ASEA®

POLICIES & PROCEDURES

United States 2016

TABLE OF CONTENTS

1 INTRODUCTION 4
1.1 Policies and Compensation Plan Incorporated into Associate Agreement 4
1.2 Purpose of Policies 4
1.3 Changes to the Agreement 4
1.4 Delays 4
1.5 Policies and Provisions Severable 4
1.6 Waiver 4

2 BECOMING AN ASSOCIATE 5
2.1 Requirements to Become an Associate 5
2.2 No Product Purchase Required 5
2.3 Associate Benefits 5
2.4 Term and Renewal of an ASEA Business 5

3 OPERATING AN ASEA BUSINESS 5
3.1 Adherence to the ASEA Compensation Plan 5
3.2 Advertising 6
3.2.1 General 6
3.2.2.1 Advertising and Selling Price of Products on the Internet 6
3.3 Bonus Buying Prohibited 8
3.4 Business Entities 8
3.5 Change of Sponsor or Placement 8
3.6 Unauthorized Claims and Actions 9
3.6.1 Indemnification 9
3.7 Retail Establishments 10
3.8 Trade Shows, Expositions and Other Sales Forums 10
3.9 Conflicts of Interest 10
3.9.1 Nonsolicitation and Noncompetition 10
3.10 Targeting Other Direct Sellers 12
3.11 Line Switching, Cross-Sponsoring and Enticement 12
3.12 Errors or Questions 12
3.13 Governmental Approval or Endorsement 12
3.14 Holding Applications or Orders 12
3.15 Identification 13
3.16 Income Taxes 13
3.17 Independent Contractor Status 13
3.18 Insurance 13
3.19 International Marketing 13
3.20 Inventory and The 70 Percent Rule 13
3.21 Adherence to Laws and Ordinances 13
3.22 One ASEA Business Per Associate and Per Household 14
3.23 Actions of Household Members or Affiliated Individuals 14
3.24 Requests for Records 14
3.25 Sale, Transfer or Assignment of an ASEA Business 14
3.26 Effects of Divorce or Entity Dissolution on the ASEA Business 14
3.27 Sponsoring 15
3.28 Succession (Death or Incapacity of an Associate) 15
3.29 Telemarketing Techniques 15

4 RESPONSIBILITIES OF ASSOCIATES 16
4.1 Change of Address, Telephone, and E-Mail Addresses 16
4.2 Continuing Development Obligations 16
4.2.1 Ongoing Training *16*
4.3 Non-disparagement 16
4.4 Providing Documentation to Applicants 16

5 SALES REQUIREMENTS 17
5.1 Product Sales 17
5.2 No Territory Restrictions 17
5.3 Will Call 17
5.4 Sales Receipts 17

6 BONUSES AND COMMISSIONS 17
6.1 Bonus and Commission Qualifications 17
6.2 Adjustment to Bonuses and Commissions 17
6.3 Reports 18

7 PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE 18
7.1 Returns Guarantee 18
7.1.1 Initial Order Returns *18*
7.1.2.1 Requirements *18*
7.1.2.2 Autoship Returns *19*
7.2 Inventory Repurchase Upon Cancellation 19
7.3 Procedures for All Returns 19

8 DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS 20
8.1 Disciplinary Sanctions 20
8.2 Grievances and Complaints 20
8.3 Dispute Resolution Board 20
8.4 Mediation 21
8.5 Arbitration 21
8.6 Governing Law, Jurisdiction and Venue 21

9 PAYMENT AND SHIPPING 21
9.1 Returned Checks 21
9.2 Restrictions on Third Party Use of Credit Cards and Checking Account Access 21
9.3 Sales Taxes 22

10 RECLASSIFICATION & CANCELLATION 22
10.1 Effect of Cancellation 22
10.2 Reclassification Due to Cancellation 22
10.3 Involuntary Cancellation 22
10.4 Voluntary Cancellation 23
10.5 Non-renewal 23
10.6 Credit Card Chargebacks 23

11 DEFINITIONS 23

1 INTRODUCTION

1.1 POLICIES AND COMPENSATION PLAN INCORPORATED INTO ASSOCIATE AGREEMENT

These Policies and Procedures, in their present form and as amended at the sole discretion of ASEA, LLC (hereafter "ASEA" or the "Company"), are incorporated into, and form an integral part of, the ASEA Associate Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the ASEA Associate Application and Agreement, these Policies and Procedures, the ASEA Compensation Plan, and the ASEA Business Entity Application (if applicable). These documents are incorporated by reference into the ASEA Associate Agreement (all in their current form and as amended by ASEA). It is the responsibility of each Associate to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When sponsoring or enrolling a new Associate, it is the responsibility of the sponsoring Associate to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the ASEA Compensation Plan prior to his or her execution of the Associate Agreement.

1.2 PURPOSE OF POLICIES

ASEA is a direct sales company that markets its Products through independent Associates. It is important to understand that the success of all Associates depends on the integrity of the men and women who market our Products. To clearly define the relationship that exists between Associates and ASEA, and to explicitly set a standard for acceptable business conduct, ASEA has established the Agreement.

ASEA Associates are required to comply with all of the Terms and Conditions set forth in the Agreement, as well as all federal, state, and local laws governing their ASEA business and their conduct. Because Associates may be unfamiliar with many of these standards of practice, it is very important that they read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between the Associate, as an independent contractor and the Company. If there are questions regarding any policy or rule, do not hesitate to seek an answer from ASEA.

1.3 CHANGES TO THE AGREEMENT

Because federal, state, and local laws, as well as the business environment, periodically change, ASEA reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Associate Agreement, an Associate agrees to abide by all amendments or modifications that ASEA elects to make. Amendments shall be effective 30 days after publication of notice that the Agreement has been modified. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company's official website; or (2) electronic mail (e-mail). The continuation of an Associate's ASEA business or an Associate's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

1.4 DELAYS

ASEA shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply, or government decrees or orders.

1.5 POLICIES AND PROVISIONS SEVERABLE

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

1.6 WAIVER

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of ASEA to exercise any right or power under the Agreement or to insist upon strict compliance by an Associate with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of ASEA's right to demand exact compliance with the Agreement. Waiver by ASEA can be effectuated only in writing by an authorized officer of the Company. ASEA's waiver of any particular breach by an Associate shall not affect or impair ASEA's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Associate. Nor shall any delay or omission by ASEA to exercise any right arising from a breach affect or impair ASEA's rights as to that or any subsequent breach.

The existence of any claim or cause of action of an Associate against ASEA shall not constitute a defense to ASEA's enforcement of any term or provision of the Agreement.

2 BECOMING AN ASSOCIATE

2.1 REQUIREMENTS TO BECOME AN ASSOCIATE

To become an ASEA Associate, each applicant must:

a. Be of the age of majority in his or her state of residence;
b. Reside in the United States or U.S. Territories or country that ASEA has officially announced is open for business;
c. Have a valid Social Security or Federal Tax ID number;
d. Purchase an ASEA Starter Kit (optional in North Dakota);
e. Submit a properly completed Associate Application and Agreement to ASEA either in hard copy or online format, and,
f. The Company must accept the Agreement.

2.2 NO PRODUCT PURCHASE REQUIRED

Except for the purchase of a Starter Kit that is sold to Associates at the company's cost, no person is required to purchase ASEA Products to become an Associate. In order to familiarize new Associates with ASEA Products, sales techniques, sales aids, and other matters, the Company does require that they purchase a Starter Kit. ASEA will repurchase resalable kits from any Associate who terminates his or her Associate Agreement pursuant to the terms of Section 7.3.

2.3 ASSOCIATE BENEFITS

Once an Associate Application and Agreement has been accepted by ASEA, the benefits of the Compensation Plan and the Associate Agreement are available to the new "Associate." These benefits include the right to:

a. Sell ASEA Products;
b. Participate in the ASEA Compensation Plan (receive bonuses and commissions, if eligible);
c. Sponsor other individuals as Preferred Customers or Associates into the ASEA business and thereby, build a marketing organization and progress through the ASEA Compensation Plan;
d. Receive periodic ASEA literature and other ASEA communications;
e. Participate in ASEA-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
f. Participate in promotional and incentive contests and programs sponsored by ASEA for its Associates.

2.4 TERM AND RENEWAL OF AN ASEA BUSINESS

The term of the Associate Agreement is one year from the date of its acceptance by ASEA (subject to cancellation pursuant to Section 10 below). Associates must renew their Associate Agreement each year by paying an annual renewal fee of $25 USD or equivalent local currency plus applicable taxes on or before the anniversary date of their Associate Agreement. If the renewal fee is not paid within 30 days after the expiration of the current term of the Associate Agreement, the Associate Agreement may be canceled without further notice and the account may be converted to a Preferred Customer account. The renewal fee will be charged to the Associate's credit card on file with the Company.

3 OPERATING AN ASEA BUSINESS

3.1 ADHERENCE TO THE ASEA COMPENSATION PLAN

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

3.2 ADVERTISING

3.2.1 General

All Associates shall safeguard and promote the good reputation of ASEA and its Products. The marketing and promotion of ASEA, the ASEA opportunity, the Compensation Plan, and ASEA Products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the Products and the opportunity ASEA offers, Associates should use the sales tools and support materials produced by ASEA or as approved by ASEA. ASEA has carefully designed its Products, Product labels, Compensation Plan, and promotional materials to ensure that each aspect of ASEA is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws.

Accordingly, Associates must submit all written sales tools, promotional materials, advertisements, and other literature to the Company for approval. Associate may not use such tools unless written approval is received. An Associate may only use a celebrity endorsement, including those celebrities who have endorsed the Product on a corporate level, with written approval from the Company and the specific, prior, written approval of the endorsing celebrity for each use of the celebrity's name or likeness.

ASEA Associates who have achieved the rank of Diamond or higher are permitted to create and sell, or to sponsor those who create and sell, sales aids or other promotional items to other ASEA Associates. Such sales aids must have been previously approved by the Company and must not make any impermissible claims. Only Associates who have achieved the rank of Diamond or higher and are in good standing with the Company are allowed to sell or to sponsor those who sell such aids. The Company reserves the right to approve or deny the right to sell such aids in its sole discretion.

All sales tools that receive approval will be given a unique approval number and logo that must be displayed as part of the tool. The tool must indicate that it is from an ASEA independent associate and may not imply that it is a tool produced by the Company.

Any sales tools that involve online web services or online web pages must receive prior approval from the Company, and must comply with the policies governing Internet advertising in section 3.2.2. Other electronic media or tools, such as mobile phone apps, may be sold upon written approval from the Company.

ASEA reserves the right to charge a royalty fee for the use of its trademarks, logos, and other intellectual property. ASEA further reserves the right to rescind approval for any sales tools, promotional materials, advertisements, or other literature, and Associates waive all claims for damages or remuneration arising from or relating to such rescission, including claims that the Company has created a similar tool for all Associates.

ASEA Associates are not permitted to sell or promote any sales tools at ASEA sponsored events. ASEA Associates are not permitted to sell sales tools that require a regular subscription fee or any other recurring payment.

Items that are not sales tools but are promotional items that use ASEA trademarks and logos, such as hats or T-shirts, may be produced in limited quantities but must first receive permission from the Company. Associates may recoup the cost of such items but may not make a profit on them.

All submissions to the Company for review must be accompanied by a fee of $250 that accompanies each submission for tools to be sold for profit. This fee is necessary for the Company to provide training and personnel to monitor compliance with these Policies and Procedures.

3.2.2 Internet Advertising

Subject to the provisions of Section 3.2.2(G) herein, Associates may use only a Company Licensed Website to promote Product or the business opportunity over the Internet. Promoting Product or the business opportunity through an unlicensed Internet website is strictly prohibited. Associates that wish to operate a Company Licensed Website must meet the following criteria:

a. An Associate must enter into a website licensing agreement with the Company.
b. All licensed websites are subject to a one-time initial fee of $250 USD and yearly maintenance fees of $250 USD, on the anniversary date of the website's license approval. The fees are described in the Internet licensing agreement, which is available upon request. These fees are necessary for the Company to provide training and personnel to monitor Associate Internet websites for compliance with these Policies and Procedures.
c. Licensed websites must be Company-specific and may not advertise, promote, or link to any other product or opportunity. However, all such sites, and any changes thereto, must first be reviewed and approved by the Company. If approved, the Associate must enter into a licensing agreement with the Company and the site must display a Company-generated "licensed" designation. Changes made to the site after obtaining the initial license require written authorization from a representative of the Company's Associate Education & Conduct Department.
d. Associates may not use any key words or meta tags to advertise any licensed website on the Internet if the search words or meta tags explicitly or implicitly present illegal or unsubstantiated health or income claims.

e. Associates must obtain written approval from the Company before initiating any sponsored links on Internet search engines to direct Internet traffic to a Company Licensed Website.
f. The Company may revoke the license for any previously approved website at any time and for any reason, including changes to federal and local laws and regulations.
g. Associates may promote the business opportunity and Products on social networking sites such as "Facebook" and "Twitter;" video sites such as "YouTube" and "Google Video;" and blogging sites such as "Blogger" (collectively "Social Media Sites"), without complying with Sections A through F, provided the following conditions are met:
    1. All text, audio and video postings do not contain Product or income claims. For Product information, Associates may refer viewers to their ASEA replicated website, the Company website, or a Company Licensed Website;
    2. Videos posted to Social Media Sites show the text "ASEA Independent Associate" for the entirety of the video; and
    3. The Company may monitor the Social Media Sites for compliance with the Contract and Associate agrees to immediately remove or modify the Social Media Sites upon the Company's request to comply with the Contract.

3.2.2.1 Advertising and Selling Price of Products on the Internet

Each Associate acknowledges and agrees that the advertising and selling of all Products on the Internet may only be done on a Company Licensed Website and the advertising and selling price of all Products on such website (i) if sold to an applicant, must not be lower than the wholesale price of the Products plus reasonable shipping and the amount the Company charges for taxes, handling and the applicant must also be charged the Associate Starter Kit fee; and (ii) if sold to a non-applicant (e.g. Customer, etc.), must not be lower than the Company's suggested retail price plus reasonable shipping and the amount the Company charges for, taxes and handling of the Product. In connection with this Section, the Associate also agrees that all advertising regarding the price of Products will be truthful and will not contain misleading statements (e.g. "lowest price available" which infers that an Associate is able to sell the Products at a price lower than other Associates, etc.). Associate acknowledges and agrees that he or she shall not advertise or sell any Product on the Internet which was purchased from another Associate. Any violation of this Section by an Associate shall constitute a breach of the Contract and will be subject to the breach of Contract procedures set forth herein.

3.2.3 Sales on Online Auction Sites Prohibited

Associates may not advertise, promote the sale of, sell or attempt to sell ASEA Products on any online auction or classified ad site including, without limitation, eBay, Craig's List or Amazon. Violation of this policy may result in any of the disciplinary sanctions set forth herein including the involuntary cancellation of the Associate Agreement.

3.2.4 Cancellation of an Associate's ASEA Business

If an Associate's ASEA business is cancelled for any reason, the former Associate must discontinue using the ASEA name, and all of ASEA's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that the former Associate utilized.

3.2.5 Trademarks and Copyrights

ASEA will not allow the use of its trade names, trademarks, designs, or symbols by any person, including ASEA Associates, without its prior, written permission. Associates may not produce for sale or distribution any recorded Company events and speeches without written permission from ASEA nor may Associates reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

3.2.6 Media and Media Inquiries

Associates must not attempt to respond to media inquiries regarding ASEA, its Products, or their independent ASEA business. All inquiries by any type of media must be immediately referred to ASEA's Marketing Department at media@aseaglobal.com. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

3.2.7 Unsolicited Email

ASEA does not permit Associates to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN SPAM Act. Any email sent by an Associate that promotes ASEA, the ASEA opportunity, or ASEA Products must comply with the following:

a. There must be a functioning return email address to the sender.
b. There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
c. The email must include the Associate's physical mailing address.
d. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
e. The use of deceptive subject lines and/or false header information is prohibited.
f. All opt-out requests, whether received by email or regular mail, must be honored. If an Associate receives an opt-out request from a recipient of an email, the Associate must forward the opt-out request to the Company.

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

3.2.8 Unsolicited Faxes

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

3.2.9 Other Sales Media

Upon approval from ASEA's Compliance department, ASEA Product(s) may be sold and/or promoted through catalogs, and other mass sales mediums, such as magazines, infomercials, television, radio, and other related sales media. Associates may also advertise with a vehicle wrap, using images approved by ASEA. To begin the approval process, please contact compliance@aseaglobal.com.

3.3 BONUS BUYING PROHIBITED

Bonus Buying is strictly and absolutely prohibited. "Bonus Buying" includes: (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Associate Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as an Associate or Preferred Customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Associates or Preferred Customers ("phantoms"); (d) Purchasing ASEA Products on behalf of another Associate or Preferred Customer, or under another Associate's or Preferred Customer's I.D. number, to qualify for commissions or bonuses; (e) purchasing excessive amounts of goods that cannot reasonably be used or resold in a month; and/or (f) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide Product purchases by end user consumers.

3.4 BUSINESS ENTITIES

A corporation, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be an ASEA Associate by submitting its Certificate of Incorporation, Partnership Agreement or trust documents (these documents are collectively referred to as the "Entity Documents") to ASEA, along with a properly completed Business Entity Registration form. An ASEA business may change its status under the same sponsor from an individual to a partnership, corporation or trust, or from one type of entity to another. There is a $25.00 fee for each change requested, which must be included with the written request and the completed Associate Application and Agreement. The Business Entity Registration form must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to ASEA.

To prevent the circumvention of Section 3.26 (regarding transfers and assignments of ASEA business), if an additional partner, shareholder, member, or other business entity affiliate is added to a business entity, the original applicant must remain as a party to the original Associate Application and Agreement. If the original Associate wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 3.26. If this process is not followed, the business shall be canceled upon the withdrawal of the original Associate. All bonus and commission payments will be issued to the original Associate. Please note that the modifications permitted within the scope of this paragraph *do not* include a change of sponsorship. Changes of sponsorship are addressed in Section 3.5, below. There is a $25.00 fee for each

change requested, which must be included with the written request and the completed Associate Application and Agreement. ASEA may, at its discretion, require notarized documents before implementing any changes to an ASEA business. Please allow thirty (30) days after the receipt of the request by ASEA for processing.

3.4.1 Changes to a Business Entity

Each Associate must immediately notify ASEA of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business associates. All changes must be submitted by November 30th to become effective for the calendar year in which the change was made.

3.5 CHANGE OF SPONSOR OR PLACEMENT

To protect the integrity of all marketing organizations and safeguard the hard work of all Associates, ASEA strongly discourages changes in sponsorship or placement. Maintaining the integrity of sponsorship is critical for the success of every Associate and marketing organization. Accordingly, the transfer of an ASEA business from one sponsor to another or change in placement is rarely permitted. Requests for change of sponsorship or placement must be submitted in writing to the Compliance Department, and must include the reason for the transfer. Transfers will only be considered in the circumstances outlined in sections 3.5.1 through 3.5.4.

3.5.1 Mis-Sponsorship

In cases in which the new Associate is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, an Associate may request that he or she be transferred to another organization with his or her entire marketing organization intact. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made within seven (7) business days from the date of enrollment. The Associate requesting the change has the burden of proving that he or she was placed beneath the wrong sponsor. It is up to ASEA's discretion whether the requested change will be implemented.

3.5.2 Misplacement

In those instances in which a new Associate is placed in a location in the binary structure that is different than what either the new Associate or his or her Sponsor intended (e.g., the new Associate was intended to be placed on the Left but was misplaced on the Right), the Associate may request that he or she be placed in the correct location. Such a request for transfer pursuant to this policy must be made within three (3) business days from the date of enrollment. The Associate requesting the change has the burden of proving that he or she was placed in the incorrect location. ASEA will approve or not approve the change at its discretion.

3.5.3 Upline Approval

The Associate seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the signed approval of all parties whose income will be affected by the transfer. Photocopied or facsimile signatures are not acceptable. The Associate who requests the transfer must submit a fee of $150.00 for administrative charges and data processing. If the transferring Associate also wants to move any of the Associates in his or her marketing organization, each downline Associate must also obtain a properly completed Sponsorship Transfer Form and return it to ASEA with the $150.00 change fee (i.e., the transferring Associate and each Associate in his or her marketing organization multiplied by $150.00 is the cost to move an ASEA business.) Downline Associates will not be moved with the transferring Associate unless all of the requirements of this paragraph are met. Transferring Associates must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by ASEA for processing and ***verifying*** change requests.

In cases wherein the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business by an Associate, ASEA reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, **ASSOCIATES WAIVE ANY AND ALL CLAIMS AGAINST ASEA THAT RELATE TO OR ARISE FROM ASEA'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

3.5.4 Cancellation and Re-application

An Associate may legitimately change organizations by voluntarily canceling his or her ASEA Associate Agreement and remaining inactive for six (6) full calendar months. During the six month period of inactivity, the former Associate may not participate in any form of Associate activity including, but not limited to, purchasing ASEA Products for resale, selling ASEA Products, sponsoring other ASEA Associates, attending any ASEA functions, attending any ASEA-related functions sponsored by ASEA Associates, operating or assisting in the operation of an ASEA Associate's ASEA business, performing any activity

or function that is normally performed by an ASEA Associate or such Associate's employees, or any other activity that in the sole discretion of the Company constitutes a meaningful promotion of the ASEA business. Following the six month period of inactivity, the former Associate may reapply under a new sponsor; however, ASEA may, at its discretion accept or deny the application. The former Associate's downline will remain in their original line of sponsorship. Any attempt to cross recruit may result in disciplinary action.

3.6 UNAUTHORIZED CLAIMS AND ACTIONS

3.6.1 Indemnification

An Associate is fully responsible for all of his or her verbal and written statements made regarding ASEA Products and the Compensation Plan which are not expressly contained in official ASEA materials. Associates agree to indemnify ASEA and ASEA's directors, officers, employees, and agents, and hold them harmless from any and all liability and/or loss (whether direct or indirect, consequential or economic loss) including judgments, civil and/or criminal penalties, damages, refunds, legal advice fees, court costs, or lost business incurred by or imposed on ASEA as a result of the Associate's unauthorized representations or actions. This provision shall survive the termination of the Associate Agreement.

3.6.2 Product Claims

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any Products offered by ASEA may be made except those contained in official ASEA literature. In particular, no Associate may make any claim that ASEA Products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate ASEA policies, but they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

3.6.3 Income Claims

In their enthusiasm to enroll prospective Associates, some Associates are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Associates may become disappointed if their results are not as extensive or as rapid as the results others have achieved. The ASEA income potential is great enough to be highly attractive without reporting the earnings of others.

Moreover, the Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Associates may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact ASEA as well as the Associate making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because ASEA Associates do not have the data necessary to comply with the legal requirements for making income claims, an Associate, when presenting or discussing the ASEA opportunity or Compensation Plan to a prospective Associate, may not make income projections, income claims, or disclose his or her ASEA income (including the showing of checks, copies of checks, bank statements, or tax records).

3.7 RETAIL ESTABLISHMENTS

Associates may not sell or promote ASEA Products or the business opportunity through a Retail Establishment. Associates are also prohibited from selling Products to any person who the Associate knows, or who has reason to suspect, will ultimately sell the Products through Retail Establishments.

3.7.1 Service-related Establishments

Associates may sell the Products through approved Service-related Establishments. An approved Service-related Establishment is an establishment that requires a membership and/or an appointment, and the services performed are health and wellness related. Examples of approved Service-related Establishments include, but are not limited to, chiropractor offices, salons, acupuncture clinics, and gyms. Products can only be sold through a Service-related Establishment if the owner of the establishment is an Associate. Additionally, Service-related establishments are limited to small chains or franchises with no more than five stores or physical locations. Advertising in such an approved Service-related Establishment is limited to Products and official ASEA materials, which may be displayed only in the private membership and/or appointment area of the establishment. No sales tools or signage may be visible from the outside of the establishment. Advertising of ASEA or the ASEA opportunity is not permitted in any other type of commercial establishment.

Before selling any Product through a service establishment, the Associate must provide the name and physical location(s) of the establishments to Compliance via email at compliance@aseaglobal.com. ASEA has sole discretion in determining whether an establishment is a Service-related Establishment and a proper place for the sale of Products.

3.8 TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS

Associates may display and/or sell ASEA Products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Associates must contact the Associate Education and Conduct Department in writing for conditional approval, as ASEA's policy is to authorize only one ASEA business per event. Final approval will be granted to the first Associate who submits an official advertisement of the event, a copy of the contract signed by both the Associate and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Associate Support Department. ASEA further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its Products or the ASEA opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image ASEA wishes to portray.

3.9 CONFLICTS OF INTEREST

3.9.1 Nonsolicitation and Noncompetition

ASEA Associates are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "Network Marketing"). However, Associates may not directly or indirectly Recruit other ASEA Associates for any other Network Marketing business. This includes general solicitations on social networking sites where "friends" include persons not personally sponsored by the Associate and who are already ASEA Associates.

An Associate who participates in another Network Marketing business agrees to operate his or her ASEA Associateship entirely separate and apart from the other Network Marketing business. Accordingly, Associates who choose to participate in other Network Marketing businesses agree that they shall not:

a. display any non-ASEA Product(s) and/or sales aids with, or in the same location as ASEA Product(s) and/or sales aids, including web pages;
b. offer any non-ASEA program, opportunity, Product, or service in conjunction with the ASEA opportunity or Product(s) to prospective or existing Customers or Associates; or
c. offer any non-ASEA opportunity, Products, or services at any ASEA-related meeting, seminar or convention, or within two hours and a five mile (8 kilometers) radius of the ASEA event. If the ASEA meeting is held telephonically or on the internet, any non-ASEA meeting must be at least two hours before or after the ASEA meeting, and on a different conference telephone number or internet web address from the ASEA meeting.

3.9.2 Nonsolicitation after Termination

Following the cancellation of an Associate's independent Associate Agreement, and for a period of one (1) year thereafter, with the exception of an Associate who was personally sponsored by the former Associate, the former Associate may not Recruit any ASEA Associate for another network marketing business. If an Associate did not personally sponsor another Associate on his or her first level, he or she is prohibited, for one (1) year following the date of cancellation of the Contract, from Recruiting that Associate to sell or purchase Products or services other than those offered by ASEA. Associates and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Associates and ASEA agree that this non-solicitation provision shall apply to all markets in which ASEA conducts business. This shall survive termination of the Agreement.

3.9.3 Definition of "Recruit"

For purposes of these Policies and Procedures, the term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another ASEA Associate to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. The conduct described in the preceding sentence constitutes recruiting even if the Associate's actions are in response to an inquiry made by another Associate or Preferred Customer.

3.9.4 Confidential Information

Notwithstanding any other provision of the Agreement, the Associate shall never use ASEA trade secrets and other Confidential Information, as further described herein, to solicit, recruit whether directly or indirectly, other ASEA Associates or Customers to any other Network Marketing business.

"Confidential Information" is information disclosed to Associates pursuant to the Contract including, but not limited to, information regarding (1) downline organizations or upline Associates, including Associate names and contact information, customer information, and (2) customer lists, business reports, commission or sales reports, business plans, projections, trade secrets, intellectual property, analyses, and related information and other financial and business information that would

be reasonably understood to be confidential and/or give competitive advantage. Associate access to such Confidential Information is confidential, and constitutes proprietary information and business trade secrets belonging to ASEA. Such Confidential Information is provided to Associates in strictest confidence and is made available to Associates for the sole purpose of assisting them in working with their respective Marketing Organizations in the development of their ASEA business. Associates may not use any Confidential Information for any purpose other than for developing their independent ASEA businesses. Where an Associate participates in other direct selling or multilevel marketing ventures, the Associate may not be eligible, at the discretion of ASEA, to have access to certain Confidential Information. Associates may use the Confidential Information to assist, motivate, and train their downline Associates, and for no other purpose. In so doing, an Associate may not disclose any of ASEA's Confidential Information to any third party, including, without limitation, his or her downline Associates. The Associate and ASEA agree that, but for this agreement of confidentiality and nondisclosure, ASEA would not provide Confidential Information to the Associate.

To protect the Confidential Information, an Associate shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any Confidential Information to any third party;
- Directly or indirectly disclose the password or other access code to his or her back-office;
- Use any Confidential Information to compete with ASEA or for any purpose other than promoting his or her ASEA business; or
- Recruit or solicit any Associate or customer of ASEA listed on any report or in the Associate's back-office, or in any manner attempt to influence or induce any Associate or Preferred Customer of ASEA, to alter their business relationship with ASEA.

The obligation of an Associate to not disclose any Confidential Information shall survive cancellation or termination of the Agreement, and shall remain effective and binding irrespective of whether an Associate's Agreement has been terminated, or whether the Associate is or is not otherwise affiliated with the Company, and is subject to legal enforcement by injunction and award of costs and fees necessarily incurred.

3.9.5 Information Gathered in the Promotion of the ASEA Business

Associates agree that information gathered by an Associate about other Associates by virtue of their association with ASEA, or in connection with their promotion of ASEA Product or sales materials, is considered proprietary information that belongs to ASEA and Associates are bound to the non-disclosure provisions at Section 3.9.4 of these policies and procedures in relation to this information.

3.10 TARGETING OTHER DIRECT SELLERS

ASEA does not condone Associates specifically or consciously targeting the sales force of any other direct sales company to sell ASEA Products or to become Associates for ASEA. Nor does ASEA condone the solicitation or enticement, by an Associate, of any of the members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should an Associate engage in such activity, the Associate bears the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought by another company against an Associate alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, ASEA will not pay any of such an Associate's defense costs or legal fees, nor will ASEA indemnify the Associate for any judgment, award, or settlement. Associates agree to indemnify ASEA and ASEA's directors, officers, employees, and agents, and hold them harmless from any and all liability and/or loss (whether direct or indirect, consequential or economic loss) including judgments, civil and/or criminal penalties, damages, refunds, legal advice fees, court costs, or lost business incurred by or imposed on ASEA as a result of any breach of the terms of this Section 3.10 by that Associate.

3.11 LINE SWITCHING, CROSS-SPONSORING AND ENTICEMENT

Associates agree that maintaining the integrity of the line of sponsorship in an Associateship organization is fundamental to network marketing. Accordingly, the Associate agrees to not engage in Line Switching, Cross Sponsoring, and/or Enticement.

"Line Switching" means applying for and becoming an Associate

a. when already an Associate,
b. when holding a beneficial interest in another Associateship; and/or
c. when less than six (6) months have passed since having been an Associate or having held a beneficial interest in another Associateship.

"Cross-Sponsoring" means the enrollment of another Associate (including an Associate whose Agreement was terminated within the preceding six (6) months or has sponsored or purchased Product in the preceding six (6) months) to a different line of sponsorship.

"Enticement" means soliciting, encouraging, offering benefits, or in any way aiding another Associate to Line Switch and/or Cross-Sponsor.

Associates shall not use a spouse's or relative's name, trade names, assumed or fictitious names, legal entities, false government issued identification numbers, or fictitious ID numbers to circumvent this policy.

Because Line Switching, Cross Sponsoring, and Enticement can be detrimental to everyone involved, any Associate who believes or has reason to believe that another Associate is in violation of this policy has an affirmative obligation to notify ASEA of such violation as soon as reasonably possible.

Should any Associate breach these covenants, ASEA may take any or all of the following actions:

a. termination of the Associate Agreement of the Associate(s) in breach;
b. terminate the Associate Agreement(s) of the Associate(s) enrolled as a result of Line Switching. ASEA is under no obligation to do any move(s) and the ultimate disposition of the organization remains within the sole discretion of ASEA.

Associates in violation of this policy waive all claims against ASEA that arise from or relate to the disposition of such Associateships.

3.12 ERRORS OR QUESTIONS

If an Associate has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Associate must notify ASEA in writing within 60 days of the date of the purported error or incident in question. ASEA will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

3.13 GOVERNMENTAL APPROVAL OR ENDORSEMENT

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

3.14 HOLDING APPLICATIONS OR ORDERS

Associates must not manipulate enrollments of new applicants and purchases of Products. All Associate Applications and Agreements, and Product orders must be sent to ASEA within 72 hours from the time they are signed by an Associate or placed by a customer, respectively.

3.15 IDENTIFICATION

All Associates are required to provide their Social Security Number, or a Federal Employer Identification Number to ASEA on the Associate Application and Agreement. Upon enrollment, the Company will provide a unique Associate Identification Number to the Associate by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

3.16 INCOME TAXES

Each Associate is responsible for paying local, state and federal taxes on any income generated as an Independent Associate. If an ASEA business is tax exempt, the Federal tax identification number must be provided to ASEA. Every year, ASEA will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: 1) Had earnings of over $600 in the previous calendar year; or 2) Made purchases during the previous calendar year in excess of $5,000.

3.17 INDEPENDENT CONTRACTOR STATUS

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

The name of ASEA and other names as may be adopted by ASEA are proprietary trade names, trademarks and service marks of ASEA. As such, these marks are of great value to ASEA and are supplied to Associates for their use only in an expressly authorized manner. Use of ASEA name on any item, including, but not limited to, email addresses, URL and business names, not produced by the Company is prohibited unless otherwise approved by ASEA.

3.18 INSURANCE

Associates may wish to arrange insurance coverage for their business. Homeowner's insurance policies typically do not cover business-related injuries or the theft of or damage to inventory or business equipment. Contact an insurance agent to make certain that business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to a homeowner's policy.

3.19 INTERNATIONAL MARKETING

Associates are authorized to sell ASEA Products and enroll Preferred Customers or Associates in any country that the Company has officially sanctioned to be open and available to all Associates for conducting business.

ASEA may specify certain countries subject to a "Pre-Launch Period" in which Distributors may also conduct the Distributor Business. The Company may formally announce a Pre-Launch Period at least thirty (30) days prior to the official opening.

An Associate has no authority to and shall not conduct the ASEA business nor introduce or establish the Company's business or Product in any country that has not been officially sanctioned to be open and available to all Associates for conducting business or any country that is not the subject of a Pre-Launch Period announcement from the Company. This includes, but is not limited to: any attempts to secure approval for Products or business practices; register or reserve the Company names, trademarks, trade names, or Internet domain names; or establish any kind of business or governmental contact on behalf of the Company. An Associate may not ship Product or sales aids into any unauthorized country.

3.20 INVENTORY AND THE 70 PERCENT RULE

The Company imposes no specific minimum inventory requirement on Associates. An Associate must use his or her own judgment to determine the amount of inventory needed to sustain the Associate's projected retail sales and personal use. Associates are prohibited from ordering and must not attempt to influence any other Associate to buy more than a reasonable amount of inventory. By placing an order, an Associate certifies that he or she has sold or consumed at least 70 percent of the Associate's total inventory from previous orders.

3.21 ADHERENCE TO LAWS AND ORDINANCES

Associates shall comply with all federal, state, and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Associates because of the nature of their business. However, Associates must obey those laws that do apply to them. If a city or county official tells an Associate that an ordinance applies to him or her, the Associate shall be polite and cooperative, and immediately send a copy of the ordinance to ASEA Compliance at compliance@aseaglobal.com.

3.22 ONE ASEA BUSINESS PER ASSOCIATE AND PER HOUSEHOLD

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

ASEA deems all persons residing in the Associate's household a Beneficial Interest in their Associateship. However, if adequate proof can be provided that another adult who is not a spouse is operating an Associateship separately, ASEA may waive this rule until circumstances change.

If an Associate marries another Associate, no effect will be given to the provisions of this section and the two may maintain separate and independent Associateships.

If an Associate is receiving the rights to another's Associateship upon death, ASEA may waive this policy, subject to the succession rules herein.

3.23 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member of an Associate's immediate household engages in any activity which, if performed by the Associate, would violate any provision of the Agreement, such activity will be deemed a violation by the Associate and ASEA may take disciplinary action pursuant to the Statement of Policies against the Associate. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and ASEA may take disciplinary action against the entity.

3.24 REQUESTS FOR RECORDS

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

records.

3.25 SALE, TRANSFER OR ASSIGNMENT OF AN ASEA BUSINESS

Although an ASEA business is a privately owned, independently operated business, the sale, transfer or assignment of an ASEA business is subject to certain limitations. If an Associate wishes to sell his or her ASEA business, the following criteria must be met: 15

a. Protection of the existing line of sponsorship must always be maintained so that the ASEA business continues to be operated in that line of sponsorship.
b. The buyer or transferee must be eligible to become a qualified ASEA Associate. If the buyer is an active ASEA Associate, he or she must first terminate his or her ASEA business and wait six calendar months before acquiring any interest in a different ASEA business.
c. Before the sale, transfer or assignment can be finalized and approved by ASEA, any debt obligations the selling Associate has with ASEA must be satisfied.
d. The selling Associate must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign an ASEA business.
e. The business that is being sold must have achieved the Paid-As Rank of Bronze Executive (or higher) for a period of two consecutive weeks prior to the date of the submission of the Sale/Transfer of ASEA Business form.

Prior to selling an ASEA business, the selling Associate must notify ASEA's Associate Support Department of his or her intent to sell the ASEA business by submitting a Sale/Transfer of ASEA Business form together with the transfer fee of $150. No changes in line of sponsorship can result from the sale or transfer of an ASEA business. An Associate may not sell, transfer or assign individual business centers; if a business is sold, transferred or assigned, all business centers must be included in the transaction.

3.26 EFFECTS OF DIVORCE OR ENTITY DISSOLUTION ON THE ASEA BUSINESS

ASEA Associates sometimes operate their ASEA businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any divorce or entity dissolution is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Associates and the Company in a timely fashion, ASEA will involuntarily terminate the Associate Agreement.

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

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

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will ASEA split commission and bonus checks between divorcing spouses or members of dissolving entities. ASEA will recognize only one Downline Organization and will issue only one commission check per ASEA business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion as determined by the Company, the Associate Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in the original ASEA business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as an Associate. During this six month waiting period, such individual must remain inactive as described in Section 3.5.4 above. In either case however, the former spouse or business affiliate shall have no rights to any Associates in their former organization or to any former retail customer. They must develop the new business in the same manner as would any other new Associate.

3.27 SPONSORING

All active Associates in good standing have the right to sponsor and enroll others into ASEA. Each prospective Preferred Customer or Associate has the ultimate right to choose his or her own Sponsor. If two Associates claim to be the Sponsor of

the same new Associate or Preferred Customer, the Company shall regard the first application received by the Company as controlling the account of the new Associate.

3.28 SUCCESSION (DEATH OR INCAPACITY OF AN ASSOCIATE)

An Associate may provide in his or her will that his or her independent ASEA business will pass to his or her heirs. The Company will honor such bequests provided it is provided with certified copies of the death certificate and appropriate legal documentation establishing the right of the deceased Associate's heirs to the business. Successors in interest must submit an amended ASEA Associate Agreement to the Company. Otherwise, the Associate Agreement will be terminated. If the legal successor to the Associateship is already an existing Associate, the Contract will be assigned to the existing Associate and the Company will allow the multiple Beneficial Interest through inheritance.

If an Associate is incapable of operating his or her independent ASEA business due to incapacity, the agent, guardian, or trustee of the incapacitated Associate may operate the incapacitated Associate's business on behalf of the incapacitated Associate upon the submission of appropriate legal documents to the Company. The authorized agent, guardian or trustee, must submit documents to the Company establishing his or her authority to act on behalf of the incapacitated Associate and proof of such Associate's incapacity.

3.29 TELEMARKETING TECHNIQUES

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although ASEA does not consider Associates to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that an inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause the Associate to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to $11,000.00 per violation).

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

a. If the Associate has an established business relationship with the prospect. An "established business relationship" is a relationship between an Associates and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Associate, or a financial transaction between the prospect and the Associate, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
b. The prospect's personal inquiry or application regarding a product or service offered by the Associate, within the three (3) months immediately preceding the date of such a call.
c. If the Associate receives written and signed permission from the prospect authorizing the Associate to call. The authorization must specify the telephone number(s) which the Associate is authorized to call.
d. The Associate may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom the Associate has at least a recent first-hand relationship within the preceding three months. However, if the Associate engages in "card collecting", the FTC may consider this a form of telemarketing that is not subject to this exemption. If an Associate engages in calling "acquaintances," they must make such calls on an occasional basis only and not make this a routine practice.

In addition, Associates shall not use automatic telephone dialing systems relative to the operation of their ASEA businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

4 RESPONSIBILITIES OF ASSOCIATES

4.1 CHANGE OF ADDRESS, TELEPHONE, AND E-MAIL ADDRESSES

To ensure timely delivery of Products, support materials, and commission checks, it is critically important that the ASEA's files are current. Street addresses are required for shipping. Associates planning to change their e-mail address or move must send their new address and telephone numbers to ASEA's Corporate Offices to the attention of the Associate Support Department. To guarantee proper delivery, two weeks advance notice must be provided to ASEA on all changes.

4.2 CONTINUING DEVELOPMENT OBLIGATIONS

4.2.1 Ongoing Training

Any Associate who sponsors another Associate into ASEA must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her ASEA business. Associates must have ongoing contact and communication with the Associates in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Associates to ASEA meetings, training sessions, and other functions. Upline Associates are also responsible to motivate and train new Associates in ASEA Product knowledge, effective sales techniques, the ASEA Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline Associates must not, however, violate Section 3.2 (regarding the development of Associates-produced sales aids and promotional materials).

Associates should monitor the Associates in their Downline Organizations to guard against downline Associates making improper Product or business claims, or engaging in any illegal or inappropriate conduct.

4.2.2 Increased Training Responsibilities

As Associates progress through the various levels of leadership, they will become more experienced in sales techniques, Product knowledge, and understanding of the ASEA program. They will be called upon and expected to share this knowledge with lesser experienced Associates within their organization.

4.2.3 Ongoing Sales Responsibilities

Regardless of their level of achievement, Associates have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

4.3 NON-DISPARAGEMENT

ASEA wants to provide its independent Associates with the best Products, compensation plan, and service in the industry. Accordingly, ASEA values constructive criticisms and comments. All such comments should be submitted in writing to the Associate Support Department. While ASEA welcomes constructive input, negative comments and remarks made in the field by Associates about the Company, its Products, or Compensation Plan serve no purpose other than to sour the enthusiasm of other ASEA Associates. For this reason, and to set the proper example for their downline, Associates must not disparage, demean, or make negative remarks about ASEA, other ASEA Associates, ASEA's Products, the Compensation Plan, or ASEA's directors, officers, or employees.

4.4 PROVIDING DOCUMENTATION TO APPLICANTS

Associates must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Associates before the applicant signs an Associate Agreement. Additional copies of Policies and Procedures can be downloaded from ASEA's website.

4.5 Reporting Policy Violations

Associates observing a Policy violation by another Associate should report the violation directly to the attention of the ASEA Compliance Department by sending an email to compliance@aseaglobal.com. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

5 SALES REQUIREMENTS

5.1 PRODUCT SALES

The ASEA Compensation Plan is based on the sale of ASEA Products to end consumers. Associates must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. Associates must satisfy the Personal Sales Volume and Group Sales Volume requirements to fulfill the requirements associated with their rank as specified in the ASEA Compensation Plan. "Personal Sales Volume" includes purchases made by the Associate and purchases made by the Associate's personal customers. "Group Sales Volume" shall include the total Sales Volume of all Associates in his or her marketing organization, but shall not include the Associate's Personal Sales Volume.

5.2 NO TERRITORY RESTRICTIONS

There are no exclusive territories granted to anyone. No franchise fees are required.

5.3 WILL CALL

Where will call service is available, an Associate may pick up the order at the will call location. The Company may ship, at the Associate's expense, Product that has been marked for will call pick-up if the Product has not been picked up by the Associate within ninety (90) calendar days of the scheduled autoship date, or the end of the calendar month, whichever is latest. If the Product is shipped to the Associate from the will call location, the Company may use any payment method on file to collect the shipping fees. Alternatively, the Company may, in its sole discretion, declare the order abandoned and cause the Associate to forfeit the order. If the order is abandoned, the Associate releases the Company from any further obligation or liability.

5.4 SALES RECEIPTS

All Associates must provide their retail customers with two copies of an official ASEA sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Associates must maintain all retail sales receipts for a period of two years and furnish them to ASEA at the Company's request. Records documenting the purchases of Associates' Preferred Customers will be maintained by ASEA.

Remember that customers must receive two copies of the sales receipt. In addition, Associates must verbally inform the buyer of his or her cancellation rights.

6 BONUSES AND COMMISSIONS

6.1 BONUS AND COMMISSION QUALIFICATIONS

An Associate must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an Associate complies with the terms of the Agreement, ASEA shall pay commissions to such Associate in accordance with the Compensation Plan. The minimum amount for which ASEA will issue payment is $10.00. If an Associate's bonuses and commissions do not equal or exceed $10.00, ASEA will accrue the commissions and bonuses until they total $10.00. Payment will be issued once $10.00 has been accrued.

6.2 ADJUSTMENT TO BONUSES AND COMMISSIONS

Associates receive bonuses and commissions based on the actual sales of Products to end consumers. When a Product is returned to ASEA for a refund or is repurchased by the Company, either of the following may occur at the Company's discretion: (1) the bonuses and commissions attributable to the returned or repurchased Product(s) will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Associates who received bonuses and commissions on the sales of the refunded Products; or (2) the Associates who earned commissions based on the sale of the returned Products will have the corresponding points deducted from their Group Volume in the next month and all subsequent months until it is completely recovered.

6.3 REPORTS

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

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

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, ASEA AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY ASSOCIATE OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF ASEA OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, ASEA OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION

SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO THE ASSOCIATE OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of ASEA's online and telephone reporting services and reliance upon such information is at the Associate's own risk. All such information is provided to Associates "as is". If an Associate is dissatisfied with the accuracy or quality of the information, the sole and exclusive remedy is to discontinue use of and access to ASEA's online and telephone reporting.

7 PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

7.1 RETURNS GUARANTEE

7.1.1 Initial Order Returns

ASEA offers, a 100% 30-day money-back guarantee to all Preferred Customers, Retail Customers, and Associates on their initial enrollment order. If, for any reason an Associate or a customer is dissatisfied with their initial Product order, the Associate or customer may return the used portion of the Product within 30 days, for a replacement, exchange or a full refund of the purchase price (less shipping costs) with a maximum of 2 used cases. When more than two cases are purchased, all Products in addition to the two used cases must be in Resalable condition to receive a refund. If an Associate wishes to return their enrollment order exceeding $240 the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms of Section 7.2, and the Associate's Agreement shall be canceled. All Associate, Preferred Customer and Retail Customer, enrollment orders purchased directly from ASEA must be returned to ASEA at the Associate's/customer's expense. All Products refunded are subject to bonus withholdings and qualification recalculations based on the original purchase date. Withholdings and refunds are based on enrollment package units, not individual units. Used or opened Product is ***only*** available for return/refund within 30 days of purchase date.

7.1.2 General Returns

7.1.2.1 Requirements

All returns that are not initial order purchases are subject to the follow conditions:

a. Returns must have been personally purchased by the Associate from ASEA. (Purchases from other Associates or third parties are not subject to refund.)
b. Returns must be in resalable condition (see Definition of "Resalable" in Section 7.2).
c. Returns in resalable condition and returned within 30-days of purchase will receive a 100% refund (less shipping costs.)
d. Returns in resalable condition and returned after 30-days, but within 90-days of purchase will receive a 90% refund (less shipping costs.)
e. Product and marketing materials returned after 90-days will not be refunded, except as an inventory repurchase as specified in Section 7.2.
f. All returned Product exceeding $240 in any 12 month period, will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms of Section 7.2, and the Associate's Agreement shall be canceled.

7.1.2.2 Autoship Returns

In order to cancel an autoship order, Associates must contact Associate Support at least 3-business days before the autoship order is to go through. All other policies listed in Section 7.1.2 apply to returns for autoship orders.

7.1.3 Retail Purchase from an Associate's Inventory

If, for any reason, a retail customer is dissatisfied with their initial order of ASEA Products, the retail customer may return the unused/used portion of the Product to the Associate from whom it was purchased, within 30 days of the original purchase date, for a full refund of the purchase price (less shipping costs). All Associates agree to honor this refund policy for their retail customers. After the initial order, retail customers may return Product for a full refund within 30-days of the order (less shipping) as long as Product is in resalable condition (see Definition of "Resalable" in Section 7.2).

In the event an Associate issues such a refund to a retail customer, the Associate may return the refunded Products to ASEA within 30-days of the original, retail order date for a full Product replacement provided the Associate includes a copy of the retail receipt with the empty packaging. All retail orders and returns are subject to confirmation by the Company. The Product must be received by ASEA within ten (10) days from the date on which the retail customer returned the merchandise to the Associate. Associates are responsible for shipping charges for all replacement Products sent from ASEA.

The following provision sets forth the minimum refund permitted by law to a retail customer:

A retail customer who makes a purchase of $25.00 or more has three business days after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form. When an Associate makes a sale or takes an order from a retail customer who cancels or requests a refund within the three business day period, the Associate must promptly refund the customer's money as long as the Products are returned to the Associate in substantially as good condition as when received. Additionally, Associates must verbally inform customers of their right to rescind a purchase or an order within three business days, and ensure that the date of the order or purchase is entered on the order form. All retail customers must be provided with two copies of an official ASEA sales receipt at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

7.2 INVENTORY REPURCHASE UPON CANCELLATION

Upon cancellation of an Associate's Agreement, the Associate may return Starter Kits, Products and sales aids for a 90% refund. In order to receive a refund from ASEA pursuant to this policy, the following requirements must be met:

a. The items being returned must have been personally purchased by the Associate from ASEA (purchases from other Associates or third parties are not subject to refund);
b. The items must be in Resalable condition (see Definition of "Resalable" below); and
c. The items must have been purchased from ASEA within one year prior to the date of cancellation.

If the purchases were made by credit card, the refund will be credited back to the same account. If an Associate was paid a bonus or commission based on a Product(s) that he or she purchased, and such Product(s) is subsequently returned for a refund, the bonus and/or commission that was paid to the Associate based on that Product purchase will be deducted from the amount of the refund.

Products and Sales aids shall be deemed "Resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that, in accordance with commercially reasonable practice within the trade, the merchandise may be resold at full price; and 4) they are returned to ASEA within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be Resalable.

7.2.1 Montana Residents

A Montana resident may cancel his or her Associate Agreement within 15 days from the date of enrollment, and may return his or her starter kit for a full refund within such time period.

7.3 PROCEDURES FOR ALL RETURNS

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

a. All merchandise must be returned by the Associate or customer who purchased it directly from ASEA.
b. Associates must call Associate Support to initiate a Return Material Authorization (RMA). Associate Support will provide an RMA number which must be written legibly on the box(es) of each returned Product.
c. Associates must return Products to ASEA with the RMA number prominently displayed. Only returned Product with an RMA number will be refunded.
d. The Company accepts returns of full cases only. Individual bottles may not be returned for refund, repurchase, or exchange.
e. Proper shipping carton(s) and packing materials are to be used in packaging the Product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to ASEA shipping pre-paid. ASEA does not accept shipping-collect packages. The risk of loss in shipping for returned Product shall be on the Associate. If returned Product is not received by the Company's Distribution Center, it is the responsibility of the Associate to trace the shipment.
f. If an Associate is returning merchandise to ASEA that was returned to him or her by a personal retail customer, the Product must be received by ASEA within ten (10) days from the date on which the retail customer returned the merchandise to the Associate, and must be accompanied by the sales receipt the Associate gave to the customer at the time of the sale.
g. All commissionable and qualifying volume will be deducted from the Associate account in connection to the return. All volume generating returns may result in Associates having future commissions withheld.
h. All payments are refunded to original form of payment to the original payee.

No refund, exchange, or replacement of Product will be made if the conditions of these rules are not met.

8 DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 DISCIPLINARY SANCTIONS

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

- Issuance of a written warning or admonition;
- Requiring the Associate to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- ASEA may withhold from an Associate all or part of the Associate's bonuses and commissions during the period that ASEA is investigating any conduct that allegedly violates the Agreement. If an Associate's business is canceled for disciplinary reasons, the Associate will not be entitled to recover any commissions withheld during the investigation period;
- Suspension of the individual's Associate Agreement for one or more pay periods;
- Involuntary termination of the offender's Associate Agreement;
- Suspension and/or termination of the offending Associate's ASEA website or website access;
- Any other measure expressly allowed within any provision of the Agreement or which ASEA deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Associate's policy violation or contractual breach;
- In situations deemed appropriate by ASEA, the Company may institute legal proceedings for monetary and/or equitable relief.

8.2 GRIEVANCES AND COMPLAINTS

When an Associate has a grievance or complaint with another Associate regarding any practice or conduct in relationship to their respective ASEA businesses, the complaining Associate should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party's upline sponsor. If the matter involves interpretation or violation of Company policy, it must be reported in writing to the Associate Education & Conduct Department at the Company. The Associate Education & Conduct Department will review the facts and attempt to resolve it. If it is not resolved, it will be referred to the Dispute Resolution Board for final review and determination.

8.3 DISPUTE RESOLUTION BOARD

The purpose of the Dispute Resolution Board is to: (1) review appeals of disciplinary sanctions; and (2) review matters between ASEA Associate. After the response or settlement instituted by Associate Education & Conduct has been denied or otherwise remains unresolved, the Dispute Resolution Board reviews evidence, deliberates, and responds to current outstanding issues on a collective basis.

An Associate may submit a written request for a telephonic or in-person hearing within seven business days from the date of: (1) the written notice by ASEA of disciplinary action; or (2) the written decision of the Associate Education & Conduct Department regarding disputes between Associates. All communication with ASEA and the Associate seeking resolution of a dispute must be in writing. It is within the DRB's discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a hearing within 30 days of receipt of the Associate's written request. All evidence (e.g., documents, exhibits, etc.) that an Associate desires to have considered by the DRB must be submitted to ASEA no later than seven business days before the date of the hearing. The Associate shall bear all of the expenses related to his or her attendance and the attendance of any witnesses he or she desires to be present at the hearing. The decision of the Dispute Resolution Board will be final and subject to no further review. During the pendency of the claim before the DRB, the Associate waives his or her right to pursue arbitration or any other remedy.

Following issuance of a sanction, the disciplined Associate may appeal the sanction to the Dispute Resolution Board ("DRB"). Associate's appeal must be in writing and received by the Company within 15 days from the date of ASEA's cancellation notice. If the appeal is not received by ASEA within the 15 day period, the sanction will be final. The Associate must submit all supporting documentation with his or her appeal correspondence. If the Associate files a timely appeal of cancellation, the DRB will review and reconsider the cancellation, consider any other appropriate action, and notify the Associate in writing of its decision.

8.4 MEDIATION

Prior to instituting an arbitration, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as

mediator. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorneys fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Salt Lake City, Utah and shall last no more than two business days.

8.5 ARBITRATION

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, **or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.**
Associates waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Salt Lake City, Utah. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the American Arbitration Panel provides.
Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees.
The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction.
This agreement to arbitration shall survive any termination or expiration of the Agreement.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent ASEA from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect ASEA's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

8.6 GOVERNING LAW, JURISDICTION AND VENUE

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Salt Lake County, State of Utah.
The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Utah shall govern all other matters relating to or arising from the Agreement. Notwithstanding the foregoing, and the mediation and arbitration provisions in Sections 8.4 and 8.5, residents of the State of Louisiana shall be entitled to bring an action against ASEA in their home forum and pursuant to Louisiana law.

9 PAYMENT AND SHIPPING

9.1 RETURNED CHECKS

All checks returned by an Associate's bank for insufficient funds will be re-submitted for payment. A $25.00 returned check fee will be charged to the account of the Associate. After receiving a returned check from a customer or an Associate, ***all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to ASEA by an Associate for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.***

9.2 RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND CHECKING ACCOUNT ACCESS

Associates shall not permit other Associates or Preferred Customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the Company.

9.3 SALES TAXES

In designing the ASEA opportunity, one of our guiding philosophies has been to free Associates from as many administrative, operational, and logistical tasks as possible. In doing so, Associates are free to concentrate on those activities that directly affect their incomes, namely Product sales and enrollment activities. To these ends, ASEA relieves Associates of the burdens of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales taxes.

By virtue of its business operations, ASEA is required to charge sales taxes on all purchases made by Associates and Preferred Customers, and remit the taxes charged to the respective states. Accordingly, ASEA will collect and remit sales taxes on behalf of Associates, based on the suggested retail price of the Products, according to applicable tax rates in the state or province to which the shipment is destined. If an Associate has submitted, and ASEA has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Associate. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by

ASEA is not retroactive.

10 RECLASSIFICATION & CANCELLATION

10.1 EFFECT OF CANCELLATION

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

Following an Associate's cancellation of his or her Associate Agreement, the former Associate shall not hold himself or herself out as an ASEA Associate and shall not have the right to sell ASEA Products or services. An Associate whose Associate Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

When a vacancy occurs due to the voluntary or involuntary termination of an ASEA Associate, each personally sponsored Associate who was sponsored by the terminated Associate, on the date of the cancellation, will now be sponsored by the terminated Associate's sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates her business, C1, C2, and C3 will "roll-up" to A and become part of A's personally sponsored group.

10.2 RECLASSIFICATION FOLLOWING CANCELLATION

If an Associate's Associate Agreement is cancelled for failure to pay the annual renewal fee, and the Associate was enrolled in the Company's Autoship program (i.e. Preferred Customer), the Preferred Customer Agreement shall remain in force and the former Associate shall be reclassified as a Preferred Customer. If the former Associate was not a Preferred Customer, he or she will be entitled to continue purchasing Products directly from the company at the Preferred Customer price. There is no charge for a former Associate to re-register as an Associate if he or she does so within six months of the date of cancellation provided that the renewal fee is paid, but the Associate will lose all of the former downline.

10.3 INVOLUNTARY CANCELLATION

An Associate's violation of any of the terms of the Agreement, including any amendments that may be made by ASEA in its sole discretion, may result in any of the sanctions listed in Section 8.1, including the involuntary cancellation of his or her Associate Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed, or delivered to an express courier, to the Associate's last known address (or fax number), or to his/her attorney, or when the Associate receives actual notice of cancellation, whichever occurs first.

ASEA reserves the right to terminate all Associate Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its Products via direct selling.

10.4 VOLUNTARY CANCELLATION

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Associate's signature, printed name, address, and Associate I.D. Number. If an Associate is also on the Company's Autoship program (a Preferred Customer), the Associate's Preferred Customer Agreement shall continue in force unless the Associate also specifically requests that his or her Preferred Customer Agreement also be canceled.

10.5 NON-RENEWAL

An Associate may also voluntarily cancel his or her Associate Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew an Associate's Agreement upon its anniversary date.

10.6 CREDIT CARD CHARGEBACKS

If an Associate contacts his or her credit card company and attempts to charge back any Product purchase from the Company, such action shall be deemed a voluntary cancellation of the Associate Agreement by the Associate. If the Associate also has an Autoship Agreement with ASEA, the charge back shall also be deemed the voluntary cancellation of the Associate's Autoship Agreement. Similarly, if a Preferred Customer contacts his or her credit card company and attempts to charge back a purchase made by credit card, such action will be deemed the voluntary cancellation of the Preferred Customer Agreement.

11 DEFINITIONS

Active Customer — A Customer who purchases ASEA Products and whose account has been paid for the ensuing year.

Active Associate — An Associate who has generated at least 100 PSV in Product sales during one month of the preceding six months.

Active Rank — The term "active rank" refers to the current rank of an Associate, as determined by the ASEA Compensation Plan, for any month. To be considered "active" relative to a particular rank, an Associate must meet the criteria set forth in the ASEA Marketing and Compensation Plan for his or her respective rank. (See the definition of "Rank" below.)

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

Autoship Policy — As a service and convenience to Associates, ASEA offers an autoship program in which Associates may select the option of having a reoccurring order automatically processed each month. The Associate can call Associate Support or go through their back office to enter their credit card information, choose a date with which the autoship will be processed and what to include in the order. This autoship service can be turned off at any time again through Associate Support or the back office.

Beneficial Interest — A person is deemed to have a Beneficial Interest in an ASEA business if he/she/it has: (1) any direct or indirect ownership in the ASEA business as an individual, partner, shareholder, member, manager, beneficiary, trustee, or principal of the business; (2) has any actual or de facto control over the ASEA business; (3) receives any income directly or indirectly from the ASEA business (other than the receipt of income pursuant to the Compensation Plan by an upline Associate); (4) receives familial support from the ASEA business; (5) receives spousal support derived from the ASEA business; (6) is a member of the Associate's immediate household; (7) is a spouse or co-habitant; or (8) has any other similar interest in the ASEA business.

Cancel — The termination of an Associate's business. Cancellation may be either voluntary or involuntary.

Downline Activity (Genealogy) Report — A monthly report generated by ASEA that provides critical data relating to the identities of Associates, sales information, and enrollment activity of each Associate's Marketing Organization. This report contains confidential and trade secret information which is proprietary to ASEA.

Downline Leg — Each one of the individuals enrolled immediately underneath the Associate and their respective marketing organization represents one "leg" in a marketing organization.

Group Sales Volume — The commissionable value of ASEA Products sold by an Associate's Marketing Organization. Group Sales Volume does not include the Personal Sales Volume of the subject Associate. (Starter Kits and sales aids have no Sales Volume.)

Immediate Household — Heads of household and dependent family members residing in the same house.

Inactivity — An Associate who has not generated at least 100 PSV in Product sales during one month of the preceding six consecutive months.

Level — The layers of downline Preferred Customers and Associates in a particular Associate's Marketing Organization. This term refers to the relationship of an Associate relative to a particular upline Associate, determined by the number of Associates between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A's fourth level.

Marketing Organization — The Preferred Customers and Associates sponsored below a particular Associate.

Official ASEA Material — Literature, audio or video tapes, and other materials developed, printed, published and distributed by ASEA to Associates.

Personal Production — Moving ASEA Products to an end consumer for personal use.

Personal Sales Volume (PSV) — The commissionable value of Products sold in a calendar month: (1) by the Company to an

Associate; and (2) by the Company to the Associate's customers and personally enrolled Preferred Customers.

Product – Any good or service offered by the Company and sold through independent Associates.

Rank — The "title" that an Associate has achieved pursuant to the ASEA Compensation Plan.

Recruit — For purposes of ASEA's Conflict of Interest Policy (Section 3.9), the term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another ASEA Associate or Preferred Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. Except in California, the foregoing conduct constitutes recruiting even if the Associate's actions are in response to an inquiry made by another Associate or Preferred Customer.

Resalable — Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that, in accordance with commercially reasonable practice within the trade, the merchandise may be resold at full price; 4) it is returned to ASEA within one year from the date of purchase; 5) the Product contains current ASEA labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

Retail Customer — An individual or entity that purchases ASEA Products, but who is not an Associate, Preferred Customer, or an immediate household family member of an Associate.

Retail Establishment – Any enterprise with a physical location that is engaged in the sale of goods or services and that is not a Service-related Establishment. Examples include, but are not limited to mass market and specialty stores. For purposes of this definition, a Retail Establishment does not include the Internet when an Associate complies with the relevant sections of these Policies and Procedures regarding authorized Internet sales and advertising.

Retail Sales — Sales to a Retail Customer. If a sale is made to a customer who subsequently submits an ASEA Associate Agreement within 30 days from the date of the sale, or if an immediate household family member of the Retail Customer submits an ASEA Associate Agreement within 30 days of the sale, such sale shall not constitute a Retail Sale. An Associate's personal purchases from ASEA do not constitute Retail Sales.

Roll-Up — The method by which a vacancy in a Marketing Organization left by an Associate whose Associate Agreement has been canceled is filled.

Service-related Establishment -- An establishment that requires a membership and/or an appointment, and the services performed are health and wellness related. Examples of approved Service-related Establishments include, but are not limited to, chiropractor offices, salons, acupuncture clinics, and gyms.

Sponsor — An Associate who enrolls a Preferred Customer or another Associate into the Company, and is listed as the Sponsor on the Associate Application and Agreement. The act of enrolling others and training them to become Associates is called "sponsoring."

Starter Kit — A selection of ASEA training materials and business support literature that each new Independent Associate is required to purchase. The Starter Kit is sold to Associates at the Company's cost.

Upline — This term refers to the Associate or Associates above a particular Associate in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Associate to the Company.

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