

## **Policies & Procedures**

### **1.0 INTRODUCTION**

#### **1.1 Mutual Commitment Statement**

xosialX, Inc. (hereafter simply “xosialX” or the “Company”) recognizes that in order to develop a long-term and mutually rewarding relationship with its participants (“Promoter(s)”) and Customers, xosialX and these Promoters must acknowledge and respect the true nature of the relationship.

A. In the spirit of mutual respect and understanding, xosialX is committed to:

- I. Provide prompt, professional and courteous service and communications to all of its Promoters and Customers;
- II. Provide the highest level of quality products, at fair and reasonable prices;
- III. Exchange or refund the purchase price of any product, service or membership as provided in our Return Policy;
- IV. Deliver orders as promptly and accurately as possible;
- V. Pay commissions accurately and on a timely basis;
- VI. Expedite orders or checks if an error or unreasonable delay occurs;
- VII. Roll out new products and programs
- VIII. Implement changes in the Compensation Plan or Policies and Procedures that affect the Promoter;
- IX. Support, protect and defend the integrity of the xosialX Promoter opportunity; Offer Promoters an opportunity to grow with The Company through principles of Servant Leadership.

B. In return, xosialX expects that its Promoters will:

- I. Conduct themselves in a professional, honest, and considerate manner;
- II. Present xosialX Corporate and product information in an accurate and professional manner;
- III. Present the Compensation Plan and Return Policy in a complete and accurate manner;
- IV. Not make exaggerated income claims or medical claims;
- V. Support, protect, and defend the integrity of the xosialX Promoter opportunity;
- VI. Accurately complete and submit the Promoter Agreement and any requested supporting documentation in a timely manner.
- VII. Stay up to date in any and all changes to xosialX’s Policies & procedures.

#### **1.2 xosialX Policies and Compensation Plan Incorporated into the Promoter Agreement**

A. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the xosialX Agreement, these Policies and Procedures, and the Company Compensation Plan

### **1.3 Purpose of Policies**

A. xosialX is a sales company that markets products through a network of business owners. To clearly define the relationship that exists between the Company and its Promoters, and to explicitly set a standard for acceptable business conduct, xosialX has established these Policies and Procedures.

B. xosialX Promoters are required to comply with:

- (i) all of the terms and conditions set forth in the Promoter Agreement, which the Company may amend from time to time in its sole discretion;
- (ii) all federal, state, and local laws governing his, her and/or its xosialX business; and
- (iii) these Policies and Procedures.

C. xosialX Promoters must review the information in these Policies and Procedures carefully. Should a Promoter have any questions regarding a policy or rule, the Promoter is encouraged to seek an answer from the Support Center at 707-449-4567 or support@xosialx.com

D. To become a Promoter, an applicant must comply with the following requirements: To be of the age of majority (not a minor) in his or her state of residence;

II. Reside or have a valid address in the United States, U.S. territory, Canada, UK, Mexico, Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden or Switzerland;

III. Have a valid taxpayer identification number (i.e. Social Security Number, Federal Tax ID Number, ITIN, etc.)

### **2.0 New Promoter Registration**

A. A potential new Promoter may self-enroll on the website. In such event, instead of a physically signed Promoter Agreement, xosialX will accept the web-enrollment and Promoter Agreement by way of one's submission of his, her or its "electronic signature." The electronic signature signifies that the new Promoter has accepted the terms and conditions of the Promoter Agreement. Please note that such electronic signature constitutes a legally binding agreement between you and the Company.

B. xosialX reserves the right to require signed paperwork for any account, regardless of origin.

C. If requested, the signed Promoter Agreement must be received by the Company within ten (10) days of enrollment.

D. Signed documents, including, but not limited to, personal Promoter agreements, are legally binding contracts which must not be altered, tampered with or changed in any manner after they have been signed. False or misleading information, forged signatures or alterations to any document, including business registration forms, made after a document has been signed may lead to sanctions, up to and including involuntary termination of the Promoter's position.

### **2.1 Rights Granted**

A. xosialX hereby grants to the Promoter a non-exclusive right, based upon the terms and conditions contained in the Promoter Agreement and these Policies and Procedures, to:

- I. Purchase xosialX products and services;

II. Promote and sell xosialX products and services; and

III. Sponsor new Promoters and Customers in the United States and in countries where xosialX may become established after the effective date of these Policies and Procedures.

## **2.2 Identification Numbers**

A. Each Promoter is required to provide his or her Social Security Number, or Federal Tax Identification Number, if located in the United States or any of its territories, to xosialX on the Promoter Agreement. xosialX reserves the right to withhold commission payments from any Promoter who fails to provide such information or who provides false information.

## **2.3 Expiration of the Promoter Agreement**

A. Any Promoter who is terminated by xosialX is not eligible to re-apply for an Promoter position at xosialX any time, without expressed written consent of the Company.

B. Any Promoter who cancels their account, of their own choosing, will be eligible to re-apply for a xosialX Promoter position six (6) months from the date of the cancellation of the Promoter Agreement.

## **2.4 Independent Business Relationship; Indemnification for Actions**

A. The xosialX Promoter is an independent contractor, and not a purchaser of a franchise or business opportunity. Therefore, each Promoter's success depends on his, her or its independent efforts.

B. The Agreement between xosialX and its Promoters does not create an employer/employee relationship, agency, partnership, or joint venture between you and the Company.

C. A xosialX Independent Promoter shall not be treated as an employee of xosialX for any purposes, including, without limitation, for federal, state or Provincial tax purposes. All Promoters are responsible for paying local, state, federal and Provincial taxes due from all compensation earned as a Promoter of xosialX. Any other compensation received by Promoters from the Company will be governed by applicable U.S. or Canadian tax laws (or the tax laws of any other applicable jurisdiction). The Promoter has no express or implied authority to bind xosialX to any obligation or to make any commitments by or on behalf of the Company. Each Promoter, whether acting as management of a Business Entity or represented as an individual, shall establish his, her, or its own goals, hours, and methods of operation and sale, so long as he, she, or it complies with the terms of the Promoter Agreement, these Policies and Procedures and applicable state, federal or Provincial laws.

D. The xosialX Independent Promoter is fully responsible for all of his, her, or its verbal and written communications made regarding xosialX products and the Compensation Plan that are not expressly contained within official Corporate materials. Promoters shall indemnify and hold harmless xosialX, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by the Company as a result of the Promoter's unauthorized representations or actions. This Provision shall survive the termination of the xosialX Promoter Agreement.

## **2.5 Insurance**

Business Pursuits Coverage. xosialX encourages Promoters to arrange insurance coverage for their business. A homeowner's insurance policy does not cover business related injuries, or the theft of, or damage to, inventory or business equipment. xosialX Promoters need to contact their insurance agent to make certain their business property is protected. In most instances, this may be accomplished with a "Business Pursuit" endorsement to an existing homeowner's policy.

## **2.6 Errors or Questions**

A. If a Promoter has questions about, or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, the Promoter must notify the Company in writing within thirty (30) days of the date of the error or incident in question. Any such errors, omissions or problems not reported within thirty days shall be deemed waived by the Promoter.

## **3.0 xosialX PROMOTER RESPONSIBILITIES**

### **3.1 Correct Addresses**

- A. It is the responsibility of the Promoter or Customer to make sure xosialX has the correct shipping address before any orders are shipped.
- B. A Promoter or Customer will need to allow up to thirty (30) days for processing after any notice of address change has been sent and subsequently received by the Company.

### **3.2 Training and Leadership**

- A. Use of Sales Aids. To promote both the products and the opportunity xosialX offers, Promoters must use the sales aids and support materials produced by the Company. If Promoters develop their own sales aids and promotional materials, which includes Internet advertising, notwithstanding the Promoters' good intentions, they may unintentionally violate any number of statutes or regulations affecting the xosialX business. These violations, although they may be relatively few in number, could jeopardize the xosialX opportunity for all Promoters. Accordingly, Promoters must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for review.

### **3.3 Constructive Criticism; Ethics**

- A. xosialX desires to provide its independent Promoters with the best products and Compensation Plan in the industry. Accordingly, the Company values constructive criticism and encourages the submission of written comments addressed to the Company Compliance Department.
- B. Negative and disparaging comments by Promoters about the Company, its products or Compensation Plan serve no purpose other than to dampen the enthusiasm of other xosialX Promoters. Promoters must not belittle the Company, other xosialX Promoters, Company products, the Compensation Plan, or Company directors, officers, or employees, product suppliers or agents.

Such conduct represents a material breach of these Policies and Procedures and may be subject to sanctions as deemed appropriate by the Company.

C. xosialX endorses the following code of ethics:

- I. As a representative of our company, all xosialX Independent Promoters must show fairness, tolerance, and respect to all people, regardless of race, gender, social class or religion, thereby fostering a “positive atmosphere”, good morale and community spirit.
- II. A Promoter shall strive to resolve business issues by emphasizing tact, sensitivity, good will and taking care not to create additional problems.
- III. xosialX Promoters must be honest, responsible, professional and conduct themselves with integrity
- IV. xosialX Promoters shall not make disparaging statements about the Company, other Promoters, Company employees, product suppliers or agents, products, sales and marketing campaigns, or the Compensation Plan, or make statements that unreasonably offend, mislead or coerce others.

D. xosialX Promoters are to treat Company employees with respect. Any person(s) using abusive or threatening language toward a Company employee may be subject to disciplinary action up to termination.

### **3.4 Reporting Policy Violation**

A. A Promoter who observes a policy violation by another Promoter should submit a written and signed letter of the violation directly to the Director of Compliance at [compliance@xosialx.com](mailto:compliance@xosialx.com). The letter shall set forth the details of the incident as follows:

- I. The nature of the violation;
- II. Specific facts to support the allegations;
- III. Dates;
- IV. Number of occurrences;

B. All active Promoters in good standing have the right to Sponsor and enroll others into xosialX. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Promoter will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first Promoter who presented a comprehensive introduction to xosialX products or business opportunity.

C. A Protected Prospect is a guest of any xosialX Promoter or Customer who attended a Company event or conference call. For forty (40) days following the event, a Protected Prospect cannot be solicited or sponsored by any other Promoter who attended the same event. A Company event can be defined as the following:

- I. Any xosialX training session;
- II. Conference call;
- III. Fly-in meeting; or

IV. Presentation, including but not limited to a xosialX at home presentation, whether sponsored by the Company, a Promoter, a Customer, or an agent or agency designated by the Company.

### **3.5 Adherence to the Company Compensation Plan**

- A. A Promoter must adhere to the terms of the xosialX Compensation Plan as set forth in these Policies and Procedures as well as in official Company literature. Deviation from the Compensation Plan is prohibited.
- B. A Promoter shall not offer the xosialX opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Corporate literature.

### **3.6 Adherence to Laws and Ordinances**

- A. Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Promoters because of the nature of the business. However, Promoters must check their local laws and obey the laws that do apply to them.
- B. A xosialX Promoter shall comply with all Provincial, federal, state, and local laws and regulations in their conduct of his, her or its xosialX business.

### **3.7 Compliance with Applicable Income Tax Laws**

- A. xosialX will automatically provide a complete 1099 Miscellaneous Income Tax form (nonemployee compensation) to each US Promoter whose earnings for the year is at least \$600 or who has purchased more than \$5,000 of Company products for resale, or who received trips, prizes or awards valued at \$600 or more. If earnings and purchases are less than stated above, IRS forms will be sent only at the request of the Promoter, and a minimum charge of \$20 may be assessed by the Company. Canadian T-4's will be sent to Promoters who earn more than \$500 or who received trips, prizes, or awards valued at \$500 or more. xosialX Promoters are responsible for the payment of taxes on these trips, prizes, or awards provided to them by xosialX.
- B. A Promoter accepts sole responsibility for and agrees to pay all Provincial, federal, state, and local taxes on any income generated as an independent Promoter, and further agrees to indemnify the Company from any failure to pay such tax amounts when due.
- C. If a Promoter's business is tax exempt, the Federal Tax Identification number must be provided to the Company in writing.
- D. xosialX encourages all Promoter to consult with a tax advisor for additional information for their business.

### **3.8 One xosialX Business per household**

- A. A Promoter may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) xosialX business. No married couple may have, operate or receive compensation from more than one xosialX business. Individuals of the same family unit may each enter into or have an interest in their own separate xosialX businesses, only if each subsequent family position is placed frontline to the first family member enrolled. A "family unit" is defined as dependent children living at or doing business at the same address.

B. The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another Promoter or Customer to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Promoter’s actions are in response to an inquiry made by another Promoter or Customer.

C. A Promoter may not display or bundle Company products, in sales literature, on a website or in sales meetings, with any other products to avoid confusing or misleading a prospective Customer or Promoter into believing there is a relationship between the Company and non-xosialX products.

D. A Promoter may not offer any non-xosialX opportunity or products at any company-related meeting, seminar or convention, or immediately following a Company event.

E. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between xosialX and its Promoter and would inflict irreparable harm on the Company. In such event, the Company may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Promoter or such Promoter’s positions including termination, or seek immediate injunctive relief without the necessity of posting a bond.

### **3.9 Presentation of the xosialX Opportunity**

A. In presenting the xosialX opportunity to potential Customers and Promoters, a Promoter is required to comply with the following provisions

I. A Promoter shall not misquote or omit any significant material fact about the Compensation Plan.

II. A Promoter shall make it clear that the Compensation Plan is based upon sales of xosialX products and upon the sponsoring of other Promoters.

III. A Promoter shall make it clear that success can be achieved only through substantial independent efforts.

IV. A xosialX Promoter shall not make unauthorized income projections, claims, or guarantees while presenting or discussing the xosialX Promoter opportunity or Compensation Plan to prospective Promoters or Customers. In particular, a Promoter should never represent that one can be successful without diligently applying commitment, effort and sales skills. Examples of misrepresentations include, but are not limited to:

1. It’s a turnkey system.
2. The system will do the work for you.
3. You don’t have to sell anything.

The above are examples of improper misrepresentations about the Company and its Compensation Plan. If the Company receives word you are making statements similar in nature to the aforementioned examples, disciplinary action may ensue.

I. A Promoter may not make any claims regarding products offered by xosialX, except those contained in official Corporate literature.

II. A Promoter may not use official Company material to promote the xosialX opportunity in any country where xosialX has not established a “presence.”

III. In an effort to conduct best business practices, the Company has developed the Income Disclosure Statement ("IDS"). The xosialX IDS is designed to convey truthful, timely, and comprehensive information regarding the income that xosialX Promoters earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective Promoters. A copy of the IDS must be presented to a prospective Promoter anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms "income claim" and/or "earnings representation" (collectively "income claim") includes the following: (1) statements of average earnings; (2) statements of non-average earnings; (3) statements of earnings ranges; (4) income testimonials; (5) lifestyle claims; and (6) hypothetical claims. Examples of "statements of non-average earnings" includes, "Our number one Promoter earned over six hundred thousand dollars last year" or "Our average-ranking Promoter makes two thousand dollars a week."

### **3.10 Sales Requirements Are Governed by the Compensation Plan**

- A. The Company provides resale prices. There are no exclusive territories granted to anyone. No franchise fees are applicable to a xosialX business.
- B. The xosialX program is built on sales to the ultimate consumer. The Company encourages its Promoters to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Promoters must never attempt to influence any other Promoter to buy more products than they can reasonably use or sell to Customers in a month.

## **4.0 ORDERING**

### **4.1 General Order Policies**

A. "Bonus Buying" is strictly and absolutely prohibited. Bonus Buying includes the following: (1) the enrollment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (2) the fraudulent enrollment of an individual or entity as a Promoter or Customer; (3) the enrollment or attempted enrollment of non-existent individuals or Business Entities as Promoters or Customers ("phantoms"); (4) purchasing xosialX products on behalf of another Promoter or Customer, or under another Promoter's or Customer's ID number, to qualify for commissions or bonuses; (5) purchasing excessive amounts of products that cannot reasonably be used or resold in a month; and/or (6) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end user consumers. A Promoter shall not use another Promoter's or Customer's credit card or debit checking account to enroll in xosialX or purchase products without the account holder's express written permission. Such documentation must be kept by the Promoter indefinitely in case the Company needs to reference this.

B. Regarding an order with an invalid or incorrect payment, the Company will attempt to contact the Promoter by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after five (5) business days, the order will be canceled.

C. Prices are subject to change without notice.

D. A Promoter or Customer who is a recipient of a damaged or incorrect order must notify the



Company within thirty (30) calendar days from receipt of the order and follow the Procedures as set forth in these Policies.

### **E. Insufficient Funds**

- A. All checks returned for insufficient funds will be re-submitted for payment. A \$35 fee will be charged to the account of the Promoter or Customer for all returned checks and insufficient funds.
- B. Any outstanding balance owed by an Promoter's personal Customer or Promoter to the Company from NSF (non-sufficient funds) checks, returned check fees or insufficient fund fees (ACH) will be withheld by the Company from said Promoter's future bonus and commission checks.
- C. All transactions involving returned checks or insufficient funds through ACH or credit card, which are not resolved in a timely manner by the Promoter, constitute grounds for disciplinary sanctions. If a credit card order or automatic debit is declined the first time, the Customer or Promoter maybe contacted for an alternate form of payment. If payment is declined a second time, the Customer or Promoter may be deemed ineligible to purchase xosialX products or participate in the xosialX opportunity.

### **F. Sales Tax Obligation**

- A. The Promoter shall comply with all Provincial, state, and local taxes and regulations governing the sale of xosialX products.
- B. The Company will collect and remit sales tax on Promoter orders unless an Promoter furnishes the Company with the appropriate Resale Tax Certificate form. When orders are placed with xosialX, sales tax is prepaid based upon the suggested retail price. The Company will remit the sales tax to the appropriate Provincial, state and local jurisdictions. The Promoter may recover the sales tax when he, she or it makes a sale. xosialX Promoters are responsible for any additional sales taxes due on products marked up and sold at a higher price.
- C. xosialX encourages each Promoter to consult with a tax advisor for additional information for his, her or its business.

## **5.0 PAYMENT OF COMMISSIONS & BONUSES**

### **5.1 Bonus and Commission Qualifications**

- A. A Promoter must be active and in compliance with xosialX Policies and Procedures to qualify for bonuses and commissions. So long as a Promoter complies with the terms of the Agreement, the Company shall pay commissions to such Promoter in accordance with the Compensation Plan.
- B. xosialX will not issue a payment to an Promoter without the receipt of a completed and signed Promoter Agreement or Electronic Authorization.
- C. xosialX reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$10.

D. A Promoter must review his, her or its monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After this thirty-day "grace period," no additional requests will be considered for commission recalculations.

E. For additional information on payment of commissions, please review the Compensation Plan.

## **5.2 Adjustments to Bonuses and Commissions for Returned Products**

When a product is returned to the Company for a refund from the end consumer, the bonuses and commissions attributable to the returned product(s) will be deducted from the Promoter who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.

B. In the event that an Promoter terminates his or her position/business, and the amounts of the bonuses or commissions attributable to the returned products have not yet been fully recovered by xosialX, the remainder of the outstanding balance may be offset against any other amounts that may be owed by the Company to the terminated Promoter.

## **6.0 SATISFACTION GUARANTEED AND RETURN OF SALES AIDS**

xosialX offers a one-time, one hundred percent (100%) sixty (60) day money back guarantee for all Customers and/or Promoters on any product. This includes shipping and handling charges. If a Customer purchased a product and is not satisfied, the Customer may request a refund from either the Company or the Promoter from whom they purchased product. Please note: Once a Customer/Promoter request a refund on a specific product, subsequent orders of the same product are non-refundable.

For any Customer returns, the Company shall deduct from the reimbursement paid to the Promoter any commissions, bonuses, rebates or other incentives received by the Promoter which were associated with the Customer returns.

### **6.1 Return Process**

A. As stated above, xosialX does not allow a Customer or Promoter to return the same product more than once. After the initial refund and return of a product, the Customer and/or Promoter agrees that subsequent orders of the same product are non-refundable.

B. All returns, whether by a Customer or Promoter, must be made as follows:

I. Email to [support@xosialx.com](mailto:support@xosialx.com)

II. The Order/ Invoice # the item(s) were ordered under

III. The reason why you would like a refund. This 60-day empty bottle money back offer is good one time per product, per order, per Promoter/Customer.

C. When the company receives the email, it can take up to 30 days to process a refund request.

## **7.0 PRIVACY POLICY**

### **7.1 Introduction**

This Privacy Policy is to ensure that all Customers and Promoters understand and adhere to the basic principles of confidentiality.

## **7.2 Expectation of Privacy**

A. xosialX recognizes and respects the importance its Customers and Promoters place on the privacy of their financial and personal information. The Company will make reasonable efforts to safeguard the privacy of, and maintain the confidentiality of its Customers' and Promoters' financial and account information and nonpublic personal information.

## **7.3 Employee Access to Information**

xosialX limits the number of employees who have access to Customers' and Promoters' nonpublic personal information.

## **7.4 Restrictions on the Disclosure of Account Information**

The Company will not share non-public personal information or financial information about current or former Customers or Promoters with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers' or Promoters' interests or to enforce its rights or obligations under these Policies and Procedures, the Promoter's Agreement, or with written permission from the accountholder on file.

## **7.5 Handling Personal Information**

If a Promoter receives personal information from or about a prospective Promoter or Customer, it is the responsibility of receiving Promoter to maintain its security. Personal information includes names, mail and email addresses, phone numbers, credit card information, social security and tax identification numbers and any other information associated with these details. For any personal information that a Promoter no longer needs, he/she or it should irreversibly delete said information.

## **8.0 PROPRIETARY INFORMATION AND TRADE SECRETS**

### **8.1 Business Reports, Lists, and Proprietary Information**

By completing and signing the xosialX Promoter Agreement, the Promoter acknowledges that Business Reports, lists of Customer and Promoter names and contact information and any other information, which contain financial, scientific or other information both written or otherwise circulated by xosialX pertaining to the business (collectively, "Reports") are confidential and proprietary information and trade secrets belonging to to the Company.

### **8.2 Obligation of Confidentiality**

A. During the Term of the Promoter Agreement and for a period of five (5) years after the termination or expiration of the Promoter Agreement, the Promoter shall not:

- I. Use the information in the Reports to compete with xosialX or for any purpose other than promoting his, her or its xosialX business;

### **8.3 Breach and Remedies**

The Promoter acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to the Company and to independent xosialX businesses. The Company and its Promoter will be entitled to injunctive relief or to recover damages against any Promoter who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney's fees, court costs and expenses.

## **ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS**

### **9.0 Labeling, Packaging, and Displaying Products**

A. xosialX Promoter may not re-label, re-package, refill, or alter labels of any xosialX product, information, materials or program(s) in any way. xosialX products must only be sold in their original containers from the Company. Such re-labeling or re-packaging violates federal and state laws, which may result in criminal or civil penalties or liability.

B. A Promoter shall not cause any xosialX products or any Company trade name to be sold or displayed in retail establishments.

C. The Company will permit Promoters to solicit and make Commercial Sales only upon prior written approval from Corporate. For the purpose of these Policies and Procedures, the term "Commercial Sale" means the sale of:

I. xosialX products that equal or exceed \$5,000 in a single order;

II. Products sold to a third party who intends to resell the products to an end consumer

D. A Promoter may sell xosialX products and display the xosialX trade name at any appropriate display booth (such as trade shows).

E. xosialX reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products, or the xosialX opportunity.

### **9.1 Use of Company Names and Protected Materials**

A. A xosialX Promoter must safeguard and promote the good reputation of the Company and the products it markets. The marketing and promotion of xosialX, the xosialX opportunity, the Compensation Plan, and xosialX products will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.

B. All promotional materials supplied or created by the Company must be used in their original form and cannot be changed, amended or altered except with prior written approval from the xosialX Compliance Department.

C. The name of xosialX, each of its product names and other names that have been adopted by the Company in connection with its business are proprietary trade names, trademarks and service marks of the Company. As such, these marks are of great value to xosialX and are supplied to Promoters for their use only in an expressly authorized manner.

D. A xosialX Promoter's use of the name "xosialX" is restricted to protect the Company's proprietary

rights, ensuring that Company protected names will not be lost or compromised by unauthorized use. Use of the xosialX name on any item not produced by the Company is prohibited except as follows:

I. [Promoter's name] Independent xosialX Promoter

II. [Promoter's name] Independent Promoter of xosialX.

E. Further procedures relating to the use of the xosialX name are as follows:

I. All stationary (i.e., letterhead, envelopes, and business cards) bearing the xosialX name or logo intended for use by the Promoter must be approved in writing by the Company Compliance Department.

II. Promoters may list "Independent xosialX Promoter" or "Promoter of xosialX" in the white pages of the telephone directory under his, her or its own name.

III. Promoters may not use the name xosialX or xosialX in answering his, her or its telephone, creating a voice message or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Independent xosialX Promoter."

F. Certain photos and graphic images used by xosialX in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to Promoters. If a Promoter wants to use these photos or graphic images, they must negotiate individual contracts with the vendors for a fee.

G. An Promoter shall not appear on or make use of television or radio, or make use of any other media to promote or discuss xosialX or its programs, products or services without prior written permission from the Company Compliance Department.

H. A Promoter may not produce for sale or distribution any Company event or speech, nor may an Promoter reproduce xosialX audio or video clips for sale or for personal use without prior written permission from the Company Compliance Department.

I. xosialX reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected Promoter.

J. A Promoter shall not promote non-xosialX products in conjunction with Company products on the same websites or same advertisement without prior approval from Corporate.

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

## 9.2 E-mail Limitations

A. Except as provided in this section, a Promoter may not use or transmit email, mass email distribution, or “spamming” that advertises or promotes the operation of his, her or its xosialX business. The exceptions are:

I. E-mailing any person who has given prior permission or invitation;

II. E-mailing any person with whom the Promoter has established a prior business or personal relationship.

B. In all states where prohibited by law, a Promoter may not transmit, or cause to be transmitted through a third party (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.

C. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:

I. A clear and obvious identification that the e-mail message is an advertisement or solicitation.

The words “advertisement” or “solicitation” should appear in the subject line of the message;

II. A clear and obvious notice of the opportunity to decline to receive further commercial email messages from the sender;

III. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;

IV. The true and correct name of the sender or valid sender’s e-mail address, and a valid sender physical address.

V. The date and time of the transmission;

VI. Upon notification by recipient of his or her request not to receive further e-mailed documents, a Promoter shall not transmit any further documents to that recipient.

D. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:

I. Use of any third-party domain name without permission;

II. Sexually explicit materials.

## 9.3 Internet and Third-Party Website Restrictions

1. A Promoter may not use or attempt to register any of xosialX’s trade names, trademarks, service marks, product names, URLs, advertising phrases, the Company’s name or any derivative thereof, for any purpose including, but not limited to, Internet Domain names (URL), third party websites, email addresses, Independent Promoter username, web pages, or blogs.

2. A Promoter may not sell Company products or offer the xosialX opportunity using “online auctions”, such as eBay or online marketplaces, such as Amazon.

3. All Promoters may have one (1) approved third-party website. A third-party website is a personal website that is hosted on a non-xosialX server and has no affiliation with Corporate. Third-party websites may be used to promote your business and xosialX products so long as the third-party adheres to Company advertising policies. Moreover, no orders may be placed through third party websites, and no enrollments may occur through a third-party website. If you wish to use any

third-party website, you must do the following:

- a. Clearly and conspicuously identify yourself as an Independent Promoter for xosialX. Clearly and conspicuously that the third-party website is no a corporate website (as websites that do not identify the promoter of the site and/or that he/she/it is promoting xosialX products, called "blind" websites - are strictly prohibited;
- b. Use only the approved images and wording authorized by the Company;
- c. Adhere to the branding, trademark, and image usage policies described in this document;
- d. Adhere to any other provision regarding the use of a third-party website described in this document;
- e. Agree to give the Compliance Department at xosialX access to the third-party website and, if the website password is protected, the Compliance Department must receive passwords or credentials allowing unlimited access;
- f. Agree to modify your website to comply with current or future Company policies;
- g. Directly link third-party website to Promoter's company-provided replicated website to process sales and/or enrollments. All marketing materials used on an Promoter's third-party website must be provided by xosialX or approved in writing by the Company. To avoid confusion, the following three elements must also be prominently displayed at the top of every page of your third-party website:
  1. The xosialX Promoter Logo
  2. Your Name and Title
  3. xosialX Corporate Website Redirect Button

A. A Promoter may not use third-party sites that contain materials copied from corporate sources (such as xosialX brochures, CDs, videos, tapes, events, presentations, and corporate websites). This Policy ensures brand consistency, allows Customers and Promoters to stay up-to-date with changing products, services and information, facilitates enrollment under the correct Sponsor, and assists in compliance with government regulations.

B. xosialX products must be exclusively displayed on an Promoter's third-party website. The third-party website should not display any other products and services not marketed or sold by the Company.

C. If the independent xosialX business of an Promoter who has received authorization to create and post an third-party website is voluntarily or involuntarily canceled for any reason, or if the Company revokes its authorization allowing the Promoter to maintain a third-party website, the Promoter shall assign the URL to his/her third-party website to the Company Compliance Department within three (3) days from the date of the cancellation and/or re-direct all traffic to the site as directed by the Company. xosialX reserves the right to revoke any Promoter's right to use a third-party website at any time if the Company believes that such revocation is in the best interest of xosialX, its Promoters and Customers. Decisions and corrective actions in this area are at xosialX's sole and absolute discretion.

D. Social Media sites PROFILES A PROMOTER GENERATES IN ANY SOCIAL COMMUNITY WHERE xosialX IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY PROMOTER AS A xosialX INDEPENDENT PROMOTER, and when an Promoter participates in those communities,

Promoters must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at the Company's sole discretion, and offending Promoters will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Company approved library. If a link is provided, it must link to the posting Promoter's Replicated website or an approved third-party website.

E. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Promoters will be subject to disciplinary action.

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

G. Promoters must disclose their full name on all Social Media postings, and conspicuously identify themselves as an independent Promoter for xosialX. Anonymous postings or use of an alias is prohibited.

H. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the xosialX income opportunity, xosialX products, and/or your biographical information and credentials Promoters are personally responsible for their postings and all other online activity that relates to xosialX. Therefore, even if a Promoter does not own or operate a blog or Social Media site, if a Promoter posts to any such site that relates to the Company or which can be traced to the Company, the Promoter is responsible for the posting. Promoters are also responsible for postings which occur on any blog or Social Media site that the Promoter owns, operates, or controls. As a xosialX Promoter, it is important to not converse with any person who places a negative post against you, other Promoters, or the Company. Report negative posts to the Company Compliance Department. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as xosialX, and therefore damages the reputation and goodwill of the Company. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, xosialX therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Promoters using, or who wish to use, such sites adhere to the Company's policies relating to third-party websites. If your xosialX business is cancelled for any reason, you must discontinue using the Company name, and all of the Company'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 you utilize. If you post on any Social Media site on which you have previously identified yourself as an independent xosialX Promoter, you must conspicuously disclose that you are no longer an Promoter with the Company.

Failure to comply with these Policies for conducting business online may result in the Promoter losing their right to advertise and market xosialX products and the xosialX opportunity online in addition to any other disciplinary action available under the Policies and Procedures.

#### **9.4 Advertising and Promotional Materials**

A. You may not advertise any xosialX products at a price LESS than the highest company published, established retail price plus shipping, handling and applicable taxes. No special



entertainment advertising is allowed. This includes, but is not limited to, free shipping, or other such offers that grant advantages beyond those available through the Company.

B. Advertising and all forms of communications must adhere to principles of honesty and propriety.

C. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Company Compliance Department.

D. All requests for approvals with respect to advertising must be directed in writing to the Company Compliance Department.

E. xosialX approval is not required to place blind ads that do not mention xosialX, its employees, any of its products, services, designs, symbols, programs, and trademarked, copyrighted, or otherwise protected materials.

F. xosialX reserves the right to rescind its prior approval of submitted advertising or promotional materials in order to comply with changing laws and regulations, and may require the removal of such advertisements from the marketplace without obligation to the affected Promoter.

## **9.5 Testimonial Permission**

A. By signing the xosialX Promoter Agreement, a Promoter gives the Company permission to use his or her testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the xosialX opportunity, a Promoter waives any right to be compensated for the use of his or her testimonial or image and likeness even though the Company may be paid for items or sales materials containing such image and likeness. In some cases, a Promoter's testimonial may appear in another Promoter's advertising materials. If a Promoter does not wish to participate in xosialX sales and marketing materials, he or she should provide a written notice to the Company Compliance Department to ensure that his or her testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

## **9.6 Telemarketing Limitations**

A. A Promoter must not engage in telemarketing in relation to the operation of the Promoter's xosialX business. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of xosialX products, or to recruit them for the xosialX.

B. The Federal Trade Commission ("FTC") and the Federal Communications Commission ("FCC") 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.

C. While a Promoter may not consider himself or herself a "telemarketer" in the traditional sense, these regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the Promoter to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).

D. "Cold calls" or "state-to-state calls" made to prospective Customers or Promoters that promote either xosialX products or the xosialX opportunity is considered telemarketing and is prohibited.

- E. Exceptions to Telemarketing Regulations A Promoter may place telephone calls to prospective Customers or Promoters under the following limited situations:
- I. If the Promoter has an established business relationship with the prospect;
  - II. In response to the prospect's personal inquiry or application regarding a product offered by the xosialX Promoter, within three (3) months immediately before the date of such a call;
  - III. If the Promoter receives written and signed permission from the prospect authorizing the Promoter to call;
  - IV. If the call is to family members, personal friends, and acquaintances. However, if an Promoter makes a habit of collecting business cards from everyone he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;
  - V. Promoters engaged in calling "acquaintances," must make such calls on an occasional basis only and not as a routine practice.
- F. A Promoter shall not use automatic telephone dialing systems in the operation of his or her xosialX business.
- G. Failure to abide by Company policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Promoter's position, up to and including termination of the position.
- H. By signing the Promoter Agreement, or by accepting commission checks, other payments or awards from the Company, a Promoter gives permission to xosialX and other Promoters to contact them as permitted under the Federal Do Not Call regulations.
- I. In the event a Promoter violates this section, the Company reserves the right to institute legal proceedings to obtain monetary or equitable relief.

## **10.0 CHANGES TO A PROMOTER BUSINESS**

### **10.1 Modification of the Promoter Agreement**

A Promoter may modify his or her existing Promoter Agreement (i.e., change a social security number to a Federal ID number, add a Spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the Promoter) by submitting a written request, accompanied by a new Promoter Agreement and the Business Registration Form, if applicable, completed with fresh signatures (not a "crossed out" or "white-out" version of the first Agreement), and any appropriate supporting documentation.

### **10.2 Change Sponsor or Placement for Active Promoters**

A. Maintaining the integrity of the organizational structure is mandatory for the success of the Company and our independent Promoters. As such, under exceptional circumstances at the discretion of the Company, a request to change placement may only be made within the first three (3) days of initial enrollment as a Promoter. Furthermore, such changes may only occur within the same organization.

- B. To change or correct the Sponsor, a Promoter must comply with following procedures:
  - I. Submit a Sponsor Placement Transfer Form;
  - II. Submit a xosialX Promoter Agreement showing the correct Sponsor and Placement, and any appropriate supporting documentation;
  - III. The Promoter Agreement must be a new, completed document bearing “fresh” signatures, not a “crossed-out” or “white-out” version of the first Agreement.
- C. Upon approval, the Promoter’s downline, if any, will transfer with the Promoter.
- D. After the first 30 days from initial enrollment, the Company will honor the Sponsor/Placement as shown:
  - I. On the most recently signed Promoter Agreement on file; or
  - II. Self-enrolled on the website (i.e., electronically signed web Agreement).
- E. xosialX retains the right to approve or deny any requests to change Sponsor or Placement, and to correct any errors related thereto at any time and in whatever manner it deems necessary.

#### **10.4 Change Organizations**

- A. If a Promoter wishes to transfer organizations, he or she must submit a letter of resignation to the Company Customer Service Department and remain inactive (place no orders nor make any sales) with or in xosialX for six (6) months from the receipt of the letter before being eligible to re-enroll under a different Sponsor/Placement.
- B. xosialX retains the right to approve or deny any request to re-enroll after a Promoter’s resignation.
- C. If re-enrollment is approved, the former Promoter will be issued a new xosialX ID number and will be required to submit a new Promoter Agreement. The Promoter will not be entitled to keep any former rank, downline, or rights to commission checks from any prior organization.
- D. Transfers may not be done outside of the original organization.

#### **10.5 Unethical Sponsoring**

- A. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition in trying to acquire a prospect or new Promoter from another Promoter or influencing another Promoter to transfer to a different sponsor.
- B. Allegations of unethical sponsoring must be reported in writing to the Company Compliance Department to [compliance@xosialx.com](mailto:compliance@xosialx.com), within the first 90 days of enrollment. If the reports are substantiated, xosialX may transfer the Promoter or the Promoter’s downline to another sponsor, Placement or organization without approval from the current up-line Sponsor or Placement Promoters. The Company remains the final authority in such cases.

#### **10.6 Sell, Assign or Delegate Ownership**

- A. In order to preserve the integrity of the hierarchical structure, it is necessary for xosialX to place restrictions on the transfer, assignment, or sale of a position.
- B. A xosialX Promoter may not sell or assign his or her rights or delegate his or her position as an Promoter to anyone else.

### **10.7 Separating a xosialX Business**

- A. Pending a divorce or other business entity, the parties must adopt one of the following methods of operation.
  - I. One of the parties may, with the written consent of the other(s), operate the xosialX business whereby the relinquishing Spouse, shareholders, partners, members or trustees authorize the Company to deal directly and solely with the other Spouse, non-relinquishing shareholder, partner, member or trustee;
  - II. The parties may continue to operate the xosialX business jointly on a "business as usual" basis, whereupon all compensation paid by the Company will be paid in the name designated as the Promoters or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, the Company will pay compensation to the name on record and in such event, the Promoter named on the account shall indemnify xosialX from any claims from the other business owner(s) or the other Spouse with respect to such payment.
- B. xosialX recognizes only one Downline organization and will issue only one commission check per xosialX business per commission cycle. Under no circumstances will the Downline of an organization be divided, nor will the Company split commission and/or bonus checks.
- C. If a relinquishing Spouse, partner or owner of the business has completely relinquished ("Relinquishing Party"), in writing, all rights to the original xosialX business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice.

### **10.8 Succession**

- A. Upon the death or incapacity of an Promoter, the Promoter's business may be passed on to his or her legal successors in interest (successor). Whenever a xosialX business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Promoter's sales organization. The successor must:
  - I. Complete and sign a new xosialX Promoter Agreement;
  - II. Comply with the terms and provisions of the Promoter Agreement; and
  - III. Meet all of the qualifications for the last rank achieved by the former Promoter.
- B. Bonus and commission checks of a xosialX business transferred based on this section will be paid in a single check to the successor. The successor must provide the Company with an "address of record" to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the position, not the highest rank or volume achieved.
- C. If the business is bequeathed to joint devisees (successors), they must form a business entity and acquire a Federal taxpayer identification number. xosialX will issue all bonus and commission payments and one 1099 Miscellaneous Income Tax form to the managing business entity only.

D. Appropriate legal documentation must be submitted to the Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a xosialX business, the successor must provide the following to Company Compliance Department:

I. A certified copy of the death certificate; and

II. A notarized copy of the will or other appropriate legal documentation establishing the successor's right to the xosialX business.

C. To complete a transfer of the xosialX business because of incapacity, the successor must provide the following to the Company Compliance Department:

I. A notarized copy of an appointment as trustee;

II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee's right to administer the xosialX business; and

III. A completed Promoter Agreement executed by the trustee.

D. If the successor is already an existing Promoter, Company will allow such Promoter to keep his or her own position plus the inherited position active for up to six (6) months. By the end of the six-month period, the Promoter must have compressed (if applicable), sold or otherwise transferred either the existing position or the inherited position.

E. If the successor wishes to terminate the xosialX position, he or she must submit a notarized statement stating the desire to terminate the position, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.

F. Upon written request, xosialX may grant a one (1) month bereavement waiver and pay out at the last "paid as" rank.

### **10.9 Resignation/Voluntary Termination**

A. A Promoter may immediately terminate his or her position by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:

I. The Promoter's intent to resign;

II. Date of resignation;

III. xosialX Identification Number;

IV. Reason for resigning; and

V. Signature.

B. A Promoter may not use resignation as a way to immediately change Sponsor and Placement. Instead, the Promoter who has voluntarily resigned is not eligible to reapply for a position or have any financial interest in an or any xosialX business for six (6) months from the receipt of the written notice of resignation.

### **10.10 Involuntary Termination**

- A. xosialX reserves the right to terminate an Promoter’s position for, but not limited to, the following reasons
- I. Violation of any terms or conditions of the Promoter Agreement;
  - II. Violation of any provision in these Policies and Procedures;
  - III. Violation of any provision in the Compensation Plan;
  - IV. Violation of any applicable law, ordinance, or regulation regarding the xosialX business; or
  - V. Engaging in unethical business practices or violating standards of fair dealing.
- B. The Company will notify the Promoter in writing by mail at his or her last known address or email address of its intent to terminate the Promoter’s position and the reasons for termination. The Promoter will have five (5) calendar days from the date of mailing of such notice to respond in writing to the allegations or claims constituting cause for termination as stated in the notice.
- C. If the termination is not rescinded, the termination will be effective as of the date of the original termination notice by xosialX. The former Promoter shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any xosialX products. Company will notify the active Upline Sponsor within ten (10) days after termination.
- D. The xosialX Promoter who is involuntarily terminated by the Company may not reapply for a position, either under his or her present name or any other name or entity, without the express written consent of an officer of xosialX, following Company Compliance Department. In any event, such Promoter may not re-apply for a position for six (6) months from the date of termination.

### **10.11 Effect of Cancellation**

- A. Following an Promoter’s cancellation for inactivity or voluntary or involuntary termination (collectively, a “cancellation”) such Promoter:
- I. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Promoter’s former organization or any other payments in association with the Promoter’s former independent position;
  - II. Effectively waives any and all claims to property rights or any interest in or to the Promoter’s former Downline organization;
  - III. Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to xosialX.

## **DISCIPLINARY SANCTIONS**

### **11.0 Imposition of Disciplinary Action - Purpose**

It is the spirit of xosialX that integrity and fairness should pervade among its Promoters, thereby providing everyone with an equal opportunity to build a successful business. Therefore, the Company reserves the right to impose disciplinary sanctions at any time, when it has determined that an Promoter has violated the Agreement or any of these Policies and Procedures or the Compensation Plan as they may be amended from time to time by the Company.

### **11.1 Consequences and Remedies of Breach**

A. Disciplinary actions may include one or more of the following:

- I. Monitoring an Promoter's conduct over a specified period of time to assure compliance;
- II. Issuance of a written warning or requiring the Promoter to take immediate corrective action;
- III. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until Company receives adequate additional assurances from the Promoter to ensure future compliance;
- IV. Suspension from participation in Company or Promoter events, rewards, or recognition;
- V. Suspension of the xosialX Promoter Agreement and position for one or more pay periods;
- VI. Involuntary termination of the Promoter's Agreement and position;
- VII. Any other measure which Company deems feasible and appropriate to justly resolve injuries caused by the Promoter's Policy violation or contractual breach; OR
- VIII. Legal proceedings for monetary or equitable relief.

## **12.0 DISPUTE RESOLUTION**

### **12.1 Grievances**

A. If a Promoter has a grievance or complaint against another Promoter regarding any practice or conduct relating to their respective xosialX businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Company Compliance Department as outlined below in this Section.

B. The Company Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Promoters involved.

C. xosialX will confine its involvement to disputes regarding xosialX business matters only. The Company will not decide issues that involve personality conflicts or unprofessional conduct by or between Promoters outside the context of a xosialX business. These issues go beyond the scope of the Company and may not be used to justify a Sponsor or Placement change or a transfer to another xosialX organization.

D. xosialX does not consider, enforce, or mediate third party agreements between Promoters, nor does it provide names, funding, or advice for obtaining outside legal counsel.

E. Process for Grievances:

- I. The Promoter should submit a written letter of complaint (e-mail will not be accepted) directly to the Company Compliance Department. The letter shall set forth the details of the incident as follows:
  - a. The nature of the violation;
  - b. Specific facts to support the allegations;
  - c. Dates;
  - d. Number of occurrences;
  - e. Persons involved; and
  - f. Supporting documentation.
  
- II. Upon receipt of the written complaint, the Company will conduct an investigation according to the following procedures:
  - a. The Compliance Department will send an acknowledgment of receipt to the complaining Promoter.
  - b. The Compliance Department will provide a verbal or written notice of the allegation to the Promoter under investigation. If a written notice is sent to the Promoter, he or she will have five (5) business days from the date of the notification letter to present all information relating to the incident for review by the Company.
  - c. The Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case by case basis, and the length of time to reach a resolution will vary.
  - d. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Promoter calls, letters, and requests for "progress reports" during the course of the investigation will not be answered or returned.
  - e. During the course of an investigation, it is at the sole discretion of the Compliance Department, to temporarily suspend any Promoter being investigated depending on the severity of the accusations.
  - f. Company will make a final decision and timely notify the Promoters involved.

## **12.2 Arbitration**

A. Any controversy or claim arising out of or relating to the xosialX Promoter Agreement, these Policies and Procedures, or the breach thereof, the Promoter's business or any dispute between the Company and a Promoter in general, shall be settled by binding and confidential 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. Any such arbitration shall be held in Reno, Nevada. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.



B. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney's fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.

C. This agreement to arbitration shall survive any termination or expiration of the Promoter agreement.

D. Nothing in these Policies and Procedures shall prevent xosialX from applying for or 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 Company interests or its Confidential Information prior to, during or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

E. NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.

F. These Policies and Procedures and any arbitration involving a Promoter and xosialX shall be governed by and construed in accordance with the laws of the state of Nevada, without reference to its principles of conflict of laws.

### **12.3 Severability**

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies and Procedures.

### **12.4 Waiver**

A. Only an officer of xosialX can, in writing, affect a waiver of the Company Policies and Procedures. Company's waiver of any particular breach by a Promoter shall not affect the Company's rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Promoter.

B. The existence of any claim or cause of action of a Promoter against xosialX shall not constitute a defense to the Company's enforcement of any term or provision of these Policies and Procedures.

### **12.5 Successors and Claims**

The agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

### **13.0 GOVERNING LAW**

These Policies and Procedures shall be governed by and construed in accordance with the Laws of the State of Nevada and the exclusive jurisdiction of the United States courts.

### **14.0 xosialX GLOSSARY OF TERMS ACTIVE PROMOTER:**

A Promoter who satisfies the minimum volume requirements, as set forth in the Compensation Plan, to ensure that they are eligible to receive bonuses and commissions.

**AGREEMENT:** The contract between the Company and each Promoter, which includes the Promoter Agreement, the xosialX Policies and Procedures, and the xosialX Compensation Plan, all in their current form and as amended by xosialX in its sole discretion. These documents are collectively referred to as the "Agreement."

**CANCEL:** The termination of an Promoter's business. Cancellation may be either voluntary, involuntary, or through non-renewal.

**COMPENSATION PLAN:** The guidelines and referenced literature for describing how Promoters can generate commissions and bonuses.

**CUSTOMER:** A Customer who purchases xosialX products and does not engage in building a business or retailing product.

**PROMOTER:** An individual who generates retail sales and business building commissions.

**LINE OF SPONSORSHIP (LOS):** A report generated by xosialX that provides critical data relating to the identities of Promoters, sales information, and enrollment activity of each Promoter's organization. This report contains confidential and trade secret information which is proprietary to the Company.

**ORGANIZATION:** The Customers and Promoters placed below a particular Promoter.

**OFFICIAL CORPORATE MATERIAL:** Literature, audio or video tapes, and other materials developed, printed, published, and distributed to Promoters by xosialX.

**RECRUIT:** For purposes of the Company's Conflict of Interest Policy, the term "Recruit" means the actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another xosialX Promoter or Customer to enroll or participate in another multilevel marketing, network marketing, or direct sales opportunity.

**SPONSOR:** A Promoter who enrolls a Customer or another Promoter into the Company, and is listed as the Sponsor on the Promoter Agreement. The act of enrolling others and training them to become Promoters is called "sponsoring."

**UPLINE:** This term refers to the Promoter or Promoters above a particular Promoter in a sponsorship line up to the Company. It is the line of sponsors that links any particular Promoter to the Company.