

POLICIES & PROCEDURES

Customer & Affiliate

1 Definitions. As used in this

1. Agreement. "Agreement" shall mean collectively, these Policies & Procedures, HAPI Travel Independent Affiliate Agreement ("Affiliate Agreement"), HAPI Travel Referral Program ("Referral Program"), and HAPI Travel Business Entity Addendum ("Business Entity Addendum").
Company. "Company" shall mean HAPI Travel (and its legal entity, Global Travel Destinations, LLC).
1. Business Entity Addendum. "Business Entity Addendum" is only applicable to Affiliates who enroll as a business entity.
2
Independent Affiliates. "Affiliates" shall mean Distributors of the Company's products. Business.
1. "Business" shall mean the distributor business owned by a Affiliate.
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1. Back-Office. "Back-Office" shall mean the administrative system maintained by the Company regarding the processing of sales and commissions for a Affiliate.
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2 Effectiveness. This Agreement may be amended in the future at the Company's discretion. Any promises, representations, offers, or other communications not expressly set forth in this Agreement are of no force or effect.

3 W-9 Form Required. Your status as a Affiliate is temporary. You must submit a properly completed IRS Form W-9 to HAPI Travel within thirty (30) days from the date of your application. Failure to submit a W-9 will result in the cancellation of your Agreement with the Company. You will have thirty (30) days from the date that notice is posted to submit your properly completed W-9 through your back office or by mail to the Company's principal business address. If you do not submit your W-9 within such time, "Your Business" will be placed on suspension and you will not be eligible to earn additional commissions or to operate Your

4 Business. If you fail to submit your W-9 within sixty (60) days from the date on which the W-9 notice is posted in your Back Office, Your Business will be cancelled.

Adherence To The Agreement. Affiliates must comply with this Agreement. All prospects of this Agreement are posted in your Affiliate Back-Office and must be reviewed within five (5) days from the date on which you become a Affiliate. If a Affiliate does not agree to the Policies & Procedures, the sole recourse is to notify the Company and cancel this Agreement. Failure to cancel constitutes acceptance of the Agreement. A Affiliate must be in good standing, and not in violation of this Agreement, to be eligible for bonuses or commissions from the Company.

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Amendments To The Agreement. The Company reserves the right to amend this Agreement at its

that occurred prior to the effective date of the amendment. If a Affiliate does not agree to any amendments, the sole recourse is to cancel this Agreement with the Company.

6. Affiliates' Rights. Affiliates for the Company:

- Have the right to sell and solicit orders for the Company's products in accordance with these Policies & Procedures.
- It is within the exclusive right of the Company to accept or reject orders submitted by Affiliates.
- Have the right to enroll others as Affiliates of the Company. If qualified, have the right to earn commissions pursuant to the Referral Program.

7 Independent Contractor Status. Affiliates are independent contractors and not employees, partners, legal representatives, or franchisees of the Company. Affiliates are solely responsible for paying all expenses they incur, including but not limited to travel, food, lodging, secretarial, office, long distance telephone and other business expenses. AFFILIATES SHALL NOT BE TREATED AS AN EMPLOYEE OF THE COMPANY FOR ANY PURPOSE INCLUDING FEDERAL OR STATE TAX PURPOSES. The Company

is not responsible for withholding and shall not withhold or deduct FICA, Medicare or taxes of any kind from Affiliates' compensation. Affiliates are not entitled to workers compensation or any other benefits

8. that the Company makes available to its employees.

Assignment of Rights and Delegation of Duties.

8.1 Affiliates may not assign any rights under this Agreement without the prior written consent of the Company. Any attempt to transfer or assign this Agreement without the express written consent of the

8.2 If the assets of the Company, or a controlling ownership interest in the Company, is transferred to a third party, the Company may assign its rights and delegate its Affiliates and obligations under this Agreement to such third party as part of the sale or transfer.

9 Waiver. Any waiver by the Company or a Brand Party of any breach of this Agreement must be in writing and signed by an authorized agent of the party against which the waiver is asserted. Any waiver of a breach by a party shall be a one-time waiver only and shall not operate or be construed as a waiver of any subsequent breach.

10. Waiver of Right of Publicity. Affiliates grant the Company an irrevocable license on a world-wide basis to reproduce and use their name, photograph, persona, video performance, personal story, testimonial, authorized quotations and/or likeness in its advertising or promotional materials, including but not limited to use in online forums (the "Publicity Rights"). Affiliates waive: (i) all claims for remuneration for the Company's use of the Publicity Rights and (ii) all rights to inspect, edit or approve all draft, beta, preliminary, and finished material.

11. Minimum Age. Persons under age 18 may not be Affiliates and no Affiliate shall knowingly recruit or sponsor, or attempt to recruit or sponsor, any person under age 18.

12. Severance. If any provision of this Agreement, in its current form or as amended, is held void or unenforceable, only the void or unenforceable portion(s) of the provision shall be severed from this Agreement and the remaining provisions shall remain in effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible. The existence of any claim or cause of action of a Affiliate against the Company shall not

13. Term and Renewal of This Agreement.

13.1 The term of this Agreement is one (1) year (subject to prior cancellation pursuant to the Policies & Procedures). The Company reserves the right to terminate this Agreement and all other Affiliate Agreements upon thirty (30) days' notice if the Company elects to: (1) cease business operations; (2) dissolve as a business entity; or (3) terminate distribution of its products and/ or services via direct selling channels. This Agreement must be renewed on an annual basis and the Company may charge an annual renewal fee for such renewal. A Affiliate's failure to renew her or his Agreement may result in the termination of her or his Business.

13.2 A Affiliate has the right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address or via the Affiliate's Back-Office.

14. General Conduct. Affiliates shall safeguard and promote the good reputation of the Company and its products, and must avoid all illegal, deceptive, misleading, unethical or immoral conduct or practices, and must exhibit high moral character in their personal and professional conduct. Affiliates shall not engage in any conduct that may damage the Company's goodwill or reputation. While it is impossible to specify all misconduct that would be contrary to this provision, and the following list is not a limitation on the standards of conduct to which Affiliates must adhere pursuant to this section, the following standards specifically apply to Affiliates' activities:

- Deceptive conduct is always prohibited. Affiliates must ensure that their statements are truthful, fair, accurate, and are not misleading.
- If a Affiliate's Business is cancelled for any reason, the Affiliate must discontinue using the HAPI Travel name, and all other Company intellectual property (including the Marks, Trade Secrets and Confidential Information) (the "Intellectual Property"), and all derivatives of such Intellectual Property, in postings on all Social Media, websites, or in any other promotional material.
- Affiliates may not represent or imply that any state or federal government official, agency, or body has approved or endorses the Company, its program, or products.
- Affiliates must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in their Business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the field sales force.

15. Social Media. In addition to meeting all other requirements specified in these Policies & Procedures, should a Affiliate utilize any form of social media in connection with her or his Business, including but not limited to blogs, Facebook, Twitter, LinkedIn, YouTube, or Pinterest, the Affiliate agrees to each of the following:

- Affiliates are responsible for the content of all material that they produce and all of their postings on any social media site, as well as all postings on any social media site that they own, operate, or control.
- Affiliates shall not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks on any individual, group, or entity, or is in violation of any intellectual

rights of the Company or any third

- No product sales or enrollments may occur on or through any social media site. To process sales or enrollments, a social media site must link only to the Affiliate's HAPI Travel replicated website, the Company's corporate website or an official Company corporate social media page.
- It is each Affiliate's responsibility to follow the social media site's terms of use.
- Any social media site that is directly or indirectly operated or controlled by a Affiliate that is used to discuss or promote the Company's products, or the opportunity may not link to any website, social media site, or site of any other nature that promotes the products, services, or business program of any direct selling company other than the Company.
- During the term of this Agreement and for a period of twelve (12) calendar months thereafter, a Affiliate may not use any social media site on which they discuss or promote, or have discussed or promoted, the Business or the Company's products to directly or indirectly solicit anyone for another direct selling or network marketing program (collectively, "Direct Selling Venture").
- During the term of this Agreement and for twelve (12) calendar months after the cancellation of a Affiliate's Business for any reason, a Affiliate shall not take any action on any social media site on which they discuss or present, or have discussed or presented, the Company's products or the Business that may reasonably be foreseen to draw an inquiry from a Affiliate relating to the Affiliate's other Direct Selling Venture or products. Violation of this provision shall constitute a violation of the non-solicitation provision in Policy 28.
- If a Affiliate creates a business page on any social media site to promote or relates to the Company, its products, or opportunity, the page may not promote or advertise the products or opportunity of any other network marketing business other than HAPI Travel and its products. If the Affiliate's Business is cancelled for any reason or if the Affiliate becomes inactive, the Branding Partner must deactivate the page.
- All aspects of a "Group", "Private Group" or "Group Chat" on Facebook or other social media platform (collectively, the "Forum") upon which HAPI Travel's products or business is discussed or promoted shall constitute the confidential and proprietary information of the Company. A Affiliate who originates the creation of the Forum (hereafter, "Originating Administrator") agrees that if their business is cancelled or terminated, or if such Affiliate fails to exclusively promote HAPI Travel product line or business, at any time in the future, then the Originating Administrator will: (1) leave the Forum; and (2) promptly re-assign another Affiliate as administrator of the Forum (the "Replacement Administrator"). The Replacement Administrator shall agree to support and perform the various administrative tasks of the Forum necessary to continue promoting HAPI Travel products or business.
- Affiliates shall respect the privacy of other social media users. Affiliates shall not engage in abusive social media practices including but not limited to harvesting or trolling for connections, shaming or bullying others.

16. Sweepstakes, Contests and Giveaways. As an independent business owner, a Affiliate may choose to run a sweepstakes, contest or promotion. While such sales tools are generally permitted by law, not illegal, it is important to understand that they are regulated by law, and the regulations are state specific. Raffles, on the other hand, are not an allowed mechanism for providing incentives. Prizes over a certain

amount may cause IRS reporting requirements. The Company strongly recommends that any Affiliate who wishes to run a sweepstakes, contest or promotion in connection with their Business speak with an attorney and/or consult the IRS website to ensure that it adheres to the relevant local laws and IRS reporting requirements. It is very important to ensure that all sweepstakes, contest or promotion are legally conducted. In all cases, a Affiliate must indicate that the sweepstakes, contest or promotion is not sponsored or approved by the Company.

1 Affiliates Web Sites, Mobile Applications and Collateral Sales Tools.

17.1 Unless they request and are given written permission from the Company, Affiliates may not create their own websites or mobile applications, and other collateral sales tools to promote their Business or HAPI Travel's products and services (websites, mobile applications and collateral sales tools shall be collectively referred to as "Tools"). Official Company supplied Tools are the only online forum through which Company products may be sold and new Affiliate enrollments may be transacted (prohibited online forums include, but are not limited to, Affiliates' external websites, online auctions and classified listings). Notwithstanding the foregoing, Affiliates may create one website to promote their Business and the Company's products, but such website must comply with the following:

- Any external website (or mobile app) must be directed to the Affiliate's replicated website to process sales and/or enrollments.
- The Tools must clearly and conspicuously identify the Affiliate who is using the Tools and must clearly and conspicuously disclose that he/she is a Affiliate of the HAPI Travel, and that the Tools are not the Company's corporate Tools.
- Upon cancellation of a Affiliate's HAPI Travel Agreement for any reason, the former Affiliate must immediately discontinue using the Tools and/or making them available to other Affiliates.
- The Tools must exclusively promote the Company's products and
- The Tools must comply with all provisions of these Policies &
- Prior to going live with Tools, the Affiliate must submit a draft of the Tools (or a beta site in the case of a mobile app or external website) to the Company for review and receive the Company's written authorization to use the website. Following approval, any amendments to the Tools must also be submitted to the Company and receive written approval before going live.

17.2 The Company reserves the right to rescind approval for any approved website, and Affiliates waive all claims against the Company, its officers, governance officials, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such

17.3 Approved Tools will be posted in the Affiliates' Back-Offices and will be made available to all Affiliates free of charge. The Affiliate who submitted the Sales Tool to the Company waives all claims to remuneration for such use and grants the Company an irrevocable license to use the Sales Tools, and to allow the Company to provide the Tools to other Affiliates free of charge, as the Company deems appropriate.

18. Trademarks, Trade Names, Service Marks and Copyrights.

18.1 Affiliates are free to participate in a Direct Selling Venture. However, during the term of this Agreement and for the applicable additional term set out below, an Affiliate may not directly or indirectly Recruit other Affiliates (the "Recruited Affiliate") for any other network marketing business: 1) for six (6) months thereafter where the Affiliate directly sponsored the Recruited Affiliate or 2) for twelve (12) months thereafter where the Affiliate did not directly sponsor the Recruited Affiliate. For purposes of this provision, the term "directly sponsored" means only those sponsored

by and enrolled directly beneath the Affiliate. 18.2 The term "Recruit and Recruiting" means the direct, indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Affiliate to enroll or participate in another network marketing opportunity. This conduct constitutes Recruiting even if the Affiliate's actions are in response to an inquiry made by

18.2 In addition, all Company produced Sales Tools, videos, audios, podcasts, and printed material are also copyrighted. Affiliates shall not copy any such materials for their personal or business use without the Company's prior written approval.

19. Trade Secrets. Affiliate agrees that in addition to any and all Intellectual Property of the Company, that the Company also has valuable trade secrets which it has developed independently of Affiliate and as a result of Affiliate's association with the Business and the Company. Such Trade Secrets shall include any and all customer lists, upline and downline Affiliate lists, vendor lists, social media data and all contact names and contact information regarding any of the foregoing ("Trade Secrets"). Affiliate acknowledges and agrees that the Company has provided valuable opportunities and avenues for Affiliate to develop such information and that as a fair consideration for such opportunities, Affiliate agrees that such Trade Secrets shall be and shall remain the exclusive property of the Company both during the term of this Agreement and after the end of this Agreement (indefinitely).

20. Sales Outlets. To support the Company's direct selling distribution channel and to protect the independent contractor relationship, Affiliates agree that they will not sell the Company's products in any wholesale, warehouse, or discount establishment, or any online auction or buy-sell site (including but not limited to eBay and Amazon) without the prior written approval from the Company. Notwithstanding the foregoing, Affiliates may display and sell the Company's products at professional trade shows.

21. Service-Related Establishments. Affiliates may promote and sell the Company products in service-related establishments, subject to the Company's prior written approval. A service-related establishment is one whose primary revenue is earned by providing personal service rather than by selling products. Such establishments include offices of doctors, dentists and other health professionals; health clubs or fitness centers; beauty salons; and any other business where customer use of the establishment is controlled by membership or appointment. The Company reserves the right to make the final determination as to whether an establishment is service-related or is a proper place for the sale of its products.

22. Enroller: An Affiliate that personally enrolls (signs up) a new Affiliate or a new Customer. The Enroller receives all commissions associated with personal enrollment and all commissions that flow up through the Enroller Tree. The Enroller will also receive all "Placement Sponsor" benefits (see "Placement Sponsor" definition) unless the Enroller chooses to "place" the new Affiliate within 72 hours of the Enrollment of the new Affiliate. Customers cannot be placed and must remain directly linked to the Enroller.

another Affiliate in his/her downline organization for the purposes of providing better support for the new Affiliate. This placement must occur within 72 hours of the Enrollment of the new Affiliate. The recipient of this Placed Affiliate will become the first upline to the Placed Affiliate for Unilevel Bonuses and all commissions that flow up through the Placement Sponsor Tree. The recipient of the Placed Affiliate will also be able to count this Affiliate for all leg and structure requirements.

23. Change of Sponsor. The only means by which a Affiliate may legitimately change his/her sponsor, as follows:

(a) Voluntarily canceling a Business in writing and remaining inactive for six (6) full calendar months. Following the six-calendar month period of inactivity, the former Affiliate may reapply under a new sponsor. The Affiliate will lose all rights to her/his former downline organization upon

(b) Submitting a written request to the Company at compliance@thehappyco.com for a change of sponsor. The Affiliate requesting the transfer must also submit written and signed transfer authorization forms from his/her immediate four (4) upline Affiliates.

24. Waiver of Claims. In cases where a Affiliate improperly changes her/his sponsor, the Company reserves the sole and exclusive right to determine the final disposition of the downline organization that was developed by the Affiliate in her/his second line of sponsorship. AFFILIATE WAIVES ANY AND ALL CLAIMS AND CAUSES OF ACTION AGAINST THE COMPANY, ITS OFFICERS, DIRECTORS, GOVERNANCE OFFICIALS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM THE COMPANY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A AFFILIATE WHO HAS IMPROPERLY CHANGED HER/HIS SPONSOR.

25. Product Claims. Affiliates must not make claims, including but not limited to testimonials, about the Company's products or services that are not contained in official Company literature or posted on the Company's official website. Under no circumstances shall any Affiliate state or imply that any Company product is useful in the diagnosis, treatment, cure, or prevention of any disease, illness, injury, or other medical condition (or any other claim prohibited by the U.S. Food And Drug Administration ("FDA") and the U.S. Federal Trade Commission ("FTC")).

26. Income Claims.

26.1 When presenting or discussing the HAPI Travel opportunity or Referral Program to a prospective Affiliate, Affiliates may not make claims or representations of potential or guaranteed income in connection with the opportunity. Any amounts that the Affiliates earn through the opportunity are based only on the sale of the Company's products and not on the mere sponsorship of other Affiliates. When discussing the opportunity, Affiliates may not make any projections, claims or estimates regarding the potential Affiliate's potential or guaranteed income from the opportunity, or disclose their own income (this includes volume) from their business opportunity income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records). All claims of income must be consistent with the available Company Income Disclosure Statement and must represent what the

26.2 Additionally, a Affiliate may not make "lifestyle" income claims. A "lifestyle" income claim is a statement or depiction that infers or states that the Affiliate is able to enjoy a luxurious or successful lifestyle due to the income they earn from their Business. Examples of prohibited lifestyle claims include, but are not limited to: representations (either through audio or visual medium) that a Affiliate was able to quit his/her job, acquire expensive or luxury material possessions, or travel to exotic or expensive

destinations. Lifestyle claims are analogous to income claims and must also represent what the typical Affiliate is likely to achieve based upon the Income Disclosure Statement.

27. Referral Program and Program Claims.

27.1 When presenting or discussing the Company Referral Program, a Affiliate must make it clear to prospects that financial success requires commitment, effort, and sales skill. Conversely, a Affiliatemust never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:

“It’s a turnkey system”.

“The system will do the work for you”.

“Just get in and your downline will build through spillover. Just join and I’ll build your downline for you”. “The Company does all the work for you. You don’t have to sell anything”.

“All you have to do is buy your products every month”.

27.2 The above are just examples of improper representations about the Referral Program and the Company’s program. It is important that a Affiliate does not make these, or any other representations, that could lead a prospect to believe that they can be successful as a Affiliate without commitment, effort, and sales skill.

28. Media Inquiries. Affiliates must not interact with the media regarding the Company’s business or products. All inquiries from the media, including radio, television, print, online, or any other medium, shall be directed to the Company’s marketing department.

29. Non-solicitation.

29.1 Affiliates are free to participate in a Direct Selling Venture. However, during the term of this Agreement and for twelve (12) months thereafter a Affiliate may not directly or indirectly Recruit other Affiliates for any other network marketing business.

29.2 The term “Recruit” means the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Affiliate to enroll or participate in another network marketing opportunity. This conduct constitutes Recruiting even if the Affiliate’s actions are in response to an inquiry made by another Affiliate or customer.

29.3 If a Affiliate is engaged in another network marketing program, it is the responsibility of the Affiliate to ensure that her or his Business is operated entirely separate and apart from all other businesses and/or Direct Selling Venture programs. To this end, the Affiliate must not:

- Display HAPI Travel promotional material, sales aids, or products with or in the same location as, any non-Company promotional material or sales aids, products or services (service-related establishments maybe exempt from this provision).
- Offer the HAPI Travel opportunity, products or services to prospective or existing customers or Affiliates in conjunction with any non-Company program, opportunity or products.
- Offer, discuss, or display any non-Company opportunity, products, services or opportunity at any Companyrelated trunk-show, meeting, seminar, convention, webinar, teleconference, or other function.

30. Leadership Obligations. To be recognized as a leader in the Company, a Affiliate must opt-in the Company's leadership program. Affiliates may not advance beyond the rank of Platinum unless they participate in the leadership program. If a Affiliate operates a business in another network marketing program she/he may not advance beyond the rank of Platinum with the Company.

31. Confidential Information.

31.1 Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than Affiliate's use in building and managing her/his Business.

31.2 "Confidential Information" includes, but is not limited to, the identities, contact information, and/or sales information relating to any of the Company's Affiliates and/or customers: (a) that is contained in or derived from any Affiliates' respective Back-Office; (b) that is derived from any reports issued by the Company to Affiliates to assist them in operating and managing their Business; and/or (c) to which a Affiliate would not have access or would not have acquired but for her/his affiliation with the Company. Confidential Information constitutes proprietary business trade secrets including the trade secrets belonging exclusively to the Company and is provided to Affiliates in strict confidence.

32. Handling Personal Information. If a Affiliate receives Personal Information from or about prospective Affiliates or customers, it is a Affiliate's responsibility to maintain its security. A Affiliate should shred or irreversibly delete the Personal Information of others once such Affiliate no longer needs it as well as upon termination of this Agreement. Personal Information is information that identifies, or permits you to contact, an individual. It includes a customer's, potential customers, Affiliates and prospective Affiliates' name, address, email address, phone number, credit card information, social security or tax identification number and other information associated with these details.

33. Product Inventory and Bonus Buying.

33.1 Inventory and purchase controls are put in place to ensure compliance with legal prohibitions on inventory loading. Affiliates are not required or encouraged to purchase or carry any amount of inventory of the Company products. Affiliates may not carry an excessive amount of inventory of the Company's products for resale. Affiliates may, at their option, purchase products in bulk for resale to customers, provided that the Affiliate retains receipts showing that at least seventy percent (70%) of those products were resold to one or more different customers or were otherwise used in support of business activities within thirty (30) days of the last applicable order delivery date.

33.2 Bonus buying is strictly prohibited. Bonus buying is the purchase of merchandise for any reason other than bona fide resale or use, or any mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses that are not driven by bona fide product purchases by end user consumers for actual use.

34. Limitations on Affiliate and Household Businesses.

34.1 Affiliates may own, operate, control, or have an interest in, only one Business, and there may be only one Business in a Household.

34.2 A "Household" is defined as spouses or couples, and dependent children of one or both spouses or couples, living in the same home of the spouses or member of the couple, as well as dependent children of either spouse or member of the couple, while attending school away from home.

35.Actions of Third Parties.

35.1 Each Affiliate is responsible for the actions of her or his immediate household members. Affiliates that are a Business Entity are responsible for the actions of its owners, officers, directors, employees, contractors and agents. If a third party acting on behalf of, or with the active or passive assistance or knowledge of a Affiliate engages in conduct that would be a violation of this Agreement, the conduct of the third-party may be imputed to the Affiliate.

35.2 Knowledge” of misconduct is not limited to actual knowledge. If a Affiliate engages in acts or omissions that the Affiliate knows or SHOULD KNOW will enable a third party to violate this Agreement if such action was taken by the Affiliate, the Affiliate shall be deemed to have knowledge of the violation.

36.Tampering With Product Packaging. Company products must be sold in their original packaging. Affiliates shall not alter the original packaging or labeling.

37.Negative Comments. Complaints and concerns about the Company should be directed to the Customer Service Department. Affiliates shall not disparage, demean, or make negative remarks to third parties or other Affiliates about the Company, its owners, officers, directors, governance officials, management, employees, other Affiliates or the Marketing and Referral Programs of the Company. Disputes or disagreements between any Affiliate and the Company shall be resolved through the dispute resolution process, and the Company and Affiliates agree specifically not to demean, discredit, or criticize one another on the Internet or any other public forum.

38.Sales Receipts. Affiliates must provide their retail customers that purchase merchandise directly from the Affiliate with two (2) copies of an official Company sales receipt at the time of the sale and advise them of the three (3) day right to rescind the transaction, which is set forth on the receipt. Affiliates must maintain all retail sales receipts for a period of two (2) years and furnish them at the Company’s request. Sales receipts can be downloaded in PDF format from the Affiliate’s Back-Office. Retail customers who purchase from a Affiliate’s replicated website need not be provided with a sales receipt as the receipt will automatically be sent by the Company at the time the order is placed.

39.Adjustment to Bonuses and Commissions.

39.1 Compensation stemming from product sales is fully earned when the applicable return, repurchase, and chargeback periods applicable to product sales have all expired. If a product is returned to the Company for a refund or is repurchased by the Company, or a chargeback occurs, the compensation attributable to the returned or repurchased product(s) will be recovered by the Company. Unearned compensation will be deducted, in the month in which the refund is issued or the chargeback occurs and continuing every pay period thereafter until the commission is recovered, from the upline Affiliates who received

39.2 The Company reserves the right to withhold or reduce any Affiliate’s compensation as it deems necessary to comply with any garnishment or court order directing the Company to retain, hold, or redirect such compensation to a third party.

40.Return of Merchandise and Sales Aids by Affiliates Upon Cancellation or Termination.

40.1 Within thirty (30) days from the cancellation or termination of a Affiliate’s Agreement, the Affiliate may return products and Sales Tools that he or she personally purchased from the Company within

twelve (12) months prior to the date of cancellation so long as the goods are in currently marketable condition and are returned to the Company within thirty (30) days from the date of the Affiliate's cancellation or termination. [Note: this one year limitation shall not apply to residents of Maryland, Massachusetts and Wyoming and Puerto Rico]. Upon the Company's timely receipt of returned goods and confirmation that they are in currently marketable condition, the Affiliate will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account.

40.2 Goods are in "currently marketable condition" if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, or which has passed its commercially reasonable usable or shelf-life, is not in currently marketable condition. Back Office and Replicated website fees are not refundable except as may be required under applicable state law.

41. Special Provisions.

41.1 Maryland Residents. A Affiliate may cancel this Agreement for any reason within three (3) months after the date of receipt of goods or services first ordered; upon cancellation, the Company shall repurchase the goods; and the repurchase price shall be at least ninety percent (90%) of the original price paid by the participant.

41.2 Puerto Rico Residents. A Affiliate may cancel this Agreement within ninety (90) days from the date of enrollment, or at any time upon showing the Company's noncompliance with any of the essential obligations of the distribution contract or any act or omission by the Company adversely affecting the interests of the dealer in the development of the market of the properties or services. Any such cancellation must be sent to the Company in writing and sent via registered mail. If a Affiliate cancels under these conditions, the Company shall: (a) Re-acquire the total of the products that a Affiliate purchased from the Company which are in the Affiliate's possession and in good condition at a price of not less than ninety percent (90%) of their original net cost; (b) Return to the Affiliate not less than ninety percent (90%) of the original net cost of any services that such Affiliate acquired from the Company; (c) Return ninety percent (90%) of any sum paid to the Company by the Affiliate for the purpose of participating in the Business.

41.3 Montana Residents. A Montana resident may cancel her or his Affiliate Agreement within fifteen (15) days from the date on which this application is submitted and may return her/his sales kit within such time and is entitled to a full refund for the sales kit and for any other consideration she/he paid within such time period to participate in the program.

41.4 Louisiana, Massachusetts and Wyoming Residents. If a Affiliate cancels this Agreement, upon receipt of such written request, the Company will refund ninety percent (90%) of the costs paid to the Company that such Affiliate has incurred to participate in the program during the current year.

41.5 Other Cancellation Rights. Customers, and newly enrolled Affiliates have three (3) business days within which to cancel their initial purchase and obtain a full refund. Residents of Alaska have five (5) business days and residents of North Dakota age 65 and over have fifteen (15) days to cancel and receive a full refund. An explanation of these rights is explained on the sales receipt.

42. Satisfaction Promise. If a Affiliate is not completely happy with a product or Tools purchase, she/he may return those item(s) for a refund within thirty (30) days from the date of purchase for a full refund (less shipping). This satisfaction promise is not applicable to sale items, display items and business supplies

starter kits. Fraudulent or abusive returns are not subject to refund and are cause for disciplinary action.

43. Disciplinary Sanctions. Violation of this Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Affiliate that the Company reasonably believes may damage its reputation or goodwill, may result in the suspension or termination of the Affiliate's Business, and/or any other disciplinary measure that the Company deems appropriate to address the misconduct. In situations deemed appropriate by the Company, the Company may institute legal proceedings for monetary and/or equitable relief.

44. Indemnification. Affiliates agree to indemnify the Company for any and all costs, expenses, consumer reimbursements, fines, sanctions, damages, settlements or payments of any other nature that the Company incurs resulting from or relating to any act or omission by Affiliate that is illegal, fraudulent, deceptive, negligent, unethical, or in violation of this Agreement. The Company may elect to exercise its indemnification rights through withholding any compensation due the Affiliate. This right of setoff shall not constitute the Company's exclusive means of recovering or collecting funds due the Company pursuant to its right to indemnification.

45. Effect of Cancellation. A Affiliate whose business is cancelled for any reason will lose all Affiliate rights, benefits and privileges. This includes the right to express identity as a Affiliate, to sell the Company's products and the right to receive commissions, bonuses, or other income resulting from her/his own sales and the sales and other activities of the Affiliate and the Affiliate's former downline sales organization. There is no whole or partial refund for tangible sales kits that are not currently marketable, Affiliate Back-Office, replicated website or renewal fees if a Affiliate's business is cancelled.

46. Voluntary Cancellation. A Affiliate has a right to cancel at any time, regardless of reason. Cancellation shall be effective by: (a) submitting written cancellation to the Company at its principal business address or by e-mail at support@thehappyco.com; (b) the Company may (but is not required to) rely on any public announcement of resignation or cancellation by the Affiliate (including but not limited to any announcement on social media) as an effective cancellation; (c) failure to pay Back-Office and Replicated Website fees; (d) failure to pay annual renewal fees or (e) revoking the Affiliate's authorization to contract electronically. If a Affiliate is also on the SmartShip program, the Affiliate's SmartShip order shall continue unless the Affiliate also specifically requests that her/his customer SmartShip Agreement also be canceled.

47. Cancellation For Inactivity. If a Affiliate fails to make a purchase or earn a commission for six (6) consecutive months, her/his Affiliate Agreement and Business may be cancelled for inactivity. If a Affiliate is also on the customer SmartShip, the Affiliate's SmartShip order shall continue unless the Affiliate also specifically requests that her or his SmartShip order also be canceled. The buyer shall then be classified as a retail customer.

48. Business Transfers. Affiliates in good standing who wish to sell or transfer their Business must receive the Company's prior written approval before the Business may be transferred. Requests to transfer a Business must be submitted in writing to the Compliance Department at compliance@thehappyco.com. It is within the Company's discretion whether to allow a Business sale or transfer, but such authorization shall not be unreasonably withheld. However, no Business that is on disciplinary probation, suspension, or under disciplinary investigation may be transferred unless and until the disciplinary matter is resolved.

- 49. Transfer Upon A Affiliate's Death.** A Affiliate may devise her/his Business to her/his heirs. Because the Company cannot divide commissions among multiple beneficiaries or transferees, the beneficiaries or transferees must form a Business entity (corporation, LLC, partnership, etc.), and the Company will transfer the Business and issue commissions to the Business entity. In the case of a Business transfer via testamentary instrument (i.e. a Will), the beneficiary of the Business must provide the Company with certified letters testamentary and written instructions of the trustee of the estate, or an order of the court, that provides direction on the proper disposition of the Business. The beneficiary must also execute and submit to the Company, a new Agreement within thirty (30) days from the date on which the Business is transferred by the estate to the beneficiary or the Business will be cancelled.
- 50. Business Distribution Upon Divorce.** The Company is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in divorce cases, any settlement or divorce decree must award the Business in its entirety to one party. The Company will recognize as the owner of the Business the former spouse to who is awarded the Business pursuant to a legally binding settlement agreement or decree of the court. The former spouse who receives the Business must also execute and submit a new Agreement within thirty (30) days from the date on which the divorce becomes final or the Business will be cancelled.
- 51. Dissolution of A Business Entity.** The Company is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in the event that a business entity that operates a Business dissolves, the owners of the business entity must instruct the Company on the identity of the proper party who is to receive the Business. The Business must be awarded to a single individual or entity that was previously recognized by the Company as an owner of the business entity; the Company cannot divide the Business among multiple parties or issue separate commission payments. If the business entity wishes to sell or transfer its Business, it must do so pursuant to Policy 47. In addition, the recipient of the Business must also execute and submit a new Agreement to the Company within thirty (30) days from the date of the dissolution of the business entity or the Business will be cancelled.
- 52. Inducing Affiliates To Violate The Agreement.** Affiliates shall not directly or indirectly induce, encourage, or assist another Affiliate to violate this Agreement.
- 53. Reporting Errors.** If a Affiliate believes that the Company has made an error in her/his compensation, the structure or organization of her/his genealogy, or any other error that impacts the Affiliate's income, she/ he must report it to the Company in writing within sixty (60) days from the date on which the mistake occurred. While the Company will use its best efforts to correct errors reported more than sixty (60) days after the date of the error, the Company shall not be responsible to make changes or remunerate Affiliates for losses for mistakes that are reported more than sixty (60) days after the mistake occurs.
- 54. International Activities.** Affiliates may not sell the Company's products or conduct business activities of any nature in any foreign country that the Company: (i) has not announced is officially open for business and (ii) has not granted in writing to a Affiliate the right to conduct commerce in such country.
- 55. Independent Website Termination and Social Networking.**
- 55.1 If a Affiliate Agreement is terminated for any reason, the Affiliate must discontinue using the Company's name, all of its Intellectual Property including Marks, Trade Secrets and Confidential Information, or other intellectual property and all derivatives of the foregoing, in any postings and on all social media sites that she or he utilizes.

55.2 If the Affiliate posts on any social media site on which she or he has previously identified herself or himself as a Affiliate, she or he must conspicuously disclose that she or he is no longer a Affiliate. In the event of a voluntary or involuntary termination of a Affiliate Agreement, a Affiliate is required to remove all references to the Company from social networking profile(s) from public view within ten (10) days of the date of termination.

56. Restrictions. To ensure that the Intellectual Property (including the Marks, Trade Secrets and Confidential Information) of the Company is legally protected, a Affiliate is not permitted to: (i) use any trademark or service mark confusingly similar to any Company trademark; (ii) combine any Company trademark, servicemark with any other brand's tagline, trademark, image, logo or other intellectual property; (iii) remove any Company trademark or other label content from the Company's products, marketing materials or Business supplies; (iv) modify any Company trademark or content; (v) use or register any domain name that includes any Company trademark, content or any mark confusingly similar thereto; (vi) use any Company trademark in connection with any products other than the genuine Company products; (vii) use any of the Company's Marks or Company content in connection with any other services, businesses or opportunities other than the Business; (viii) register or attempt to register any Company trademark or service mark or confusingly similar trademarks or service marks in any class of products or services anywhere in the world; or (ix) use any trade name or business name in connection with their Business that includes any Company Marks or copyright protected content;

57. Marketing Materials and Business Supplies. The Company's products and business model are subject to significant regulation, including by the FDA and the FTC. To help address the highly regulated nature of the Company's products and business model, the Company has arranged for approved Company marketing materials and Business supplies to be available to a Affiliate to use in promoting the Company's products. Each Affiliate is nonetheless responsible for legal compliance for any advertising and promotion she or he undertakes to promote the Company's products.