

# Evolv Health Canada Inc.

## STATEMENT OF POLICIES and PROCEDURES

Effective July 12, 2011

### TABLE OF CONTENTS

CODE OF ETHICS.....	1
SECTION 1 - INTRODUCTION.....	1
1.1 - POLICIES AND COMPENSATION PLAN INCORPORATED INTO DISTRIBUTOR AGREEMENT .....	1
1.2 - CHANGES TO THE AGREEMENT .....	2
1.3 - DELAYS .....	2
1.4 - POLICIES AND PROVISIONS SEVERABLE .....	2
1.5 - WAIVER.....	2
1.6 - LIMITATION OF LIABILITY .....	3
SECTION 2 - BECOMING A DISTRIBUTOR.....	3
2.1 - REQUIREMENTS TO BECOME A DISTRIBUTOR .....	3
2.2 - NO PRODUCT PURCHASE REQUIRED .....	3
2.3 - DISTRIBUTOR BENEFITS .....	4
2.4 - TERM AND RENEWAL OF YOUR EVOLV BUSINESS .....	4
SECTION 3 - OPERATING AN EVOLV BUSINESS .....	4
3.1 - ADHERENCE TO THE AGREEMENT .....	4
3.2 - ADVERTISING .....	5
3.2.1 - General.....	5
3.2.2 - Distributor Web Sites.....	5
3.2.3 - Domain Names .....	6
3.2.4 - Trademarks and Copyrights.....	6
3.2.5 - Media and Media Inquiries.....	6
3.2.6 - Unsolicited Email .....	6
3.2.7 - Use of Evolv Trademarks and Trade Names .....	7
3.2.8 - Telephone Book Listings.....	7
3.3 - BUSINESS ENTITIES .....	7
3.3.1 - Changes to a Business Entity.....	8
3.4 - CHANGE OF SPONSOR .....	8
3.4.1 - Misplacement.....	8
3.4.2 - Upline Approval.....	8
3.4.3 - Cancellation and Re-application.....	9
3.5 - UNAUTHORIZED CLAIMS .....	9
3.5.1 - Health Claims.....	9
3.5.2 - Product Claims .....	9
3.5.3 - Income Claims.....	10
3.5.4 - Indemnification .....	11
3.6 - COMMERCIAL OUTLETS .....	11
3.7 - TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS .....	11
3.8 - CONFLICTS OF INTEREST.....	11

3.8.1 - Nonsolicitation .....	11
3.8.2 - Sale of Competing Goods or Services.....	12
3.8.3 - Distributor Participation in Other Direct Selling Programs.....	12
3.8.4 - Downline Activity (Genealogy) Reports.....	12
3.9 - TARGETING OTHER DIRECT SELLERS .....	13
3.10 - CROSS-SPONSORING .....	13
3.11 - Errors or Questions .....	14
3.12 - GOVERNMENTAL APPROVAL OR ENDORSEMENT.....	14
3.13 - HOLDING APPLICATIONS OR ORDERS.....	14
3.14 - IDENTIFICATION .....	14
3.15 - INDEPENDENT CONTRACTOR STATUS.....	14
3.16 - TAXES & WITHHOLDING OBLIGATIONS .....	15
3.17 - INTERNATIONAL MARKETING .....	16
3.18 - EXCESS INVENTORY AND BONUS BUYING.....	ERROR! BOOKMARK NOT DEFINED.
3.19 - ADHERENCE TO LAWS AND ORDINANCES .....	17
3.20 - MINORS .....	17
3.21 - ONE EVOLV BUSINESS PER DISTRIBUTOR AND PER HOUSEHOLD .....	18
3.22 - ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS .....	18
3.23 - REQUESTS FOR RECORDS .....	18
3.24 - SALE, TRANSFER OR ASSIGNMENT OF EVOLV BUSINESS.....	18
3.25 - SEPARATION OF AN EVOLV BUSINESS .....	19
3.26 - SPONSORING ONLINE.....	20
3.27 - SUCCESSION.....	20
3.27.1 - Transfer Upon Death of a Distributor.....	20
3.27.2 - Transfer Upon Incapacitation of a Distributor .....	21
3.28 - TELEMARKETING .....	21
3.29 - BACK OFFICE ACCESS .....	21
<b>SECTION 4 - RESPONSIBILITIES OF DISTRIBUTORS.....</b>	<b>22</b>
4.1 - CHANGE OF ADDRESS, TELEPHONE, AND E-MAIL ADDRESSES .....	22
4.2 - COMMUNICATING WITH EVOLV .....	22
4.3 - RECOMMENDED TRAINING & DEVELOPMENT .....	22
4.3.1 - Ongoing Training.....	22
4.3.2 - Increased Training .....	22
4.4 - NONDISPARAGEMENT .....	23
4.5 - PROVIDING DOCUMENTATION TO APPLICANTS.....	23
4.6 - REPORTING POLICY VIOLATIONS.....	23
4.7 - PRIVACY POLICY & CONSENT .....	23
<b>SECTION 5 - SALES REQUIREMENTS .....</b>	<b>24</b>
5.1 - PRODUCT SALES .....	24
5.2 - RETAIL SALE REQUIREMENT .....	24
5.3 - NO TERRITORY RESTRICTIONS .....	24
5.4 - SALES RECEIPTS.....	24
<b>SECTION 6 - BONUSES AND COMMISSIONS.....</b>	<b>25</b>
6.1 - BONUS AND COMMISSION QUALIFICATIONS AND PAYMENT .....	25
6.2 - ADJUSTMENT TO BONUSES AND COMMISSIONS .....	26
6.2.1 - Adjustments for Returned Products .....	26
6.2.2 - Hard Copy Commission Cheques.....	26
6.2.3 - Reissuance of Cheques .....	26
6.3 - DEDUCTIONS AND OFFSETS .....	26
6.4 - REPORTS .....	26
<b>SECTION 7 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE.....</b>	<b>27</b>
7.1 - RETURNS BY RETAIL CUSTOMERS .....	27

7.2 - RETURN OF INVENTORY AND SALES AIDS BY DISTRIBUTORS.....	28
7.3 - PROCEDURES FOR ALL RETURNS AND REFUNDS .....	29
<b>SECTION 8 - BREACH OF AGREEMENT &amp; DISPUTE RESOLUTION .....</b>	<b>30</b>
8.1 - CONSEQUENCES OF BREACH .....	30
8.2 - COMPLAINTS .....	30
8.3 - MEDIATION .....	31
8.4 - ARBITRATION .....	31
8.5 - GOVERNING LAW, JURISDICTION AND VENUE.....	31
<b>SECTION 9 - PAYMENT AND SHIPPING.....</b>	<b>32</b>
9.1 - RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND CHEQUING ACCOUNT ACCESS .....	32
<b>SECTION 10 - INACTIVITY, RECLASSIFICATION, AND CANCELLATION .....</b>	<b>32</b>
10.1 - EFFECT OF CANCELLATION .....	32
10.2 - CANCELLATION DUE TO INACTIVITY.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
10.2.1 - <i>Reclassification Following Cancellation Due to Lack of Sales.....</i>	<i>Error! Bookmark not defined.</i>
10.3 - CANCELLATION FOR BREACH OF AGREEMENT.....	32
10.4 - VOLUNTARY CANCELLATION .....	33
10.5 - NON-RENEWAL .....	33
<b>SECTION 11 - DEFINITIONS .....</b>	<b>33</b>

## **CODE OF ETHICS**

Evolv Health is a values based company that prides itself on the quality and character of the people who become Distributors. The following guidelines help insure a uniform standard of excellence throughout our organization. I acknowledge reading and understanding the following Code of Ethics and agree to be guided by it when operating my Distributorship:

- a) Be respectful of every person I meet while doing Evolv Health related business.
- b) Conduct myself and my business in an ethical, moral, legal and financially sound manner.
- c) Not engage in activities that would bring disrepute to Evolv Health, any Evolv Health corporate officer or employee, myself, or other distributors.
- d) Not make discouraging or disparaging claims directed toward other Evolv Health Distributors. I will ensure that in all Evolv Health business dealings that I refrain from engaging in negative language. I will refrain from using any type of slanderous statements, implications or assumptions.
- e) Be truthful in my representation of Evolv Health products by making no diagnostic, therapeutic, curative or exaggerated claims and by clearly stating all terms of sale. I understand any claim of cure or treatment or any prescription is strictly forbidden.
- f) Provide support and encouragement to my customers to ensure that their experience with Evolv Health is a successful one. I understand that it is important to provide follow-up service and support to my downline.
- g) Correctly represent all the Bonus plans available through Evolv Health and the income potential represented therein. I understand I may not use my own income as an indication of other's potential success, or use compensation checks as marketing materials.
- h) Abide by all of the aspects of the Agreement, including these Policies and Procedures now and as they may be amended in the future.

### **SECTION 1 - INTRODUCTION**

These Policies and Procedures, are effective as of the date first displayed above and are intended to define the rights and obligations Evolv Health Distributors in relation to the Company, other Distributors, and Distributors' customers. They replace and succeed all previous versions. Definitions of terms used in these Policies and Procedures are found at Section 11 hereof. Any interpretation, clarification, exclusion, or exception to these Policies and Procedures, in order to be effective, must be in writing and signed by an authorized officer of the Company. The Company endeavors to enforce the Policies and Procedures on a uniform and nondiscriminatory basis. However, any failure to enforce any of the provisions of the Policies and Procedures with one Distributor does not waive the Company's right to enforce any such provision(s) with that same Distributor or any other Distributor.

#### **1.1 - Policies and Compensation Plan Incorporated into Distributor Agreement**

These Policies and Procedures, in their present form and as amended at the sole discretion of Evolv Health Canada Inc. (hereafter "Evolv" or the "Company"), are incorporated into, and form an integral part of, the Evolv Distributor Agreement. Throughout these Policies and Procedures, when the term "Agreement" is used, it collectively refers to the Evolv Distributor Application, these Policies and Procedures, the Evolv Compensation Plan, and the Evolv Business Entity

Application (if applicable). These documents are incorporated by reference into the Evolv Distributor Agreement (all in their current form and as amended by Evolv). It is the responsibility of each Distributor to read, 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 Distributor, it is the responsibility of the sponsoring Distributor to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the Evolv Compensation Plan prior to his or her execution of the Distributor Application.

## **1.2 - Changes to the Agreement**

Evolv reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By executing the Distributor Application, a Distributor agrees to abide by all amendments or modifications that Evolv elects to make. Amendments shall be effective 30 days after publication of notice that the Agreement has been modified. All Distributors shall be bound by any amendments upon notification of the amendments through any of Evolv's official channels of communication. Those channels include, but are not limited to, posting of information to the official Evolv website, email to the Distributors, announcements in any official Evolv newsletter or other publication, or mail to the Distributor at the address listed on the Distributor Application.

## **1.3 - Delays**

Evolv 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.

## **1.4 - Policies and Provisions Severable**

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

## **1.5 - 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 Evolv to exercise any right or power under the Agreement or to insist upon strict compliance by a Distributor 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 Evolv's right to demand exact compliance with the Agreement. Waiver by Evolv can be effectuated only in writing by an authorized officer of the Company. Evolv's waiver of any particular breach by a Distributor shall not affect or impair Evolv's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. Nor shall any delay or omission by Evolv to exercise any right arising from a breach affect or impair Evolv's rights as to that or any subsequent breach.

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

### **1.6 - Limitation of Liability**

To the extent permitted by law, the Company, its directors, officers, members, managers, shareholders, employees, assigns and agents (collectively referred to in this section as "Affiliates") shall not be liable for, and the Distributor releases Company and its Affiliates from and waives all claims, for any loss of profits, indirect, direct, special or consequential damages, and for any other losses incurred or suffered by Distributor as a result of: (i) Distributor's breach of the Agreement, (ii) the promotion or operation of the Distributorship and the Distributorship Business; (iii) Distributor's incorrect or wrong data or information provided to the Company or its Responsible Parties; or (iv) the Distributor's failure to provide any information or data necessary for the Company to operate its business. EACH DISTRIBUTOR AGREES THAT THE ENTIRE LIABILITY OF THE COMPANY AND ITS AFFILIATES FOR ANY CLAIM WHATSOEVER RELATED TO THE AGREEMENT, BUT NOT LIMITED TO, ANY CAUSE OF ACTION SOUNDING IN AGREEMENT, TORT, OR EQUITY, SHALL NOT EXCEED, AND SHALL BE LIMITED TO, THE AMOUNT OF PRODUCTS THE DISTRIBUTOR HAS PURCHASED FROM THE COMPANY THAT ARE IN RESALABLE CONDITION.

## **SECTION 2 - BECOMING A DISTRIBUTOR**

### **2.1 - Requirements to Become a Distributor**

To become an Evolv Distributor, each applicant must:

- Be at least 18 years of age;
- Reside in Canada Purchase an Evolv Starter Kit; and
- Submit a properly completed Distributor Application to Evolv either in hard copy or online format. (Note that the preferred and absolute easiest way of registering as a new Distributor is through the Sponsor's EvolvHealth Virtual Office.)

Note that if an applicant is under 18 years of age, the applicant may apply to become a Distributor if he or she is at least 16 years of age and his or her parent or legal guardian is the applicant's co-applicant. The parent or legal guardian may not have his or her own Evolv business.

### **2.2 - No Product Purchase Required**

There is no financial or purchase requirement to become an Evolv Distributor or to enter, maintain, or advance in the Compensation Plan. In order to familiarize new Distributors with Evolv products, sales techniques, sales aids, and other matters, and for the sole purpose of facilitating sales, Distributors are required to purchase a Starter Kit and basic back office access. Evolv sells this Distributor Kit and back office access to new Distributors at or below its cost price of \$40.95 CAD. Any products Distributors choose to purchase, including the Starter Kit, may be returned for refund under the terms of the "Distributor Buy-Back Policy" in section 7.3 below. The Starter Kit does not contain any commissionable products and any products Distributors choose to purchase in connection with becoming a Distributor are optional. In

addition, Distributors wishing to renew their Agreement with Evolv are required to pay an annual renewal fee of \$27.00 CAD, which is at or below Evolv's cost for providing Distributors with services to facilitate sales including online Back Office services and training opportunities. See section 2.4 below for renewal information.

### **2.3 - Distributor Benefits**

Once a Distributor Application has been accepted by Evolv, the benefits of the Marketing and Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

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

### **2.4 - Term and Renewal of Your Evolv Business**

The term of the Distributor Agreement is one year from the date of its acceptance by Evolv (subject to cancellation or reclassification pursuant to Section 10). Distributors may renew their Distributor Agreement each year by paying an annual renewal fee of \$27.00 CAD on or before the anniversary date of their Distributor Agreement. If the renewal fee is not paid within 30 days after the expiration of the current term of the Distributor Agreement, the Distributor Agreement will be canceled. The renewal fee is provided at or below Evolv's cost for providing Distributors with materials and services to assist their businesses including updated materials and information on the Company's products, programs, Policies and Procedures, and related information, as well as access to the website Back Office. Distributors may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee may be:

- Deducted from the Distributor's commission or bonuses for the anniversary month of his or her Distributor Agreement or, if the Distributor has accrued insufficient bonuses or commissions at such time;
- Charged to the Distributor's credit card or checking account information on file with the Company.

## **SECTION 3 - OPERATING AN EVOLV BUSINESS**

### **3.1 - Adherence to the Agreement**

Distributors must adhere to the terms of the Agreement, including these Policies and Procedures, as set forth in official Evolv literature. Distributors shall not offer the Evolv

opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Evolv literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official Evolv agreements and contracts in order to become an Evolv Distributor. Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the Evolv Marketing and Compensation Plan other than the Starter Kit and annual renewal fee.

## **3.2 - Advertising**

### **3.2.1 - General**

All Distributors shall safeguard and promote the good reputation of Evolv and its products. The marketing and promotion of Evolv, the Evolv opportunity, the Compensation Plan, and Evolv products must comply with the Agreement and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. Without limiting the generality of the foregoing, Distributors agree to comply with the restrictions regarding Health Claims, Product Claims and Earnings Representations in sections 3.5.1 – 3.5.3 below.

To promote both the products and services, and the tremendous opportunity Evolv offers, Distributors should use the sales tools and support materials produced by Evolv. The Company has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that they are promoted in fair, truthful manner, that they are substantiated, and the material complies with the legal requirements of federal and provincial laws. Accordingly, Distributors must submit all written sales tools, promotional materials, advertisements, and other literature to the Company for approval. Unless the Distributor receives specific written approval to use such tools, the request shall be deemed denied.

Distributors who receive authorization from Evolv to produce their own sales aids may not sell such material to any other Evolv Distributor. Distributors may make approved material available to other Distributors free of charge if they wish, but may not charge other Evolv Distributors for the material. Evolv further reserves the right to rescind approval for any sales tools, promotional materials, advertisements, or other literature, and Distributors waive all claims for damages or remuneration arising from or relating to such rescission.

### **3.2.2 - Distributor Web Sites**

If a Distributor desires to utilize an Internet web page to promote his or her business, he or she may do so through the Company's optional replicated website program only. These websites are available to Distributors on a subscription basis for \$20.50 CAD per month. This program permits Distributors to advertise on the Internet and to choose from among a variety of home page designs that can be personalized with the Distributor's message and the Distributor's contact information. These websites seamlessly link directly to the official Evolv website giving the Distributor a professional and Company-approved presence on the Internet. No Distributor may independently design a website that uses the names, logos, or product descriptions of Evolv or otherwise promotes (directly or indirectly) Evolv products or the Evolv opportunity without the Company's consent and unless the website complies with the restrictions regarding Health Claims, Product Claims and Earnings Representations in sections 3.5.1 – 3.5.3 below. Nor may



a Distributor use "blind" ads on the Internet that make product or income claims which are ultimately associated with Evolv products, the Evolv opportunity, or the Evolv Compensation Plan. The use of any other Internet website or web page (including without limitation auction sites such as eBay) to in any way promote the sale of Evolv products, the Evolv opportunity, or the Marketing and Compensation Plan is a breach of the Agreement and may result in any of the consequences set forth in Section 8.1.

### **3.2.3 - Domain Names**

Distributors may not use or attempt to register any of Evolv's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name without the Company's consent.

### **3.2.4 - Trademarks and Copyrights**

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

### **3.2.5 - Media and Media Inquiries**

Distributors must not attempt to respond to media inquiries regarding Evolv, its products or services, or their independent Evolv business. All inquiries by any type of media must be immediately referred to [compliance@EvolvHealth.com](mailto:compliance@EvolvHealth.com). This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

### **3.2.6 - Unsolicited Email**

Evolv does not permit Distributors to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations. Any email sent by a Distributor that promotes Evolv, the Evolv opportunity, or Evolv products and services must comply with the following:

- There must be a functioning return email address to the sender.
- 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).
- The email must include the Distributor's physical mailing address.
- The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- The use of deceptive subject lines and/or false header information is prohibited.
- The making of any unauthorized claims (see sections 3.5.1 – 3.5.3) is prohibited.
- All opt-out requests, whether received by email or regular mail, must be honored. If a Distributor receives an opt-out request from a recipient of an email, the Distributor must forward the opt-out request to the Company.
- Emails must only be sent to recipients who have given consent to the collection, use, and disclosure of their email for the purposes of receiving information about Evolv, the Evolv business opportunity, or Evolv products and services.

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

### **3.2.7 - Use of Evolv Trademarks and Trade Names**

The name of Evolv and other names as may be adopted by Evolv are proprietary trade names, trademarks and service marks of Evolv. As such, these marks are of great value to Evolv and are supplied to Distributors for their use only in an expressly authorized manner. Use of Evolv name on any item not produced by the Company is prohibited except as follows:

Distributor's Name  
Independent Evolv Distributor

### **3.2.8 - Telephone Book Listings**

Distributors may list themselves as an "Independent Evolv Distributor" in the white or yellow pages of the telephone directory under their own name. No Distributor may place telephone directory display ads using Evolv's name or logo. Distributors may not answer the telephone by saying "Evolv", "Evolv Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Evolv.

### **3.3 - Business Entities**

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be an Evolv Distributor by submitting a Distributor Application along with a properly completed Business Entity Registration Agreement. The Business Entity Registration Agreement must be signed by all of the shareholders, members, partners, trustees, or other parties with any ownership interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties"). The Business Entity, as well as all Affiliated Parties are individually, jointly and severally liable for any indebtedness to Evolv, compliance with the Evolv Agreement, and other obligations to Evolv.

To prevent the circumvention of Sections 3.24 (regarding transfers and assignments of an Evolv business) and 3.5, (regarding Sponsorship Changes), if any Affiliated Party wants to terminate his or her relationship with the Business Entity or Evolv, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify Evolv in writing that he or she has terminated his/her affiliation with the Business Entity, and must comply with the provisions of Section 3.24. In addition, the party foregoing their interest in the Business Entity may not participate in any other Evolv business for six consecutive calendar months in accordance with Section 3.4.3. If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 3.24.

The modifications permitted within the scope of this paragraph *do not* include a change of sponsorship. Changes of sponsorship are addressed in Section 3.4, below. There is a \$25.00 CAD fee for each change requested, which must be included with the written request and the

completed Distributor Application. Evolv may, at its discretion, require notarized documents before implementing any changes to an Evolv business. Please allow thirty (30) days after the receipt of the request by Evolv for processing.

### **3.3.1 - Changes to a Business Entity**

Each Distributor must immediately notify Evolv of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business associates. Changes shall be processed only once per year. All changes must be submitted by November 30 to become effective on January 1 of the following year.

### **3.4 - Change of Sponsor**

To protect the integrity of all marketing organizations and safeguard the hard work of all Distributors, Evolv strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Distributor and marketing organization. Accordingly, the transfer of an Evolv business from one sponsor to another is rarely permitted.

Requests for change of sponsorship must be submitted in writing to the Distributor Services Department, and must include the reason for the transfer. Transfers will only be considered in the following three circumstances:

#### **3.4.1 - Misplacement**

In cases in which the new Distributor is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, a Distributor 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 60 days from the date of enrollment. The Distributor requesting the change has the burden of proving that he or she was placed beneath the wrong sponsor. It is up to Evolv's discretion whether the requested change will be implemented.

#### **3.4.2 - Upline Approval**

The Distributor seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of his or her immediate 6 upline Distributors following the enrollment tree in the compensation plan. Photocopied or facsimile signatures are not acceptable. All Distributor signatures must be notarized. The Distributor who requests the transfer must submit a fee of \$50.00 CAD for administrative charges and data processing. If the transferring Distributor also wants to move any of the Distributors in his or her marketing organization, each downline Distributor must also obtain a properly completed Sponsorship Transfer Form and return it to Evolv with the \$50.00 CAD change fee (i.e., the transferring Distributor and each Distributor in his or her marketing organization multiplied by \$50.00 CAD is the cost to move an Evolv business.) Downline Distributors will not be moved with the transferring Distributor unless all of the requirements of this paragraph are met. Transferring Distributors must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by Evolv 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 developed by a Distributor,

Evolv 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, **DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST EVOLV, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM EVOLV'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

### **3.4.3 - Cancellation and Re-application**

A Distributor may legitimately change organizations by voluntarily canceling his or her Evolv business and remaining inactive (*i.e.*, no purchases of Evolv products for resale, no sales of Evolv products, no sponsoring, no attendance at any Evolv functions, participation in any other form of Distributor activity, or operation of any other Evolv business, no income from the Evolv business) for six (6) full calendar months. Following the six month period of inactivity, the former Distributor may reapply under a new sponsor, however, the former Distributor's downline will remain in their original line of sponsorship. Evolv will consider waiving the six month waiting period under exceptional circumstances. Such requests for waiver must be submitted to Evolv in writing.

## **3.5 - Unauthorized Claims**

### **3.5.1 - Health Claims**

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties ("Health Claims") of any products offered by Evolv may be made except those specific claims contained in official Canadian Evolv literature. Such claims may only be repeated or republished in exactly the same format as that published by Evolv and the claim must be republished in its totality. "Health Claims" includes any claim that Evolv products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases, or are manufactured, sold or represented for use in (a) the diagnosis, treatment, mitigation or prevention of a disease, disorder or abnormal physical state or its symptoms in humans; (b) restoring or correcting organic functions in humans; or (c) modifying organic functions in humans, such as modifying those functions in a manner that maintains or promotes health. Such statements can be perceived as medical, drug claims, or natural health product claims. Not only would such claims breach the Policies and Procedures, but they potentially violate federal and provincial laws and regulations, including the federal Food and Drugs Act.

### **3.5.2 - Product Claims**

Distributors may not make any other product claims or representations regarding Evolv products except those that are specifically contained in official Evolv Canadian literature. Such claims or representations may only be repeated or republished in exactly the same format as that published by Evolv and the claim must be republished in its totality.

In particular, no Distributor may make any claim or representation ("Product Claims") regarding the following: (1) the performance, efficacy or life of Evolv products or services; (2) the testing of Evolv products or services; (3) testimonials or endorsements of Evolv products or

services; and (4) any matter that would be false or misleading in a material respect. Not only would such Product Claims breach the Policies and Procedures, but they potentially violate federal and provincial laws and regulations, including the federal Competition Act.

### **3.5.3 - Income Claims**

To ensure full compliance with section 55 of the Federal Competition Act (Section 55), Evolv strictly prohibits Distributors from making representations relating to compensation (“Earnings Representations”) under the Compensation Plan, whether to a prospective Distributor or otherwise. Without limiting the generality of this prohibition, and because Distributors do not have the data necessary to comply with the legal requirements for making income claims or other earnings or lifestyle representations under Section 55, a Distributor, when presenting or discussing the Evolv opportunity or Compensation Plan to a prospective Distributor, shall be strictly prohibited from, and shall not make or imply directly or indirectly, any verbal, physical, electronic or other income claims or earning or lifestyle representations, including income projections, improved lifestyle claims, hypothetical income examples or disclosures regarding a Distributor’s own Evolv business income (including the showing of cheques, copies of cheques, bank statements, tax records, or other similar demonstrative documents).

Furthermore, so that the Company may meet its obligations under Section 55 to ensure that (a) no representations relating to compensation under the Compensation Plan are made by participants in the Compensation Plan and that (b) that any representations relating to compensation under the Compensation Plan that may be made, constitute or include fair, reasonable and timely disclosure of the information required by Section 55, any Distributors that has the reason to believe that this general prohibition against Earnings Representations is being contravened by themselves or any other person, SHALL HAVE THE POSITIVE OBLIGATION to inform, and SHALL INFORM Evolv of the facts relevant to the contravention, such that the Company is capable of ensuring that any representations relating to compensation made under the Compensation Plan comply with the provisions of Section 55, or are otherwise corrected.

Without limiting the general prohibition against Earnings Representations and the reporting obligations set out in this section 4.6.3, at such time as the Company develops and publishes in official Evolv Canadian materials or on the Evolv Canadian website, either (a) compensation actually received by typical participants in the Compensation Plan or (b) compensation likely to be received by typical participants in the Compensation Plan, having regard to the relevant considerations set out in Section 55 (hereafter, “Typical Participant Earnings Disclosure”), a Distributor shall have the following right(s):

- a. To repeat to prospective Distributor (s), any Earnings Representations found in official Evolv Canadian materials or on the Company Canadian website, provided immediately noting the Typical Participant Earnings Disclosure in a fair, reasonable and timely manner as set out in the Evolv website or materials.
- b. To make hypothetical income examples to prospective Distributors that are used to explain the operation of the Compensation Plan, and which are based solely on mathematical projections of information set out in the Compensation Plan, provided that in using such hypothetical examples the Distributor also immediately makes to the same prospective Distributors the Typical Participant Earnings Disclosure in a

fair, reasonable and timely manner as set out in the then-current Evolv Canadian literature, and makes clear to the prospective Distributor(s) that such prior income examples are hypothetical.

#### **3.5.4 - Indemnification**

A Distributor is fully responsible for all of his or her verbal and written statements made regarding Evolv products, services, and the Compensation Plan which are not expressly contained in official Evolv materials. Distributors agree to indemnify Evolv and Evolv's directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Evolv as a result of the Distributor's unauthorized representations or actions, including Health Claims, Product Claims or Earnings Representations contrary to sections 3.5.1 – 3.5.3, above. This provision shall survive the termination of the Distributor Agreement.

#### **3.6 - Commercial Outlets**

Distributors may not sell Evolv products from a commercial outlet, nor may Distributors display or sell Evolv products or literature in any retail or service establishment.

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

Distributors may display and/or sell Evolv products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Distributors must contact the Distributor Services department in writing for conditional approval, as Evolv's policy is to authorize only one Evolv business per event. Final approval will be granted to the first Distributor who submits an official advertisement of the event, a copy of the contract signed by both the Distributor 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 [compliance@EvolvHealth.com](mailto:compliance@EvolvHealth.com). Evolv further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services, or the Evolv 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 Evolv wishes to portray.

#### **3.8 - Conflicts of Interest**

##### **3.8.1 - Nonsolicitation**

Evolv Distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, during the term of this Agreement, Distributors may not directly or indirectly Recruit other Evolv Distributors or Customers for any other network marketing business.

Following the cancellation of a Distributor's independent Distributor Agreement, and for a period of six calendar months thereafter, with the exception of a Distributor who is personally sponsored by the former Distributor, a former Distributor may not Recruit any Evolv Distributor or Customer for another network marketing business. Distributors and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across Canada 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, Distributors and Evolv agree that this non-solicitation provision shall apply to all markets in which Evolv conducts business.

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 Evolv Distributor or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

### **3.8.2 - Sale of Competing Goods or Services**

Distributors must not sell, or attempt to sell, any competing non-Evolv programs, products or services to Evolv Customers or Distributors. Any program, product or services in the same generic categories as Evolv products or services is deemed to be competing, regardless of differences in cost, quality or other distinguishing factors.

### **3.8.3 - Distributor Participation in Other Direct Selling Programs**

If a Distributor is engaged in other non-Evolv direct selling programs, it is the responsibility of the Distributor to ensure that his or her Evolv business is operated entirely separate and apart from any other program. To this end, the following must be adhered to:

- Distributors shall not display Evolv promotional material, sales aids, products or services with or in the same location as, any non-Evolv promotional material or sales aids, products or services.
- Distributors shall not offer the Evolv opportunity, products or services to prospective or existing Customers or Distributors in conjunction with any non-Evolv program, opportunity, product or service.
- Distributors may not offer any non-Evolv opportunity, products, services or opportunity at any Evolv-related meeting, seminar or convention, or within two hours and a five mile radius of the Evolv event. If the Evolv meeting is held telephonically or on the internet, any non-Evolv meeting must be at least two hours before or after the Evolv meeting, and on a different conference telephone number or internet web address from the Evolv meeting.

### **3.8.4 - Downline Activity (Genealogy) Reports**

Downline Activity Reports are available for Distributor access and viewing at Evolv’s official web site. Distributor access to their Downline Activity Reports is password protected. **All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Evolv.** Downline Activity Reports are provided to Distributors in strictest confidence and are made available to Distributors for the sole purpose of assisting Distributors in working with their respective Downline Organizations in the development of their Evolv business. Distributors should use their Downline Activity Reports to assist, motivate, and train their downline Distributors. The Distributor and Evolv agree that, but for this agreement of confidentiality and nondisclosure, Evolv would not provide Downline Activity Reports to the Distributor. A Distributor 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 information contained in any Downline Activity Report to any third party;
- Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;
- Use the information to compete with Evolv or for any purpose other than promoting his or her Evolv business;
- Recruit or solicit any Distributor or Customer of Evolv listed on any report, or in any manner attempt to influence or induce any Distributor or Preferred Customer of Evolv, to alter their business relationship with Evolv; or
- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Distributor will return the original and all copies of Downline Activity Reports to the Company.

### **3.9 - Targeting Other Direct Sellers**

Evolv does not condone Distributors specifically or consciously targeting the sales force of another direct sales company to sell Evolv products or to become Distributors for Evolv, nor does Evolv condone Distributors solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Distributors engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Distributor alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Evolv will not pay any of Distributor's defense costs or legal fees, nor will Evolv indemnify the Distributor for any judgment, award, or settlement.

### **3.10 - Cross-Sponsoring**

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment or attempted enrollment of an individual who or entity that already has a current customer relationship or Distributor Agreement on file with Evolv, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, fictitious ID numbers, any straw-man or other artifice to circumvent this policy is prohibited. Distributors shall not demean, discredit or defame other Evolv Distributors in an attempt to entice another Distributor to become part of the first Distributor's marketing organization. This policy shall not prohibit a sponsorship change in accordance with Section 3.4.

If Cross Sponsoring is discovered, it must be brought to the Company's attention immediately. Evolv may take appropriate action against the Distributor that changed organizations and/or those Distributors who encouraged or participated in the Cross Sponsoring. Evolv may also move all or part of the offending Distributor's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Evolv is under no obligation to move the Cross Sponsored Distributor's downline organization, and the ultimate disposition of the organization remains within the sole discretion of Evolv.



**Distributors waive all claims and causes of action against Evolv arising from or relating to the disposition of the Cross Sponsored Distributor's downline organization.**

### **3.11 - Errors or Questions**

If a Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Distributor must notify Evolv in writing within 60 days of the date of the purported error or incident in question at 13455 Noel Road, Suite 2300, Dallas, TX 75240 ATTN: Distributor Services Department or via e-mail to [commissions@evolvhealth.com](mailto:commissions@evolvhealth.com). Evolv will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

### **3.12 - Governmental Approval or Endorsement**

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

### **3.13 - Holding Applications or Orders**

Distributors must not manipulate enrollments of new applicants and purchases of products. All Distributor Applications, and product orders must be sent to Evolv within 72 hours from the time they are signed by a Distributor or placed by a customer, respectively.

### **3.14 - Identification**

Upon enrollment, the Company will provide a unique Distributor Identification Number to the Distributor by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

### **3.15 - Independent Contractor Status**

The legal relationship between Evolv and Distributors is intended to be one of independent contractor, with the specifics of that legal relationship agreed to be as follows:

- (a) Control - Subject to the terms of the Agreement, and other applicable laws, Distributors have complete control and discretion over the operation of their independent businesses including, without limiting the nature of the foregoing, how much or how little time they choose to devote to their businesses, the locations in which they conduct activities as Distributor, and Distributors are entitled to establish their own business goals, business hours, and business methods.
- (b) Ownership of Tools – Distributors are responsible for the ownership and acquisition of any business tools, equipment, assets, and expenses, and all business goods, services and intangibles that they, in their discretion, believe necessary for the operation of their independent businesses including, without limiting the generality of the foregoing, the location and appointment of business offices, business cards, letterhead, computer equipment, motor vehicle(s), and other tools and equipment (e.g., phone, office supplies etc.) which Distributors alone deem necessary for operation of their businesses, all of which shall established and/or acquired at Distributors' own expense. Distributors are also responsible for maintaining insurance, such as liability, fire and theft insurance,

during the term of the Agreement for the benefit of their businesses, in amounts as Distributors deem appropriate and at their expense.

- (c) Chance of Profit/Risk of Loss - Distributors agree that all expenses incurred by them as a Distributor in the operation of their businesses shall be incurred on their own account, and be their own responsibility. Distributors also agree that the terms of their compensation as Distributors under the Compensation Plan is entirely set out in the Compensation Plan, and accordingly, the chance of profit and the risk of loss inherent in the Compensation Plan, and inherent in the operation of Distributors' independent businesses, rests entirely with the Distributor, with no "expense reimbursement" or "minimum compensation" being offered or guaranteed by Evolv whatsoever.
- (d) No Power to Bind. While Distributors are entitled to inform others that they are a Distributor engaged by Evolv in an independent status, Distributors shall at no time represent themselves to be an employee of the Company, and shall clarify with others, where necessary, their status as an independent contractor of Evolv. Distributors have no authority (expressed or implied), to bind the Company to any obligation, and shall not be construed as purchaser of a franchise or a business opportunity
- (e) No Creation of Employment, Agency, Partnership, Franchise or Joint Venture Relationship - The legal relationship between Distributors and the Company is not intended to create, and does not create, an employer/employee relationship, agency, partnership, franchise or joint venture relationship between Distributor and the Company. Distributors shall not be construed as acting on the Company's behalf, as agent or otherwise.
- (f) Treatment as Independent Contractor for Tax and Other purposes. Accordingly, and as set out in section 3.16 hereof, Distributors will not be treated as employees of the Company for Canadian provincial or federal tax purposes (including, but not limited to: federal income tax withholding or reporting requirements, federal Employment Insurance (EI) and Canada Pension Plan (CPP) deductions, the Goods and Services Tax (GST)/Harmonized Sales Tax (HST), the Quebec Sales Tax (QST), applicable Provincial Sales Tax (PST) and other like taxes obligations, and provincial employment standards rules and workers' compensation deductions). Distributors shall take all steps necessary to comply with their own tax obligations, including, without limiting the generality of the foregoing, all federal income tax, CPP, EI, GST/HST, QST, provincial income tax and PST, and other like requirements. Distributors shall indemnify Evolv and its affiliates from any claims arising from Distributors' failure to pay such taxes and, should a Distributor be deemed an employee or agent by a competent agency or court in any jurisdiction in which he or she does business, the Distributor shall release and indemnify Evolv and its affiliates from any claim arising from such determination.+

### **3.16 - Taxes & Withholding Obligations**

As independent contractors, Distributors are responsible for compliance with federal, provincial and local taxing legislation, as that legislation affects their independent businesses.

For greater certainty in this regard:

- (a) Income Taxes - Distributors shall be responsible for payment and or withholding of all relevant federal, provincial and/or local income taxes, self-employment taxes and any and

all other taxes required in respect of their businesses, or their purchases, under federal, provincial, or other applicable taxing laws. Distributors acknowledge that as independent contractors, they will be not be treated as employees for purposes of, but not limited to, federal and provincial income tax source withholding requirements, provincial employment standards rules, provincial workers' compensation deductions, EI and CPP deductions, and that Evolv is not responsible for any withholdings, and shall not withhold or deduct from Distributors' bonuses and commissions, if any, taxes of any kind. Rather, Distributors shall be responsible for paying local, provincial, and federal taxes due from all compensation earned as Distributors, and for all other federal or provincial tax compliance obligations imposed on their businesses.

- (b) Sales Taxes - Distributors shall not be treated as employees of Evolv for purposes of the GST/ HST, QST, PST and other like sales taxes. If Evolv is required to charge any such taxes in respect of its supplies of goods or services to Distributors, Evolv will collect and remit these taxes in respect of its sales as appropriate. However, Evolv is not responsible for collecting or remitting any sales taxes on Distributors' behalf. Rather, Distributors shall be responsible for collecting and remitting all applicable local, provincial, and federal sales taxes, and for all other federal or provincial tax compliance obligations imposed on their businesses, although, as set out below, Evolv may at its discretion enter into sales tax pre-collection agreements with the federal and provincial taxing authorities.
- (c) Pre-Collection Agreements/Arrangements – Notwithstanding the foregoing, Evolv reserves the right to enter into sales tax pre-collection agreements with the federal and provincial taxing authorities which could relieve Distributors of the burdens of collecting and remitting sales taxes (including GST/HST, QST and applicable PST), filing sales tax returns, and keeping records relative to sales taxes. Where applicable, the Company will notify Distributors of the implementation of such agreements, and will pre-collect and remit all applicable GST/HST, QST and PST from Distributors based on the suggested retail price of the products, based on the shipment destination, at the time that the products are sold to the Distributor accordingly. Upon and in accordance with such notice, Distributors shall cancel any sales tax registrations, cease collecting sales taxes from their customers, and follow any conditions set out in the notice.

### **3.17 - International Marketing**

Because of critical legal and tax considerations, Evolv must limit the resale of Evolv products, and the presentation of the Evolv business to prospective customers and Distributors located within the Canadian provinces that the Company has announced are officially open for business. Moreover, allowing a few Distributors to conduct business in markets not yet opened by Evolv would violate the concept of affording every Distributor the equal opportunity to expand internationally.

Accordingly, Distributors are authorized to sell Evolv products, and enroll Customers or Distributors only in the provinces and countries in which Evolv is authorized to conduct business, as announced in official Company literature. Evolv products or sales aids cannot be shipped into or sold in any foreign country. Distributors may sell, give, transfer, or distribute Evolv products or sales aids only in their home country. In addition, no Distributor may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or Distributors; or (c) conduct any other activity for the purpose of

selling Evolv products, establishing a marketing organization, or promoting the Evolv opportunity.

### **3.18 - Personal Use Products**

Certain products may be offered from time to time to residents of Canada for personal consumption only in accordance with Health Canada Guidelines (“Personal Use Products”). A Distributor may purchase these Personal Use Products as an Evolv Distributor for their individual consumption only. Personal Use Products are not for resale. When purchasing Personal Use Products, the Distributor agrees not to sell, distribute or gift them in any way to persons outside their immediate household, nor shall they encourage, aid or abet a person to do so. Personal Use Products must be purchased from an Evolv designated location. Evolv Distributors purchasing Personal Use Products may receive bonuses based on sales of these products by Evolv to other Evolv Distributors who purchase Personal Use Products they introduce to Evolv where allowable by law. Meetings held by Distributors must not include references to these Personal Use Products.

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

To ensure full compliance with the Federal Competition Act, Distributors are prohibited from purchasing Evolv products in amounts that are commercially unreasonable. Distributors are not required to carry inventory of products or sales aids. Distributors who do so may find making retail sales and building a marketing organization somewhat easier because of the decreased response time in fulfilling customer orders or in meeting a new Distributor’s needs. Each Distributor must make his or her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to Evolv pursuant to the Distributors Buy-Back Guarantee in 7.3. Distributors must never purchase more products than they can reasonably use or sell to retail customers in a month, and must not influence or attempt to influence any other Distributor to buy more products than they can reasonably use or sell to retail customers in a month. In addition, bonus buying is strictly prohibited. Bonus buying includes any mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product or service purchases by end user consumers. Bonus buying includes, but is not limited to, purchasing products through a strawman or other artifice.

### **3.20 - Adherence to Laws and Ordinances**

Distributors shall comply with all federal, provincial, and local laws and regulations and policies of the relevant regulatory authorities in the conduct of their businesses. However, Distributors must obey those laws that do apply to them. If a city or county official tells a Distributor that an ordinance applies to him or her, the Distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Evolv.

### **3.21 - Minors**

Except as provided in this Section, a person who is less than 18 years of age ("minors") may not be an Evolv Distributor. Note that if an applicant is a minor, the applicant may apply to become a Distributor if he or she is at least 16 years of age and his or her parent or legal guardian is the applicant’s co-applicant. The parent or legal guardian may not have his or her own Evolv

business. Distributors shall not enroll or recruit minors into the Evolv program unless the minor's parent or legal guardian is the minor's co-applicant.

### **3.22 - One Evolv Business Per Distributor and Per Household**

A Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Evolv business. No individual may have, operate or receive compensation from more than one Evolv business. Individuals of the same family unit may not enter into or have an interest in more than one Evolv Business. A "family unit" is defined as spouses and dependent children living at or doing business at the same address.

In order to maintain the integrity of the Evolv Compensation Plan, husbands and wives or common-law couples (collectively "spouses") who wish to become Evolv Distributors must be jointly sponsored as one Evolv business. Spouses, regardless of whether one or both are signatories to the Distributor Application, may not own or operate any other Evolv business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or any other legal or equitable ownership) in the ownership or management of another Evolv business in any form.

An exception to the one business per distributor/household rule will be considered on a case by case basis if two Distributors marry or in cases of a Distributor receiving an interest in another business through inheritance. Requests for exceptions to policy must be submitted in writing to [compliance@EvolvHealth.com](mailto:compliance@EvolvHealth.com).

### **3.23 - Actions of Household Members or Affiliated Individuals**

If any member of a Distributor's immediate household engages in any activity which, if performed by the Distributor, would violate any provision of the Agreement, such activity will be deemed a violation by the Distributor and Evolv may take appropriate action pursuant to the Policies and Procedures against the Distributor. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and Evolv may take appropriate action against the Business Entity. Likewise, if a Distributor enrolls in Evolv as a Business Entity, each shareholder, officer, member, partner, or other individual or entity with an ownership interest or management responsibility in the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

### **3.24 - Requests for Records**

Any request from a Distributor for copies of invoices, applications, downline activity reports, or other records will require a fee of \$1.00 CAD 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 Evolv Business**

Although an Evolv business is a privately owned, independently operated business, the sale, transfer or assignment of an Evolv business, and the sale, transfer, or assignment of an interest in a Business Entity that owns or operates an Evolv business, is subject to certain limitations. If a

Distributor wishes to sell his or her Evolv business, or interest in a Business Entity that owns or operates an Evolv business, the following criteria must be met:

- The Company must be offered the right of first refusal to purchase the business under the same terms pursuant to which the Distributor receives a bona fide offer from a third-party purchaser.
- The buyer or transferee must become a qualified Evolv Distributor. If the buyer is an active Evolv Distributor, he or she must first terminate his or her Evolv business and wait six calendar months before acquiring any interest in a different Evolv business;
- Before the sale, transfer or assignment can be finalized and approved by Evolv, any debt obligations the selling party has with Evolv must be satisfied.
- The buying and selling party 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 Evolv business.

Prior to selling an Evolv business or Business Entity interest, the selling party must notify Evolv's Compliance Department in writing and advise of his or her intent to sell the Evolv business or Business Entity interest. The selling party must also receive written approval from the Compliance Department before proceeding with the sale. No changes in line of sponsorship can result from the sale or transfer of an Evolv business.

### **3.26 - Separation of an Evolv Business**

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

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

- One of the parties may, with consent of the other(s), operate the Evolv business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Evolv to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- The parties may continue to operate the Evolv business jointly on a "business-as-usual" basis, whereupon all compensation paid by Evolv 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 Evolv split commission and bonus checks between divorcing spouses or members of dissolving entities. Evolv will recognize only one Downline Organization and will issue only one commission check per Evolv

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 Distributor Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in the original Evolv 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 a Distributor. In either case, the former spouse or business affiliate shall have no rights to any Distributors 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 Distributor.

### **3.27 - Sponsoring Online**

When sponsoring a new Distributor through the online enrollment process, the sponsor may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online application and agreement, Evolv's Policies and Procedures, and the Evolv Compensation Plan. The sponsor may not fill out the online application and agreement on behalf of the applicant and agree to these materials on behalf of the applicant.

### **3.28 - Succession**

Upon the death or incapacitation of a Distributor, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever an Evolv business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Distributor's marketing organization provided the following qualifications are met. The successor(s) must:

- Execute a Distributor Applicant;
- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the deceased Distributor's status;
- The devisee must provide Evolv with an "address of record" to which all bonus and commission checks will be sent;
- If the business is bequeathed to joint devisees, they must form a business entity. Evolv will issue all bonus and commission cheques to the business entity.

#### **3.28.1 - Transfer Upon Death of a Distributor**

To effect a testamentary transfer of an Evolv business, the executor of the estate must provide the following to Evolv: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the Evolv business; (3) certified letters testamentary or a letter of administration appointing an executor; and (4) written instructions

from the authorized executor to Evolv specifying to whom the business and income should be transferred.

### **3.28.2 - Transfer Upon Incapacitation of a Distributor**

To effectuate a transfer of an Evolv business because of incapacity, the successor must provide the following to Evolv: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Evolv business; and (3) a completed Distributor Application executed by the trustee.

### **3.29 - Telemarketing**

Distributors are prohibited from using or transmitting unsolicited faxes, making unsolicited telephone calls, or using an automatic telephone dialing system relative to the operation of their Evolv independent businesses and agree to inform themselves of the laws applicable to telemarketing. The terms "unsolicited faxes" and "unsolicited telephone calls" means faxes and telephone calls, respectively, made for the purpose of solicitation to a recipient who has not consented to the fax or telephone call. 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.

Distributors are not authorized to make unsolicited telephone calls or send unsolicited faxes on the Company's behalf. If a Distributor decides to make such calls to persons with whom they have an Existing Business Relationship (defined to arise where (1) a product or service has been purchased by the person from the Distributor within the previous 18 months, (2) an inquiry or application has been made by the person of the Distributor within the previous 6 months, or (3) there is a written contract currently in effect between the person and the Distributor or that has expired within the previous 18 months), they do so on their own behalf and are required to undertake that they will comply with all applicable rules and laws, including: (1) privacy laws, (2) registration with the National Do Not Call List program under the Telecommunications Act rules, (3) maintaining a Do Not Call List so that consumers may request not to be called, and (4) disclosing the following information at the beginning of the call: purpose of the call, a toll-free telephone number for questions or comments about the call, the nature of the product or business interest being promoted, and the identity of the person or organization on whose behalf the call is made, the price of any product being promoted and any material restrictions, terms or conditions applicable to its delivery.

Distributors are not permitted to make or send any other unsolicited telephone calls or unsolicited faxes.

### **3.30 - Back Office Access**

Evolv makes online back offices available to its Distributors. Back offices provide Distributors access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Distributor's Evolv business and to increase sales of Evolv products. However, access to a back office is a privilege, and not a right. Evolv reserves the right to deny Distributors' access to the back office at its sole discretion.



## **SECTION 4 - RESPONSIBILITIES OF DISTRIBUTORS**

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

To ensure timely delivery of products, support materials, and commission cheques, it is critically important that the Evolv's files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Distributors planning to change their e-mail address or move must send their new address and telephone numbers to Evolv's Corporate Offices to the attention of the Distributor Services Department. To guarantee proper delivery, Distributors may amend their contact information through their Distributor Back Office or provide two weeks advance to Evolv on all changes.

### **4.2 - Communicating with Evolv**

It is critically important that Evolv be able to effectively and efficiently communicate with all Distributors. Distributors who need to contact the Company are encouraged to do so by email at [info@evolvhealth.com](mailto:info@evolvhealth.com) or by telephone at (888) 280-9555. By entering into the Distributor Agreement, each Distributor consents to the receipt of emails, telephone calls, recorded auto-dialed telephone messages, and text messages from the Company. Distributors may request that the Company not contact them by any of the foregoing methods by sending an opt-out request to [info@evolvhealth.com](mailto:info@evolvhealth.com).

### **4.3 - Recommended Training & Development**

#### **4.3.1 - Ongoing Training**

Distributors may find that they can effectively promote product sales by their Downline Organizations by providing assistance and training to a Distributor they have sponsored to ensure that his or her downline is properly operating his or her Evolv business. An effective way to do this is through ongoing contact and communication with the Distributors in their Downline Organizations. Examples of such contact and communication could include: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Distributors to Evolv meetings, training sessions, and other functions. Upline Distributors are also encouraged to motivate and train new Distributors in Evolv product knowledge, effective sales techniques, the Evolv Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline Distributors must not, however, violate these Policies and Procedures, including the restrictions herein on Health Claims, Product Claims and Earnings Representations (sections 3.5.1 – 3.5.3 above).

Distributors are responsible for monitor the Distributors in their Downline Organizations to guard against downline Distributors making improper Health Claims, Product Claims and Earnings Representations (sections 3.5.1 – 3.5.3 above) or engaging in any illegal or inappropriate conduct.

#### **4.3.2 - Increased Training**

As Distributors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Evolv program. They are encouraged to share this knowledge with lesser experienced Distributors within their

organization.

#### **4.4 - Nondisparagement**

Evolv wants to provide its independent Distributors with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to [compliance@EvolvHealth.com](mailto:compliance@EvolvHealth.com). Remember, to best serve you, we must hear from you! While Evolv welcomes constructive input, negative comments and remarks made in the field by Distributors about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Evolv Distributors. For this reason, and to set the proper example for their downline, Distributors must not disparage, demean, or make negative remarks about Evolv, other Evolv Distributors, Evolv's products, the Compensation plan, or Evolv's directors, officers, or employees. This obligation survives termination of the Agreement.

#### **4.5 - Providing Documentation to Applicants**

Distributors must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Distributors before the applicant signs a Distributor Application. Additional copies of Policies and Procedures can be downloaded from Evolv's website.

#### **4.6 - Reporting Policy Violations**

Distributors observing a Policy violation by another Distributor should submit a written report of the violation directly to the attention of the Evolv Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

#### **4.7 - Privacy Policy & Consent**

Distributors understand and agree that certain personal information relating to Distributors and Distributors' businesses will be collected, used and retained by the Company in accordance with the Company's Privacy Policy, as amended from time to time, and otherwise in accordance with Canadian federal and provincial privacy laws, and Distributors hereby consents to the same. Evolv hereby reserves the right to amend or revise the terms of its Privacy Policy without express notice to Distributors, and Distributors hereby consent to the same amendments, provided not unreasonably made.

In operating their independent businesses, Distributors also agree to adopt, implement and disseminate a privacy policy that complies with all Canadian federal or provincial privacy laws that their businesses may be subject to. Distributors are solely responsible for compliance, which shall be undertaken at Distributors' sole expense.

Distributors acknowledge that failure to comply with these terms may result in immediate termination of the Distributor's Agreement.

Without limiting Distributors' obligation to comply with federal and provincial privacy laws affecting their own businesses, at their own expense, Evolv hereby grants Distributors, at no

additional charge, for the term of the Distributor's Agreement, the right to copy and use in its business the Company Privacy Policy, and related privacy policy consents.

## **SECTION 5 - SALES REQUIREMENTS**

### **5.1 - Product Sales**

The Evolv Compensation Plan is based on the sale of Evolv products and services to end consumers. Distributors 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. In order to be eligible for commissions, Distributors must satisfy the Personal Volume and Downline Volume requirements to fulfill the requirements associated with their rank as specified in the Evolv Compensation Plan. "Personal Volume" includes sales made directly by the Distributor to the Distributor's personal customers. Downline Volume shall include the total Personal Volume of the Distributor and all Distributors in his or her marketing organization.

### **5.2 - Retail Sale Requirement**

Evolv's compensation plan is based on product sales to end customers. Accordingly, Distributors are required to distribute at least 70% of the product purchased each month to prospective and current Retail Customers and Preferred Customers. Distributors agree not to place additional orders with Evolv until at least 70% of the product purchased in the prior month has been distributed to prospective and current Retail Customers and Preferred Customers. Distributors also agree to validate distribution to prospective and current Retail Customers and Preferred Customers upon the Company's request.

Evolv reserves the right to take any of the actions in section 8.1 below against Distributors who breach this section 5.2, including termination of the Distributors' Agreement.

### **5.3 - No Territory Restrictions**

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

### **5.4 - Sales Receipts**

Distributors must conclude all sales to retail customers on the official Evolv sales receipt and must provide their retail customers with two copies of the sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee as well as consumer protection rights afforded by federal and provincial law, including the provincial 10-day "cooling-off" period. Distributors must maintain all retail sales receipts for a period of two years and furnish them to Evolv at the Company's request. Records documenting the purchases of Distributors' Direct Customers will be maintained by Evolv. Receipts will be emailed to online customers. Distributors must ensure that the following information is contained on each sales receipt: (1) the date of the transaction; (2) the date (not earlier than the tenth business day following the date of the transaction) by which the buyer may give notice of cancellation; and (3) the name and address of the selling Distributor; and (4) the signatures of the customer and Distributor.

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

Sales that are concluded on the Internet must be made through Distributors' replicated website, which will ensure that the various disclosures and other requirements required by provincial law are properly met.

## **SECTION 6 - BONUSSES AND COMMISSIONS**

### **6.1 - Bonus and Commission Qualifications and Payment**

A Distributor must be Active (defined in section 11 below) and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Distributor complies with the terms of the Agreement, Evolv shall pay commissions to such Distributor based on his or her personal sales and downlines' sales in accordance with the Compensation plan.

To ensure full compliance with the Federal Competition Act, Distributors are prohibited from giving consideration for the right to receive compensation by reason of the recruitment into the Compensation Plan of another Distributor, who then gives consideration for the same right. Without limiting the generality of the foregoing, and while allowing Distributors the right to sponsor/enroll other Distributors into the Compensation Plan, Evolv does not pay any bonuses, commissions or other remuneration (collectively, "Remuneration"), or allow Distributors to make similar payments, for mere sponsoring/enrolling.

To the contrary, Distributors acknowledge that there is only one revenue earning event for a Distributor, namely the sale of Evolv products to retail customers, and that payment of all Remuneration to Distributors under the *Compensation Plan* is properly to be construed as either payment for the inherent mark-up associated with the resale of Evolv products to retail customers, or as payments in respect of the resale of products to others by a Distributor's downline.

Accordingly, Distributors' Remuneration shall be ultimately based on the reselling of Evolv products to retail customers, and no Remuneration shall be earned from the mere sponsorship or enrollment of any other Distributor, or the mere personal consumption by a Distributor. Distributors are also strictly prohibited from making or representing that compensation is payable for anything other than sale of product or services.

The minimum amount for which Evolv will issue a cheque is \$15.00 CAD. If a Distributor's bonuses and commissions do not equal or exceed \$15.00 CAD, the Company will accrue the commissions and bonuses until they total \$15.00 CAD. A cheque will be issued once \$15.00 CAD has been accrued.

Notwithstanding the foregoing, all commissions owed a Distributor, regardless of the amount accrued, will be paid at the end of each fiscal year.

The Company will pay bonuses and commissions to qualified Distributors on product

orders: (i) are received by the Company before the end of the commission period, and (ii) have been fully paid with appropriate payment.

Bonuses and commissions are paid in the name of the entity/individual listed on the Distributor Agreement. Bonuses and commissions are paid on Friday of each week; payments are 2 weeks in arrears following the weekly qualifying period. For an order to be included in a weekly qualifying period, it must be received by the Company between 12:00 a.m. Central Standard Time Saturday morning and 11:59 p.m. Central Standard Time the following Friday.

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

### **6.2.1 - Adjustments for Returned Products**

Distributors receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to Evolv for a refund or is repurchased by the Company, either of the following may occur at the Company's discretion: (1) the monetary value of 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 upline Distributors who received bonuses and commissions on the sales of the refunded products; or (2) the upline Distributors who earned commissions based on the sale of the returned products will have the corresponding points deducted from their Downline Volume in the next month and all subsequent months until it is completely recovered.

### **6.2.2 - Hard Copy Commission Cheques**

In the event the Company begins paying commissions and bonuses by direct deposit or via a Company-provided debit card, it reserves the right to deduct a processing fee from all hard-copy bonus or commission cheques issued to Distributors. Distributors will be notified of the amount of this fee if they choose to receive a hard-copy bonus or commission cheque.

### **6.2.3 - Reissuance of Cheques**

In the event that a bonus or commission cheque must be reissued to a Distributor, the Company will charge the Distributor a fee of \$15.00 CAD. If a cheque must be reissued because of the Company's error, no additional charge will be applied.

## **6.3 - Deductions and Offsets**

The Distributor authorizes the Company to deduct fees from its commissions and bonuses as deemed appropriate in accordance with any term or condition of the Agreement. Any fees will be assessed at the sole discretion of the Company.

## **6.4 - Reports**

All information provided by Evolv 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, digital, and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic cheque

payments; returned products; credit card and electronic cheque charge-backs; the information is not guaranteed by Evolv 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, EVOLV AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DISTRIBUTOR OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF EVOLV 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, EVOLV OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

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

## **SECTION 7 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE**

### **7.1 - Returns by Retail Customers**

In addition to the provincial 10-day "cooling-off" period referred to in section 5.3 above applicable to any retail customer order, Evolv offers, through its Distributors, a 100% 30 day money-back guarantee to all retail customers on their first order of Evolv Health products. Every Distributor agrees to honor the Evolv retail customer guarantee. If, for any reason, a retail customer is dissatisfied with any Evolv product, the retail customer may return the unused portion of the product to the Distributor from whom it was purchased, within 30 days, for a replacement, exchange or a full refund of the purchase price (less shipping charges).

## **7.2 - Return of Inventory and Sales Aids by Distributors**

As disclosed in section 8 of the Distributor Application, Distributors may return Evolv products in their inventory and other purchases to the Company for refund as follows:

- a. Inventory and Sales Aids – Distributors may return any Evolv products held in inventory or sales aids, including Starter Kits, for a refund for any reason, (i) provided such return is made within THIRTY DAYS of original purchase, and (ii) in the case of products, the returned product is in Resalable condition (as defined below). Upon receipt of a returned and Resalable product or sales aid, Distributor shall be reimbursed 100% of the amount paid for the same, less a 10% re-stocking fee. Shipping charges incurred by the Distributor on the original purchase of the physical item will not be refunded, and the Distributor shall bear all shipping charges necessary to return the Products or sales aid to Evolv for refund.
  
- b. Services - Distributors may cancel any services contracts or arrangements they have purchased for refund for any reason provided written notice (the “Cancellation Notice”) is given to the Company of the same specifying the specific service(s) subject to cancellation (the “Cancelled Service(s)”). Where the Cancellation Notice is provided to the Company prior to the 15th day of the fiscal month, Distributor shall be reimbursed 100% of the amount paid for the applicable Cancelled Service(s) for that particular month, and no further payments shall be required from the Distributor the Cancelled Service(s). Where Cancellation Notice is provided to the Company on or after the 15th day of the fiscal month, but prior to the start of a new fiscal month, Distributor shall be reimbursed 50% of the amount paid for the applicable Cancelled Service(s) for that particular month, and no further payments shall be required from Distributor for the Cancelled Service(s), such reduced refund amount being commercially reflective of Distributor's consumption and use of the Cancelled Service(s) during the first half of the applicable month. In no circumstances shall a Distributor be refunded for amounts paid in respect of Cancelled Service(s) in any month PRIOR TO the fiscal month in which the Cancellation Notice is delivered, such policy being commercially reflective of Distributor's consumption and use of the Cancelled Service(s) during those prior fiscal months.

If the purchases were made through a credit card, the refund will be credited back to the same account. If, for some reason, the refund cannot be processed to the original credit card, a check will be issued within thirty (30) days of the confirmation of the return.

Products and sales aids shall be deemed "Resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) it is returned to Evolv 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.

### 7.3 - Procedures for All Returns and Refunds

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

- All merchandise must be returned by the Distributor or customer who received it directly from Evolv.
- For merchandise to be returnable, the merchandise must be Resalable (see Definition of “Resalable” below)
- All products to be returned must have a Return Merchandise Authorization which is obtained by calling Customer Service at (888) 280-9555. This Return Merchandise Authorization **must be** written on each carton returned or the Company will not be able to issue a refund.
- Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned, and the best and most economical means of shipping is suggested. All returns must be shipped pre-paid to Evolv. Evolv does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Distributor. If returned product is not received by the Company’s Distribution Centre, it is the responsibility of the Distributor to trace the shipment. For this reason, the Company recommends shipping the product via a method with tracking capabilities.
- Refusal to accept delivery from a carrier is not an acceptable method of returning product. The distributor who refuses delivery will be reimbursed only 70% of the purchase price and will have return shipping deducted from the refund.
- If a Distributor is returning merchandise to Evolv that was returned to him or her by a personal retail customer, the product must be received by Evolv within ten (10) days from the date on which the retail customer returned the merchandise to the Distributor, and must be accompanied by the sales receipt the Distributor gave to the customer at the time of the sale.
- Refund payment methods are limited to the original form of payment, or if not available, by cheque in CAD dollars or such other form as the Company may choose. No refunds will be issued after THIRTY (30) DAYS from the purchase date.
- Non-Merchandise Services such as Premier eCenter or Annual Renewal fees must be requested to be cancelled prior to their billing date. Purchase of additional products or services or the collection of commissions after such billing is grounds for denial of this exception. In no case will EvolvHealth refund a charge for a Non-Merchandise Service more than 90 days after the charge. It is the responsibility of the Member to retain verification of cancellation, and monitor their credit card statement to ensure they are not being automatically billed.

All Refunds in Canada will be returned to the Distribution Center located in Calgary, Alberta. The distribution address is list below:

**Direct Distribution Centres**  
#121 - 5555 69th Ave SE  
Calgary, AB T2C 4Y7



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

The Company will exchange product if the product is damaged in shipment, incorrectly sent due to a Company error, or of substandard quality. However, when an exchange is not feasible, the Company will refund the amount of the returned product. If product is damaged or defective, the Distributor/Customer must contact the Company within ten (10) days of receipt of the order. The company may issue a call tag for the product and will immediately send a replacement order. The Company will inspect the product upon receipt.

The Company has given Distributor/Customer the option to pick up product from various distribution centers. In connection with this, the product must be picked up from the distribution center within 5 business days or it will be shipped to the Distributor/Customer with the Distributor/Customer bearing the additional shipping charges which will be charged to the card on which the order was placed.

## **SECTION 8 - BREACH OF AGREEMENT & DISPUTE RESOLUTION**

### **8.1 - Consequences of Breach**

Violation of the Agreement, these Policies and Procedures, and any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Distributor 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 Distributor's Evolv business), may result, at Evolv's discretion, in one or more of the following corrective measures:

- Issuance of a written warning;
- Loss of rights to one or more bonus and commission cheques;
- Evolv may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period that Evolv is investigating any alleged breach of the Agreement. If a Distributor's business is canceled for breach of the Agreement, the Distributor will not be entitled to recover any commissions withheld during the investigation period;
- Termination of the offender's Distributor Agreement;
- Suspension and/or termination of the offending Distributor's Evolv website or website access;
- Any other measure expressly allowed within any provision of the Agreement or which Evolv deems practicable to implement and appropriate to resolve injuries caused partially or exclusively by the Distributor's contractual breach;
- In situations deemed appropriate by Evolv, the Company may institute legal proceedings for monetary and/or equitable relief.

### **8.2 - Complaints**

When a Distributor has a complaint with another Distributor regarding any practice or conduct in relationship to their respective Evolv businesses, the complaining Distributor 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 Compliance Department at the Company

pursuant to Section 4.6 of this Agreement. The Compliance Department will review the facts and attempt to resolve it.

### **8.3 - Mediation**

Prior to instituting an arbitration, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The 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 Dallas, Texas and shall last no more than two business days.

### **8.4 - Arbitration**

If mediation is unsuccessful, **any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration 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.** Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Dallas, Texas. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure, and the Federal Rules of Evidence shall apply. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions, selected from the panel which the American Arbitration Panel provides. The prevailing party shall be entitled to receive from the losing party 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.

The parties and the arbitrator shall maintain the confidentiality of the entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

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

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect its 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.

### **8.5 - Governing Law, Jurisdiction and Venue**

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in the Province of Ontario. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the Province of Ontario shall exclusively govern all other matters relating to or arising from the Agreement.

## **SECTION 9 - PAYMENT AND SHIPPING**

### **9.1 - Restrictions on Third Party Use of Credit Cards and Chequing Account Access**

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

## **SECTION 10 - INACTIVITY, RECLASSIFICATION, AND CANCELLATION**

### **10.1 - Effect of Cancellation**

So long as a Distributor remains Active and complies with the terms of the Distributor Agreement including these Policies and Procedures, Evolv shall pay commissions earned through sales activities to such Distributor in accordance with the Compensation Plan. A Distributor's bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Distributor's non-renewal of his or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation or termination of his or her Distributor Agreement (all of these methods are collectively referred to as "cancellation"), the former Distributor 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. **A Distributor whose business is cancelled will lose all rights as a Distributor. This includes the right to sell Evolv products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Distributor's former downline sales organization. In the event of cancellation, Distributors 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 a Distributor's cancellation of his or her Distributor Agreement, the former Distributor shall not hold himself or herself out as an Evolv Distributor and shall not have the right to sell Evolv products or services. A Distributor whose Distributor 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).

### **10.2 - Cancellation for Breach of Agreement**

A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by Evolv in its sole discretion, may result in any of the sanctions listed in Section 8.1, including the cancellation of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express

courier, to the Distributor's last known address, email address, or fax number, or to his/her attorney, or when the Distributor receives actual notice of cancellation, whichever occurs first.

Evolv reserves the right to terminate all Distributor 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.

### **10.3 - Voluntary Cancellation**

Distributors have the 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 Distributor's signature, printed name, address, and Distributor I.D. Number. If a Distributor is on the Company's Autoship program, the Autoship agreement shall remain in force and the former Distributor shall be reclassified as a Preferred Customer unless the Distributor also specifically requests that his or her Autoship Agreement also be canceled.

### **10.4 - Non-renewal**

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

## **SECTION 11 - DEFINITIONS**

**Active Customer** — A Customer who purchases Evolv products and whose account has been paid for the current period.

**Active Distributor** — A Distributor who satisfies the minimum Personal Sales Volume requirements, as set forth in the Evolv Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

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

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

**Starter Kit** — A selection of Evolv training materials and business support literature for facilitating product sales that each new Distributor is required to purchase. The Starter Kit is sold by Evolv at or below its cost price

**Cancel** — The termination of a Distributor's business. Cancellation may be either voluntary, for breach of the Agreement, through non-renewal or inactivity.

**Genealogy Report** — A monthly report generated by Evolv that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor's Marketing Organization. This report contains confidential and trade secret information which is proprietary to Evolv.

**Downline Leg** — Each one of the individuals enrolled immediately underneath you and their respective marketing organizations represents one "leg" in your marketing organization.

**Downline Volume** — The commissionable value of Evolv products or services sold by a Distributor's Marketing Organization. (Distributor Kits and sales aids have no Sales Volume.)

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

**Level** — The layers of downline Customers and Distributors in a particular Distributor's Marketing Organization. This term refers to the relationship of a Distributor relative to a particular upline Distributor, determined by the number of Distributors 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 Customers and Distributors sponsored below a particular Distributor.

**Official Evolv Material** — Literature, audio or video tapes, and other materials developed, printed, published and distributed by Evolv to Distributors for use in the Canadian market.

**Personal Production** — Moving Evolv products or services to an end consumer for personal use.

**Personal Volume (PV)** — A Distributor's Personal Sales Volume includes the commissionable value of services and products sold in a month to the Distributor's Retail Customers and Preferred Customers.

**Rank** — The "title" that a Distributor has achieved pursuant to the Evolv Compensation Plan.

**Recruit** — For purposes of Evolv's Conflict of Interest Policy (Section 3.8), the term "Recruit" means:

(a) 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 Evolv Distributor or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity; and

(b) The conduct described in (a) above constitutes recruiting even if the Distributor's actions are in response to an inquiry made by another Distributor, Direct 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 it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) it is returned to Evolv 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.

**Retail Customer** – An individual or entity that purchases Evolv products or services from a Distributor, but who is not a Distributor, or an immediate household family member of a Distributor.

**Retail Sales** – Sales to a Retail Customer. If a sale is made to a customer who subsequently submits an Evolv Distributor Application within 30 days from the date of the sale, or if an immediate household family member of the Customer submits an Evolv Distributor Agreement within 30 days of the sale, such sale shall not constitute a Retail Sale. A Distributor’s personal purchases from Evolv do not constitute Retail Sales.

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

**Sponsor** — A Distributor who enrolls a Customer or another Distributor into the Company, and is listed as the Sponsor on the Distributor Application. The act of enrolling others and training them to become Distributors is called “sponsoring.”

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