged Products:

For any items that were defective at the time that R+F delivered them to the carrier, R+F 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 and handling charges on the credit card used to make the purchase. The determination of whether the product was defective at the time of shipment shall be made by R+F in its sole discretion.

c. Returns Under the Customer Satisfaction Guarantee:

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 days from the date of order for a 100% refund of the amount paid (less shipping and handling charges) and sales tax on the credit card used to make the purchase. The Customer or Consultant may place a separate order for replacement products if desired. Business Building Kits returned within sixty days of purchase are refundable only if returned in resalable condition (see section 10(e) for information on whether a product is resalable). No refunds will be issued for a partial return from a Business Building Kit. Rather, a Consultant who returns a partial Business Building Kit will be offered a product replacement of equal value, less applicable shipping and handling charges. For additional information on Business Portfolio, refer to Section 5(a).

d. Returns of Unsold Inventory by a Terminating Consultant:

A terminating Consultant may return unsold R+F Products after sixty days and up to one year* from date of purchase for a partial refund if she or he is unable to sell or use the items and the items are resalable (see section 10(e) below). Upon R+F’s receipt of the returned products, R+F will refund 90% of the original purchase price of the resalable items less applicable setoffs. The refund will be credited to the same credit card used for the original order or by such other method as determined by R+F.

*One year requirement is not applicable to residents of Maryland, Wyoming, Massachusetts and Puerto Rico.

e. Saleable 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 and their packaging are in condition such 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 or as seasonal items; and
- Business Building Kits to be considered resalable must include the Business Portfolio.

f. 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 R+F cannot accept returns of any such items. The return procedures applicable to such items are posted on the RF Mall online.
Please Note:
For information on adjustments to Qualifications, Commissions and Performance Bonuses, refer to Section 12(c). All Consultants who voluntarily terminate must submit a Termination Notice Form to the Sales Support Department, which will be effective upon receipt. R+F reserves the right to review and terminate any Consultant Agreement for excessive or improper return activity.

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

a. General:
The R+F Trademarks and R+F Content represent R+F quality, integrity and service, and are valuable business assets of R+F supporting a robust and equitable sponsoring opportunity for R+F Consultants. The R+F Trademarks, when properly used, lend strength, professionalism and credibility to Consultantships. Accordingly, R+F and Consultants have a mutual interest in protecting the integrity of the R+F Trademarks. For this reason, all Consultants must use the R+F Trademarks and R+F Content only as permitted by this Section. Any content or trademark visible to the public must be approved R+F Trademarks and R+F Content made available on Pulse Personal Websites (PWS), rodanandfields.com, Pulse Business Development Library and/or by the company. The R+F Trademarks and R+F Content are defined in Appendix B.

b. Trademark Ownership:
R+F is the sole and exclusive owner of all right, title and interest in the R+F Trademarks and other R+F Content, including all related intellectual property and proprietary rights, subject only to the specific licenses granted to Consultants in this 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 the 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 R+F.

c. License:
Subject to full compliance with the terms and conditions of the Consultant Agreement and this Section 11, R+F grants each Consultant a non-transferable, non-exclusive right during the term of the Consultant Agreement to use the R+F Trademarks solely to advertise and promote the R+F Products and to indicate that the Consultant is an authorized distributor of the R+F Products.

d. Restrictions:
Consultants are not permitted to (i) use any trademark or service mark confusingly similar to any R+F Trademark or the R+F Content; (ii) combine any R+F Trademark or R+F Content with any other mark; (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) use or register any domain name that includes any R+F Trademarks, R+F Content or any mark confusingly similar; (v) use any R+F Trademark or R+F Content in connection with any products other than the genuine R+F Products; (vi) register or attempt to register any R+F Trademarks or similar trademarks in any class of products or services anywhere in the world; (vii) use any trade name or business name in connection their Consultantships that includes any R+F Trademark.
or R+F Content; or (viii) 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.

e. R+F Marketing Materials and Business Supplies:

R+F has arranged for approved R+F Marketing Materials and Business Supplies to be available to Consultants for use in advertising and promoting the R+F Products and the R+F Program. These materials are available on the RF Mall or otherwise made available by the company. If Consultants have particular needs for R+F Marketing Materials or R+F Business Supplies that are not available through the RF Mall or from the company, Consultants may submit suggestions to the R+F Marketing Department. R+F, however, is under no obligation to provide specially-requested R+F Marketing Materials or R+F Business Supplies.

f. General Advertising Policies:

Consultants are expected to engage in responsible, legal and environmentally friendly advertising and marketing activities directed to Customers, potential Customers or potential Consultants. Appropriate locations for distribution of advertising and marketing materials include bulletin boards and message boards located in public places and private businesses. Inappropriate forms of advertising include signage on telephone poles and flyers left on car windshields. Other than sales through the R+F Website or a Pulse Personal Website (PWS), sales must be made through personal one-on-one marketing to people with whom Consultants have established a business or personal relationship. The term “established business or personal relationship” means an existing or developed relationship formed by a voluntary two-way communication between Consultants and a person, on the basis of: (i) an inquiry, application, purchase or transaction by the person regarding products offered by such Consultants; or (ii) a personal or familial relationship whose relationship has not been previously terminated by either party. Product displays should be restricted to locations where the R+F Products are permitted to be sold pursuant to Section 6.

g. Mass Media Advertising:

As a matter of fairness to all R+F Consultants, Consultants are not permitted to advertise on television, radio, billboards, national print, online publications, through mass mailings or otherwise deemed inappropriate by R+F. Subject to the other requirements of this Section, Consultants are permitted to advertise in their local newspaper, community newsletters, local opportunities, through their local Chamber of Commerce and through telephone book listings provided they do not exceed $300 value (per activity). Telephone listings must comply with Section 11(o) below.

h. Selling via the Internet:

Consultants may sell R+F Products through their Pulse Personal Websites (PWS) or through the R+F Website and may also direct Customers to purchase R+F Products through the R+F Website. Sales of R+F Products through any other website, including Internet auction sites such as eBay, or a third party website are strictly prohibited.

i. Search Engines, Keywords and Meta-Tags:

Consultants agree to cooperate fully with R+F so that Internet search engines list the R+F Website as the first search result when an Internet user makes a query containing the name “Rodan + Fields” or any R+F Trademark or R+F
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Content. Consultants may not bid on or purchase (or encourage or solicit any third party to bid on or purchase) any R+F Trademark or the R+F Content or any term containing any R+F Trademark or R+F Content as a meta-tag, keyword, sponsored link or paid search term, whether used to trigger search results, sponsored links, banner ads, pop-up ads or otherwise.

If Consultants wish to use any such meta-tags or search-based advertising programs to advertise the R+F Products or their Consultantships, they may do so only using generic, unbranded search terms such as “cosmetics,” “skincare,” “beauty,” etc.

j. 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, Pulse Pro and Pulse. Pulse Pro is an advanced suite of tools available through a monthly subscription program. Pulse is available to all Consultants.

Pulse Pro features two personal websites through which Consultants can sell Rodan + Fields products and enroll new Consultants with all transactions automatically linked directly to their Rodan + Fields Consultant IDs.

It is the responsibility of each Rodan + Fields Independent Consultant to ensure that her or his Pulse Pro website fully complies with the Pulse Terms and Conditions, the rodanandfields.com Terms and Conditions, these Policies & Procedures and all applicable federal and state rules and regulations.

k. Social Networking

R+F encourages Consultants to 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 communicate the benefits of the Rodan + Fields products and business opportunity. Online social networks may be used to drive traffic to Pulse Personal Websites (PWS) or to the R+F Corporate website. Social networks include such sites as Facebook, LinkedIn, MySpace, Twitter, etc.

Consultants who advertise through social networking sites must ensure that they comply with R+F’s advertising policies as set forth in this Section 11 in addition to R+F’s policies regarding business practices and product claims as set forth in Section 6 and 13. Consultants must clearly identify themselves as a Rodan + Fields Independent Consultant in any social networking profiles they use to promote R+F. When participating in social media, Consultants may only use approved R+F Trademarks when promoting the R+F products and opportunity. Use of personal videos, audio tapes or other recordings featuring R+F corporate representatives must be submitted for approval before posting on social networking sites. Use of unapproved personal video, audio tapes or other recordings featuring R+F corporate representatives is strictly prohibited. Recordings made available by R+F may be used on social networking sites without limitation. Consultants are allowed to post personal photographs with the Doctors and other R+F employees on social networking sites, so long as said photographs are appropriate and maintain the integrity of the Doctors. Consultants are not allowed to post personal photographs of the Doctors or other R+F employees on independent websites as set forth in Section 11(i) of these Policies and Procedures. When participating in any social networking sites as an R+F Independent Consultant, Consultants must avoid inappropriate conversations, comments, images, videos, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at R+F’s sole discretion and offending Consultants will be subject to disciplinary action and/or termination.

Consultants who create a social networking group must include the independent website disclaimer from Section 11(i) in the information section of their group.
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 and state 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 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 an R+F 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 R+F on their lifestyle or the positive results they have personally experienced from using R+F products. Any testimonial posted by a Consultant should include a disclaimer that is substantially similar to that found on the “Success Stories” section of the Rodan + Fields Corporate website.

Consultants agree to immediately take down non-compliant profiles and/or websites at the request of R+F. Appeals regarding compliance may be submitted once the profile/website has been taken down. Appeals should be directed to Compliance@rodanandfields.com.

I. Independent Websites:

Subject to the provisions of this Section, Consultants are permitted to advertise through independent websites provided that they only use approved R+F Trademarks and R+F Content made available on Pulse Personal Websites (PWS), rodanandfields.com, Pulse Business Development Library and/or by the company. Product claims or earnings claims not found on Pulse Personal Websites (PWS), rodanandfields.com, Pulse Business Development Library and/or by the company are not permitted. Consultants may also link to their Pulse Personal Website (PWS) as a whole and complete website upon itself, not part or a sub-site of any other website. Technical aspects of linking to Pulse Personal Websites (PWS) from independent websites not provided and supported by R+F are the sole responsibility and choice of the Consultant and R+F does not provide support or assume responsibility for this functionality in any way. Consultants are not permitted to place links to other independent websites or online locations on their Pulse Personal Websites (PWS).

Consultants who use an independent website must adhere to the following guidelines:

- identify yourself as a Rodan + Fields Independent Consultant;
- use only current, approved images and content provided by R+F, adhering to branding, trademark and image usage policies described in this document;
- include the independent website disclaimer below on every webpage of your independent website. The disclaimer must be posted with a minimum of size eight font so that it is legible; and
- agree to modify your website to comply with current or future R+F policies.

Independent website disclaimer: The information on this website has been provided by a Rodan + Fields Independent Consultant. Rodan & Fields, LLC is not responsible for statements or claims made on this website.

Each Consultant is solely responsible and liable for content on her/his independent website, including messaging, claims and information. Consultants must ensure website appropriately represents the R+F brand and adheres to all Policies and Procedures. Consultants are strictly prohibited from using personal videos, audio tapes or other recordings of R+F corporate events on independent websites; only recordings made available by R+F may be used. Consultants are not allowed to post personal photographs of the Doctors or other R+F employees on independent websites. R+F reserves the right to require immediate withdrawal of any online posting that is deemed to pose a risk to the R+F Trademarks or R+F’s image or business integrity. Failure to comply with such a demand constitutes a material breach of the Consultant Agreement. The provisions of this paragraph do not apply to personal e-mail to Customers or
Consultants, or potential Customers or Consultants with whom Consultants have established business or personal relationships.

**m. Unsolicited Faxes and E-mails:**

A Consultant may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail or engage in “spamming” in connection with the advertising, promotion or sale of the R+F Products or the Program, or the operation of their respective Consultantships. The terms “unsolicited faxes” and “unsolicited e-mail” mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting that is transmitted to any person on an unsolicited basis. The exceptions to this prohibition are faxes and e-mail to (i) any person who gave that Consultant prior consent to send such fax or e-mail; or (ii) any person with whom Consultant has an established business or personal relationship, as defined in Section 11(f). Any e-mail sent by or for a Consultant advertising or promoting the R+F Products, the Program or the Consultant’s Consultantship must comply with requirements applicable to commercial e-mailers found in the Controlling the Assault of Non-Solicited Pornography and Marketing Act (“CAN-SPAM”) and the related FTC regulations, and any other applicable laws and regulations.

Without limitation of the preceding paragraph, any e-mail sent by a Consultant advertising or promoting the R+F Products, the Program or the Consultant’s Consultantship must meet all of the following requirements:

- there must be a functioning return e-mail address to the sender;
- there must be a notice in the e-mail that advises the recipient that she or he may reply to the e-mail via the functioning return e-mail address to request that future e-mail solicitations or correspondence not be sent to her or him (a functioning “opt-out” notice);
- the e-mail must include the Consultant’s physical mailing address;
- the e-mail must clearly and conspicuously disclose that the message is an advertisement or solicitation;
- the use of deceptive subject lines and/or false header information is prohibited; and
- all “opt-out” requests, whether received by e-mail or regular mail, must be honored. If a Consultant receives an “opt-out” request from a recipient of an e-mail, the Consultant must forward the “opt-out” request to R+F.

R+F may periodically send commercial e-mails on behalf of Consultants and Consultants agree that R+F may send such e-mails and that the Consultants’ physical and e-mail addresses may be included in such e-mails as outlined above. Consultants shall honor “opt-out” requests that may be generated as a result of such e-mails sent by R+F.

**n. Domain Names and E-mail Addresses:**

Consultants may not use or register any domain name or e-mail address that consists of or contains any R+F Trademark, R+F Content, or any mark confusingly similar, except that Consultants may use a domain name or e-mail address that is provided by R+F in connection with their respective Pulse Personal Websites (PWS). Domain names used in connection with any Pulse Personal Websites (PWS) must be in good taste and exhibit no vulgarity. R+F reserves the right to prohibit the use of domain names deemed inappropriate by R+F in its sole discretion.

**o. Newsletters:**

A Consultant may use R+F Trademarks or R+F Content that R+F provides for such purposes in newsletters that they distribute to her or his Downline and Customers. All such newsletters must comply with the following requirements:
the newsletter must clearly identify the Consultant as the publisher of the newsletter and must identify the Consultant as a “Rodan + Fields Independent Consultant”;

- the newsletter may contain articles and other R+F Content taken from the Insider Scoop or other downloadable R+F Content that R+F 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) R+F 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 R+F Marketing Materials; and the newsletter must not be used to sell, advertise or promote any product, service or program other than the R+F Products and the Program.

Each Consultant represents and warrants that any material or content that appears in her or his newsletters (other than material or content provided by R+F) 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 defamatory or obscene.

p. Telephone Directory Listings and Advertising:

White Pages and Yellow Pages Listings: A Consultant who wishes to appear in a telephone directory 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 trade name, business name or DBA 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 name, address and telephone number. A Consultant is permitted to advertise her or his Consultantship through yellow page display ads provided she or he only uses approved R+F Trademarks made available on the RF Mall, her or his respective Pulse Personal Website (PWS), Pulse or by the company.

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 an R+F number or is linked to any R+F location. In addition, any use of a toll-free number in connection with infomercials or any other television programs is prohibited.

Telephone Answering Devices: A Consultant may not answer (or have any phone answering service or device answer) the telephone by saying “Rodan + Fields Dermatologists,” “Rodan + Fields,” or in any manner that would lead the caller to believe that she or he has reached R+F or an R+F office. A Consultant is permitted to state that she or he is an Independent Consultant or Independent Executive Consultant for Rodan + Fields Dermatologists.

Telephone Solicitation: The Federal Trade Commission and Federal Communications Commission each have issued regulations enforcing laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have “do not call” regulations as part of their telemarketing laws. While a Consultant may not consider herself or himself as a “telemarketer” in the traditional sense of the word, these regulations broadly define the term “telemarketer” and “telemarketing” so that the inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause a Consultant to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to $11,000 per violation). Therefore, Consultants must not engage in any type of telemarketing or telephone solicitations in connection with the sale, advertising or promotion of the R+F Products or Program.
q. Personal Videos and Photographs:

Personal videos, audio tapes or other recordings of R+F corporate events, Dr. Katie Rodan, Dr. Kathy Fields or R+F employees is strictly prohibited by anyone other than authorized company representatives. Personal photographs of Dr. Katie Rodan, Dr. Kathy Fields or R+F employees may be used on social networking profiles, so long as said photographs are appropriate and maintain the integrity of the individual. Consultants are prohibited from posting personal photographs on independent websites. Consultants may, however, distribute, reproduce or post on the internet videos, photographs or recordings that are made available by R+F for use by Consultants.

r. Reporting Online Policy Violations:

R+F encourages all Consultants to participate in social networking and web marketing through the use of social media as outlined in these policies. It is the responsibility of all Consultants to work together to promote R+F in an appropriate manner to maintain brand integrity. If a Consultant suspects a policy violation, please report as much information as you can, including detailed descriptions and screenshots, to Compliance@rodanandfields.com.

s. Social Networking and Independent Website Termination:

In the event of a voluntary or involuntary termination of an R+F Consultant Agreement, Consultant is required to remove all references to Rodan + Fields from social networking profile(s) and/or independent website(s) from public view within ten days. If you have a specific R+F social networking group presence, you are required to remove your social networking group from public view within ten days. The name of your social networking group may be transferred to another R+F Consultant, subject to R+F approval.

SECTION 12: COMPENSATION

a. 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 Performance Bonuses. The Compensation Plan is built upon sales of R+F Products to Customers. Consultants who meet Personal Sales Volume requirements are eligible to earn Commissions and Performance Bonuses as described in this Section and in the Compensation Plan.

b. 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 orders 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 checks will be issued to Consultants no later than the 15th day following the close of that Commission Period, unless otherwise notified by R+F.
c. Adjustments to Qualifications, Commissions and Performance Bonuses:

When a product is returned to R+F for a refund, the qualifications, Commissions and Performance Bonuses attributable to the returned product(s) will be deducted from the Consultant’s current and future qualifications, Commissions and Performance Bonuses. 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 Performance Bonuses are recovered from the Consultant who received the Commissions and Performance Bonus on the sale of the returned product. In the event any Consultant terminates her or his Consultantship and the amounts of the Commissions and Performance Bonuses attributable to the returned product(s) have not yet been fully recovered by R+F, the remainder of the outstanding balance may be set off against any amounts owed to the terminated Consultant. R+F 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.

d. Payment for Month of Promotion:

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 Title for which she or he qualifies.

e. Unclaimed Commissions, Performance Bonuses and Credits:

A Consultant must deposit or cash her or his bonus or Commission checks within six months from the date of issuance. A check that remains uncashed after six months will be void. After a check has been voided, R+F will attempt to notify the Consultant who has an un-cashed check by sending written notice to her or his last known address, identifying the amount of the check and advising that she or he may request that the check be reissued. There shall be a $15.00 charge for reissuing a check and $10.00 fee for each notice that is sent to the Consultant. The charges will be deducted from the balance owed to the Consultant. R+F will not attempt to contact a Consultant if the balance on the voided check is less than $15.00.

f. Special Hiatus:

R+F understands that from time to time special circumstances, such as medical conditions and family needs, arise that may require a Consultant to focus her or his full attention on these situations. If that becomes the case, the Consultant may contact R+F to request a medical hiatus and discuss the special circumstances with R+F. A Consultant might be required to supply Rodan + Fields additional information as requested. If such a situation exists and R+F approves the Consultant’s request, the monthly Personal Sales Volume requirement of the Compensation Plan may be waived for up to four months. All other qualifications for title and level must be maintained.

g. Maternity Hiatus:

The R+F maternity policy allows Consultants to receive Commissions and Performance Bonuses on their Downlines for up to four months without having to meet Personal Sales Volume requirements. All other qualifications for title and level must be maintained. The Consultant may contact R+F to request a Maternity hiatus with R+F. A Consultant might be required to supply Rodan + Fields additional information as requested.
h. Military Hiatus:
If Consultants move to a U.S. military base outside the 50 United States, the District of Columbia, Puerto Rico and Guam, they may continue to receive R+F literature and order samples and products for personal use. However, such Consultants may not sell products or sponsor other Consultants in overseas U.S. Military bases or in the country in which the base is located. Consultants who move to a U.S. military base out of the country and wish to maintain their Consultantships while they are away should give R+F notice of such move and must sign a form stating that they understand that R+F Product sales are not permitted outside the United States. When such Consultants return to the United States, they may assume their respective prior positions in the applicable Upline and inherit their respective previous Downline Legs less any Consultants in such Downline Legs of a Consultant who achieved Executive Consultant status while the Consultants were on military hiatus. The returning Consultants must re-qualify to regain their respective previously held titles and levels.

SECTION 13: RELATIONSHIP TO PROACTIV® SOLUTION
R+F does not distribute Proactiv-branded products and has no affiliation or involvement with Guthy-Renker Corporation, which is 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 (except that Consultants may state that Dr. Rodan and Dr. Fields are the creators of Proactiv). 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 or Guthy-Renker. 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-products. Consultants are responsible for any representations or misrepresentations they make with respect to Guthy-Renker or its products and any violation of this Section 13 is grounds for termination of the applicable Consultant Agreement and Consultantship.

Without limiting the general restrictions described above:
- do not solicit any employee of Guthy-Renker or direct any sales activity towards any person engaged in the sale of Proactiv;
- do not 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);
- do not use or display the Proactiv brand or trademark when you are selling any R+F Products;
- do not refer to any of the celebrities who endorse Proactiv-branded products when selling any R+F Products; and
- do not 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).

The only permitted use of the word Proactiv is to say that Dr. Rodan and Dr. Fields are the creators of Proactiv.

SECTION 14: TRANSFER OF CONSULTANTSHIPS
a. Sale or Transfer of a Consultantship:
A Consultant may not sell, assign or otherwise transfer her or his Consultantship without the prior written approval of R+F.
b. Divorce/Separation:

Husband and wife Consultants must operate as a single Consultantship. At such time as a marriage may end in divorce or separation, arrangements must be made to ensure that the Consultantship, other Consultants in the applicable Upline and R+F are not adversely affected. If R+F determines in its sole discretion that a divorce or separation of Consultants will adversely affect their Consultantship, other Consultants or R+F, R+F may terminate their Consultant Agreement.

Upon the divorce or separation, the husband and wife Consultants must do one of the following:

- Either the husband or wife agrees in writing to (i) terminate the Consultant Agreement as it applies to him or her; (ii) relinquish her or his interest in the Consultantship; and (iii) authorize R+F to pay all Commissions and Performance Bonuses to, and otherwise deal directly and solely with, the non-relinquishing spouse; or
- Notwithstanding the divorce or separation, the husband and wife agree to continue to operate the Consultantship jointly on a “business-as-usual” basis, in which case R+F will continue to pay all Commissions and Performance Bonuses and otherwise deal with the husband and wife in the same manner as it did prior to the divorce or separation.

Under no circumstances will the Downline of any Consultantship of divorcing or separating spouses be divided. Similarly, under no circumstances will R+F split Commission or Performance Bonus payments between divorcing or separating spouses.

c. 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 R+F Consultantship. To add a spouse to an existing Consultantship, the spouse must complete and submit a new Consultant Application and otherwise meet all applicable eligibility requirements. Should an unmarried Consultant marry a person who is currently a Consultant, the new couple is encouraged, but not required, to work together as one Consultantship. If one of the Consultants in the marriage chooses to join the Consultantship of her or his new spouse, such Consultant must give up her or his existing Consultantship. The Consultant has the option of simply abandoning the Consultantship or selling the Consultantship in accordance with Section 14(a). Should the marrying Consultants be in the same Downline, but have different Sponsors, the above process will apply. This process will also apply should the two marrying Consultants have the same Sponsor but occupy different legs in the Sponsor’s Downline. Should an unmarried Consultant marry another Consultant who is in the same Downline, the position of each Consultant in the Downline will determine the disposition of their two Consultantships. If the two Consultants have the same Sponsor and are located at the same level in the applicable Downline, they may merge their two Consultantships into one Consultantship and retain both. If a Consultant marries another Consultant that she or he personally sponsored, they may merge the two Consultantships into one Consultantship.

d. Business Entity Change of Control:

In the event that a Business Entity that is a Consultant undergoes a Change of Control, arrangements must be made to ensure that the Consultantship, other Consultants in the applicable Upline and R+F are not adversely affected. A “change of control” means, with respect to any Consultantship that is operated as a Business Entity, the acquisition by any other person or entity or group of persons or entities, through any transaction or series of related transactions, of control or majority ownership of such Consultantship. If R+F determines in its sole discretion that such a Change of
Control will adversely affect the Consultantship, other Consultants, or R+F, R+F may terminate the Business Entity’s Consultant Agreement.

Upon any Change of Control, the surviving Business Entity must continue to meet each of the requirements set forth in Section 5(j), including the requirement that all Beneficial Owners must personally and irrevocably guarantee performance by the Business Entity. If a Business Entity that is a Consultant is not the surviving Business Entity upon any Change of Control, the new Business Entity must submit a new Consultant Application and Business Entity Registration Form to become a Consultant.

e. Death and Incapacity:

Upon death or incapacity of a Consultant, the Consultant’s interest in her or his Consultantship may be passed to the Consultant’s heir, trustee or other beneficiary, provided that arrangements are made to ensure that the Consultantship, other Consultants in the applicable Upline and R+F are not adversely affected. If R+F determines in its sole discretion that such a disposition of a Consultantship will adversely affect the Consultantship, other Consultants or R+F, R+F may terminate the applicable Consultant Agreement.

Appropriate legal documentation must be submitted to R+F in connection with any transfer of a Consultantship upon the death or incapacity of a Consultant. Accordingly, each Consultant should consult her or his attorney to assist in the preparation of a will, trust or other testamentary instrument that will properly transfer the Consultant’s interest in her or his Consultantship.

When a Consultantship is transferred by will or other testamentary process with R+F’s approval, the beneficiary will acquire the right to collect Commissions and Performance Bonuses generated by the deceased Consultant’s Downline and will otherwise assume all the rights and obligations of the deceased Consultant under the Consultant Agreement, provided the following requirements are met. The beneficiary must:

- submit a new Consultant Application 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.

To effect a testamentary transfer of a Consultantship upon the death of a Consultant, the successor must provide the following to R+F:

- an original Certificate of Death;
- a notarized copy of the will or other instrument establishing the successor’s right to the R+F Consultantship; and
- a completed and properly executed Consultant Application.

To effect the transfer of an R+F Consultantship to a trustee upon the incapacitation of a Consultant, the trustee must provide R+F with the following:

- a notarized copy of an appointment as trustee;
- a notarized copy of the trust document or other documents establishing the trustee’s right to administer the R+F Consultantship; and
- a completed and properly executed Consultant Application executed by the trustee.

Commission and Performance Bonus checks of a Consultantship transferred pursuant to this Section will be paid in a single check jointly to the new Consultant. The checks will be mailed to the address shown on the new Consultant.
Application.
A Consultantship is reliant on the leadership ability of the individual Consultant; therefore if the Consultantship is bequeathed to joint devisees, they must form a Business Entity, identifying the person responsible for the entity’s operation, acquire a Federal Taxpayer Identification Number that is supplied to R+F and otherwise comply with all the requirements for such Business Entity set forth in the Consultant Agreement. R+F will issue all Commission and Performance Bonus checks and one IRS Form 1099 to the new Business Entity.

f. Transfer of Consultantship to Spouse or Children:
A Consultant may transfer her or his Consultantship to her or his spouse or child so long as such spouse or child meets all the eligibility and other requirements of the Consultant Agreement. Such transfer shall not be subject to the requirements of Section 14(a) (regarding the sales or transfer of a Consultantship). The transferee(s) must fulfill the ongoing responsibilities of the transferring Consultant, complete a properly executed Consultant Application and follow these Policies and Procedures.

g. Retirement:
R+F provides no retirement benefits to Consultants and Consultants are not permitted to assign or transfer their Consultantships upon retirement except as is otherwise permitted under this Section.

h. All Other Transfers by Consultants Prohibited:
Except as expressly permitted by this Section 14 with R+F’s 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, their Consultantships, or any rights or obligations under the Consultant Agreement. Any purported assignment, sale, transfer, delegation or other disposition, except as permitted herein, will be null and void. Subject to the foregoing, the Consultant Agreement will be binding upon and will inure to the benefit of, the parties and their respective successors and permitted assigns.

SECTION 15: TERMINATION AND SUSPENSION
a. 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 Consultantship or Downline that she or he operated, or to the opportunity to receive any Commissions or Performance Bonuses from future sales generated by the Consultantship 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 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 Performance Bonuses or other income resulting from sales and other activities of the Consultant’s former Downline. In the event of termination, all licenses 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 any property rights, if any, to her or his former Downline and any Commissions, Performance Bonuses, 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 R+F Products, sponsor other Consultants or otherwise participate in the Program. Consultants whose Consultantships are terminated shall receive Commissions and Performance Bonuses for the last full Commission Periods in which they were active
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 R+F).

R+F will not be liable to any Consultant for damages of any kind solely as a result of terminating a Consultantship or 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 R+F 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, 3(b), 5(j) (with respect to Beneficial Owners’ guarantee of the performance of their respective Business Entities), 6(g) (with respect to the confidentiality of Performance Reports (Downline Activity), 6(l) 6(m) (in each case, with respect to any Confidential Information or Customer Data retained by Consultants after termination), 6(q), 6(r), 6(s), 11(a), 11(d), 12(c), 13, 14(h), 15(a), 16 and 17.

b. Re-Enrollment:

A Consultant who has voluntarily terminated, either through resignation or non-renewal, may re-enroll as a Consultant by purchasing a Business Portfolio and the Consultant will be provided a new ID#. Re-enrollment timelines: (i) If a Consultant wishes to re-enroll within six (6) months 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 six (6) months after the deactivation date, she or he may enroll under any Rodan + Fields Consultant. Please contact Sales Support 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.

c. Involuntary Termination:

In addition to the imposition of any remedial action described in Section 16, R+F reserves the right to terminate the Consultant Agreement and the Consultantship of any Consultant, who in the judgment of R+F, has violated the terms of the Consultant Agreement (including, but not limited to, the provisions of the Consultant Application and these Policies and Procedures) or for acts or omissions which R+F reasonably deems to be harmful to the interests of other Consultants or to R+F. Involuntary termination shall be effective upon R+F’s notice to Consultant.

A Consultant that has her or his Consultant Agreement terminated on an involuntary basis may seek re-instatement to the R+F program by submitting a formal written request after the one year anniversary of the termination date. R+F, however, reserves the right to reject any such request in its sole discretion. If R+F accepts the reinstatement request, the Consultant must complete a new Consultant Agreement and purchase a new Business Portfolio. A reinstated Consultant will have no access or rights to any Downline organization that may have existed under her or his prior Consultant Agreement.

d. Cessation of Business:

R+F expressly reserves the right to terminate all Consultant Agreements upon thirty (30) days written notice in the event it elects to: (i) cease business operations; (ii) dissolve as a corporation entity; or (iii) terminate distribution of its products and services via direct selling.
e. Voluntary Termination:
A Consultant has the right to terminate her or his Consultantship and the Consultant Agreement at any time regardless
of the reason. A completed Termination Notice Form must be submitted to the R+F Sales Support Department and will
be effective upon R+F’s receipt.

A Consultant who terminates her or his Consultant Agreement on a Voluntary basis shall have the right to seek
reinstatement to the R+F program pursuant to the provisions of Section 15(b) of these Policies and Procedures. The
return of a Business Portfolio will be considered a Voluntary Termination by the Consultant.

f. Non-Renewal:
R+F or a Consultant may also voluntarily terminate the Consultantship and Consultant Agreement by electing not to
renew as described in Section 5(l).

g. Suspension:
As described in Section 15, R+F reserves the right to suspend any Consultant who violates the terms of the Consultant
Agreement (including the Consultant Application and Policies and Procedures) or for any acts or omissions which R+F
deems to be harmful or adverse to the best interest of other Consultants or to R+F. The effects of a suspension will
constitute throughout the suspension period and may include a suspension of the right to earn Commissions,
Performance Bonuses or other benefits normally accorded to a Consultant in good standing. R+F will determine the
period of suspension and the severity of the sanctions based on the nature of the applicable violation.

SECTION 16: REMEDIAL ACTIONS; GRIEVANCES AND COMPLAINTS

a. Remedial Actions:
R+F reserves the right to enforce the Consultant Agreement, including the Consultant Application and these Policies
and Procedures and to take remedial action as necessary to preserve the goals and purpose of the Program. Breach of
the Consultant Agreement, including violation of these Policies and Procedures, including any illegal, fraudulent,
deceptive or unethical business conduct by any Consultant may result, at R+F’s discretion, in one or more of the
following corrective measures: issuance of a written warning and admonition, requiring Consultant to take immediate
corrective measures; loss of rights to receive any future Commission or Performance Bonuses; suspension of
Consultant’s participation in the Program; involuntary termination of Consultant’s Consultant Agreement; or any other
measures expressly allowed within any provision of the Consultant Agreement. In addition, in situations deemed
appropriate by R+F, R+F may institute legal proceedings for damages, equitable relief and any other remedies
available to it. R+F may withhold from a Consultant all or part of Consultant’s Commissions and Performance Bonuses
earned during the period that R+F is investigating any impermissible or illegal conduct or breach of the Consultant
Agreement, including these Policies and Procedures. If any Consultant’s Consultantship is terminated for breach of the
Consultant Agreement, the Consultant will not be entitled to recover any Commissions and Performance Bonuses
withheld during the investigation.

b. 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 Consultantship, 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. The
Compliance Department will review the facts and may attempt to assist the Consultant to resolve the issue.
SECTION 17: WARRANTIES; LIMITATION OF LIABILITY; INDEMNIFICATION

a. Warranty; Disclaimer:
R+F warrants to Consultant that the R+F Products as and when delivered by R+F shall be free from material defects. R+F’s sole obligation to Consultant, and Consultant’s 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, R+F HEREBY DISCLAIMS ALL OTHER WARRANTIES WITH RESPECT TO THE R+F PRODUCTS, PROGRAM, R+F MARKETING MATERIALS, R+F BUSINESS SUPPLIES AND ANY OTHER SUBJECT MATTER OF THE CONSULTING 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.

b. Limitation of Liability:
NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY OR ANY FAILURE OF ESSENTIAL PURPOSE, IN NO EVENT SHALL R+F OR ANY OF ITS RELATED PARTIES (AS DEFINED IN SECTION 18(I) BE LIABLE TO CONSULTANT FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR EXEMPLARY, OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, LOST BUSINESS, AND LOST OPPORTUNITIES, HOWEVER CAUSED, ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE SUBJECT MATTER HEREOF (INCLUDING BUT NOT LIMITED TO THE R+F PRODUCTS, 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 R+F OR ANY OF ITS RELATED PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

c. Indemnification:
Each Consultant agrees to indemnify, defend and hold harmless R+F (together with its Related Parties as defined in Section 18(i), agents, other Consultants, stockholders, members, employees, directors, officers and attorneys, collectively “Indemnified Parties”) from and against any and all losses or liabilities (including attorneys’ fees) they may suffer or incur as a result of such Consultant’s breach or alleged breach of the Consultant Agreement, including, without limitation, any terms or conditions of these Policies and Procedures. Without limitation of the foregoing, each Consultant shall specifically indemnify the Indemnified Parties against any losses or liabilities they may suffer or incur as a result of such Consultant being deemed an employee, agent or holding any status other than an independent contractor and such Consultant’s tax liabilities.

SECTION 18: MISCELLANEOUS

a. Severability:
If any provision of the Consultant Agreement, or the application thereof to any person, place or circumstance, will be held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, such provision will be enforced to the maximum extent possible so as to effect the intent of the parties, or, if incapable of such enforcement, will be deemed to 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.
b. 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.

c. Governing Law:
The Consultant Agreement is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties.

d. Right to Use Third Parties:
Notwithstanding anything to the contrary in the Consultant Agreement, R+F may use Consultants or other contractors in connection with the performance of its obligations and the exercise of its rights under the Consultant Agreement.

e. Force Majeure:
R+F 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.

f. 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.”

g. Entire Agreement:
The Consultant Agreement constitutes 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.

h. 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 by registered or certified mail or delivered
in person, and shall be deemed effective upon receipt. Notices to a Consultant shall be sent to the address on the applicable Consultant Application or updated Consultant Account Profile. Notices to R+F shall be sent to Rodan & Fields, LLC, 111 Maiden Lane, Fourth Floor, San Francisco, CA 94108, Attention: Compliance Officer.

i. Dispute Resolution:

Any controversy, claim or dispute of whatever nature arising between Consultant, on the one hand, and R+F 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 or the breach thereof, or the commercial, economic or other relationship of Consultant and R+F and/or the Related Parties (for purposes of this Section 18(i), 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”), shall be settled through negotiation, mediation, or arbitration, as provided in this Section 18(i).

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 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 Business Days after the Dispute Notice is provided, the representatives designated by the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute.

At any time twenty 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 JAMS for 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 JAMS. In such case, the parties shall cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of neutrals and in promptly scheduling the mediation proceedings, and shall participate in good faith in the mediation, which shall be held in San Francisco, California, in accordance with the then-prevailing JAMS’s 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 in San Francisco, California, in accordance with the then-prevailing Commercial Arbitration Rules of the American Arbitration Association. 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 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 arbitrator in the case. The arbitrator shall not have the power to alter, modify, amend, add to or subtract from any provision of the Consultant Agreement other than as set forth in Section 14 of the Consultant Application, or to rule upon or grant any extension, renewal or continuance of the Consultant Agreement. The arbitrator shall not have the power to award special, incidental, indirect, punitive or exemplary, or consequential damages of any kind or nature, including, without limitation, damages for lost profits, lost business or lost opportunities, however caused.

All communications, whether oral, written or electronic, in any negotiation, mediation or arbitration pursuant to this Section shall be treated as confidential and those made in the course of negotiation or mediation, including any offer, promise or other statement, whether made by any of the parties, their agents, employees, experts, or attorneys, or by the mediator or any JAMS employee, shall also be treated as compromise and settlement negotiations for purposes of applicable rules of evidence and shall be inadmissible for any purpose, including impeachment, in any arbitration or
other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in negotiation or mediation.

The costs of negotiation, mediation, and arbitration, including fees and expenses of any mediator, arbitrator, JAMS, the American Arbitration Association, 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. The parties shall bear their own legal fees and expenses of negotiation, mediation and arbitration.

Although the Consultant Agreement is made and entered into between Consultant and R+F, R+F’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 R+F, 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. The pendency of a mediation 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 a mediation is pending. The prevailing party in any proceeding enforcing such provisions shall be entitled to the court’s order for payment of reasonable attorneys’ fees and costs in connection with such proceeding. 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.
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 Performance Bonuses under this Compensation Plan. This Compensation Plan is designed to compensate Consultants for their sales of R+F Products, 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 that 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. R+F may, at any time, revise the Policies and Procedures (including this Compensation Plan) by posting the amended Policies and Procedures (including this Compensation Plan) on the R+F Website, Pulse Personal Websites (PWS), and Pulse Business Development Library, and any changes or additions will be effective immediately upon posting. Consultants must check the R+F Website, Pulse Personal Websites (PWS), and the Pulse Business Development Library frequently for revised Policies and Procedures (including this Compensation Plan). Consultants’ continued participation in the Program following the posting of revised Policies and Procedures (including this Compensation Plan) constitutes acceptance of any changes or additions.

There are five ways in which Consultants may be able to earn compensation 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 an R+F Consultant or sold directly to Retail Customers by Consultants.
- Through Consultant Commissions (also known as Level 1 Commissions).
- Through Personal Team Commissions.
- Through Generation Overrides paid based on an Executive Consultant’s qualified EC Legs and EC Group Downline.
- Through Performance Bonuses that are offered by R+F from time to time, in R+F’s sole discretion.

For more detailed information, please see Section 8 below.

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 Wholesale Prices. 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. R+F 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. R+F 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 her or his own business.
SECTION 2: DEFINITIONS

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

Active Consultant

A Consultant or Executive Consultant is Active when:

(i) minimum monthly Sales Volume (SV) requirements to earn Commissions are met;
(ii) Consultantship is in compliance with the requirements of the Consultant Agreement; and
(iii) Consultant Agreement is renewed in accordance with Policies and Procedures.

Commissions

Any payout to a Consultant or Executive Consultant, usually based on his or her Level 1 Volume and eligible Downline Commissionable Volume.

Commission Period

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

Commissionable Volume (CV)

With respect to a Consultant and during any Commission Period, CV is the commissionable value (generally, but not always, based on the Wholesale Price of R+F Products) assigned to each commissionable product for calculation of Commissions. These purchases may include those made by:

(i) Consultant’s Preferred Customers;
(ii) Consultant’s Downline Consultants; and
(iii) Downline Consultants’ Preferred Customers and Retail Customers.

Compression (Roll Up)

The changes to genealogy tree based on termination due to non-renewal voluntary, or involuntary Termination of a Consultantship.

Downline

With respect to any Consultant, the organization consisting of the Consultants directly or indirectly sponsored by or attributed to such Consultant.
**Executive Consultant (EC)**

The first promotion title an Active Consultant may achieve. Requires a monthly minimum of 100 in Personal Sales Volume (SV) and a minimum of 600 in Personally Sponsored Level 1 Volume (PSL1V).

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**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 including the SV of that first EC. Executive Consultant Groups make up the generational volume. A Personal Team is an Executive Consultant Group that is Generation 0.

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**Executive Consultant (EC) Leg**

With respect to an Executive Consultant's Personal Team, each Downline Leg that contains a qualified Executive Consultant. The number of Executive Consultant Legs generating from an Executive Consultant's Personal Team determines the Title of that Executive Consultant.

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**Generation**

All Executive Consultant Groups that exist on a specific level in the EC Genealogy tree.

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**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.

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**Generation II (G II)**

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

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**Generation III (G III)**

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

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**Generation IV (G IV)**

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

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**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 Overrides

Generation Overrides are paid on Downline Generations of Executive Consultant Groups. Generation Overrides begin with the first Executive Consultant Groups under a Personal Team and can continue up to five Generations based on the number of an Executive Consultant’s qualified EC Legs.

Grace Period

Each Executive Consultant or above is entitled to receive three Grace Periods

(i) during the twelve (12) month period that follows the Executive Consultant’s promotion to the title of Executive Consultant; and

(ii) during any twelve (12) month period that follows the anniversary date of the Executive Consultant’s first promotion to the title of Executive Consultant provided that the Consultant retains a title of Executive Consultant or above.

An Executive Consultant or above may never have more than three Grace Periods in any twelve (12) month period. Accordingly, Grace Periods that are 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 three new Grace Periods. An EC can use a Grace Period to:

(i) Satisfy the requirement of a minimum of 600 in PSL1V 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 applicable 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

(ii) 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 Consultant but will maintain 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; and

(iii) Grace periods may not be used in consecutive Commission Periods.

An EC or above who has used up all three Grace Periods (having none remaining) and then fails to achieve a minimum of 100 SV and/or 600 in PSL1V during a subsequent Commission Period is demoted to the Title of Consultant. For additional information, refer to Appendix A: 7.

LI EC – LV 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 Personal Sales Volume (SV) and 600 PSL1V and is based on the number of new Executive Legs in the Consultant’s Personal Team.

Leg

Each L1 Consultant and all of his or her Downline. Executive Consultant Legs are required for promotion and Title qualification.
Level 1 Volume (L1V)

With respect to a Consultant, L1V consists of

(i) the PCV of such Consultant’s Preferred Customers’ purchases;
(ii) the SV of such Consultant’s Personally Sponsored Consultants; and
(iii) the PCV of Preferred Customers’ purchases and the SV of Consultants who compress (Roll Up) to such Consultant’s L1 position.

Non-Active Consultant (C*)

A Consultant or Executive Consultant is Non-Active when she or he 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.

Paid-As Title

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

Performance Bonuses

In addition to earnings available through the Compensation Plan, Consultants also have the opportunity to earn additional income from time to time through Performance Bonuses. Performance Bonuses may be earned by Consultants based on eligibility and performance metrics defined in the terms and conditions of each Performance Bonus program. Applicable Performance Bonus terms and conditions can be found in the Pulse Business Development Library.

Personal Team

With respect to any Consultant, the Personal Team consists of

(i) such Consultant’s Preferred Customers (PCs);
(ii) such Consultant’s directly or indirectly sponsored Consultants who have not promoted to EC status;
(iii) those directly or indirectly sponsored Consultants’ PCs; and
(iv) the SV of the first Qualified EC in each respective Downline Leg.

Personally Sponsored

All Consultants and Preferred Customers on a Consultant’s Level 1 who were enrolled by that Consultant are considered Personally Sponsored by that Consultant (excluding retail Customers). If the Consultantship of the Sponsor is terminated, the Level 1 Consultants and Preferred Customers compress (Roll Up) to the Level 1 of the next Consultant in the Upline, but those Consultants and Preferred Customers will no longer be considered Personally Sponsored by the new Upline Consultant.
**Personally Sponsored Level 1 Volume (PSL1V)**

With respect to a Consultant, the Commissionable Volume of all purchases of R+F Products made by:

(i) Personally Sponsored Preferred Customers (PCV)

(ii) Personally Sponsored Consultants and their Retail Customers (SV)

**Preferred Customer Volume (PCV)**

With respect to a Consultant, PCV consists of the total Commissionable Volume (CV) of the purchases made by such Consultant’s PCs in any Commission Period.

**Qualification Title**

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

**Recognition Title**

The highest title that a Consultant has achieved for the prior three (3) Commission Periods under the Compensation Plan, provided that an Executive Consultant or above has not demoted to Consultant.

**Retail Profit**

The profit earned by a Consultant completing a sale to a Retail Customer or Preferred Customer. It is typically the difference between the Wholesale Price and the selling price.

**Roll Around**

When a Downline Consultant promotes to EC, the Upline Consultant (direct or indirect Sponsor) has four months to promote to Executive Consultant. If the Upline Consultant fails to promote to an EC in the four month period, the Downline EC leg rolls around the Upline Consultant to the next Upline EC and is recognized as an EC Leg for that Upline EC. The Downline EC will ALWAYS count towards the qualifying PSL1V and L1 Commissions of the original Sponsor (so long as the Sponsor maintains Consultant status in the R+F Program). However, the EC may never be counted as an EC Leg for the Consultant around whom she or he rolled. For more information, refer to Appendix A, Section 6.

When an EC or above fails to meet Executive Qualification of 100 SV and/or 600 PSL1V with no remaining and eligible Grace Periods, the EC will be demoted to Title of Consultant effective upon the close of that Commission Period. The Downline EC leg rolls around the Upline Consultant to the next Upline EC and is recognized as an EC Leg for that Upline EC. The Downline EC will ALWAYS count towards the qualifying PSL1V and L1 Commissions of the original Sponsor (so long as the Sponsor maintains Consultant status in the R+F Program). However, the EC may never be counted as an EC Leg for the Consultant around whom she or he rolled for future title promotion or Executive bonuses. For more information refer to Appendix A, Section 7.
Sales Volume (SV)

With respect to a Consultant, SV consists of:

(i) the CV value of such Consultant’s personal purchases (either for personal consumption or for resale to Customers); and

(ii) the CV value of purchases made directly from Rodan + Fields by such Consultant’s Retail Customers.

Consultant may not receive Commission on his or her own SV.

Title

Position in Program based on SV, PSL1V and Executive Leg qualification requirements. The starting Title for the Compensation Plan is Consultant and the highest Title that may be achieved is Level V Executive Consultant.

Upline

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

SECTION 3: RECOGNITION TITLES AND QUALIFICATIONS

A “Recognition Title” is the highest title that a Consultant has achieved for the prior three (3) Commission Periods under the Compensation Plan, provided that an Executive Consultant or above has not demoted to Consultant. The Recognition Titles and the necessary qualifications to achieve such Recognition Titles are described below.

a. Active 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 and earn 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 an “Active Consultant” and therefore has an opportunity to earn Consultant Commissions by achieving a minimum of 100 in SV during a Commission Period. In order for a Consultant to maintain her or his status as an Active Consultant, she or he must achieve a minimum of 100 in SV on a monthly basis. An Active Consultant is not entitled to any Grace Period that she or he may use 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 an Active Consultant.

A Consultant (including any Consultant who is an Active Consultant) maintains the title of Consultant for subsequent months until the earlier of the occurrence of one of the following events:

- The promotion of such Consultant to the title of Executive Consultant in accordance with this Compensation Plan; or
- The Termination of such Consultant’s Consultantship in accordance with the Policies and Procedures.
b. Executive Consultant

The Title of Executive Consultant is the next higher Recognition Title to which an Active Consultant may be promoted 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 PSL1V. The promotion 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 15th of the following month.

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

- The promotion of such Executive Consultant to the title of Level I Executive in accordance with this Compensation Plan;
- The demotion of an Executive Consultant to the title of Consultant as discussed below; or
- The Termination of such Consultant’s Consultantship 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)

The title of Level I Executive Consultant, which is a Leadership Title, is the next higher Recognition Title to which an Executive Consultant may be promoted if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- has one Executive Consultant Leg in her or his Personal Team (the “Level I Executive Qualification Requirement”).

The promotion to the Title of Level I Executive Consultant becomes effective at the close of the Commission Period for the month in which the promotion 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)

The Title of Level II Executive Consultant, which is a Leadership Title, is the next higher Recognition Title to which a Level I Executive Consultant may become promoted if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- has two Executive Consultant Legs in her or his Personal Team (the “Level II Executive Qualification Requirement”).

The promotion to the Title of Level II Executive Consultant becomes effective at the close of the Commission Period for the month in which the promotion 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)

The Title of Level III Executive Consultant, which is a Leadership Title, is the next higher Recognition Title to which a Level II Executive Consultant may become promoted if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- has four Executive Consultant Legs in her or his Personal Team (the “Level III Executive Qualification Requirement”).

The promotion to the Title of Level III Executive Consultant becomes effective at the close of the Commission Period for the month in which the promotion 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)

The Title of Level IV Executive Consultant, which is a Leadership Title, is the next higher Recognition Title to which a Level III Executive Consultant may become promoted if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- has six Executive Consultant Legs in her or his Personal Team (the “Level IV Executive Qualification Requirement”).

The promotion to the Title of Level IV Executive Consultant becomes effective at the close of the Commission Period for the month in which the promotion 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)

The title of Level V Executive Consultant, which is a Leadership Title, is the highest Recognition Title to which a Level IV Executive Consultant may become promoted if she or he:

- satisfies the Executive Consultant Qualification Requirements during any given Commission Period; and
- has eight or more Executive Consultant Legs in her or his Personal Team (the “Level V Executive Qualification Requirement”).

The promotion to the Title of Level V Executive Consultant becomes effective at the close of the Commission Period for the month in which the promotion 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. Use of Grace Period

An EC or Level I through Level V Executive Consultant is entitled to up to three Grace Periods in non consecutive months during any twelve-month period following the effectiveness of her or his promotion to the Title of Executive Consultant. An EC or LI EC through LV EC who has used up all three Grace Periods (having none remaining) and then fails to achieve a minimum of 100 SV and/or 600 in PSL1V during a subsequent Commission Period is demoted to the Title of Consultant.

SECTION 4: PAID-AS TITLES

The highest title for which a Consultant or EC satisfies the qualification requirements for the Commission Period. See Grace period rules for exceptions.

SECTION 5: TITLE PROMOTION AND MAINTENANCE

Promotions to a higher Recognition Title become effective on the close of the Commission Period for the month in which they were achieved.

SECTION 6: EXECUTIVE LEG RETENTION REQUIREMENTS

If a Consultant (who is not qualified as an Executive Consultant) has a Consultant in her or his Downline (a “Downline Consultant”) promoted to Executive Consultant or above, such Consultant has four Commission Periods, commencing on the first day after the Commission Period in which that Downline Consultant was promoted, to qualify as an Executive Consultant. If the Consultant fails to qualify as an Executive Consultant during these four Commission Periods, she or he will be barred from receiving Commissions on that Downline Executive Leg (except for qualifying PSL1V and Level 1 Commissions) and will be barred from counting that Downline Executive Consultant for Title promotion or for purposes of satisfying a Recognition Title qualification requirement. At the start of the fifth month following the promotion of that Downline Consultant to Executive Consultant or above, that Downline Executive Leg will be permanently excluded from the Consultant’s Downline (except for qualifying PSL1V and Level 1 Commissions) and that Downline Executive Leg will Roll Around to the first Upline Consultant who is an Executive Consultant or above.

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

SECTION 7: TITLE DEMOTION

Downward adjustment of Recognition Title that occurs when an Executive Consultant fails to achieve her or his current Recognition Title for three (3) consecutive Commission Periods provided that the Executive Consultant has not failed to meet Executive Qualifications of 100 SV and/or 600 PSL1V with no remaining and eligible Grace Periods. * Effective upon the close of that Commission Period following a Demotion, 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 100 SV and/or 600 PSL1V with no remaining and eligible Grace Periods, the EC will be demoted to Title of Consultant effective upon the close of that Commission Period. The demoted Consultant will be barred from receiving Commissions on any Downline Executive Legs (except for qualifying PSL1V and Level 1 Commissions) and will be barred from counting those Downline Executive Consultants for Title
promotion or for purposes of satisfying a Recognition Title qualification requirement. Upon the close of that Commission Period following the demotion of that Executive Consultant to Consultant, the Downline Executive Legs will be permanently excluded from the Consultant’s Downline (except for qualifying PSL1V and Level 1 Commissions) and the Downline Executive Leg will Roll Around to the first Upline Consultant who is an Executive Consultant or above.

SECTION 8: COMPENSATION PLAN CATEGORIES

There are five ways in which a Consultant may be able to earn compensation under this Compensation Plan: (i) Retail Profit; (ii) Consultant Commissions (also known as Level 1 Commissions); (iii) Personal Team Commissions; (iv) Generation Overrides; and (v) Performance Bonuses.

a. Retail Profit

A Consultant or higher Title can purchase R+F Products under the Program at Wholesale Prices for resale to her or his Customers or for her or his personal use. Accordingly, a Consultant or above can earn a Retail Profit representing any positive difference between the Wholesale Price and the marked-up selling price paid by the Consultant’s Retail Customers or Preferred Customers.

b. 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 Volume (L1V).

c. 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.

d. Generation Overrides

A qualified Level I Executive Consultant or above is eligible to earn a Commission (a “Generation Override”) equal to 5% of the EC Group Volume of up to (but no more than) five generations below her or his Personal Team as follows:
Under this Compensation Plan, no Generation Override is payable based on the EC Group Volume 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 Override equal to 5% of the EC Group Volume of her or his Generation I.
- A qualified Level II Executive Consultant is eligible to earn a Generation Override equal to 5% of the EC Group Volume of her or his Generation I and Generation II.
- A qualified Level III Executive Consultant is eligible to earn a Generation Override equal to 5% of the EC Group Volume of her or his Generation I, Generation II and Generation III.
- A qualified Level IV Executive Consultant is eligible to earn a Generation Override equal to 5% of the EC Group Volume 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 Override equal to 5% of the EC Group Volume of her or his Generation I, Generation II, Generation III, Generation IV and Generation V.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Consultant</th>
<th>Active Consultant</th>
<th>Executive Consultant</th>
<th>Level I Executive</th>
<th>Level II Executive</th>
<th>Level III Executive</th>
<th>Level IV Executive</th>
<th>Level V Executive</th>
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<tr>
<td>Purchase $45 Business Portfolio</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td>Total Sales Volume (SV)</td>
<td>100 SV</td>
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<tr>
<td>Personally Sponsored Level I Volume (PSLV)</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
<td>600 PSLIV</td>
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<tr>
<td>Number of Qualified EC Legs</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>8 or more</td>
<td></td>
<td></td>
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<tr>
<td>Earning Potential</td>
<td></td>
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<tr>
<td>Retail Profits</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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</tr>
<tr>
<td>Level I (L1) Consultant Commission</td>
<td>10%</td>
<td>10% + 5%</td>
<td>10% + 5%</td>
<td>10% + 5%</td>
<td>10% + 5%</td>
<td>10% + 5%</td>
<td>10% + 5%</td>
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<tr>
<td>Personal Team Commission (below L1)</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Generation I Overrides</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Generation II Overrides</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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<td>5%</td>
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<tr>
<td>Generation III Overrides</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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</tr>
<tr>
<td>Generation IV Overrides</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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</tr>
<tr>
<td>Generation V Overrides</td>
<td>5%</td>
<td></td>
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</tbody>
</table>

All commission calculations are based on wholesale price (or percentage of wholesale price)
e. Performance Bonuses
To the extent a Consultant performs under this Compensation Plan, she or he may be eligible to receive Performance Bonuses (a “Performance Bonus”) that are offered by R+F from time to time, at R+F’s sole option.

SECTION 9: INCENTIVE TRIPS AND AWARDS
To the extent a Consultant performs under this Compensation Plan, she or he may be eligible to receive incentive trips and other awards (i.e. “Incentive Trips and Awards”) that are offered by R+F from time to time, at R+F’s sole option. Incentive trips or awards 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 incentive awards. Although R+F pays some or all of the costs of such incentive trips, the Consultant agrees to indemnify and hold harmless R+F 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 R+F to cover the costs and expenses of any injuries to the Consultant and/or her or his guests. R+F may be required by law to include the fair market value of any incentive awards and trips on the Internal Revenue Service (IRS) Form 1099 MISC (non-employee compensation) earning statement that is provided by R+F to each U.S. resident Consultant who had earnings of over $600 in the previous calendar year or made purchases from R+F during the previous year in excess of $5,000.

SECTION 10: PRICE BASIS FOR RETAIL PROFIT AND COMMISSION CALCULATION
During any given Commission Period, all Retail Profit and Commission calculations are based on the price schedules for R+F Products then in effect during such Commission Period. The price basis for determining Retail Profit and Commission calculations are described below:

a. Wholesale Price
The Wholesale Price is the wholesale price at which R+F Products may be purchased by a Consultant under the Program. The Wholesale Price is generally used as a basis for determining the Sales Volume, Commissionable Volume, Level 1 Volume and Personal Team Volume, as and if applicable, of a Consultant. For some products and promotional items, Commissionable Volume may not be equivalent to Wholesale Price.

b. Retail Price
The Retail Price is the suggested retail price published by R+F in R+F Marketing Materials and on the R+F Website. The difference between the Retail Price and the Wholesale Price is used to determine Retail Profit from sales of R+F Products to Retail Customers.

c. Preferred Customer Price
The Preferred Customer Price is the discounted Retail Price available to Retail Customers who become Preferred Customers by enrolling in PC Perks. The difference between the Preferred Customer price and the Wholesale Price is used to determine Retail Profit from sales of R+F Products to Preferred Customers.
SECTION 11: 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 R+F will also be deducted in the Commission Period during which the product was returned.
Appendix B: Glossary

Applicant
A potential Consultant who has submitted a Consultant Application that is under consideration by R+F and has yet been neither accepted nor rejected by R+F.

Business Building Kit
A kit that includes a Business Portfolio and an additional assortment of R+F Products and/or R+F Marketing Materials (which R+F may change at its sole discretion) as described in the Consultant Application. Each Applicant is required to purchase a Business Portfolio (either by itself or as part of the purchase of a Business Building Kit, which includes a Business Portfolio) at the time she or he submits a Consultant Application to R+F (except that purchase of a Business Portfolio is optional for residents of North Dakota).

Business Days
Monday through Friday, excluding holidays observed by R+F.

Business Entity
A corporation, limited liability company, partnership or trust that has submitted a properly completed Consultant Application and Business Entity Registration Form that have been approved by R+F.

Business Entity Registration Form
The form that must be properly completed and signed and submitted by every Applicant that is a Business Entity as a condition to such Business Entity becoming a Consultant. The Business Entity Registration Form requires critical contact and other information regarding the Applicant that is a Business Entity.

Business Portfolio
A portfolio that includes certain R+F Marketing Materials (which R+F may change at its sole discretion), a Consultant Application, and a Policies and Procedures manual. Each Applicant is required to purchase a Business Portfolio (either by itself or as part of the purchase of a Business Building Kit, which includes a Business Portfolio) at the time she or he submits a Consultant Application to R+F (except that purchase of a Business Portfolio is optional for residents of North Dakota).

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 R+F, 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, and training materials.

Consultant
The starting title in the Compensation Plan. Consultants may be an individual, married couple or Business Entity that has:

(i) submitted a Consultant Application that has been accepted by R+F;
(ii) complies with the requirements of the Consultant Agreement, including the obligations set forth in the Policies and Procedures; and
(iii) renews 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 promoted to a higher Recognition Title.

Consultant Agreement
The legally binding agreement between R+F and each Consultant consisting of:

(i) a properly completed and submitted Consultant Application that has been accepted by R+F;
(ii) the Policies and Procedures that are incorporated into and form an integral part of the Consultant Agreement; and
(iii) if applicable, a properly completed and signed Business Entity Registration Form.

Consultant Application
The official application that must be properly completed and submitted to R+F 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 R+F in its sole discretion.

Consultant Information
Each Consultant’s name, address, phone number, e-mail address, Social Security Number or Federal Tax Identification Number, date of birth and other information required to be provided in or with a Consultant Application.

Consultantship
A Consultant’s independent business for marketing and selling R+F Products, as authorized by the Consultant Agreement.
Customer
A person who purchases 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 R+F Products or otherwise including, without limitation, such Customer’s name, address, phone number and financial account information, products ordered and order volume.

Customer Satisfaction Guarantee
The guarantee that R+F 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, R+F allows the Customer to return the unused portion within sixty (60) days of purchase for a full refund of the purchase price (less shipping and handling charges). Consultants have certain responsibilities with respect to the Customer Satisfaction Guarantee.

Identification Number
A unique number assigned by R+F to each Consultant that is used to identify the Consultant in R+F’s records and computer system. A Consultant’s Identification Number (ID) must be used by that Consultant to identify her/himself to R+F in all correspondence with R+F and may also be required for certain transactions. Consultant may provide her or his ID to Constomers, Preferred Customers and business prospects to assist R+F in connecting the Consumer, Preferred Customers and business prospects to the Consultant’s account.

Line Switching
Line Switching is re-enrolling under a different Sponsor in less than a six month period after terminating an account or while still enrolled under a previous Sponsor. Line Switching is strictly prohibited in the R+F plan. If a Consultant wishes to change Sponsor, Consultant must terminate her or his Consultantship and wait for six months. After six months, the Consultant may re-enroll under a new Sponsor.

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

Performance Report (Downline Activity)
A report generated by R+F that provides critical data relating to the identities of a Consultant’s sales and team performance and enrollment (sponsoring) activity of each Consultant’s sales team. All Performance Reports and the data contained therein are the Confidential Information of R+F.
Policies and Procedures

The policies, procedures, rules, guidelines and other terms and conditions set forth in the document of which this Compensation Plan and Glossary 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 R+F), which, together with the terms and conditions set forth in a Consultant Application accepted by R+F, constitute the legally binding agreement between R+F and each Consultant.

Preferred Customer (PC)

A Customer who purchases R+F Products 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 Pulse Business Development Library for more details). Preferred Customers' volume is separated from PC Sponsor’s SV and treated as Level 1 Volume. It is included in the calculation of PSL1V when personally sponsored, paid Level1 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 L1 Preferred Customers.

Program

R+F’s direct sales program for the R+F Products as described in the Consultant Agreement.

Pulse Personal Website (PWS)

Personalized websites provided by R+F to a Consultant participating in the optional subscription Pulse Business Management Suite. Pulse Personal Websites (PWS) are linked to the Consultant’s Identification Number and may be used for placing Customer orders and enrolling new Consultants. An additional monthly charge may apply for Pulse Personal Websites (PWS).

Pulse

Pulse is an online enterprise management system designed to support a Consultant. Every Consultant has access to basic Pulse functions. There is an optional paid subscription to Pulse that also includes two Personal Websites and enhanced business tools.

R+F Business Supplies

The business supplies, such as business cards, stationery, etc., that Consultants may purchase from R+F or its approved 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 R+F, including Dr. Katie Rodan and Dr. Kathy Fields.
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 are subject to the return policy of the RF Mall and do not qualify as Commissionable Volume for the Compensation Plan.

R+F Marketing Materials
The advertising, marketing and informational materials that R+F provides for the R+F Products and Program from time to time. Certain R+F Marketing Materials are included in the Business Portfolio.

R+F Products
R+F skincare products and regimens that Consultants are authorized to sell under the Agreement.

R+F Trademarks
All trademarks, service marks, 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. R+F trademarks include: Rodan + Fields®, R+F® (stylized), RF™, Unblemish®, Prescription for Change™, Multi-Med Therapy®, Multi-Med®, Rodan + Fields Dermatologists™, Names and likenesses of Dr. Katie Rodan and Dr. Kathy Fields.

R+F Website
The internet site located at the URL address http://www.rodanandfields.com.

Receipt of Order
A Consultant, Preferred Customer or Consumer accepting delivery of R+F Products shipped from R+F.

Retail Customer
A Customer who purchases R+F Products from or through a Consultant at Suggested Retail Price. Retail Customer volume is attributed to the selling Consultant’s SV and Retail Profit, but no Commissionable Volume is assigned to that Consultant. SV associated with retail sales counts toward Commission qualification for Active Consultants.

Return Authorization Form
The R+F return form located on the back of an R+F 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 R+F, 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.

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

**Wholesale Price**
As distinguished from the retail price of the R+F Products, the Wholesale Price is the price at which R+F Products may be purchased by Consultants under the Program.
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