



# Kannaway Policies and Procedures



## SECTION 1 – INTRODUCTION

### 1.1 - Policies and Compensation Plan Incorporated into Brand Ambassador Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Kannaway, are incorporated into, and form an integral part of, the Kannaway Brand Ambassador Agreement. Throughout these Policies and Procedures, when the term “Agreement” is used, it collectively refers to the Kannaway Brand Ambassador Online Application and Agreement, these Kannaway Policies and Procedures, the Kannaway Terms of Use Agreement, and the Kannaway Compensation Plan.

These documents are incorporated by reference into the Kannaway Brand Ambassador Agreement (all in their current form and as amended by Kannaway).

### 1.2 - Purpose of Policies

Kannaway is a direct sales company that markets products through Brand Ambassadors. It is important to understand that your success and the success of your fellow Brand Ambassadors depends on the integrity of those who market our services. To clearly define the relationship that exists between Brand Ambassadors and Kannaway, and to explicitly set a standard for acceptable business conduct, Kannaway has established the Agreement. Kannaway Brand Ambassadors are required to comply with all of the provisions set forth in the Agreement, which Kannaway may amend at its sole discretion from time to time, as well as with all federal, state and local laws governing their Kannaway business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this document carefully. It explains and governs the relationship between you, as an independent contractor, and Kannaway. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from the Kannaway corporate office.

### 1.3 - Changes and Amendments to the Agreement

Due to the constant changes in the laws and business environment involving Kannaway’s operations, Kannaway reserves the right to amend the Agreement, compensation plan, product availability and its prices at its sole and absolute discretion without prior notice. This provision does NOT apply to the arbitration clause found in Section Nine (9), which can only be modified via mutual consent.

By signing a Brand Ambassador Agreement, a Brand Ambassador agrees to abide by all amendments or modifications that Kannaway elects to make. Changes and/or amendments shall be effective immediately upon publication of the changes and/or amendments. Any amendments shall be published by one or more of the following methods:

- a) posting on Kannaway’s official website;
- b) electronic mail (email);
- c) inclusion in Company periodicals;
- d) inclusion with commissions or bonus checks; or
- e) special mailings.

The continuation of a Brand Ambassador’s Kannaway business or a Brand Ambassador’s acceptance of bonuses or commissions constitutes acceptance of any and all changes and/or amendments. Further, a Brand Ambassador’s rights under the Agreement are subject to a Brand Ambassador meeting all obligations under the Agreement.

### 1.4 - Delays

Kannaway 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, government decrees or orders, and acts of God.

## 1.5 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement.

## 1.6 - Waiver

Kannaway 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 Kannaway to exercise any right or power under the Agreement or to insist upon strict compliance by a Brand Ambassador 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 Kannaway's right to demand exact compliance with the Agreement. Waiver by Kannaway can be affected only in writing by an authorized officer of Kannaway. Kannaway's waiver of any particular breach by a Brand Ambassador shall not affect or impair Kannaway's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Brand Ambassador.

# SECTION 2 – BECOMING A BRAND AMBASSADOR

## 2.1 - Requirements to Become a Brand Ambassador

To become a Kannaway Brand Ambassador, each applicant must:

- a) Be at least 18 years of age;
- b) Reside in the 50 United States, Territories, or Countries officially opened by Kannaway;
- c) Have a valid Social Security or Tax ID number;
- d) Submit an accepted Kannaway Brand Ambassador Application and Agreement.
- e) Kannaway reserves the right to reject any applications for a new Brand Ambassador or applications for renewal.

## 2.2 - Renewals and Expiration of a Brand Ambassador Agreement

If a Brand Ambassador allows his or her position to expire due to nonpayment, a Brand Ambassador will lose any and all rights to his or her downline organization unless a Brand Ambassador re-activates within 60 days following the expiration of the agreement. If the former Brand Ambassador re-activates within the 60-day time limit, a Brand Ambassador will resume the rank and position held immediately prior to the expiration of a Brand Ambassador agreement.

However, such Brand Ambassador's paid as level will not be restored unless he or she qualifies at that payout level in the new month. A Brand Ambassador is not eligible to receive commissions for the time period that a Brand Ambassador's agreement was expired.

Any Brand Ambassador who was terminated or whose agreement has expired and lapsed the 60-day grace period is not eligible to reapply for a Kannaway business for 6 months following the expiration of a Brand Ambassador agreement.

## 2.3 - Brand Ambassador Benefits

Once a Brand Ambassador Application and Agreement has been accepted by Kannaway, the following benefits are available to the new Brand Ambassador.

### 2.3.1 – Brand Ambassadors that enroll in Kannaway are allowed to:

- a) Sell Kannaway products to retail customers and receive profit from these sales
- b) Receive periodic Kannaway literature and other Kannaway communications
- c) Build a network of Brand Ambassadors and participate in the Kannaway Compensation Plan

## 2.4 - Resident Status

If a Brand Ambassador is unable to prove their legal residency, citizenship, or legal right to do business in the country where they have enrolled as a Brand Ambassador, Kannaway may declare their Brand Ambassador Agreement void from its inception. Brand Ambassadors may only enroll to be a Brand Ambassador in an authorized country.

## SECTION 3 – CODE OF ETHICS

Kannaway has made a commitment to provide the finest direct sales experience backed by impeccable service to its Brand Ambassadors. In turn, Kannaway expects Kannaway Brand Ambassadors to reflect that image in their relationships with Customers and fellow Brand Ambassadors.

As a Kannaway Brand Ambassador, you are expected to operate your business according to the highest standards of integrity and fair practice. Failure to comply with the Code of Ethics can result in your termination as a Kannaway Brand Ambassador. The Code of Ethics, therefore, states:

A Brand Ambassador shall:

- a) Conduct their business in an honest and ethical manner at all times.
- b) Make no representations about the benefits associated with Kannaway and Kannaway brands other than those contained in officially approved corporate literature, official website and videos.
- c) Provide support and encouragement to their customers to ensure that their experience with Kannaway is a successful one.
- d) Motivate and actively work with Brand Ambassadors of their downline organization to help them build their Kannaway business. A Brand Ambassador understands that that this support is critical to each Brand Ambassador's success with Kannaway.
- e) Not directly, or indirectly, cause a Brand Ambassador or prospective Brand Ambassador to operate in a financially irresponsible way, including, but not limited to, pressuring them to buy more products or business support materials/services than they can reasonably use or sell, or to maintain specific inventory requirements.
- f) Not directly or indirectly, encourage or recommend that Brand Ambassadors or prospective Brand Ambassadors incur debt in order to participate in the business
- g) Refrain from exaggerating their personal income or the income potential in general, and will disclose and stress to Brand Ambassador candidates the level of effort and commitment required to succeed in the business.
- h) Refrain from exaggerating their earned rank or title as a Brand Ambassador, and will disclose and stress to Brand Ambassador candidates the level of effort and commitment required to succeed in the business.
- i) Not abuse the goodwill of their association with Kannaway to further or promote other business interests (particularly those which may be competitive to Kannaway) without the prior written consent of Kannaway.
- j) Not make disparaging remarks about other products, services, Brand Ambassadors, or companies; likewise, a Brand Ambassador will not willfully denigrate the activities or personalities of fellow Kannaway Brand Ambassadors.
- k) Will abide by all of the Policies and Procedures of Kannaway as included herein, or as may be amended from time to time.
- l) Not make any payment(s) or promise to pay any prospective or existing Brand Ambassador in return for such Brand Ambassador's enrollment, continued enrollment, or team building or recruiting activities with Kannaway.

## SECTION 4 – OPERATING A KANNAWAY BUSINESS

### 4.1 - Adherence to the Kannaway Compensation Plan

Brand Ambassadors must adhere to the terms of the Kannaway Compensation Plan as set forth in official Kannaway literature.

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

### 4.2 - Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes:

- a) the enrollment of individuals without their knowledge and agreement and/or without execution of a Brand Ambassador Application;
- b) the fraudulent enrollment of an individual as a Brand Ambassador or merchant;
- c) the enrollment or attempted enrollment of non-existent individuals as Brand Ambassadors or merchants;
- d) the use of a credit card by or on behalf of a Brand Ambassador or merchant when the Brand Ambassador or customer is not the account holder of such credit card;
- e) purchasing Kannaway products on behalf of another Brand Ambassador, or under another Brand Ambassador's ID number, to qualify for commissions or bonuses.

### 4.3 - Business Entities

A Partnership, LLC or Corporation may hold a Brand Ambassador business upon completion of a Brand Ambassador Application form, and providing on that form in the appropriate space, a Federal tax ID number. However, an individual may not participate in more than one (1) Brand Ambassador business of any kind. The person signing the application on behalf of a business entity must have the authority of said entity for entering into the transaction. In addition, by signing as a business entity, you certify that no person with an interest of debt or equity in the business has had an interest in a Brand Ambassador business in Kannaway within six (6) months of the date of signature.

### 4.4 - Changes to a Kannaway Business

As a Brand Ambassador, it is your duty to keep the information contained in your Brand Ambassador Agreement current and accurate. You must immediately inform Kannaway of any changes affecting the accuracy of information contained in these documents. Kannaway may terminate a Brand Ambassador Agreement or declare a Brand Ambassador Agreement void from its inception if Kannaway determines false or inaccurate information was provided. If you fail to update your Distributor Agreement holds may be placed on your account or other disciplinary action may be taken, including termination.

#### 4.4.1 – Change of Address, Telephone, or Email

Each Brand Ambassador must immediately notify Kannaway of all changes to the information contained in his or her Brand Ambassador Application and Agreement. Brand Ambassadors may modify their existing Brand Ambassador Agreement Form by submitting a written request and appropriate supporting documentation.

To ensure timely delivery of products, support materials and commission checks, it is critically important that Kannaway's files are current. Brand Ambassadors planning to move should update their personal information via their Kannaway Brand Ambassador Back Office. In the event that a Brand Ambassador is unable to update their personal information via their back office, a Brand Ambassador must submit an "Amended" Application to change their account information. Amended Applications must be signed by a Brand Ambassador and must be sent to the Kannaway Compliance Department (compliance@kannaway.com). Kannaway reserves the right to refuse to accept any amendments. To guarantee proper delivery, two weeks advance notice to Kannaway is recommended on all changes.

Name change requests will be processed as Sale, Transfer, or Assignment of Kannaway Business per section 4.26 of these Policies and Procedures.

#### 4.4.2 - Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Brand Ambassadors, Kannaway does not allow changes in sponsorship for active Brand Ambassadors. Maintaining the integrity of sponsorship is critical for the success of every Brand Ambassador and marketing organization. Accordingly, the transfer of a Kannaway business from one sponsor to another is not permitted.

Exception - A request for a change in sponsor, due to Kannaway error, will be accepted within 45 days of completion of the application.

#### 4.4.3 - Cancellation and Re-application

Cancellation and Re-application. A Brand Ambassador may terminate his or her Kannaway Agreement at any time with written notice. Following termination of the Kannaway Agreement, the former Brand Ambassador must remain Inactive from any Kannaway related activity for six (6) months following termination prior to re-applying to become a Kannaway Brand Ambassador. As used in this Section, "Inactive" shall mean the former Brand Ambassador shall NOT: purchase any Kannaway products for resale, sale any Kannaway products, sponsor any Kannaway affiliates, attend any Kannaway function, operate any Kannaway related business, or affiliate with any affiliated Kannaway company including its parents, subsidiaries, successors, assigns for six (6) months from the date of cancellation.

Following the six (6) month period of inactivity, the former Brand Ambassador may reapply under a new sponsor. However, the former Brand Ambassador will permanently lose any and all right to their former Brand Ambassador downline organization.

### 4.5 - Unauthorized Claims and Actions

#### 4.5.1 - Indemnification

A Brand Ambassador is fully responsible for all of his or her verbal and written statements made regarding Kannaway products, services, and the Compensation Plan that are not expressly contained in official Kannaway materials. Brand Ambassadors agree to indemnify Kannaway and Kannaway'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 Kannaway as a result of a Brand Ambassador's unauthorized representations or actions. This provision shall survive the termination of a Brand Ambassador Agreement.

#### 4.5.2 - Income Claims

In an effort to conduct best business practices, Kannaway has developed the Kannaway Compensation Plan. The Kannaway Compensation Plan is designed to convey truthful, timely, and comprehensive information regarding the income that Kannaway Brand Ambassadors earn. In order to accomplish this objective, a copy of the Kannaway Compensation Plan must be presented to all prospective Brand Ambassadors.

A copy of the Kannaway Compensation Plan must be presented to a prospective Brand Ambassador anytime compensation is presented or discussed, or any type of income claim or earnings representation is made.

## 4.6 - Conduct at Kannaway Events

### 4.6.1 - No Selling or Recruiting at Kannaway Events

Selling and recruiting at Kannaway events is not permitted. These activities take away from the primary focus of the event, and can negatively reflect on the professional image of Kannaway as a company. You may, however, offer a business card and/or catalog.

### 4.6.2 - No Selling or Recruiting for other Companies at Kannaway Events

Kannaway Brand Ambassadors shall not sell any products or recruit for any business during Kannaway events. This restriction most specifically applies to sales and recruitment efforts for any other direct sales or marketing programs, regardless of the product category, including those that do not compete with Kannaway's product line.

## 4.7 - Conflicts of Interest

### 4.7.1 - Non-compete Policy

Kannaway Brand Ambassadors are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "Network Marketing Activities"), with the exception of any Network Marketing Activity that engages in the same generic category as a Kannaway products and which Kannaway deems to be competing. During the time an individual is a Kannaway Brand Ambassador and for a term of six (6) months following termination of a Brand Ambassador Agreement, a Brand Ambassador shall not engage in business which is competitive with Kannaway in any manner.

Brand Ambassadors may not display Kannaway products with any other products or services in a fashion that might in any way confuse or mislead a prospective customer, merchant or Brand Ambassador into believing there is a relationship between the Kannaway and non-Kannaway products or services.

### 4.7.2 - Exclusivity

Brand Ambassadors acknowledge and agree that a Brand Ambassador or any Person who has a beneficial interest in that Brand Ambassador's business (including spouses and co-habitants), which has achieved the rank of International Director or higher, is being compensated, publicly recognized and otherwise promoted by Kannaway as a key Brand Ambassador leader. Brand Ambassadors with an International Director or higher rank are reasonably expected to train Brand Ambassadors in their Downline Organization, and promote Kannaway's business, and are prohibited from selling other Companies products whether competing or not.

### 4.7.3 - Non-solicitation

During the term of this Agreement, Brand Ambassadors may not recruit other Kannaway Brand Ambassadors or Merchants or customers for any other network marketing business. Following the cancellation of this Agreement, and for a period of one year thereafter, a former Brand Ambassador may not recruit any Kannaway Brand Ambassador or customer for another network marketing business, with the exception of a Brand Ambassador who was personally sponsored by the former Brand Ambassador.

A Brand Ambassador and Kannaway recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, a Brand Ambassador and Kannaway agree that this non-solicitation provision shall apply to all markets in which Kannaway conducts business.

The term “recruit” means actual or attempted solicitation, enrollment, encouragement or effort to influence in any other way, either directly or through a third party, another Kannaway Brand Ambassador or customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if a Brand Ambassador’s actions are in response to an inquiry made by another Brand Ambassador or customer.

#### 4.7.4 – Downline Activity (Genealogy) Reports

Downline Activity Reports made available for Brand Ambassador access and viewing at Kannaway’s official website are considered confidential. Brand Ambassador 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 Kannaway. Downline Activity Reports are provided to Brand Ambassadors in the strictest of confidence and are made available to Brand Ambassadors for the sole purpose of assisting Brand Ambassadors in working with their respective Downline Organizations in the development of their Kannaway business. Brand Ambassadors should use their Downline Activity Reports to assist, motivate and train their Downline Brand Ambassadors. A Brand Ambassador and Kannaway agree that, but for this agreement of confidentiality and nondisclosure, Kannaway would not provide Downline Activity Reports to the Brand Ambassador. A Brand Ambassador shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a) Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- b) Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;
- c) Use the information to compete with Kannaway or for any purpose other than promoting his or her Kannaway business;
- d) Recruit or solicit any Brand Ambassador or Customer of Kannaway listed on any report or in any manner attempt to influence or induce any Brand Ambassador or customer of Kannaway to alter their business relationship with Kannaway;
- e) Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report. Upon demand by Kannaway, any current or former Brand Ambassador will return the original and all copies of Downline Activity Reports to Kannaway.

#### 4.8 - Cross-Sponsoring

Actual or attempted cross-sponsoring is strictly prohibited. “Cross-sponsoring” is defined as the enrollment of an individual or entity that already has a current Customer, Merchant or Brand Ambassador Agreement on file with Kannaway, or who has had such an agreement within the preceding 6 calendar months, within a different line of sponsorship. The use of a spouse or relative’s name, trade names, assumed names or fictitious ID numbers to circumvent this policy is prohibited. Brand Ambassadors shall not directly or indirectly, demean, discredit or defame other Kannaway Brand Ambassadors, or encourage, or offer financial or other tangible incentives in an attempt to entice another Brand Ambassador to become part of the first Brand Ambassador’s marketing organization. If a prohibited organization transfer occurs, Kannaway shall take disciplinary action against the Brand Ambassador(s) who engaged, acquiesced and/or knowingly participated in the improper cross-sponsoring. However, it shall be entirely within Kannaway’s discretion where in the genealogical structure, the cross-sponsored organization in question shall be placed or otherwise distributed. Kannaway may also impose penalties on any Brand Ambassador that solicits or entices an existing Brand Ambassador to change lines of sponsorship.

Because equities often exist in favor of both upline organizations, BRAND AMBASSADORS WAIVE ANY AND ALL CLAIMS AND CAUSES OF ACTION AGAINST KANNAWAY FOR ITS DECISION REGARDING THE FINAL DISPOSITION OR PLACEMENT OF THE CROSS-SPONSORED ORGANIZATION.

#### 4.9 - Errors or Questions

If a Brand Ambassador has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Brand Ambassador must notify the Kannaway Customer Service Department at Kannaway’s headquarters in San Diego, California, in writing, within 15 days of the date of the purported error or incident in question. Kannaway will not be responsible for any errors, omissions or problems not reported to Kannaway within 15 days.



## 4.10 - Sales Aids Optional

Brand Ambassadors are not required to carry sales aids. Brand Ambassadors who do so must make his or her own decision with regard to these matters. To ensure that Brand Ambassadors are not encumbered with Company Sales Aids, such Sales Aids may be returned to Kannaway upon a Brand Ambassador's cancellation pursuant to the terms of Section 8.1.

## 4.11 - Governmental Approval or Endorsement

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling program. Therefore, Brand Ambassadors shall not represent or imply that Kannaway or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

## 4.12 - Holding Applications or Enrollments

Brand Ambassadors must not manipulate enrollments of new applicants or Merchant enrollments. All Brand Ambassador Applications and Agreements and service orders must be sent within 72 hours from the time they are signed by a Brand Ambassador or placed by a merchant.

## 4.13 - Identification

All Brand Ambassadors are required to provide their Social Security Number or Federal Tax Identification Number to Kannaway on a Brand Ambassador Application and Agreement.

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

## 4.14 - Income Taxes

Each Brand Ambassador is responsible for paying local, state and federal taxes on any income generated as a Brand Ambassador. If a Kannaway business is tax exempt, the Federal Tax Identification Number must be provided to Kannaway. Every year, Kannaway will provide IRS Form 1099 (non-employee compensation) earnings statement to each U.S. resident who (a) had earnings of over \$600 in the previous calendar year or (b) made purchases during the previous calendar year in excess of \$5,000 wholesale. Kannaway cannot accept a tax-exempt certificate from a Brand Ambassador who resides in a state where tax exempt status is not granted for Direct Sales businesses. Brand Ambassadors are encouraged to check with their state government before sending a form to Kannaway.

## 4.15 - Independent Contractor Status

Brand Ambassadors are independent contractors and are not purchasers of a franchise or a business opportunity. The agreement between Kannaway and its Brand Ambassadors does not create an employer/employee relationship, agency, partnership or joint venture between Kannaway and a Brand Ambassador. A Brand Ambassador has no authority (expressed or implied) to bind Kannaway to any obligation. Brand Ambassadors agree to the following:

- a) Brand Ambassadors shall establish his or her own goals, hours, and methods of sale, so long as they comply with the terms of a Brand Ambassador Agreement Form, these Policies and Procedures, and applicable laws;
- b) Brand Ambassadors will be paid in accordance with the Kannaway Compensation Plan
- c) Brand Ambassadors are subject to entrepreneurial risk and responsible for all losses that may be incurred as a Brand Ambassador;
- d) Brand Ambassadors are responsible for paying local, state and federal taxes due from all compensation earned as a Brand Ambassador of Kannaway;
- e) Brand Ambassadors must pay their own license fees and any insurance premiums, and if required, obtain a federal employment identification number;

- f) Brand Ambassadors are responsible for all costs of their business including, but not limited to, travel, entertainment, office, clerical, legal, equipment, accounting, and general expenses without advances, reimbursement, or guarantee from Kannaway;
- g) Brand Ambassadors shall not be treated as an employee for his or her services or for federal or state tax purposes; and
- h) Brand Ambassadors may not identify Kannaway as their employer on loan applications, government forms, employment verification requests, applications for unemployment compensation or any other form or document.

The name of “Kannaway” and other names as may be adopted by Kannaway are proprietary trade names, trademarks and service marks of Kannaway. As such, these marks are of great value to Kannaway and are supplied to Brand Ambassadors for their use only in an expressly authorized manner. Use of the Kannaway name on any item not produced by Kannaway is prohibited except as follows: “[Brand Ambassador’s Name] Independent Kannaway Brand Ambassador.”

All Brand Ambassadors may list themselves as an “Independent Kannaway Brand Ambassador” in the residential telephone directory (“white pages”) under their own name. Brand Ambassadors may not place telephone directory display ads in the classified directory (“Yellow Pages”) using Kannaway’s name or logo.

Advertising is not limited to print media; it also includes Internet advertising and other forms of advertising. It is prohibited for a Brand Ambassador to use an Internet or email address that utilizes the trade name Kannaway, or includes Kannaway in a portion of the address. It is also prohibited for a Brand Ambassador to use any website materials on a website that references or relates to Kannaway that is not authorized in writing by Kannaway.

## 4.16 - No Authority to Act on Behalf of Kannaway

Brand Ambassadors have no authority to act on behalf of Kannaway. This includes, but is not limited to, any attempt to:

- a) register or reserve Company names, trademarks, trade names or Products;
- b) register URLs using Kannaway names, trademarks or trade names;
- c) register or secure approval for Products or business practices; or
- d) establish business or governmental contacts of any kind on Kannaway’s behalf.

Brand Ambassadors agree to indemnify Kannaway for all costs and attorneys’ fees incurred by Kannaway for any remedial action needed to exonerate Kannaway in the event that they improperly act on behalf of Kannaway. Brand Ambassadors must immediately assign to Kannaway any registration of Company names, trademarks, trade names, Products, or URLs registered or reserved in violation of this Section without Kannaway’s reimbursement of any costs you incurred.

## 4.17 - Media, Internet and Third-Party Website Restrictions

### 4.17.1 – Kannaway Trademark

A Brand Ambassador may not use or attempt to register any of Kannaway’s trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, Kannaway’s name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, email addresses, web pages, or blogs.

### 4.17.2 – News Media

Brand Ambassadors may not promote the Products or opportunity through interviews with the media, articles in publications, news reports, or any other public information, trade, or industry information source, unless specifically authorized, in writing, by Kannaway. This includes private, paid membership, or “closed group” publications.

Brand Ambassadors may not speak to the media on Kannaway’s behalf, and may not represent that they have been authorized by Kannaway to speak on its behalf. All media contacts or inquiries should be immediately referred to the Kannaway Corporate.

### 4.17.3 – Mass Media Promotions Prohibited

Brand Ambassadors may not use any form of media or other mass communication advertising to promote Kannaway products, including mass communication advertising on the Internet. This includes news stories or promotional pieces on TV shows, newscasts, entertainment shows, internet ads, etc. Products may be promoted only by personal contact or by literature produced and distributed by the Kannaway or by Brand Ambassadors in accordance with these Policies and Procedures. Brand Ambassadors may place generic opportunity advertisements in jurisdictions allowing that type of advertisement, but only in accordance with the Policies and Procedures of Kannaway.

### 4.17.4 – Web Content

As part of a Brand Ambassador's annual agreement, Kannaway has provided each of its Brand Ambassadors a company-approved, replicated website so that they may promote their Kannaway business. These websites can be personalized with a Brand Ambassador's message and a Brand Ambassador's contact information, and seamlessly link directly to the official Kannaway website giving a Brand Ambassador a professional and Company-approved presence on the Internet. If a Brand Ambassador desires to independently design a website that uses the names, logos, or product descriptions of Kannaway or otherwise promote (directly or indirectly) Kannaway products or the Kannaway opportunity, they must abide by the following:

- a) Independently designed websites, including all text, images, video, and amendments or changes to the website, must be approved by the Kannaway Compliance Team before publication;
- b) Edits to a Brand Ambassador's independently designed website are subject to the same restrictions as are listed for the approval of a new independently designed website.
- c) Independently designed websites may not contain the trademark name "Kannaway" or other company trade names in any URL;
- d) Independently designed websites must comply with all Kannaway Compliance standards and guidelines;
- e) Independently designed websites must display "Independent Brand Ambassador" clearly at the top of the website page;
- f) Brand Ambassadors may not alter existing Kannaway materials for their independently designed website.
- g) Brand Ambassadors may not sell Kannaway products on their independently designed websites. All product sales and new Brand Ambassador enrollments must be directed to a Brand Ambassador's Kannaway replicated website.

No Brand Ambassador may use "blind" ads on the Internet that make product or income claims which are ultimately associated with Kannaway products, the Kannaway opportunity, or the Kannaway Compensation Plan.

The use of any other Internet website or web page (including without limitation auction sites such as eBay, Amazon and Craig's List, Pinterest, Twitter, LinkedIn) to in any way sell or promote the sale of Kannaway products, the Kannaway opportunity, or the Compensation Plan is a breach of the Agreement and may result in any of the disciplinary sanctions set forth in this document. Brand Ambassadors will be required to agree to additional terms and conditions specifically governing replicated websites and social media.

It is also prohibited for a Brand Ambassador to place links to unauthorized websites or webpages onto a website or webpage that has been authorized by Kannaway.

BRAND AMBASSADORS AGREE THAT KANNAWAY MAY MONITOR THEIR WEBSITES AND CONTENT PERIODICALLY, AND KANNAWAY RESERVES THE RIGHT AT ITS SOLE DISCRETION TO REMOVE ANY SITE, WITHOUT NOTICE AND WITH NO OBLIGATION TO REFUND FEES PAID, WHICH IN ITS JUDGMENT IS IN VIOLATION OF THIS AGREEMENT OR OTHERWISE IS UNLAWFUL OR HARMFUL TO KANNAWAY AND/OR OTHER USERS.

All contents of the Kannaway web site and/or self-replicating web site are Copyright © of Kannaway. All rights reserved. Kannaway <http://www.kannaway.com> are trademarks of Kannaway all pending or registered in U.S. Patent and Trademark Office. The material on the Kannaway website may not be reproduced and may not be distributed, publicly performed, proxy cached or otherwise used, except with the prior express permission of Kannaway. Other product and company names mentioned in the promotion of Kannaway might be the trademarks of their respective owners and may be subject to their own Trademark rights.

## 4.17.5 – Social Media Restrictions

Social Media sites may be used to promote Kannaway products. PROFILES A BRAND AMBASSADOR GENERATES IN ANY SOCIAL COMMUNITY WHERE KANNAWAY IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE BRAND AMBASSADOR AS A KANNAWAY BRAND AMBASSADOR, and when a Brand Ambassador participates in those communities, Brand Ambassadors must avoid inappropriate and non-compliant conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate or non-compliant is at Kannaway's sole discretion, and offending Brand Ambassadors will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Kannaway approved library. If a link is provided, it must link to the posting Brand Ambassador's Replicated website or an approved third-party website.

- a) Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Brand Ambassadors will be subject to disciplinary action.
- b) Brand Ambassadors may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Brand Ambassadors create or leave must be useful, unique, relevant and specific to the blog's article.
- c) Brand Ambassadors must disclose their full name on all Social Media postings, and conspicuously identify themselves as an independent Brand Ambassador for Kannaway. Anonymous postings or use of an alias is prohibited.
- d) Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Kannaway income opportunity, Kannaway's products and services, and/or your biographical information and credentials.
- e) Brand Ambassadors may not "block" or otherwise hinder the Kannaway Compliance Department from viewing their Social Media postings. Offending Brand Ambassadors will be subject to disciplinary action.

## 4.18 - Insurance

### 4.18.1 – Business Pursuits Coverage

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy may not cover business related injuries or the theft of or damage to your business. Contact your insurance agent to make sure that your business property is protected.

## 4.19 - International Marketing

Brand Ambassadors are only authorized to do business in the countries in which Kannaway has formally opened for business.

## 4.20 - Laws and Ordinances

Brand Ambassadors shall comply with all federal, state and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Brand Ambassadors because of the nature of their business.

Brand Ambassadors must obey all laws that do apply to them. If a city, county, state or federal official informs a Brand Ambassador that an ordinance applies to him or her, the Brand Ambassador shall comply with the law.

## 4.21 - Minors

Brand Ambassadors shall not enroll or recruit individuals under the age of 18 into the Kannaway program.

## 4.22 - Actions of Household Members or Affiliated Individuals

If any member of a Brand Ambassador's household, family, or other affiliated individual engages in any activity that, if performed by a Brand Ambassador, would violate any provision of the Agreement, such activity will be deemed a violation

by a Brand Ambassador and Kannaway may take disciplinary action pursuant to the Statement of Policies against a Brand Ambassador.

## 4.23 - One Kannaway Business Per Brand Ambassador and Per Household

One Kannaway Business Per Brand Ambassador and Per Family Unit A Brand Ambassador may operate or have an ownership interest as a sole proprietorship in only one Kannaway Business. No individual may have, operate or receive compensation from more than one Kannaway Business. Individuals of the same Family Unit may enter into a Kannaway Business provided a family member acts as the direct sponsor of the other family member. A "Family Unit" is defined as spouses, partnerships, domestic partners and dependent children over the age of 18 living at or doing business at the Family Unit address.

An exception to the one Kannaway Business per Brand Ambassador rule will be considered on a case-by-case basis in the event that two Brand Ambassadors marry. Requests for exceptions to this policy must be submitted in writing to the Compliance Department.

### 4.23.1 - Kannaway Recognition Rank Awards and Incentive Trips

One Per Family Unit Only the highest ranking Brand Ambassador per Family Unit will be eligible to receive Recognition Rank Awards, Incentive Trips or other incentives. The Kannaway Elite Retreat Incentive Trip ("Elite Retreat") takes place annually. In the event that a Brand Ambassador is eligible to attend the Elite Retreat, but does not attend, the Elite Retreat for that Brand Ambassador will be forfeited and will hold no cash value. The Elite Retreat Guest Policy: An Elite Retreat guest must be either: (i) a spouse or business partner of the Brand Ambassador whose name is on the account: or (ii) an immediate family member that is not an existing Kannaway Brand Ambassadors.

## 4.24 - Product Claims

### 4.24.1 - Health Claims

Brand Ambassadors shall never state or imply that any of the Kannaway products (or the ingredients therein) can be used to treat, mitigate or cure diseases. In December 2009, the FTC released Guides Concerning the Use of Endorsements and Testimonials in Advertising. The guidelines make clear that any Brand Ambassador who provides a testimonial or endorsement about their experience with our products will be viewed as a statement from Kannaway. Kannaway products are not FDA approved as drugs; thus, its products cannot be marketed in this fashion.

### 4.24.2 - FDA Approved Claims

Brand Ambassadors shall never state or imply that any Product is registered or approved by the United States Food and Drug Administration ("FDA") or any other regulatory authority. The FDA does not require or grant specific approval for the individual nutritional Products that Kannaway sells.

## 4.25 - Personal Testimonials

Testimonials about Kannaway products are not allowed.

## 4.26 - Requests for Records

Any request from a Brand Ambassador for copies of invoices, agreements, Downline activity reports or other records/reports will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

## 4.27 - Sale, Transfer or Assignment of Kannaway Business

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

If a Brand Ambassador wishes to sell his or her Kannaway business, or interest in a Business Entity that owns or operates a Kannaway business, the following criteria must be met:

- a) A Brand Ambassador membership is owned (100%) by the Seller/Transferor
- b) The selling Brand Ambassador must be qualified at the Director level or higher,
- c) The selling Brand Ambassador must offer Kannaway the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. Kannaway shall have fifteen (15) days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- d) The buyer or transferee must become a qualified Brand Ambassador. If the buyer is an active Kannaway Brand Ambassador, he or she must first terminate his or her Kannaway business and wait six (6) calendar months before acquiring any interest in a different Kannaway business;
- e) Before the sale, transfer or assignment can be finalized and approved by Kannaway, any debt obligations the selling party has with Kannaway must be satisfied.
- f) The 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 a Kannaway Brand Ambassador business.

To convey, sell, assign, or otherwise transfer a Kannaway Brand Ambassador Business or any interest therein, a Member must contact the Kannaway Compliance Department and provide the completed Sales/Transfer of Kannaway Business form, follow its internal policies, and meet any requirements, as may be amended from time to time, including the payment of a standard processing fee.

### 4.27.2 - Transfers Upon Death

- a) Individuals. If you are a current Brand Ambassador, upon your death, your Distributorship may be passed on to your heirs, or other beneficiaries whether by will, intestate succession, or otherwise. The transfer will be recognized by Kannaway when a court order or proper legal document addressing the transfer to a qualified transferee is submitted to Kannaway. Kannaway encourages you to make appropriate arrangements in consultation with an estate-planning attorney for the transfer of your Distributorship.
- b) Participant in a Business Entity. If you are a Participant in a Business Entity, upon your death your interest in the Distributorship will be transferred according to the Business Entity's legal documents and applicable law governing the transfer, provided that all Persons of the transferee are qualified to hold an interest in a Distributorship under these Policies and Procedures. The transfer of your interest will be recognized by Kannaway when a court order or proper legal documents addressing the transfer to a qualified transferee are submitted to Kannaway.

## 4.28 - Separation of a Kannaway Brand Ambassador Business

In the event of a dissolution of marriage of a Kannaway Brand Ambassador, and a spouse, arrangements must be made to assure that any division of the business assets is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Brand Ambassadors and Kannaway, Kannaway may be forced to involuntarily terminate a Brand Ambassador Agreement.

4.28.1 - During the pendency of a divorce or dissolution, Kannaway shall treat the business according to the status quo as existed prior to the filing of the divorce or dissolution. Under no circumstances will the Downline Organization of divorcing spouses be divided.

Similarly, under no circumstances will Kannaway split commission and bonus checks between divorcing spouses. Kannaway will recognize only one Downline Organization and will issue only one commission check per Kannaway business per commission cycle. Commission checks shall always be issued to the individual whose name appears on the Brand Ambassador Agreement.

## 4.29 - Sponsoring

All active Brand Ambassadors in good standing have the right to sponsor and enroll others into Kannaway. Brand Ambassadors sponsoring a prospective Brand Ambassador should not accept personally addressed enrollment checks. New Brand Ambassador enrollments should be completed via their Sponsor's Kannaway replicated website. Each prospective Brand Ambassador has the ultimate right to choose his or her own sponsor. If two Brand Ambassadors claim to be the sponsor of the same new Brand Ambassador; Kannaway shall regard the first application received by Kannaway as controlling.

## 4.30 - Stacking

"Stacking" is strictly prohibited. The term "stacking" includes: (a) violating the one-business-per-household rule and/or (b) enrolling fictitious individuals or entities into the Kannaway Compensation Plan, in an attempt to manipulate the Compensation Plan.

## 4.31 - Telemarketing

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices.

Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. While you may not consider yourself a "telemarketer" in the traditional sense of the word, these regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$11,000.00 per violation).

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

- a) If a Brand Ambassador has an established business relationship with the prospect. An "established business relationship" is a relationship between a Brand Ambassador and a prospect based on the prospect's purchase, rental or lease of goods or services from the Brand Ambassador, or a financial transaction between the prospect and the Brand Ambassador, within the 18 months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- b) The prospect's personal inquiry or application regarding a product or service offered by a Brand Ambassador within the 3 months immediately preceding the date of such a call.
- c) If a Brand Ambassador receives written and signed permission from the prospect authorizing the Brand Ambassador to call. The authorization must specify the telephone number(s) that the Brand Ambassador is authorized to call.
- d) You may call family members, personal friends and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship (i.e., you have recently personally met him or her). Bear in mind, however, that if you make a habit of "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.

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

## 4.32 - Consent to Images and Recordings

Brand Ambassadors agree to permit Kannaway to obtain photographs, videos, and other recorded media of their likenesses. During the term of this agreement and for two years thereafter, Brand Ambassadors acknowledge and agree to allow any such recorded media to be reproduced, published, distributed, broadcast, exhibited and/or in any other way used by Kannaway for any lawful purpose, and without compensation.

# SECTION 5 – RESPONSIBILITIES OF BRAND AMBASSADORS

## 5.1 - Continuing Development Obligations

### 5.1.1 – Ongoing Training

Any Brand Ambassador who sponsors another Brand Ambassador into Kannaway must perform a bona fide assistance and training function to ensure that his or her Downline is properly operating his or her Kannaway business. Brand Ambassadors must have ongoing contact and communication with the Brand Ambassadors in their Downline Organizations. Examples of such contact and communication may include, but are not limited to, newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail and the accompaniment of Downline Brand Ambassadors to Kannaway meetings, training sessions, and other functions. Upline Brand Ambassadors are also responsible to motivate and train new Brand Ambassadors in Kannaway product knowledge, effective sales techniques, the Kannaway Compensation Plan and compliance with Kannaway Policies and Procedures. Communication with and the training of Downline Brand Ambassadors must not, however, violate Section 4.2 (regarding the development of Brand Ambassador-produced sales aids and promotional materials). Brand Ambassadors cannot charge for training.

Upon request, every Brand Ambassador should be able to provide documented evidence to Kannaway of his or her ongoing fulfillment of the responsibilities of a sponsor.

### 5.1.2 – Increased Training Responsibilities

As Brand Ambassadors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge and understanding of the Kannaway program. They will be called upon to share this knowledge with lesser-experienced Brand Ambassadors within their organization.

## 5.2 - Non-disparagement

Kannaway wants to provide its Brand Ambassadors 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 the Kannaway corporate offices. While Kannaway welcomes constructive input, negative comments and remarks made in the field by Brand Ambassadors about Kannaway, its products, or its Compensation Plan serve no purpose other than to sour the enthusiasm of other Kannaway Brand Ambassadors. For this reason, and to set the proper example for their Downline, Brand Ambassadors must not disparage, demean or make negative remarks about Kannaway, other Kannaway Brand Ambassadors, Kannaway's services, the Compensation Plan or Kannaway's directors, officers or employees.

## 5.3 - Non-Discrimination and Non-Harassment

Brand Ambassadors agree to operate their business in a manner that is free of harassment, intimidation, threats, and abuse. Discrimination and all forms of unlawful harassment, including but not limited to sexual harassment, are not condoned. No form of unlawful discriminatory or harassing conduct by or towards any Brand Ambassador, customer, vendor, corporate employee or other person in our workplace or jobsites will be tolerated.



## 5.4 - Maintaining Kannaway's Reputation

Brand Ambassadors will not act in any way, including their actions outside the scope of their Brand Ambassadorship, which could be considered detrimental to the business or reputation of Kannaway or its Brand Ambassadors. Kannaway has the right to, in its sole discretion, determine what actions may be considered detrimental and take action against any Brand Ambassador.

## 5.5 - Providing Documentation to Applicants

Brand Ambassadors must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Brand Ambassadors before the applicant signs a Brand Ambassador Agreement. Additional copies of Policies and Procedures can be found on the Kannaway website at [kannaway.com](http://kannaway.com), or in your business center under the forms section.

## 5.6 - Reporting Policy Violations

Brand Ambassadors observing a policy violation by another Brand Ambassador should submit a written report of the violation directly to the attention of the Kannaway Compliance Department. Details of the incident(s), such as dates, number of occurrences, persons involved and any supporting documentation, should be included in the report.

### 5.6.1 Time Limitation on Reported Policy Violations

A Brand Ambassador must report an alleged violation of the Agreement, within 12 months of its occurrence or alleged occurrence. Failure to report a violation within the 12 months period will result in Kannaway not pursuing the allegations in order to prevent stale claims from disrupting the ongoing business activities of Brand Ambassadors. All reports of violations must be in writing and sent to the attention of Kannaway's Compliance department.

# SECTION 6 – SALES REQUIREMENTS

## 6.1 - Product Sales

The Kannaway Compensation Plan is based upon the sale of Kannaway services to end user consumers. Brand Ambassadors must fulfill personal and downline organization 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. There are no requirements for Brand Ambassadors to purchase product to qualify for commissions. Brand Ambassadors certify by the reordering of additional products that they have consumed or sold at least 70% of the products purchased in their previous order. Purchasing product solely for the purpose of collecting bonuses or achieving rank is prohibited. Kannaway retains the right to limit the amount of purchases you may make if, in our sole judgment, we believe those purchases are being made solely for qualification purposes instead of for consumption or resale.

## 6.2 - Retail Sales

Kannaway wants to ensure that prices and quality for its products and services are not destabilized when sold through a retailing environment. Therefore, Products sold in a retail environment will be subject to a minimum advertised retail price. The minimum advertised price of Kannaway's products sold in a retail environment (such as a grocery store, eBay, convenience store, market, etc.) is listed on the Kannaway website. Any Brand Ambassador who knowingly fails to honor the minimum price set by Kannaway for its products and services will be subject to termination. Product should be provided immediately to the purchaser when completing a physical sale. Kannaway products which are sold at the minimum advertised

price must be in the original, unopened packaging. Brand Ambassadors may not alter, repackage, re-label, affix additional labels of information or otherwise change any Company product, nor sell any such product under any other name.

### 6.2.1 – Kiosks, Booths and Stands

To align with its current business model, Kannaway does not allow its Brand Ambassadors to host kiosks, booths, stands, or the like for the purpose of education or sale of Kannaway products or opportunity in any space (including, but not limited to, trade shows, mall kiosks, bazaars, boutiques, fairs, and swap meets).

## 6.3 Sales Tax

### 6.3.1 Company Collection of State Sales Tax

Kannaway provides the service of collecting state sales tax at the time of your purchase and remitting it to your state. The amount of sales tax is based upon the suggested retail price of a Product, calculated at your local tax rate. You can recover the prepaid sales tax when you make a retail sale.

### 6.3.2 Exemption from Company Collection of State Sales Tax

Brand Ambassadors may apply for an exemption from Company collection of state sales tax by submitting a proper sales tax exemption form to Kannaway.

Kannaway cannot exempt any of your orders from pre-collected state sales tax until all proper documentation is on file with the Sales Tax Department of Kannaway. Kannaway reserves the right to verify the validity of any documents and evidence that you submit in applying for this exemption. If you are approved for sales tax exemption, you will be solely responsible for collecting and remitting sales taxes to the appropriate jurisdictional authorities. Any questions concerning retail sales tax requirements should be directed to your tax advisor.

## 6.4 - Territory Restrictions

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

# SECTION 7 – BONUSES AND COMMISSIONS

## 7.1 - Bonus and Commission Qualifications

A Brand Ambassador must be active and in compliance with the Agreement and these policies to qualify for bonuses and commissions. So long as a Brand Ambassador complies with the terms of the Agreement and these policies, Kannaway shall pay commissions to such Brand Ambassador in accordance with the Compensation Plan. The minimum amount for which Kannaway will issue a commission payment is \$25.00. If a Brand Ambassador's bonuses and commissions do not equal or exceed \$25.00, Kannaway will accrue the commissions and bonuses until they total \$25.00. Commissions will be issued once \$25.00 has been accrued via our Payquicker payment platform.

## 7.2 - Commission Payments and Promotions

### 7.2.1 – Payments, Calculations, and Bonuses

Commissions will be distributed in accordance with the Compensation Plan. Commissions will be calculated according to the level for which a Brand Ambassador actually satisfied all of the requirements according to the Compensation Plan rather than the highest rank or title achieved. Commission reports will be provided to Brand Ambassadors on-line, via web access.

## 7.2.2 – Promotions

Promotions are determined based on business organization and sales activity for each applicable period.

## 7.3 - Adjustment to Bonuses and Commissions

### 7.3.1 – Adjustments for Returned Products

Brand Ambassadors receive bonuses and commissions based on the actual enrollment for services to merchants. When a service is cancelled, and refund is authorized by Kannaway, the bonuses and commissions attributable to the refunded service(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 Brand Ambassadors who received bonuses and commissions on the sales of the refunded service(s).

## 7.4 - Reports

All information provided by Kannaway 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 the inherent possibility of human and mechanical error; the accuracy, completeness and timeliness of orders; denial of credit card and electronic check payments; returned products; and credit card and electronic check charge-backs, the information is not guaranteed by Kannaway or any persons creating or transmitting the information. All personal and group sales volume information is provided “as is” without warranties, expressed 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, Kannaway and/or other persons creating or transmitting the information will in no event be liable to any Brand Ambassador or anyone else for any direct, indirect, consequential, incidental, special or punitive damages that arise out of the use of or access to personal and group sales volume information (including but not limited to lost profits, bonuses, or commissions, loss of opportunity and damages that may result from inaccuracy, incompleteness, inconvenience, delay or loss of the use of the information), even if Kannaway 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, Kannaway 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 Kannaway’s online 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 Kannaway’s online reporting services and your reliance upon the information.

## Section 8 – SATISFACTION GUARANTEED AND RETURN OF SALES AIDS

Kannaway offers a one hundred percent (100% - less shipping charges), thirty-day money back guarantee for all customers and Brand Ambassadors. A Brand Ambassador will then return the product(s) back to Kannaway in resalable condition for a refund of the wholesale purchase price. If a Brand Ambassador is not 100% satisfied with our products or is unable to sell it, he or she may return the item(s) for a refund (less shipping charges) if the products were purchased within 30 days and remain in resalable condition. Please refer to the Kannaway Return and Refund Policy document for additional details and requirements in processing your return/refund.

If the purchases were made through a credit card, the refund will be credited back to the same account. Kannaway shall deduct from the reimbursement paid to the Brand Ambassador any commissions, bonuses, rebates or other incentives received by the Brand Ambassador, which were associated with the merchandise that is returned.

## 8.1 - Voluntary Cancellation of Contract

Requests by a Kannaway Brand Ambassador to return their sales aids or inventory for a refund will be treated as a request to voluntarily cancel that Brand Ambassador business.

The request for Buy Back must be made in writing within 90 days of the original purchase date. Reimbursement will be made for the wholesale value of the original product, less a 10% restocking charge, freight, rebates, bonuses, and personal discounts (or as applicable law dictates), and Kannaway shall repurchase the inventory and sales aids and the Associate's Agreement shall be canceled. A Brand Ambassador may only return sales aids or inventory purchased by him or her that are in new and resalable condition. Please refer to the Kannaway Return and Refund Policy document for additional details and requirements in processing your return/refund.

Upon receipt of the sales aids or inventory, a Brand Ambassador will be reimbursed 90% of the cost of the original purchase price(s), not to include shipping and handling charges. If the purchases were made through a credit card, the refund will be credited back to the same account.

- a) Brand Ambassador must inform Kannaway of intent to exercise the sales aid and inventory buy-back option within 10 business days of resignation notice.
- b) All products to be returned for refund under this provision must be approved in advance of shipment to Kannaway, by calling the Customer Services Department.
- c) Brand Ambassador will be asked to submit invoices detailing the sales aid and inventory items to be returned.
- d) Upon approval from Kannaway, returns may be sent to Kannaway's headquarters and must be accompanied by an invoice copy for each item

## 8.2 - Return Process

A. All returns, whether by a Customer, or Brand Ambassador, must be made as follows:

1. Obtain RMA (Return Merchandise Authorization) from Kannaway, LLC
2. Ship items to the address provided by Kannaway, LLC Customer service when you are given your RMA.
3. Provide a copy of the invoice with the returned products or service. Such invoice must reference the RMA and include the reason for the return.
4. Ship back product in manufacturer's box exactly as it was delivered.

B. All returns must be shipped to Kannaway LLC pre-paid, as Kannaway does not accept shipping collect packages. Kannaway recommends shipping returned product by UPS or FedEx with tracking, as risk of loss in shipping the returned product shall be borne solely by the Customer, or Brand Ambassador. If returned product is not received at Kannaway Distribution Center, it is the responsibility of the Customer, or Brand Ambassador to trace the shipment and no credit will be applied.

C. Shipping charges will not be refunded

D. A 10% restocking fee will be deducted from the refund amount for 8.1.

Please refer to Kannaway Return and Refund Policy document for additional details and requirements in processing your return/refund.

## 8.3 - Montana Residents

A Montana resident may cancel his or her Brand Ambassador Agreement within fifteen (15) days from the date of enrollment and may receive a full refund within such time period for good and resalable sales aids or trainings that have not been attended.

## SECTION 9 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures or any illegal, fraudulent, deceptive or unethical business conduct by a Brand Ambassador may result, at Kannaway's sole discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring a Brand Ambassador to take immediate corrective measures;
- c) Imposition of a fine, which may be withheld from bonus and commission checks;
- d) Suspension and/or termination of a Brand Ambassador Agreement;
- e) Loss of rights to one or more bonus and commission checks;
- f) The withholding from a Brand Ambassador of all or part of a Brand Ambassador's bonuses and commissions during the period that Kannaway is investigating any conduct allegedly in violation of the Agreement. If a Brand Ambassador's business is canceled for disciplinary reasons, that Brand Ambassador will not be entitled to recover any commissions withheld during the investigation period;
- g) Any other measure expressly allowed within any provision of the Agreement or that Kannaway deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by a Brand Ambassador's policy violation or contractual breach; or
- h) In situations deemed appropriate by Kannaway, Kannaway may institute legal proceedings for monetary and/or equitable relief.

### 9.2 - Grievances and Complaints

When a Brand Ambassador has a grievance or complaint with another Brand Ambassador regarding any practice or conduct in relationship to their respective Kannaway businesses, the complaining Brand Ambassador 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 cannot be resolved, it must be reported in writing to Kannaway. Kannaway will review the facts and determine if a policy violation has occurred and take appropriate action.

### 9.3 - Product Liability Claims and Indemnification

Kannaway maintains product liability insurance to protect Kannaway and its Brand Ambassadors so long as a Brand Ambassadors are marketing Kannaway products in the regular course of conduct and in accordance with Company policies and applicable laws and regulations.

Subject to the limitations set forth in this Section, Kannaway will defend Brand Ambassadors from product liability claims made by third-party customers alleging injury from the use of a Kannaway product. Brand Ambassadors must promptly notify Kannaway in writing of any such claim, no later than ten (10) days from the date of the third-party claimant's letter alleging injury. Failure to so notify Kannaway in accordance with this Section shall alleviate any obligation of Kannaway respecting such claim.

Brand Ambassadors must allow Kannaway to assume the sole and absolute discretion respecting the defense of any third-party claim, and the use and choice of counsel as a condition to Kannaway's obligation to any Brand Ambassador in accordance with this Section.

Kannaway shall have no obligation to indemnify a Brand Ambassador against any third-party claim if:

- a) a Brand Ambassador has not complied with the Agreement respecting obligations and limitations covering the distribution and/or sale of the products; or

- b) a Brand Ambassador has repackaged, altered or misused the product, made claims or given instructions or recommendations respecting the use, safety, efficacy, benefits or results, which do not comply with the approved literature of Kannaway;
- c) a Brand Ambassador settles or attempts to settle a claim without Kannaway's written approval; or
- d) the claim arises from the sole negligence or willful misconduct of a Brand Ambassador.

## 9.4 - Arbitration

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by confidential arbitration administered by the American Arbitration Association or other recognized arbitration service, under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator and may be entered in any court having jurisdiction thereof. Brand Ambassadors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the County of San Diego, California, unless the laws of the state in which a Brand Ambassador resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure.

NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE. BRAND AMBASSADORS WAIVE ALL RIGHTS TO CLASS ACTION PARTICIPATION.

There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions, with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel that the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own, costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This Agreement to arbitration shall survive any termination or expiration of the Agreement. Brand Ambassadors will keep all arbitration activities confidential.

Nothing in these Policies and Procedures shall prevent Kannaway 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 Kannaway's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

## 9.5 - Governing Law, Jurisdiction and Venue

The law of the State of California shall govern all other matters relating to or arising from the Agreement. Jurisdiction and venue shall be San Diego County, State of California. The Federal Arbitration Act shall govern all matters relating to arbitration.

9.5.1 - Louisiana Residents: Notwithstanding the foregoing, Louisiana residents may bring an action against Kannaway with jurisdiction and venue as provided by Louisiana law.

# SECTION 10 – INACTIVITY AND CANCELLATION

## 10.1 - Effect of Cancellation

So long as a Brand Ambassador remains active and complies with the terms of the Brand Ambassador Agreement and these Policies and Procedures, Kannaway shall pay commissions to such Brand Ambassador in accordance with the Compensation Plan. A Brand Ambassador's bonuses and commissions constitute the entire consideration for the Brand Ambassador's efforts in generating sales and all activities related to generating sales (including building a Downline Organization). Following a Brand Ambassador's termination for inactivity, or voluntary or involuntary termination of his or her Brand Ambassador Agreement (all of these methods are collectively referred to as "termination"), the former Brand Ambassador shall have no right, title, claim or interest to the marketing organization that he or she operated, or any commission or bonus from the

sales generated by the organization. A Brand Ambassador whose business is terminated will lose all rights as a Brand Ambassador. This includes the right to sell Kannaway products and services and the right to receive future commissions, bonuses or other income resulting from the sales and other activities of a Brand Ambassador's former Downline sales organization. In the event of termination, Brand Ambassadors 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 Brand Ambassador's termination of his or her Brand Ambassador Agreement, the former Brand Ambassador shall not hold himself or herself out as a Kannaway Brand Ambassador. A Brand Ambassador whose Brand Ambassador Agreement is terminated 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 termination).

## 10.2 - Termination

A Brand Ambassador has a right to cancel, at any time, regardless of reason. Termination must be submitted in writing to Kannaway at its principal business address. The written notice must include the Brand Ambassador's signature, printed name, address and Brand Ambassador ID number.

Brand Ambassadors who have resigned may re-apply to become a Brand Ambassador with Kannaway after 6 months of inactivity (per section 4.4.3).

A Brand Ambassador's position is subject to termination due to inactivity (i.e., merchant enrollments, no commissions, no sponsoring; and no attendance at any Kannaway functions, participation in any other form of Brand Ambassador activity, or operation of any other Kannaway business) after being inactive for six (6) full calendar months.

A Brand Ambassador's violation of any of the terms of the Agreement, including any amendments that may be made by Kannaway in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary termination of his or her Brand Ambassador Agreement.

Cancellation shall be effective on the date on which written notice is electronically mailed (email), mailed, faxed or delivered to an express courier to a Brand Ambassador's email address, last known address (or fax number), or to his or her attorney, or when a Brand Ambassador receives actual notice of termination, whichever occurs first.

## 10.4 - Non-Renewal

A Brand Ambassador may also voluntarily cancel his or her Brand Ambassador Agreement by failing to maintain the Agreement annually. Kannaway may also elect not to renew a Brand Ambassador's Agreement.

## 10.5 - Complete Agreement

These Policies and Procedures, any and all modifications made by Kannaway, along with the Kannaway Terms of Use Agreement, Kannaway Return & Refund Document, Kannaway Privacy Policy, Kannaway Compensation Plan, and the Kannaway Marketing Do's and Don'ts make up the entire agreement between Brand Ambassador and Kannaway.