

# TEAM BEACHBODY®

## U.S. COACH POLICIES AND PROCEDURES

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# SECTION 1 - INTRODUCTION

WELCOME TO TEAM BEACHBODY! You have joined a dynamic group of individuals who are dedicated to improving their health and that of their family and friends, while taking steps to improve their personal and financial wellbeing. Along the way we'll have a great time together and you will grow in ways you've probably never imagined. What follows are Team Beachbody's policies and procedures, which is frequently referred to as the "P&P." They are the rules of the road for your independent Beachbody business. By abiding by the letter and spirit of the rules, your business will stay on the right track.

## 1.1 Policies and Compensation Plan Incorporated into Coach Agreement

Your Independent Beachbody Coach contract includes several documents. In addition to the terms and conditions that you agreed to when you enrolled, your contract with Team Beachbody includes these Policies and Procedures, the Team Beachbody Compensation Plan, and if you enrolled as a business entity (such as an LLC or corporation), the Business Entity Application & Agreement. We will refer collectively to these documents as the "Agreement." The most current version of the Agreement, including these Policies and Procedures, will be posted on the Team Beachbody website, and within your Coach Office. When the terms "We", the "Company" or "Our" are used in the Agreement, it means Team Beachbody. When the terms "You", "Your" or "Coach" are used, we are referring to you and our other Independent Beachbody Coaches.

## 1.2 Purpose of Policies

In addition to other sales channels, Beachbody markets its products through independent contractor sales representatives called "Coaches." To clearly define the relationship that exists between Coaches and Beachbody, and to explicitly set a standard for acceptable business conduct, Beachbody has established the Agreement.

Team Beachbody Coaches are required to read and comply with all of the terms and conditions set forth in the Agreement, as well as all federal, state, and local laws governing their Beachbody 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 manual carefully. It explains and governs the relationship between you, as an independent contractor, and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from anyone in your upline or the Compliance Department at Team Beachbody. The Compliance Department may be reached via email at [compliance@beachbody.com](mailto:compliance@beachbody.com).

## 1.3 Changes to the Agreement

Because federal, state, and local laws, as well as the business environment, periodically change, Beachbody reserves the right to amend the Agreement and its prices from time to time in its sole and absolute discretion. By entering into the Coach Agreement, a Coach agrees to abide by the Agreement and financial terms of all amendments or modifications that Beachbody elects to make. Any of these changes will be effective upon posting such amendments or updated documents on the Team Beachbody website. The Company will provide or make available to all Coaches a complete copy of the amended provisions by one or more of the following methods: (1) posting on Team Beachbody's official website; (2) electronic mail (email); (3) inclusion in Company periodicals; (4) inclusion in product orders or bonus checks; or (5) special mailings. The continuation of a Coach's Beachbody business or a Coach's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

## 1.4 Delays

Beachbody will 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, terrorism, acts of God, acts of nature, acts beyond the reasonable control of Beachbody, fire, death, curtailment of a party's source of supply, or government decrees or orders.

## 1.5 Policies and Provisions Severable

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

## 1.6 Waiver

Beachbody never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of your business. No failure of Beachbody to exercise any right or power under the Agreement or to insist upon strict compliance by a Coach with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the

Agreement, will constitute a waiver of Beachbody's right to demand exact compliance with the Agreement. Waiver by Beachbody can be effectuated only in writing by an authorized officer of the Company. Beachbody's waiver of any particular breach by a Coach will not affect or impair Beachbody's rights with respect to any subsequent breach, nor will it affect in any way the rights or obligations of any other Coach. In addition, no delay or omission by Beachbody to exercise any right arising from a breach will affect or impair Beachbody's rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Coach against Beachbody will not constitute a defense to Beachbody's enforcement of any term or provision of the Agreement.

## 1.7 Beachbody Coach Code of Ethics

Beachbody Coaches have the unique opportunity of representing Beachbody, our vision and our products and services in the community at large. For this reason, we expect that Coaches will uphold the standards of our Company and that each Coach will serve as an ambassador of Our mission and Our brands. Accordingly, in addition to all terms of the Agreement, all Coaches must agree to the following Beachbody Coach Code of Ethics:

- As an Independent Beachbody Coach, I will conduct myself ethically and with integrity, including treating others the way I would expect to be treated as I operate my organization. I will uphold this Code of Ethics and promote its awareness among my fellow Beachbody Coaches.
- I will uphold the Beachbody Core Values and Team Beachbody Coach Policies & Procedures and not engage in any deceptive, unlawful, or unethical recruiting practice or otherwise engage or promote any other conduct which may be detrimental to or reflect poorly on myself, my fellow Beachbody Coaches or Beachbody. Key prohibited examples would include bonus buying; improper income, any other form of compensation plan manipulation, performance or medical claims; soliciting Coaches or otherwise promoting other MLM business opportunities to any Beachbody Coaches or customers or selling Beachbody products in prohibited marketplaces.
- I will learn and understand the Team Beachbody Compensation Plan and Beachbody's catalog of products and represent them accurately to my customers and prospective Coaches without misleading or false expectations. Any claims, representations or statements I make regarding Beachbody products or the Coaching opportunity will include important notices and disclaimers as provided by Beachbody.
- I will accept and fulfill my responsibilities to motivate and encourage my personally sponsored Coaches. I will treat my Beachbody Coach business like any other business and will fulfill each commitment I make to my customers, fellow Coaches or other associates.
- I will promote the Beachbody business opportunity to prospective Coaches with honesty and integrity. I will not misrepresent actual or potential sales or earnings. I will use business tools provided to me such as the Statement of Independent Coach Earnings and will remind each potential new Coach that each individual's success is based upon their individual efforts.
- I will offer my customers the highest level of service, offering assistance with any necessary product exchanges and/or refunds.
- I will maintain a basic loyalty and professionalism to the network marketing industry as a whole and will not involve myself in any unwarranted criticism of Beachbody or any other network marketing companies, including those in direct competition with Beachbody.
- I will abide by all laws which govern my business. I understand that as the owner of my Independent Beachbody Coach business, it is my responsibility to comply with these laws and with the Agreement.
- I will respect, protect, and treat the personal information of fellow Beachbody Coaches, Customers and any others I receive from Beachbody or otherwise through operating my Beachbody business in confidence and respect their privacy rights at all times.

## SECTION 2 - BECOMING A COACH

### 2.1 Requirements for Becoming an Independent Beachbody Coach

There are a few requirements to be an Independent Beachbody Coach:

- You must be at least 18 years old.
- You must be a resident of the United States, a U.S. Territory, or another country where Beachbody has officially opened its network marketing business.
- You need a Social Security Number, Federal Tax ID Number or applicable tax identification number in the country in which you reside (so long as Team Beachbody has announced that the country is officially open for business).
- You must buy a Coach Business Kit (optional for residents of North Dakota).

## 2.2 What Does It Cost?

You are not required to buy products to be a Coach or to earn a commission, however there are some expenses. You must either buy a Coach Business Starter Kit or Challenge Pack at the time of enrollment, and there is a monthly charge for your Coach Office. There are a few limited exceptions to these initial and subsequent monthly costs. They are

- If you are a resident of North Dakota, the Coach Business Starter Kit and monthly business service fees are optional.
- If you are a bona fide nonprofit organization (that means you are properly organized as a nonprofit organization under the U.S. Internal Revenue Code) and you provide us with a copy of the relative IRS Ruling Letter or Letter of Determination confirming your tax exempt status at the time you complete your initial Coach enrollment, the cost of the Coach Business Starter Kit and the monthly business service fee is waived.
- If you are an active duty member of the U.S. Military or the spouse or partner of an active duty member, if you are a veteran of the U.S. Military, or if you are the spouse or partner of a U.S. Military service member lost or killed in action, your monthly business service fee will be waived once we receive proper documentation supporting you or your spouse's service. One caveat to this exemption – you must maintain at least 50 Personal Volume points every 90 days to continue to receive this exemption (“Personal Volume Points” or “PV” is defined further in the Compensation Plan).

## 2.3 Coach Benefits

Once we accept your Coach Application and Agreement, the benefits of the Team Beachbody Coach Compensation Plan and the Coach Agreement are available to you. These benefits include the right to:

- Sell and solicit orders for Beachbody products and submit them to the Company for fulfillment;
- Participate in the Team Beachbody Coach Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Customers or Coaches into the Beachbody business, build a marketing organization, and progress through the Team Beachbody Coach Compensation Plan;
- Participate in Team Beachbody-sponsored support, service, training, motivational and recognition functions; and
- Participate in promotional and incentive contests and programs sponsored by Team Beachbody for its Coaches.

# SECTION 3 - OPERATING A BEACHBODY BUSINESS

## 3.1 Deceptive, Fraudulent and Illegal Activities

You must never engage in deceptive, fraudulent, or illegal activity in conjunction with your independent Beachbody business or make any false or deceptive claims about Beachbody's products or business opportunity. You must also conduct yourself so that Your activities outside of your independent Beachbody business do not affect Your business or Beachbody's reputation. For example, if you are convicted of a felony or some other illegal activity that is unrelated to Your Beachbody business, it can damage the Company's reputation and goodwill. Therefore, we reserve the right to cancel Your Agreement if You are convicted of, or plead no contest to, a felony or a crime involving drugs, fraud, theft, physical or sexual violence or abuse, or any other crime involving moral turpitude.

Coaches must promote and offer the Team Beachbody business and products in a manner that is consistent with the methods in the Company's training materials. Coaches may not create, publish or use marketing or training systems that are not approved by the Company in writing, and not use any contracts or forms that the Company does not publish. Coaches may not require or encourage other current or prospective Customers or Coaches to execute any agreement or contract other than the official Beachbody agreements and contracts in order to become an Independent Beachbody Coach. Coaches may not sell or in any manner profit from (directly or indirectly) or promote any marketing systems or lead generation systems or sell or promote lead lists to other Coaches.

Beachbody Coaches may not charge or receive any form of compensation or other benefits (such as income, traded or free services, recoupment of costs, charitable donations, etc.) for tools, consulting for Coaches, software or other sales aids, including requiring any other Coach to use any third party tools as part of their Coach business.

Coaches may not market any other goods or services to any Coaches or customers through any Beachbody tools, mediums or by using any Beachbody provided contacts or information. However, Coaches are permitted to market their own goods and services (subject to other restrictions set forth in these policies, including the restrictions around another Network Marketing Business, sales tools and software) through general social media and other non-Beachbody mediums.

Specifically with regard to events, Coaches may charge solely to recoup their direct, verifiable out of pocket costs for training and Coach building events at no more than four (4) live events per year (in addition to any Super Saturdays and Fit Clubs), which may be audited

by Compliance at any time. However, charging for any recruiting events, to receive any profit, or for personal time spent (rather than direct out of pocket expenses) is always prohibited.

## 3.2 Advertising

### 3.2.1 Branded Merchandise

You may only create Team Beachbody branded items (t-shirts, caps, etc.) for your own personal use (not sold for profit) and only with the prior written approval of our Compliance department. Your proposed designs may be submitted by emailing the proposed materials to [compliance@beachbody.com](mailto:compliance@beachbody.com). Any proposed branded items must comply with the terms of these Policies and Procedures and may not include the name, image or likeness of any Beachbody trainers.

### 3.2.2 Media Advertising

You may not engage in any television, radio, or video advertising that has not been preapproved in writing by the Company. Requests for the approval of television or radio advertising must be submitted to the Compliance department at [compliance@beachbody.com](mailto:compliance@beachbody.com).

### 3.2.3 Coach Websites and Other Communications Facilities

You may want to promote your Team Beachbody business through a website. We provide all Coaches with Team Beachbody replicated websites. These replicated websites are template websites from which you can sell Team Beachbody products and enroll new Coaches. If you want to use a website other than a Company provided replicated website, you must first create a beta site and submit it to the Company for review and receive the Company's written approval for the site before making it public. There are some fundamental rules you must follow:

- Your site must abide by the Policies and Procedures.
- Your site must accurately use text and the full warnings and disclaimers from the Company's official website.
- Your site may not advertise the price of or complete the sale for any Beachbody products for less than the advertised retail price by Beachbody on its official website.
- Your website may not accept new Coach enrollments. The only online forum from which you enroll new Coaches or customers is your Team Beachbody replicated website.
- Be extremely careful if you use any content on your website from a third party. If content appears on your site that is owned by a third party, you can be held responsible for copyright or intellectual property infringement. When Team Beachbody reviews your website, we do NOT review the content for copyright or other intellectual property infringement as we have no way of knowing what is owned by a third party. That is solely your responsibility, therefore you must always ensure that you have secured a license for all content that you use or obtain from a third party and have paid any associated license fee.
- For any content you add yourself, you must ensure that it is accurate and not misleading, and that you have the legal right to use it.
- Your website must clearly and conspicuously identify that it is the site of an Independent Beachbody Coach.
- Your independent website must post a privacy policy that complies with the applicable data protection and privacy laws, including without limitation, the General Data Protection Regulation. You are responsible to ensure that You comply with those laws and with the commitments you make in Your privacy policy.
- If Your website uses Your own, or third party, cookies or similar tracking technologies, You are responsible for ensuring that You get any proper consent that may be replicable data protection and privacy laws for such technologies.
- If Your website allows Beachbody Coaches, Customers or other third parties to register for e-mail or similar marketing, You are responsible for ensuring that You get any consents and comply with all other requirements that may be required under the applicable data protection and privacy laws for such marketing. You must always provide recipients of Your marketing with the ability to easily opt-out from receiving additional messages, and inform them how they can exercise this opt-out. For people who opt-out of marketing, you must honor their request and not further market to them.
- Once You receive written notice from the Company that Your website is authorized, You may go live with it. However, We reserve the right to revoke authorization at any time. If We revoke authorization, You must take the website down immediately. If authorization is revoked We are not responsible for reimbursing You any costs or expenses You have incurred in building or maintaining Your website. Therefore, if You create and launch Your own website, that is a risk that You must take. Furthermore, once Your website is approved, You must receive written approval from the Compliance department before you make any significant material changes to the site.

### 3.2.4 Trademarks, Copyrights, and Domain Names

Coaches may not use, attempt to register, or register with the U.S. Patent and Trademark Office, any state Trademark Office, any Trademark Office outside of the United States, or with any domain registrar any of the following or their translations (in any language), whether alone or in combination with any other word(s), design(s), or symbol(s): (1) Our name Beachbody; (2) Beachbody's brand names, trade names, trademarks, service marks, product names, domain names, symbols, logos, slogans, artwork, or other identifiers or designations of origin of Beachbody ("Marks"), a partial list of which is attached as Exhibit A; (3) anything confusingly or substantially similar to any of the Marks as determined by Beachbody, including any portion of, modification to, or derivative of any of the Marks, or (4) the word "Coach" by itself. This restriction includes any use of any of the above as or in connection with any symbols, keywords, advertisement buys, hidden text, or any other activities that are considered Internet optimization; as any Internet domain name (including, without limitation, as a sub-domain on the Team Beachbody website); or as the Coach's account name or user ID within any blogs, social networking websites, or any "posting" sites such as (but not limited to) Facebook, YouTube, Instagram, or Twitter; or as the numbers/designations within a Coach's phone number (for example, 1-800-BUY-P90X).

Beachbody products enjoy strong brand recognition. Because Beachbody brands are well recognized, we must go to great lengths to protect them. So long as You are an active Independent Beachbody Coach, You have limited license to use the Marks for the sole purpose of building your Beachbody business and selling Beachbody products. You can download the Marks from your Coach Office and You may only use the Marks that are available for download. That is, You must not try to copy or recreate any of the Marks or any mark that is similar to the Marks. You are expressly prohibited from modifying the Marks in any manner.

Finally, You must not use any of the Marks in any domain name, email address, social media handle, or use them in a team or company name, or use them in a customized license plate.

We also have to protect our copyrighted material. Therefore, You may not copy or produce for sale, distribution, or advertising any of the Company's copyright-protected material and may not record Company events and speeches without express written permission from Beachbody. Likewise, Beachbody produces its own promotional videos, some of which are posted in your Coach Office for Your use. If You use any of these videos, you must use the video as it is posted and never edit the video. If You use any of Our copyrighted materials in your promotional material, which Beachbody deems violates this Agreement or any of its intellectual property rights, it may ask you to immediately take down such promotional materials and remove Our copyrighted materials; otherwise, You agree that Beachbody shall have an irrevocable license to use the material You produce and shall not have any obligation to pay any form of remuneration or compensation to You.

To the extent that Coaches become aware of any activity that may infringe on any trademark, copyright, or other intellectual property rights of Beachbody, Coaches should immediately inform Beachbody via email at [compliance@beachbody.com](mailto:compliance@beachbody.com). Coaches should not, and are not authorized to, act on Beachbody's behalf in such situations for many reasons, including that any action could harm Beachbody's ongoing enforcement efforts.

### 3.2.5 Use of Related Third Party Assets

We have business relationships with other well-known companies. We usually have a license to use their marks but our license is limited. That means that We are only allowed to use their marks according to the terms of Our contract with them. Consequently, We need to be careful not to misuse their marks. If We have a license to use another business' Marks, and they have authorized Coaches to use their marks as well, We will post authorized and approved Marks in your Coach Office. You may ONLY use the marks that are posted in your Coach Office and You must never reproduce any mark of a third party.

### 3.2.6 Media and Media Inquiries

This policy is designed to assure that accurate and consistent information is provided to the public, as well as a proper public image. Coaches may not publish or allow any third party to publish a press release or news release without obtaining prior written approval of the content and proposed channels by Beachbody's Compliance department. Proposed press releases may be submitted by email to the Compliance department for further review and approval. If You are contacted by the media, please politely direct them to us at [compliance@beachbody.com](mailto:compliance@beachbody.com). Our media and public relations team will be prepared to respond.

### 3.2.7 Unsolicited Email

U.S. and international laws relating to unsolicited email (SPAM) are very strict and complex. To put it simply, you may not spam. If You want to send unsolicited email to anyone other than a friend, family member or business colleague, before doing so You must provide the Company with a written legal opinion from a lawyer licensed in the country into which you want to send the email that states that your proposed email campaign complies with the law of the country (the legal fees are at Your expense). Also, a word of

caution: some people may try to sell you an email list of leads. They may even say they are “prequalified leads”. We caution you that these are normally a waste of money. It is extremely unlikely that Your returns will exceed what You pay for the leads.

(a) Email Message Requirements

Beachbody does not permit Coaches to send unsolicited commercial emails, unless such emails strictly comply with applicable laws and regulations, including, without limitation, the U.S. Federal CAN-SPAM Act and the Canadian Anti-Spam Legislation. In some countries, this may mean You need to obtain the recipient’s consent before You can send any unsolicited commercial emails to them. It is Your responsibility to obtain consent where this is required.

Any email sent by a Coach that promotes Beachbody, the Team Beachbody Coach Business Opportunity, or Beachbody products and services must comply with the following:

- i. There must be a functioning return email address to the sender.
- ii. The email must contain a clear and conspicuous notice (in at least 10-point bold font) advising the recipient that he or she may opt-out or unsubscribe from future email solicitations or correspondence by clicking the applicable out-out or unsubscribe link contained within the email, or if applicable, replying to the email via the functioning return email address.
- iii. The email must include the Coach’s physical mailing address.
- iv. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- v. The use of deceptive subject lines and/or false header information is prohibited.
- vi. All opt-out requests, whether received by email or regular mail, must be promptly honored. If a Coach receives an opt-out request from a recipient of an email, the Coach must forward the opt-out request to the Company.

Team Beachbody may periodically send commercial emails on behalf of Coaches. By entering into the Coach Agreement, the Coach agrees that the Company may send such emails and that the Coach’s name and physical and email addresses may be included in such emails as outlined above. Coaches shall honor opt-out requests generated as a result of such emails sent by the Company.

(b) Canadian Anti-Spam Legislation (“CASL”) – Additional Requirements

- i. Obtaining Consent to Send Messages: Under CASL, a person who sends an unsolicited electronic commercial message from Canada or to a recipient who resides in Canada, including an email, must have the express or implied consent of the recipient of the message. The language you use to obtain written consent must:
  - a) State the purpose for which you are seeking consent (i.e. to send commercial email)
  - b) State the name under which you carry on business (i.e. Independent Team Beachbody Coach business entity or personal name) and that you are seeking consent on your own behalf.
  - c) Provide your physical mailing address.
  - d) Provide at least one of either your telephone number, email address or web address.
  - e) State that consent may be withdrawn.
  - f) Obtain the individual’s consent in a manner that allows you to prove it. For example, provide a consent box they may click, or physically check. Do not create an assumed consent (i.e. a pre-checked box) or an opt-out mechanism.
- ii. Implied consent to send commercial email will exist only where the recipient of the message:
  - a) Has an “Existing Business Relationship” with the Coach as the message recipient made a purchase or accepted a business opportunity from the Coach within a two-year period immediately prior to the day on which the message is sent, or made an inquiry or application to the Coach within the six-month period immediately prior to the day on which the message is sent.
  - b) Has a “Family Relationship” with the Coach through a legal parent/child relationship, marriage or common-law partnership, and the Coach and their relation have had voluntary, direct two-way communication.

- c) Has a “Personal Relationship” with the Coach, based on direct voluntary two-way contact and it should be reasonable to conclude that the relationship is “personal” taking into consideration all relevant factors such as the sharing of interests, experiences, opinions and information evidenced in the communications, the frequency of communication, the length of time since the communication and if the parties have met in person.

In all cases, there is no implied consent if the individual has indicated they do not wish to receive messages.

- iii. Referrals: CASL allows individuals to refer their friends and family to trusted companies and business people, and allows the company or business person who receives a referral to send one email to the referred person. However, in order to make a referral, the referring person must have a relationship with both the Coach to whom the referral is being made and the person referred. The acceptable relationships are defined in Section 3.2.7(ii) above (i.e. Existing Business Relationships, Family Relationships and Personal Relationships).

The above is only provided as a general outline of CASL’s requirements, so in order to fully comply with the law and various requirements; you should first consult an experienced attorney before undertaking this type of marketing, particularly around the use of any referrals. For additional information, please also visit <http://fightspam.gc.ca>.

### 3.2.8 Unsolicited Faxes and Telephone Calls or Other Messaging

The use of telephone calls, SMS/text messages, faxes or other messaging in connection with your Beachbody business is highly regulated and if not done in compliance with the law, can result in significant legal and financial liability (\$16,000 per violation in the U.S., as an example) for You and your business. As with all other marketing efforts You undertake as an independent business, you are fully responsible for being aware of and complying with all laws, rules and regulations, including those which apply to this kind of marketing. Accordingly, you must first consult with an experienced attorney in order to properly comply with the various legal requirements for conducting this type of marketing. In general, Coaches may send SMS/text messages to customers with whom they have an existing business relationship; however, sending such messages using technology that has automatic dialing capabilities requires the customer’s prior express written consent as specifically required by law. Any text message sent by a Coach relating to the promotion of their business or any Beachbody product or service must clearly identify the sender as an Independent Beachbody Coach. In addition, Coaches may not use an automatic telephone dialing system to call a customer’s cellular phone in connection with the operation of their Beachbody businesses without first obtaining the customer’s prior express written consent as specifically required by law. The term “automatic telephone dialing system” means equipment that 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. In addition, except as stated in this Section, Coaches may not use or transmit unsolicited faxes in connection with the operation of their Beachbody business. The terms “unsolicited faxes” means the transmission via telephone facsimile or electronic mail of any material or information advertising or promoting Beachbody, Team Beachbody, its products and services, its Compensation Plan, or any other aspect of the Company that is transmitted to any person, except that these terms do not include a fax or email: (1) to any person with that person’s prior express invitation or permission or (2) to any person with whom the Coach has an established business or personal relationship. The term “established business or personal relationship” means a prior or existing relationship formed by a voluntary two-way communication between a Coach and a person, on the basis of (i) an inquiry, application, purchase, or transaction by the person regarding products offered by such Coach or (ii) a personal or familiar relationship, which relationship has not been previously terminated by either party.

### 3.2.9 Social Media & Online Conduct

Coaches rely heavily on social media as a tool to grow their business and share their passions. It is critical to remember that whether you do so by participating in a blog, video, Wiki, social network or any other form of online publishing or discussion, social media is heavily regulated and includes the following set of rules and guidelines that Coaches must follow.

#### **You Are Responsible for Postings**

You are personally responsible for Your postings and all of your other online activity that relates to Beachbody. Therefore, even if You don’t manage or operate a blog or social media site, if You post to any site about Beachbody, You are responsible for the posting. You are also responsible for postings that appear on any blog or Social Media site that you manage or control even if someone else posts offending material on that site.

#### **Identification as an Independent Beachbody Coach**

You must disclose your full name on all social media postings, and conspicuously identify Yourself as an Independent Beachbody Coach. Anonymous postings, blind ads, or use of an alias are not permitted. This identification must be in the original post and not in a separate comment that could be covered up by subsequent comments, or in your details about yourself. Whenever you provide your

personal opinion, you must clarify what is your opinion rather than a Beachbody position with a statement such as “The postings on my site are my own and do not necessarily represent the position, strategy or opinions of Beachbody and its brands.”

### **Social Media as a Sales and Promotion Forum**

Some social media sites promote commercial use while others prohibit it. It’s Your responsibility to learn and abide by the social media site’s terms of use and policies. Remember, you are strictly limited as to what Beachbody provided content you may use from social media pages and other websites managed by Beachbody, and the Coach Office. At no time may any Coach upload or post more than two minutes of any original Beachbody workout content (audio or video) except as released by Beachbody directly for Coach promotional use (such as a new product or special bundle or sizzle reel). Coaches may only post videos of themselves doing a Beachbody workout—without including any of the original audio or visual Beachbody content—as long as the total video time (in whole or divided into multiple videos) does not exceed five minutes in length. Content that exceeds these restrictions and/or time limit (including if divided into multiple videos) or otherwise violates copyright will be removed from the associated site by the Company without any prior notification to the infringing account holder, and may result in disciplinary action under these policies and procedures as well as the suspension or termination of the user’s account.

### **Sales and Enrollments from Social Media Sites are Prohibited**

Online sales and/or enrollments may only be generated from Your Beachbody replicated website. You must not use a social media site to accept orders or to attempt to sponsor or enroll prospective Coaches. You must not use any social media site to explain the Beachbody Compensation Plan or any component of it.

### **Use of Third-Party Intellectual Property in Postings**

As with content you use on your own website, if You use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any posting, it is Your responsibility to ensure that You have received the proper license to use it and have paid the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third-party, and You must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

### **Respecting Privacy**

Always respect the privacy of others in your postings. As a member of the Beachbody community, You should not engage in gossip or advance rumors about any individual, company or competitive product or service.

### **Professionalism**

It is your responsibility to ensure that your postings are truthful and accurate. This includes any references you make to your title (Independent Beachbody Coach), as well as any other professional credentials you maintain. Coaches should not infer a professional qualification or certification they do not possess. In addition, this requires that You fact-check the material that you post. You should also carefully check Your postings for spelling, punctuation and grammatical errors. Use of offensive language or inappropriate images is prohibited.

### **Prohibited Postings**

You may not make any postings or link to any postings or other material that:

- Is sexually explicit, obscene or pornographic;
- Is 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;
- Engages in personal attacks on any individual, group, or entity; or
- Is in violation of this Agreement or any Beachbody intellectual property rights or the rights of any third party.

### **Responding to Negative Posts**

Do not attempt to converse with someone who places a negative post against You, other Independent Beachbody Coaches, or Beachbody. You may report negative posts or your specific concerns to the Compliance department via email at [compliance@beachbody.com](mailto:compliance@beachbody.com). Responding to negative posts simply fuels a discussion with someone carrying a grudge who does not hold themselves to the same high standards as Beachbody, and therefore damages the reputation and goodwill of Beachbody.

### **Social Media Sites with Website-Like Features**

Because some social media sites are very robust, the distinction between a social media site and a website may not be clear-cut. Beachbody therefore reserves the exclusive right to classify certain social media sites as websites and require that You adhere to the Company’s policies relating to independent websites if You use such social media site.

### **Promotion of Other Direct Selling Businesses Through Social Media**

In addition to meeting all other requirements specified in these policies, if You use any form of social media in Your Beachbody business, any postings related to Beachbody or its products must link only to Your Beachbody replicated website. If You create a business profile page on any social media site that promotes or relates to Beachbody, its products, or opportunity, the business profile page must relate exclusively to Your Beachbody business and Beachbody products. If Your Beachbody business is cancelled for any reason, You must immediately deactivate the business profile page and any other links to it or your Beachbody business.

Failure to comply with these guidelines can not only lead to suspension or termination of your Team Beachbody Coach Business Center (“CBC”), but could also lead to direct action against you by the Federal Trade Commission (FTC), your state’s Attorney General or other regulatory agencies.

Coaches who are contacted directly via email, text, phone, or some form of social media by a Beachbody customer requesting no further contact or solicitation are obligated to remove that customer from future communications (including emails, Facebook posts and other means of social media). To remain compliant, Coaches must label any customer that requests not to be contacted as “Do Not Contact” in the Coach Office.

No Coach may use any electronic tools or forums or websites provided by Beachbody (including social media pages hosted by Beachbody) to advertise, promote, solicit, or otherwise conduct any third-party businesses, activities, and/or any other third-party business opportunities at any time. In addition, Coaches may not use these forums to advertise their Beachbody business, offer Beachbody products for sale, or recruit Coaches into their organization or Beachbody Challenge Group.

### **3.2.10 Telemarketing Techniques**

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have “do not call” regulations with which You must comply. Although You probably don’t think of Yourself as a “telemarketer” in the traditional sense of the word, these government regulations broadly define the terms “telemarketer” and “telemarketing” so that your inadvertent action of calling someone whose telephone number is listed on the federal or a state “do not call” registry could cause you to violate the law. Moreover, these regulations must not be taken lightly as they carry significant penalties (including some penalties up to \$16,000 per violation). All penalties will be at Your sole expense and liability, including but not limited to if they are assessed directly against Beachbody due to any Coach’s noncompliance. Therefore, You must not engage in prohibited telemarketing in the operation of Your Beachbody businesses, and, in addition to complying with the “do not call registry,” must not make repeat or harassing phone calls to Prospective Coaches or Customers. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Beachbody product or service, or to recruit them for the Team Beachbody Coach Business Opportunity. “Cold calls” made to Prospective Customers or Coaches to promote either Beachbody’s products or services or the Beachbody Coach Business Opportunity constitute telemarketing and are prohibited. However, a telephone call(s) to a Prospective Customer or Coach (a “prospect”) is permissible under the following situations:

- If You have an established business relationship with the prospect. An “established business relationship” is a relationship between You and a prospect based on the prospect’s purchase, rental, or lease of goods or services from You, or a financial transaction between You and the prospect, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect’s purchase of a product or service.
- The prospect’s personal inquiry or application regarding a product or service you offer, within the three (3) months immediately preceding the date of such a call.
- If You receive written and signed permission from the prospect authorizing You to call. The authorization must specify the telephone number(s) You are authorized to call.
- You may call family members, personal friends, and acquaintances. An “acquaintance” is someone with whom you have at least a recent first-hand relationship within the preceding three (3) months. 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, Coaches shall not use automatic telephone dialing systems or software relative to the operation of their Beachbody businesses. The term “automatic telephone dialing system” means equipment or software which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) dial such numbers.

### 3.2.10.1. Prerecorded Messages

By participating as a Coach and agreeing to the Agreement, you authorize Beachbody to place prerecorded telephone messages to the telephone number(s) you provided in your Team Beachbody Coach Application and Agreement.

### 3.2.11 Online Auctions, Marketplaces, Keywords, and Shop Sites

You may not offer or facilitate the offering of Beachbody products on or through any online auction or classified site, including but not limited to eBay, iOffer, and/or Craigslist, or any online marketplace, such as Amazon Marketplace.

You may use online marketplaces and social networking sites simply to discuss the Beachbody Coach Business Opportunity, but must always identify Yourself as an Independent Beachbody Coach in each of these forums. Similar to website advertising, any title or content of any social networking website, account or other forums cannot in any manner imply that the forum and/or its content is coming directly from or is in any manner sponsored or endorsed by the Company.

You may not buy or use Keywords, Sponsored Links, and/or Adword buys that include any Company Marks or other prohibited terms as defined in Exhibit A, on any search engines, websites or any other online marketplaces (including Facebook and other social media outlets). Similarly, You may not list or advertise on shopping comparison sites or similar product price search engines where You must purchase any placement or listing (including but not limited to Google Product Search, Shopzilla and NextTag), and must abide by the stated policies and prohibitions contained on any free registration shopping sites (including but not limited to Google Product Search).

### 3.2.12 Management of Your Beachbody Challenge Group or BOD Group

As part of Your opportunity to help other people try Beachbody products and achieve their fitness goals, You may organize, host and manage Your own Beachbody Challenge Group or BOD Group so long as You abide by the guidelines set forth in the Coach Office, as well as strictly adhering to the following:

- When hosting, promoting or conducting a Beachbody Challenge Group or BOD Group, You must always identify Yourself as an Independent Beachbody Coach.
- You must offer a random selection of Beachbody programs for the guest to sample during any weekly gathering. Playing an entire fitness program in the workout order provided and over the duration of the entire fitness program (i.e., the precise 90 days of P90X or 60 days of Insanity) is prohibited.
- The group may only consist of a Coach describing and playing the Beachbody DVDs or streaming Beachbody On Demand (“BOD”) for a group workout. Any workout offered may not be streamed live or broadcast through social media for participation by any individual or group in any remote location separate from the actual physical location.
- A Beachbody Challenge Group may be operated by a Coach with participation by other challengers in person or virtually. A Coach may offer prizes for their challenge group participants following the promotional and prize guidelines set forth in Sections 5.2 and 5.2.1 of these Policies & Procedures.
- Minor children may not participate in any Challenge Group or BOD Group workouts as most Beachbody fitness programs are not intended for use by children under the age of 18.

#### **AT NO TIME MAY YOU ACT AS A FITNESS OR ANY OTHER TYPE OF INSTRUCTOR IN ANY GROUP WORKOUT.**

You may not require a guest to pay simply to attend the Beachbody Challenge Group or BOD Group and only complete a Beachbody workout; however, You may ask for a financial donation from the guest (a) to cover the cost of the facility rental where the workout is held, or (b) if these guests wish to be served any supplements or consumables such as Shakeology® or Beachbody Performance™ Line) following the workout.

Each Coach promoting or conducting a Beachbody Challenge Group or BOD Group expressly understands and agrees that the Company in no manner endorses, sponsors, or promotes any Challenge Group or BOD Group offered by any Coach.

**When hosting, promoting or conducting any Beachbody Challenge Group or BOD Group, you agree to indemnify, defend, and hold harmless the Company and its successors, assigns, affiliates, members, officers, and employees from any and all claims, causes of action, injuries, losses, damages, judgments, costs, or expenses, including attorney’s fees and costs, arising in any manner from the Challenge Group or BOD Group activities.**

### 3.2.13 Fitness Instructors Using Team Beachbody Workouts

Fitness instructors and trainers can also be Independent Beachbody Coaches but may not incorporate Beachbody workout programs as part of their own exercise programs within fitness establishments (whether in a gym, community center, or other location). While those fitness classes may reference Beachbody product-inspired exercises, such as “plyometrics” and “kenpo,” You can never use any

Beachbody trademark (such as “Beachbody classes” or “P90X Circuit” in the name or description of the class, and may never play any Beachbody programs (via DVD or BOD) for any such classes.

### 3.3 Use of Beachbody Hosted Sites, Groups & Pages

You may not post messages (directly or through a third party) on any Beachbody hosted website (including but not limited to BODGroups, message boards, social media group, page or channel) promoting or alluding to the Team Beachbody business opportunity in any manner. Beachbody hosted sites, groups and pages are maintained solely to offer support, guidance, and a team motivational atmosphere for those participating members.

#### 3.3.1 Posting Guidelines

##### Username

You may not use “Team Beachbody” or “Coach” (or anything similar such as “Top Coach”) in any message board screen name in accordance with Section 3.2.4 of the Policies and Procedures. For example, You may choose a screen name of “Coach Bill” but may not use a screen name only of “Coach.”

##### Offensive Content

Posts containing profanity, racist comments, hateful, inflammatory, abusive or offensive statements, or comments of a sexual nature are prohibited and will be removed immediately.

##### Profile Links

Links to profile pages directing anyone to a page other than Your Team Beachbody replicated website are not permitted.

##### Links

We will allow links to your favorite Team Beachbody threads and tools only. Members are prohibited from posting links that direct members away from the community forums. We reserve the right to edit, remove, or suspend any post or thread that is in violation of these rules.

##### Contact Information

In an effort to control spam, You may not post ANY contact information, including phone numbers, IM screen names, website links, signature blocks and/or email addresses.

##### Product Promotion

You may not promote competitor’s products (including supplements, videos, workout equipment or beauty products) on any of our message boards. You may discuss other non-Beachbody programs You are using or have used in the past.

##### Integrity

You may post open and honest remarks about Beachbody but Your remarks may not be slanderous, false, defamatory, hateful, or offensive, and they must not include personal attacks against any fitness trainer, Coach, member, product, service, or any other individual or company. The same standards apply when criticizing any other individual or business (including a Beachbody competitor).

We may remove or request that You remove any post that may violate these rules. To maintain a community focused on wellness, support, and motivation, You should not post identical posts in multiple threads and/or forums. We reserve the right to restrict any user’s use of or access to any Beachbody hosted platform without prior notification.

\*These policies are in addition to the standard Terms and Conditions for the website and all other Coach Policies and Procedures, governing the use of social media platforms. Please review the Terms & Conditions found on our website, [www.teambeachbody.com](http://www.teambeachbody.com).

### 3.4 Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. “Bonus buying” includes: (a) the enrollment of individuals or entities without the permission and/or knowledge of such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Coach or Customer; (c) the enrollment or attempted enrollment of nonexistent individuals or entities as Coaches or Customers (“phantoms”); (d) purchasing Beachbody products or services on behalf of another Coach or Customer, or under another Coach’s or Customer’s I.D. number, to qualify for commissions or bonuses; or (e) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end-user consumers.

The use of any individual’s credit cards, debit cards, or other payment instruments to purchase products or service fees on the accounts of any other Coach or Customer other than two other immediate family members (defined as a parent, spouse, or child) is expressly

prohibited. If You wish to purchase product or cover service fees for an immediate family member, You must report this information to the Compliance department by sending the necessary information via email to [compliance@beachbody.com](mailto:compliance@beachbody.com). Similarly, subject to the allowance provided in the prior sentence, each Coach must maintain payment for their own account and may not use a third party's payment instrument to pay for their Beachbody products or services. Upon the first discovery of any bonus buying, any Coach having a lifetime rank of Diamond or above may be assessed a fine of **up to \$100,000** and any Coach having a lifetime rank of Ruby or below may be assessed a fine of **up to \$250**, which will be deducted from the Coach's upcoming check(s).

If the Coach who is found to be participating, facilitating or in any manner actively encouraging any bonus buying activity (including through communications, usage of credit cards or providing prepaid debit cards, etc.) would otherwise be eligible to participate in the Star Diamond Leadership Bonus, that Coach will lose their entire Star Diamond Leadership Bonus for that quarter (at all Star Diamond levels) and face additional fines and disciplinary action, including the immediate suspension or termination of that Coach's Beachbody Business. If bonus buying occurs in a Star Diamond Coach's organization which is unknown to the Star Diamond but the related activity contributes to the Star Diamond Coach's ability to raise or maintain their rank (which will be tracked within the first three levels of direct sponsorship, otherwise known as the Coach's advancement team), the bonus buying activity will be removed and the star Diamond Coach's rank will be recalculated without it, but the unknowing Star Diamond Coach will not face any disciplinary action. While the Star Diamond Coach who had no direct part in the bonus buying will not face disciplinary proceedings, the other Coaches who directly engaged in the bonus buying will, as provided above.

## 3.5 Business Accounts

### 3.5.1 Business Entities

A corporation, limited liability company, partnership, or trust (collectively referred to in this section as a "Business Entity") may apply to be a Team Beachbody Coach by submitting its Certificate of Incorporation, Partnership Agreement, or trust documents (these documents are collectively referred to as the "Entity Documents") to Beachbody, along with a properly completed Business Entity Registration form. Any and all owners with more than a five percent (5%) ownership interest in a prospective Business Entity must be disclosed on the applicable Business Entity Registration Form that is submitted to Beachbody. Upon registration as a Business Entity, a Coach has 90 days to provide to Coach Relations a copy of the IRS letter verifying the business contact information and FEIN. If the IRS letter is not received within this timeframe, the Business Entity account will be placed on a temporary hold until such documentation is received. Any of the owners listed on the Business Entity Application, or any other individuals for which the Company has received written notice, are acceptable as managing individuals for the business account, provided that managing individuals may not separately own or manage other Coach Business Centers. Acceptable written notice is the submission of the Business Contact Update Form, which can be requested from Coach Relations. A Beachbody business may change its status under the same sponsor from an individual to a partnership, corporation, or trust, or from one type of entity to another. There is a \$25.00 fee for each change requested; payment must be included with the written request and the completed Coach Application and Agreement. The Business Entity Registration form must be signed by all of the shareholders, members, partners, or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to Beachbody. There must be a named primary contact person per Beachbody Coach account.

### 3.5.2 Household Business Exception and Limitation

Spouses or couples residing in the same immediate household may maintain the same or separate Independent Beachbody Coach Business Center(s). However, for qualifying spouses or cohabitating couples sharing the same business entity with a common FEIN or FBN, there may be no more than two such Beachbody Coach Business Center(s) per household. Similarly, if qualifying spouses or cohabitating couples who each own a Beachbody Coach Business Center wish to form a single business entity for tax or business reasons, their respective Beachbody Coach Business Centers may both be held as assets of the business entity they form and their separate Coach Business Centers may both be converted to the common business entity, but their Coach Business Centers will be recognized and treated by Beachbody as separate and distinct businesses even though they are owned by a common business entity.

## 3.6 Changes to a Beachbody Business

### 3.6.1 Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing Beachbody business, the Company requires a written request as well as a properly completed Coach Application and Agreement containing both the applicant's and the co-applicant's Social Security or Social Insurance numbers and signatures. To prevent the circumvention of Section 3.23 (regarding transfers and assignments of a Beachbody business), the original applicant must remain as a party to the original Coach Application and Agreement. If the original Coach wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 3.23, or the business shall be canceled upon the withdrawal of the original Coach. All bonus and commission checks will

be sent to the address of record of the original Coach. There is a \$25.00 fee for each change requested, and payment must be included with the written request and the completed Coach Application and Agreement. Beachbody may, at its discretion, require notarized documents before implementing any changes to a Beachbody business. Please allow thirty (30) days after the receipt of the request by Beachbody for processing. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 3.6.2.

### 3.6.2 Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Coaches, We strongly discourage changes in sponsorship. A change of sponsorship from one sponsor to another is rarely permitted. If You want to request a sponsor change, you must submit a written request to the Compliance Department and your request must include the reason for the change. Depending upon the conditions of such request, Beachbody may require that the Coach who requests the transfer submit a change fee of \$50.00 for administrative charges and data processing. If the requesting Coach also wants to move any of the Coaches in his or her marketing organization, each downline Coach must also obtain a properly completed Sponsorship Transfer Form and return it to Beachbody with, if deemed necessary by Beachbody, the \$50.00 change fee (i.e., the transferring Coach plus each Coach in his or her marketing organization multiplied by \$50.00 is the cost to move a Beachbody business). Transfers will only be considered in the following three (3) circumstances:

- (a) In cases involving fraudulent inducement or unethical sponsoring, You may request to be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case-by-case basis at Beachbody's sole discretion. Such request must be made within sixty (60) days from the date on which the Coach was enrolled.
- (b) We reserve the right, at our sole discretion, to move a Coach from one organization or personal sponsor to another if we deem it necessary to maintain the integrity of the genealogy, You should be aware, however, that Beachbody will rarely authorize an organization or personal sponsor change request.
- (c) You may change sponsors within the first ten calendar days after submitting Your Coach Application and Agreement. To change Your sponsor within such time, You must complete an Independent Coach Cancellation Form and submit it together with a new Coach Application and Agreement which lists the new sponsor. The documentation must be received by Beachbody no later than 5:00 P.M. pacific time on the tenth calendar day following the Company's receipt of his or her original Coach Application and Agreement. If You change your sponsor pursuant to this policy, the 6-month waiting period under Section 3.6.3 shall not apply. There will be no fee associated with the switch, but if the Coach has a downline in his or her original business, the downline Coaches will remain in their original positions and will not change lines of sponsorship unless they too meet the prerequisites and follow the procedures set forth in this section 3.6.2(c).

In cases where in the appropriate sponsorship change procedures have not been followed, We make a mistake in the placement of a Coach, or if We exercise Our discretion to allow a Coach to change organization, We reserve the sole and exclusive right to determine the final disposition of the downline organization. YOU WAIVE ANY AND ALL CLAIMS AGAINST BEACHBODY AND ITS OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO BEACHBODY'S DISPOSITION OF ANY DOWNLINE ORGANIZATION.

### 3.6.3 Cancellation and Reapplication

If You have been enrolled as a Coach for ten (10) calendar days or fewer You may request a change of sponsorship by contacting Coach Relations at [https://faq.beachbody.com/app/contact\\_us/lob/coach](https://faq.beachbody.com/app/contact_us/lob/coach) as detailed in Section 3.6.2(c) above. If You have been enrolled for more than ten (10) calendar days, You may cancel and re-enroll with a new sponsor only if You formally terminate your business ([https://faq.beachbody.com/app/coach\\_cancellation\\_form/lob/team](https://faq.beachbody.com/app/coach_cancellation_form/lob/team)) and remain inactive (i.e. no purchases of Beachbody products for resale, no sales of Beachbody products, no sponsoring, no participation in any other form of Coach activity) for six (6) full calendar months; however, a Coach who has been enrolled more than ten (10) calendar days but less than thirty (30) days cancel their CBC and re-enroll immediately with their previous sponsor, in the same leg of that sponsor's organization, in the same side of the leg.

Regardless of the reason for Your re-enrollment, if You re-enroll You must start Your business a new under a new CBC and may not transfer into any existing CBC. Additionally if You re-enroll You will not be entitled to Your prior rank, benefits, volume, or position in the genealogy.

## 3.7 Unauthorized Claims and Actions

### 3.7.1 Indemnification

You are fully responsible for all of Your statements and actions regarding Beachbody, its products, and the Coach Compensation Plan that are not expressly contained in official Beachbody materials. You agree to indemnify Beachbody from liability, including settlements, judgments, penalties, refunds, attorney's fees, court costs, incurred as a result of Your statements, acts, omissions or any other violation of the Agreement (including, without limitation, its officers, directors, employees and agents) and hold them harmless. This policy shall survive the termination of Your Coach Agreement.

### 3.7.2 Product & Testimonial Claims

No claims (which include personal testimonials) as to therapeutic, curative, or diagnostic properties of any products offered by Beachbody may be made except those specific claims contained in official Team Beachbody literature. Such claims may only be repeated or republished in exactly the same format as that published by the Company and the claim must be republished in its totality. In particular, no Coach may make any claim that Beachbody products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate Beachbody policies, but they potentially violate federal and state laws and regulations, including the Federal Food, Drug, and Cosmetic Act and the Federal Trade Commission Act. Whenever a Coach is using any Beachbody product or opportunity materials, the Coach must always include any and all notices, warnings and disclaimers provided by Beachbody. For example, when discussing supplements (including Shakeology®) and their beneficial effects, the following statement should be included: **These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease.**

If you host a challenge group or BOD Group, You may not publicly publish a participant's results without the express written consent of the participant. Additionally, You may not state or imply the results achieved by these groups are in any way scientific, clinical, a cure for any illness or injury, or include the use of any medical claims. Images and other digital assets made available to Coaches through the Coach Office may be used in the exact format offered without requiring additional consent from Beachbody, or any individual Coach or customer, but these assets may not be modified or edited in any way. In addition, Coaches receiving information about Coaches or Team Beachbody Customers as a result of information gathered through any Beachbody facilitated website, mobile application or other similar tool or advertising medium may not publish any individual's personal results without prior approval from the individual and without first submitting the proposed claim to the Compliance department for further review. Submissions may be made via email to [compliance@beachbody.com](mailto:compliance@beachbody.com).

### 3.7.3 Income Claims

You may not make unsubstantiated income claims about the Team Beachbody Coach Opportunity. Coaches may only make income claims that they can document as accurate (such as about their own income or that of other Coaches that they have actual proof to support). While Coaches may refer to financial achievements in general terms, a Coach may not include a specific dollar reference in any authorized income claim they intend to use. Coaches must include the following mandatory statement in all written and promotional materials, or online or live presentations:

**Beachbody does not guarantee any level of success or income from the Team Beachbody Coach Opportunity. Each Coach's income depends on his or her own efforts, diligence, and skill. See our Statement of Independent Coach Earnings located at <https://tbbcoa.ch/SOICE> for the most recent information on our Coaches' actual incomes.**

You must provide a copy of the Statement of Independent Coach Earnings to all prospects at every opportunity presentation you conduct.

Unsupported or unauthorized claims are expressly prohibited under these Policies and Procedures, but also violate multiple state and federal laws and regulations. Accordingly, any Coaches engaging in unsupported or prohibited income claims may be subject to immediate disciplinary procedures, including, without limitation, the suspension or termination of their Coach account. An example of this prohibited behavior includes, without limitation, sharing, displaying, or otherwise posting on any online forum or social media the amounts of, or actual pictures of, any compensation paid to Coaches from the Team Beachbody Coach Opportunity (such as pictures of compensation checks, tax statements, or screen shots of a bank account or the commission reports found in the Coach Office).

## 3.8 Commercial/Retail Outlets

Team Beachbody's business model calls for product sales through direct contact with customers. Therefore, You may not sell or facilitate the sales of Beachbody products out of stores, kiosks, food establishments, buying clubs, or any other general public retail or commercial outlets. You may display and sell Beachbody products in establishments that primarily provide services to private clientele.

Examples of these limited locations include doctors' offices, gyms, health clubs and private workout studios. In no instance, however, shall any displays or advertising of Beachbody products be visible from the street or otherwise to the general public.

### 3.9 Trade Shows, Expositions, and Other Sales Forums

Coaches may display and/or sell Beachbody products and the Coach Business Opportunity at trade shows and professional expositions. Before submitting a deposit to the event promoter, Coaches are encouraged to contact the Compliance department in writing to obtain Beachbody's approval. Coaches must always act in a professional and supportive manner at any such events. Beachbody must pre-approve all advertising material that the Coach who received approval to display at the event wishes to use.

Any Coach who wishes to participate as a Beachbody Coach at a trade show or expo must exclusively represent Beachbody products and services at the approved event, and may not market any other products or services with Beachbody products and services. Any requests to participate in future events must again be submitted to the Compliance Department. Beachbody further reserves the right to refuse authorization to participate at any function it does not deem a suitable forum for the promotion of its products, services, or the Coach Business Opportunity. Approval will not be given for swap meets, garage sales, online auctions, or flea markets, as these events are not conducive to the professional image Beachbody wishes to portray.

### 3.10 Conflicts of Interest

#### 3.10.1 Non-solicitation

As a Beachbody Coach, you have made a commitment to helping others in their health and fitness journey. By participating as a Coach, you will not only have the opportunity to participate in the income opportunity and other rewards you may earn as a Coach, but you will also be provided proprietary tools, lists, direct customer leads and other trade secret sensitive information. Accordingly, during the term of this Agreement and regardless of your paid or lifetime rank, You may not directly or indirectly Recruit or solicit other Beachbody Coaches or customers for any other multi-level or network marketing business venture (collectively "Network Marketing Business") in any and all markets in which Beachbody conducts business.

The term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment of, or effort to influence in any other way, either directly or indirectly, any Beachbody Coach or Customer to enroll, purchase any goods or services, or otherwise participate in another Network Marketing or direct sales opportunity, which at all times will be expressly prohibited.

Although your signed Coach Application constitutes a binding contract between you and Beachbody, you have no contractual relationship with any other Independent Beachbody Coach. You may not take any action that would interfere with Beachbody's contractual relationships with other Independent Beachbody Coaches, including, without limitation (i) any form of recruiting any Coach to participate in any Network Marketing Business other than Beachbody, directly, indirectly or through a third party, or (ii) to promote, feature or otherwise market any other Network Marketing Business, including its product or services, in any public or Beachbody forum, which includes direct contact with any Beachbody Coach or customer. To do so constitutes tortious interference with Beachbody's contractual relations. Any Coach who violates the restrictions set forth in this Section (directly or through another member of that Coach's household as provided in Section 3.10.4 below) will be subject to disciplinary action in accordance with these Team Beachbody Coach Policies & Procedures, to include, without limitation, suspension and termination of the Coach Business Center and Beachbody may additionally institute legal action against you seeking injunctive and monetary relief.

You agree that any violation of this Non-solicitation Policy will cause Beachbody irreparable harm for which there is no adequate remedy at law, and that such harm will outweigh any injury to You should injunctive relief be granted to the Company. Beachbody will therefore be entitled to immediate and permanent equitable relief to prevent further violations to this policy.

#### 3.10.2 Participation in Other Network Marketing Business Opportunities

New Coaches joining Beachbody and Coaches enrolled with Beachbody for the sole purpose of the preferred pricing have the freedom to participate in other Network Marketing Business opportunities, provided their participation in another Network Marketing Business never includes any attempts to solicit any Beachbody Coach or customer as previously explained in Section 3.10.1 above. Coaches who are engaged with Beachbody for the purposes of earning income and who are developing a team of personally sponsored and downline Coaches or customers are receiving substantial proprietary and sensitive Company information as well as access to Company leads and customers, all of which must be carefully protected. In order to continue ongoing growth of the Coach network, we must balance the opportunity we provide to our Coaches with the following limitations related to a Coach's participation in another Network Marketing Business:

- A Coach who remains exclusive with Beachbody, meaning they are not enrolled as a distributor or representative with any other Network Marketing Business, has access to a variety of exclusive benefits including the eligibility to receive customer and Coach leads (as further defined in the Compensation Plan), participate in and attend special events such as the annual Leadership conference, and earn special recognition through different promotions offered throughout the year. Only these Coaches exclusive to Beachbody as described above will have access to these exclusive benefits.
- Coaches who maintain a lifetime rank of Diamond or below may participate as a distributor in another Network Marketing Business provided they do so in accordance with the other restrictions provided within this entire Conflicts of Interest Section 3.10. At the lifetime rank of Star Diamond or above, Coaches may not participate as a distributor in any other Network Marketing Business, regardless of the category of products or services that other Network Marketing Business offers.
- Regardless of Coaches' paid or lifetime rank as defined in our Compensation Plan, they may participate in another Network Marketing Business solely as a customer (including as a "preferred customer" or "discount customer"), provided that they are solely purchasing products or services from the other Network Marketing Business and are in no manner receiving any form of compensation (which includes payments, free product, prizes, trips, gifts or other benefits, even if such compensation is re-gifted or donated). Receiving any such form of compensation will be deemed as acting as a distributor with such other Network Marketing Business.

Any Coach who violates this Section, including when such violation causes any kind of business interruption or interference with the integrity of the Team Beachbody network and/or other Coaches, will be subject to disciplinary action, including without limitation, suspension and termination of the Coach Business Center

### 3.10.3 Participation in Other Business Opportunities

As independent contractors with independent interests, Coaches may engage in other business interests and opportunities provided that they comply with the terms and restrictions provided in these Policies and Procedures, including, without limitation, the specific limitations provided in this Conflicts of Interest Section.

If a Coach engages in another business opportunity which includes products or services related to fitness, nutrition, supplements or any other product or service which competes with a current Beachbody offering, they may not promote, advertise, sell, or attempt to sell any of those competing products using any Beachbody or Coach branded website or platform, or any other website or social media platform they primarily use to promote their Beachbody business (such as a Coach team page or group). Any program, product, or services in the same generic category as Beachbody products or services is deemed to be competing, regardless of differences in cost, quality, or ingredient content.

In addition to the restrictions above, Coaches may not display Beachbody promotional material, products, or services with any other promotional material, products, or services in a fashion that might in any way confuse or mislead a prospective Customer, Coach, or member of the public into believing there is a relationship between the Beachbody and non-Beachbody products or services. Coaches may not advertise, offer, or sell the Beachbody Coach Business Opportunity, Beachbody products, or Beachbody services to prospective or existing Customers or Coaches or to the public in conjunction with any non-Beachbody program, opportunity, product, or service. Coaches may not offer any non-Beachbody Coach Business Opportunity, products, or services at any Team Beachbody-related meeting, seminar, or convention, or immediately following such event.

Finally, Coaches may in no manner (a) "bundle" or combine any non-Beachbody products or services as a packaged offer for sale or advertisement with any Beachbody products or services, or (b) offer or require any non-Beachbody products or services as either an incentive or requirement to recruit prospective Coaches, or to provide support or training to existing Coaches.

Coaches found in violation of these policies may face the suspension and/or termination of their Beachbody Coach account.

### 3.10.4 Policy Violations by Members of Coach Household

Pursuant to Section 3.21 (Actions of Household Members or Affiliated Individuals), Team Beachbody Coaches who have family members or other individuals living in their immediate household who are engaged in other Network Marketing Business will be held responsible for the activities of these individuals should those individuals violate the Team Beachbody Coach Policies & Procedures, including the restrictions provided in this Section 3.10. The resulting disciplinary action may include the suspension and/or termination of the Coach's business center.

### 3.10.5 Genealogy Reports

Genealogy reports are available through Your Coach Office (“CO”) provided by the Company. The information in Your genealogy report is trade secret information that belongs exclusively to Beachbody. You must never use this information for any reason other than to build your Team Beachbody business and of course you must NEVER allow anyone to access Your genealogy report or provide any information in the report to anyone else. If You share your username, password or any other access to your Beachbody Coach account, Coach Office or Beachbody On Demand service, You are solely responsible, among other possible damages, for any resulting charges, activity or changes to your Coach organization, reports, rank or other financial information.

### 3.11 Cross-Sponsoring

You must never poach any Coach from another Coach. Poaching which is also called “Cross-Sponsoring” is any effort to enroll an existing Coach or someone who was a Coach whom You did not personally sponsor within the preceding six (6) calendar months. In the spirit of this policy, You must also not attempt to circumvent this policy through any other means (such as using a spouse’s name or forming an entity through which to operate). This policy shall not prohibit the transfer of a Beachbody business in accordance with Section 3.23.

If Cross-Sponsoring is discovered, You must bring it to the Company’s attention immediately. Beachbody may take disciplinary action against the Coach who changed organizations and/or those Coaches who encouraged or participated in the Cross-Sponsoring. Beachbody may also move all or part of the offending Coach’s downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Beachbody is under no obligation to move the Cross-Sponsored Coach’s downline organization, and the ultimate disposition of the organization remains within the sole discretion of Beachbody. You waive all claims and causes of action against Beachbody arising from or relating to the Company’s disposition of the Cross-Sponsored Coach’s downline organization.

### 3.12 Compensation and Genealogy Errors

If You have questions or believe any errors have been made regarding Your commissions, bonuses, genealogy, placement, Downline Activity Reports, or charges, You must notify Beachbody in writing within ninety (90) days from the date on which the purported error occurred. BEACHBODY COACHES EXPRESSLY WAIVE CLAIMS FOR ANY COMMISSION AND/OR GENEALOGY ERRORS, OMISSIONS, OR PROBLEMS NOT REPORTED TO BEACHBODY WITHIN NINETY (90) DAYS.

### 3.13 Governmental Approval or Endorsement

Federal or state regulatory agencies or officials are not permitted to approve or endorse any direct selling or network marketing companies or programs. Therefore, You must never represent or imply that Beachbody or its Compensation Plan have been “approved,” “endorsed,” or otherwise sanctioned by any government agency.

### 3.14 Independent Contractor Status

You are an independent contractor not an employee of Beachbody, so You will not be treated as an employee for federal or state tax purposes, benefits or in any other manner. You are responsible for paying local, state, provincial and federal taxes due from all compensation You earn. Beachbody will not withhold any taxes from Your earnings unless we are compelled to do so by law. You have no authority (expressed or implied) to bind the Company to any obligation.

### 3.15 Income Taxes

You are responsible for paying local, state, and federal taxes on any income You earn as an Independent Beachbody Coach. If Your business is tax-exempt, You must provide Your Federal Tax Identification number to Beachbody. Every year, Beachbody will provide an IRS form 1099 MISC (Non-Employee Compensation) earnings statement (or any other updated form which may be required) to each U.S. individual or entity that: 1) had earnings of \$600 or more in the previous calendar year; or 2) made purchases during the previous calendar year in excess of \$5,000 or as otherwise required pursuant to any other applicable law, rule or regulation. No taxes of any kind will be withheld by Beachbody as You are an independent contractor.

### 3.16 Insurance

You may wish to arrange insurance coverage for your business. Your homeowner’s insurance policy does not cover business-related injuries or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain your business property is protected. This can often be accomplished with a simple “Business Pursuit” endorsement attached to your present home owner’s policy, although at no time can Beachbody provide any insurance or other financial advice to any Coaches as each Coach has his or her own unique circumstances as an independent contractor.

### 3.17 International Marketing

Because of critical legal and tax considerations, Beachbody must limit the advertising and sale of Beachbody products and services, and the presentation of the Beachbody business, to prospective Customers and Coaches located within the United States and U.S. Territories, Canada and those other countries where the Company has announced it has officially opened for its network marketing business. You may sell Beachbody products or sales aids only in the country in which you legally reside. In addition, You may not engage in any sales or business building activity in any country that Beachbody has not announced as officially open for business.

### 3.18 Inventory Loading

You must never purchase more products than You can reasonably use or sell in a month, and must not influence or attempt to influence any other Coach to buy more products than they can reasonably use or sell in a month. Beachbody reserves the right, in its sole discretion, to cancel, limit or modify any orders which it feels may violate this policy.

### 3.19 Adherence to Laws and Ordinances

You must obey all laws and ordinances that apply to Your business. For example, many cities require that You obtain a license to operate a business within the city limits. If a city or county official tells You that an ordinance applies to Your business, You should be polite and cooperative, and immediately send a copy of the ordinance to the Compliance department at Beachbody ([compliance@beachbody.com](mailto:compliance@beachbody.com)). There may be exceptions to the ordinance that may apply to Independent Beachbody Coaches.

You must never pay, offer or promise to pay, or directly or indirectly authorize the payment of any money, gift, or anything of value to any government official, officer or employee of a government at any level, or any officer or employee of an entity controlled to any extent by a government, a public international organization, a person acting in an official capacity for or on behalf of any such government or public international organization, a candidate for political office, a political party or party official) for the purpose of influencing any act or decision of such official or to obtain or retain business.

### 3.20 No More than One Beachbody Business per Coach

You may operate or have an ownership interest, legal or equitable, in only one unique Beachbody business except as expressly permitted in Section 3.5.2. For purposes of clarification, except as permitted above no individual may have, operate, or receive compensation from more than one unique Beachbody business. For example, You may not own a Beachbody business individually and also have an interest in a business entity that owns or operates a Beachbody business.

### 3.21 Actions of Household Members or Affiliated Individuals

If any member of Your immediate household engages in any activity that would violate any provision of the Agreement, such activity will be deemed a violation by You, and Beachbody reserves the right to take any disciplinary action pursuant to these Policies and Procedures against You. Similarly, if any individual associated in any way with a corporation, partnership, trust, or other entity (collectively “affiliated individual”) violates the Agreement, such action(s) will be deemed a violation by the entity and each of its owners, shareholders, members or management, and Beachbody reserves the right to take disciplinary action against the entity and all individuals who own, operate, or manage the entity or the Beachbody business.

### 3.22 Requests for Records

Any request for hard copies of invoices, applications, Downline Activity Reports, or other records will require a fee of \$1.00 per page per copy with a minimum charge of \$10.00, which must be paid in advance.

### 3.23 Sale, Transfer, or Assignment of a Beachbody Business

If You want to sell, assign or otherwise execute a non-testamentary transfer of Your Beachbody business, You must follow these procedures (Beachbody’s succession policies apply to testamentary transfers as detailed in Section 3.25):

- Prior to selling a Your business, You must notify Beachbody’s Compliance department of Your intent to sell the Beachbody business and You must receive the Company’s written pre-approval. The Compliance department may be contacted via email at [compliance@beachbody.com](mailto:compliance@beachbody.com).
- You must be in good standing, have all debts, obligations and fees owed to Team Beachbody satisfied and not be in violation of any term of the Team Beachbody Coach Policies & Procedures for the six (6) calendar months preceding the date on which You request the transfer approval.
- The transferee may not have been an Independent Beachbody Coach at any point in the past, nor may the transferee have been an owner, officer, operator or agent of an entity that owned a Beachbody Coach Business Center at any time in the past.

- The transferee must satisfy Beachbody that they have the knowledge and skill necessary to support and train the organization that he or she is acquiring.
- Provided the transfer request is approved by Beachbody, for a period of sixty (60) calendar days from the completion of the transfer, the personally sponsored Coaches of the transferred CBC may, for any reason, request through the Compliance department that their sponsorship be rolled up to the next paid star diamond leader in their direct upline genealogy.
- Once the transfer has been approved, the transferee and the new Coach must execute the proper applications and agreements, submit paperwork to Beachbody and pay all applicable fees.
- A transfer request must be signed by both You and the Coach receiving the CBC, which specifies the existing placement and retention of the CBC in the genealogy. Once the transfer is completed, the CBC placement is considered fixed and will not be subject to any further movement, except in accordance with the terms of this section (3.23).
- If You have qualified for and are operating multiple CBCs You may not transfer an individual business center; if a business is transferred all business centers must be included in the transaction.
- Preexisting CBCs may not be transferred to Coaches with a lifetime rank of Two Star Diamond or above as a way of establishing a new CBC.
- Elite points earned by the transferring Coach during the calendar year in which the transfer occurs will not be transferred with the business unless the transfer is fully completed prior to July 1 of that calendar year.

**Beachbody reserves the right to approve or deny any transfer request in its sole and absolute discretion.**

### 3.24 Separation of a Beachbody Business

Team Beachbody Coaches sometimes operate their Beachbody businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. In community property states the spouse of a Coach may have a legal interest in the Coaches' business. If You divorce, or if Your Beachbody business is owned by an entity that is dissolving or reorganizing, or if you reside in a community property state and Your spouse has an interest in your Team Beachbody business, during the divorce, dissolution or reorganization process, the parties must adopt one of the following methods of operation:

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

Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Beachbody split commission and bonus checks between divorcing spouses or members of dissolving entities. Beachbody will recognize only one downline organization and will issue only one commission check per Beachbody business per commission cycle. Commission checks shall always be issued to the same individual or entity unless otherwise changed in accordance with this Section 3.24. If the parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the CBC shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in their original Beachbody business, he or she is immediately free to enroll under any sponsor of their choosing, and need not meet the waiting period requirements set forth in Section 3.6.3. In such case, however, the former spouse shall have no rights to any Coaches in their former organization or to any former retail customer. He or she must develop the new business in the same manner as would any other new Coach. In cases of business entity dissolutions, a former business entity partner, member, shareholder, or other affiliate who loses his or her interest in the Beachbody business must wait six (6) calendar months as specified in Section 3.6.3 before enrolling again as a Coach.

### 3.25 Succession

Upon Your death or incapacitation of a Coach, Your business may be passed to Your heirs, even if such successor is already a Team Beachbody Coach. Accordingly, You should consult an attorney to assist in the preparation of a will or other testamentary instrument. Whenever a Beachbody business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Coach's marketing organization provided the following qualifications are met:

#### 3.25.1 Transfer upon Death of a Coach

To affect a testamentary transfer of a Beachbody business, the successor must provide the following to Beachbody: (1) an original death certificate; (2) letters testamentary from the executor of the estate directing Beachbody on the proper disposition of the business; and

(3) a completed and executed Coach Agreement by the successor. If the successor is currently a Team Beachbody Coach, the successor Coach will be granted an exception and allowed two separate CBCs.

### 3.25.2 Transfer upon Incapacitation of a Coach

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

### 3.25.3 Procedures

In all succession cases:

- The successor or trustee must execute a Coach Agreement;
- The successor and trustee must comply with terms and provisions of the Agreement;
- The successor business must meet all qualifications for the deceased Coach's status.
- The bonus and commission checks of a Beachbody business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Beachbody with an authorized trustee and an address of record to which all bonus and commission checks will be sent; and
- If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification number or appoint a single recipient within sixty (60) days from the date of the death of the deceased Coach.

## SECTION 4 - RESPONSIBILITIES OF COACHES

### 4.1 Change of Address or Telephone

To ensure timely delivery of products, support materials, and commission checks, it is critically important that Beachbody's files are current. Street addresses are required for shipping because UPS cannot deliver to a post office box. If You plan to move, You should provide your new address and telephone number to Beachbody's Coach Relations Department. To guarantee proper delivery, two-week advance notice must be provided to Beachbody of all changes.

### 4.2 Continuing Development

#### 4.2.1 Support

Beachbody Coaches are encouraged to maintain ongoing support and communication with their personally sponsored Coaches in their downline organization. Examples of this may include team newsletters, team calls, written correspondence, in person or ZOOM meetings, one-on-one telephone calls and emails, as well as attending any Beachbody event with your personally sponsored Coach where training is provided, such as during a Super Weekend or Summit.

#### 4.2.2 Training

Beachbody Coaches are also encouraged to motivate and train new Beachbody Coaches in Beachbody product knowledge, effective sales techniques, the Team Beachbody Coach Compensation Plan, and compliance with these Policies and Procedures. As Coaches progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and their understanding of Beachbody programs. Sharing this knowledge with less-experienced Coaches is an important part of being a leader and mentor as a senior Coach.

#### 4.2.3 Training on Policies

It is the responsibility of every Beachbody Coach to read, understand, adhere to and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When enrolling a new Beachbody Coach, it is the responsibility of the sponsoring Coach to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the Team Beachbody Compensation Plan, which will always be provided in the Coach Office and on the Team Beachbody website ([www.teambeachbody.com/coach](http://www.teambeachbody.com/coach)) prior to his or her execution of the Team Beachbody Coach Agreement.

#### 4.2.4 Ongoing Sales Responsibilities

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

### 4.3 Non-disparagement

Team Beachbody wants to provide its Independent Beachbody Coaches with the best products, compensation plan, and service in the industry. Accordingly, we value Your constructive criticisms and comments. All such comments may be submitted in writing to the

Beachbody Compliance Department ([compliance@beachbody.com](mailto:compliance@beachbody.com)). Remember, to best serve You, we must hear from You! While Beachbody welcomes constructive input, negative comments and remarks made in any forum (online, written, or in the field) by Coaches about the Company, its compensation plan or other Coaches serve no purpose other than to sour the enthusiasm of other Team Beachbody Coaches. For this reason, and to set the proper example for their downline, You must not publicly disparage, demean, or make negative remarks about Beachbody, other Team Beachbody Coaches, Beachbody's products, the Team Beachbody Coach Compensation Plan, or Beachbody's directors, officers, or employees.

#### 4.4 Reporting Policy Violations or Fraudulent Activity

If You see another Coach engaging in a Policy violation, You should report the violation directly to the Beachbody Compliance department. Details of the incidents, such as dates, number of occurrences, persons involved, and any supporting documentation, should be included in the report. Emails should be sent to [compliance@beachbody.com](mailto:compliance@beachbody.com).

#### 4.5 Team Beachbody Lead Programs

The Company engages in various marketing activities that are directed at the Beachbody network customer database (those customers who have purchased through infomercials or other direct response channels). Beachbody network customers who are interested in Team Beachbody products or the Team Beachbody business opportunity are assigned a Coach through our various lead programs. If the Company assigns You a lead, You must promptly engage with these customers to ensure that they are getting the most out of their products, and to potentially connect them with other products which might help them achieve their goals.

If You discover any inaccuracy about Your eligibility to receive leads under any of Team Beachbody's lead programs, You must report it to the Company no later than the fifth calendar day of the following month. Your eligibility for leads for the new calendar month is locked in on the first of each month, as reported in the Coach Office. You may report errors or inaccuracies by contacting Coach Relations at (800) 240-0913. If You report an inaccuracy that is verified by the Company, You will be awarded any missed leads. Team Beachbody does not guarantee that You will be assigned leads under any of its lead programs even if you meet all of the qualification criteria for the program.

##### 4.5.1 Customer Lead Program

When a prospective customer who is not associated with a Coach joins Team Beachbody, either as a paid or free member, they are assigned to a qualified Coach when the Team Beachbody account is created. The customer will then be assigned as a lead to an eligible Coach. To be eligible, You must meet the following requirements (all requirements below must be achieved in the previous calendar month to receive leads the following month. For example: requirements achieved in July will qualify You for leads in August:

- Be paid at the rank of Emerald or above a minimum of one business week in that month;
- Be an active Beachbody On Demand Member;
- You must not be enrolled as an independent contractor or representative with another direct selling company;
- You must have achieved Success Club 5 in the prior month; and
- You must not be delinquent in paying any business service fees or have been found to be in material violation of any of the Company's Policies and Procedures for six (6) months prior to the lead assignment.

#### **Associated Commissions and Volume**

Coaches who are assigned leads receive no commissions or volume points associated with the lead's initial product purchase or subsequent continuity orders for the initial product(s) that he or she purchased through Beachbody.com or through an Infomercial. However, the assigned Coach will receive the commissions and volume points on all other subsequent product purchases made by that customer lead. If the customer purchases on Teambeachbody.com and is assigned through the Customer Lead Program, then the assigned Coach will receive commission & volume on the customer purchase.

#### **Dormant Leads**

For any leads assigned to a Coach where no additional purchases have occurred from the assigned lead for a period of six (6) months, Beachbody may directly market its products and services to the lead and for any subsequent purchases from the lead responding to the Beachbody marketing, no commissions, volume, bonus, or any other form of compensation will be paid to the original coach.

#### **Miscellaneous**

There are some historical Team Beachbody lead purchases that paid commissions and volume points on continuity orders. If You are among those who received such commissions and points, Your status as being eligible to receive future commissions and volume points will be grandfathered so long as You remain in good standing and continue to meet the minimum Customer Lead Program qualifications to receive these commissions and volume points in the future. However, if at any time you fall out of good standing with your Coach account, you will no longer receive and will not be able to regain such grandfathered benefits.

### 4.5.2 Success Club Lead Program

When an individual who is not associated with a Coach purchases any product under the Shakeology brand, the Ultimate Reset brand, any Beachbody Challenge Pack, they are provided a Team Beachbody account and they are assigned to a qualified Coach at the time that their Team Beachbody account is created.

#### Associated Commissions and Volume

Retail commissions will be paid on purchases of products under the Shakeology brand, the Ultimate Reset brand or any Beachbody Challenge Pack to the Coach who receives the customer lead. Personal Volume (“PV”) and Team Volume (“TV”) (as each are used and defined in the Team Beachbody Compensation Plan) will NOT be paid in month 1, but continuity orders (beginning with the second Home Direct order) will carry 0 PV and standard TV associated with that product. To be assigned a lead, You must be in good standing and meet the minimum Success Club Lead Program qualifications to be eligible to receive commissions on continuity orders.

#### Qualifications to Receive Success Club Leads

- You must Achieve Success Club 10 in the prior month;
- You must be the paid rank of Emerald or above for at least one business week of the prior month;
- You must be an active Beachbody On Demand Member;
- You must not be enrolled in another direct selling company; and
- You must not be delinquent in paying any business service fees or been found to be in material violation of any of the Company’s Policies and Procedures for six (6) months prior to the lead assignment.

#### Success Club Lead Program Lifetime Limits on Leads

Success Club customer leads are limited by rank, so that regardless of the leads earned by a Coach, they will be limited by their current paid rank. The Success Club customer leads that would have been allocated to a Coach who has already reached the lifetime rank limit will be allocated to other qualified Coaches.

The lifetime Success Club lead wheel limits (not including income leads) are:

Emerald	75	11 Star Diamond	11,000
Ruby	125	12 Star Diamond	12,000
Diamond	500	13 Star Diamond	13,000
1 Star Diamond	0	14 Star Diamond	14,000
2 Star Diamond	,000	15 Star Diamond	Unlimited
3 Star Diamond	,000		
4 Star Diamond	,000		
5 Star Diamond	,000		
6 Star Diamond	,000		
7 Star Diamond	,000		
8 Star Diamond	,000		
9 Star Diamond	,000		
10 Star Diamond	,000		

**NOTE:** Only Success Club Leads where a Coach earns commissions when the lead is assigned will count towards the lifetime Success Club lead limit.

### 4.5.3 Coach Connection Program

If You are Qualified with a Paid-As Rank of Diamond Coach or above, You are eligible to receive new Coach or Preferred Customer leads from the Company if you satisfy the following additional eligibility criteria:

- Qualify for Success Club 10 in the prior month;
- Be a Paid 1 Star Diamond or higher for at least one business week of the prior month; and
- Be compliant with all of the sales leads requirements as stated above in this Section 4.5 above.

## 4.6 Data Protection

Various countries around the world have laws governing the protection of individual's personal information (such as their name, contact details, and so on). These laws, including the General Data Protection Regulation (GDPR) for personal information belonging to individuals in the European Union, are known as data protection laws. You should ensure that Your collection and use of personal information of fellow Beachbody Coaches, Customers and other individuals is in compliance with the data protection laws that apply to Your business – and seek legal advice if You are unsure of Your responsibilities, which may include:

- registering Your business with the relevant local data protection authorities in Your country;
- making available a compliant Privacy Notice that meets the requirement of applicable data protection laws at all times, and that You provide this Privacy Notice to anyone whose personal information You collect;
- ensuring that You are transparent, fair and lawful whenever You collect and use personal information;
- ensuring that You collect personal information only for specific, explicit and legitimate purposes, and that You do not use the personal information You collect in a manner incompatible with those purposes;
- ensuring that You collect and use only the minimum personal information necessary for the purposes communicated;
- ensuring that You keep the personal information You collect accurate and up-to-date;
- ensuring that You keep the personal information You collect confidential and secure at all times;
- ensuring that You do not keep the personal information You collect for longer than is necessary for the purposes for which it was originally collected.

#### 4.6.1 Use of Personal Information for Marketing

Specific rules apply to the collection and use of personal information for marketing-related activities, including a potential requirement that you first obtain an individual’s prior consent to marketing and the need to allow individuals to opt-out of marketing at any time. See section 3.2 above for more details.

#### 4.6.2 Individuals’ Data Protection Rights

Data protection laws often give individuals rights over their data too. This may include the right to access information You may have that pertains to them; the right to request that You correct information that pertains to them; the right to request that You delete information that pertains to them; and more. Where these rights exist, You must ensure that You allow (and help) individuals to exercise their rights upon request.

#### 4.6.3 Sensitive Data

Be aware that some countries may treat the collection of fitness and health data as a type of "special" or "sensitive" data, and may have stricter requirements about the collection and use of this data (for example, a requirement to seek explicit consent or to apply stricter security protections to the data). It is Your responsibility to investigate this and take steps to comply with any applicable data protection law requirements as necessary.

#### 4.6.4 Data Transfers

Some countries may have laws that prohibit You from transferring personal information to recipients in other countries – for example, it is generally prohibited to transfer personal information collected in the European Union outside of the European Union, unless You have implemented a legal data transfer solution. However, if you then wish to send or transfer any personal information outside your country, it is Your responsibility to investigate any such requirements and take steps to comply with any applicable data protection law requirements as necessary.

Any personal information of another individual that you receive from Beachbody, including if from another country, is provided to you pursuant to a legal data transfer solution.

#### 4.6.5 Data Controller

Because You are a business owner who independently decides how You collect, store, use, and manage personal data belonging to residents of the European Union (which includes the United Kingdom), you acknowledge and agree You are a “Controller” of that personal data as defined in Article 4(7) of the GDPR. This means You are responsible for complying with the GDPR as an independent Controller for any such personal data, which includes without limitation, processing the personal data in a lawful manner and securing the personal data through appropriate technical and organizational measures.

## SECTION 5 - SALES REQUIREMENTS

### 5.1 Credit Card Payment for Product Sales

You must only use Your own credit card, debit card, or other account to pay for Your products and service fees, and You may not use any of your accounts to pay for the products or fees of any other Coach or customer. The only exception is that You may use your account to pay for the products or fees of two other immediate family members (that is a parent, spouse or child over the age of 18). In addition, if You wish to purchase product or cover service fees for an immediate family member, You must report this information to

the Compliance department by sending the necessary information via email to [compliance@beachbody.com](mailto:compliance@beachbody.com). Your email must include the name and Coach ID or customer account number of the family member whose products you are purchasing and the fees for which you are paying, and Your relationship to the individual.

## 5.2 Product Pricing and Promotion Guidelines

Coaches may not sell Beachbody products below the list price on the Team Beachbody price list, nor may they offer additional incentives not offered by Beachbody, including but not limited to, free or reduced shipping charges, bundles, coupons, promotional codes, or any other similar incentives on the sale of Beachbody products. In addition, the offering of free gifts as a promotional tool is allowable only if the gift is a product or service that: (a) is offered for a limited time of 30 days or less, (b) has a suggested retail value of \$100.00 or less if the gift offered is not a Beachbody branded product (c) is offered for all new enrollments and/or purchases from the Coach of any product for new customers, and (d) only one giveaway per week is offered. If a gift card is provided as an incentive, it must be a gift card or certificate for a specific retailer, not a bank or credit card company branded card as that is equivalent to cash, which is not allowable. At no time however may any cash payment, directly, as a reimbursement or through any third party, be offered or made in connection with any recruitment, enrollment, or business activities, except as otherwise defined in the Team Beachbody Compensation Plan.

The only permissible exception to the stated dollar value immediately above is the giveaway of basic Beachbody products (having a reasonable retail value). A giveaway of any Beachbody product is limited to one giveaway per Coach per month. Any gift cannot be offered in such manner to form a new product or discounted bundle (i.e., any limited-time free gifts must be offered separately from any Beachbody products). Coaches may not offer “free” enrollment or any reduction in the standard enrollment charges as an incentive to new Coaches by refunding any or all of the cost of the new Coach’s original enrollment fee.

Coaches operating a fitness or nutrition focused challenge group or BOD Group may offer prizes to their participants. Prizes offered must be in line with values stated above. If cash is offered as a prize for the winning participant(s), on a monthly basis the hosting Coach may not offer cash prizes in excess of \$250 combined for all individuals taking part in the group.

### 5.2.1 Bonus Pools & Incentives

Coaches may offer incentives to their team; however cash incentives at any amount are not permitted, especially where directly related to any recruitment activity. Where a Coach offers a non-cash team incentive, each Coach offering such an incentive must publish clear guidelines to his or her team which outline the qualifications necessary to be eligible for the incentive. Again, the incentives must be achievement based and never based on or focused around recruiting, or enrollment with a certain Coach or team as an “enrollment bonus” or perk. Coaches wishing to offer their teams the opportunity to participate in a bonus pool (separate from any bonus paid by Beachbody as outlined in the Team Beachbody Compensation Plan) must review the offer they wish make with the Compliance department for prior approval. Participation in a business challenge operated by an Independent Beachbody Coach where a bonus pool is available must be completely voluntary. The bonus pool must not have a combined value of greater than \$5,000 and all monies paid in by participating Independent Beachbody Coaches must be paid out to all participating Coaches at the end of the promotion with no monies being retained by the sponsoring Coach.

## 5.3 No Exclusive Territories

There are no exclusive territories granted to anyone.

## 5.4 Sales Receipts

You must provide Your retail customers (direct orders not placed through Your Team Beachbody website) with two copies of an official sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee, as well as any consumer protection rights afforded by federal or state law. Coaches must maintain all retail sales receipts for a period of two (2) years and furnish them to Beachbody at the Company’s request for sales that are fulfilled from a Coach’s inventory. Records documenting the purchases of Coaches’ Direct Customers will be maintained by Beachbody. In addition, Coaches must orally inform the buyer of his or her cancellation rights.

## 5.5 Fundraising Programs

Beachbody businesses may be operated for fundraising purposes. However, if you are using your Beachbody business in a fundraising program for any entity or individual, You must not represent or imply to anyone that any (a) Beachbody, Team Beachbody or its Coaches are directly involved with the charitable promotion or (b) the purchase they make from You will be for the benefit of any charitable purpose or program.

## 5.6 Charitable Donations

Although Coaches may contribute a portion of their Beachbody earnings to a charitable cause, due to the charitable permit and registration requirements of multiple states and additional federal requirements, You may not use any contribution as a means of promoting Your Beachbody business, or run any sales or incentive promotions where a charitable group or cause is identified as the benefitting organization.

# SECTION 6 - BONUSES AND COMMISSIONS

## 6.1 Bonus and Commission Qualifications

The minimum amount for which Beachbody will issue a check is \$10.00. If Your bonuses and commissions do not equal or exceed \$10.00, the Company will accrue the commissions and bonuses until they total \$10.00. A check will be issued once \$10.00 has been accrued.

## 6.2 Adjustment to Bonuses and Commissions

### 6.2.1 Adjustments for Returned Products and Services

Coaches receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to Beachbody for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month during which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Coaches who received bonuses and commissions on the sales of the refunded products. The Company may, at its discretion, also deduct the corresponding PV from Coach's future purchases and sales and may make adjustment to any contest or incentives qualified for as a result of the original purchase.

### 6.2.2 Other Deductions

Beachbody may pass along to Coaches a small fee of no more than \$1.00 to electronically deposit Coaches' commissions and bonuses into their bank accounts. If a Coach requests that a physical check be issued, Beachbody will deduct a processing fee of \$2.50 per check. Further, although all genealogy information is electronically available to Coaches, Beachbody will charge a processing fee of \$19.95 for any hard-copy genealogy reports requested to be sent to a Coach.

## 6.3 Reports

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION, DOWNLINE ACTIVITY REPORTS, AND ALL OTHER INFORMATION PROVIDED THROUGH YOUR TEAM BEACHBODY COACH OFFICE IS OWNED EXCLUSIVELY AND AT ALL TIMES BY BEACHBODY, AND IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NONINFRINGEMENT. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, BEACHBODY, ITS OWNERS, AFFILIATES, PARENT ENTITIES, SUBSIDIARIES, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS, AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY COACH OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF YOUR RELATIONSHIP WITH BEACHBODY AS AN INDEPENDENT COACH, INCLUDING WITHOUT LIMITATION ACCESS TO OR LOSS OF 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 BEACHBODY 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, BEACHBODY 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 Beachbody's online and/or hard-copy 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 Beachbody's online, hard copy, and telephone reporting services and your reliance upon the information. The Company is not responsible for losses or damage incurred by Coaches that arise from or relate to problems with Beachbody's system or problems with a Coach's replicated Website or Coach Office, including losses from but not limited to software error, hardware malfunction, unauthorized third-party access to the system, or other system malfunctions or errors.

ANY AND ALL SOFTWARE, WEBSITES, ELECTRONIC TOOLS, AND ANY OTHER SYSTEMS OFFERED OR PROVIDED BY BEACHBODY ARE EXPRESSLY PROVIDED SOLELY “AS IS” AND WITHOUT ANY WARRANTIES OR ASSURANCES OF ANY KIND. BEACHBODY MAKES NO WARRANTY THAT ANY SOFTWARE OR WEBSITE SYSTEM IS ERROR FREE AND DOES NOT INFRINGE ON ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

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

### 7.1 Product Guarantee

Beachbody offers a 100% money-back satisfaction guarantee (less shipping and handling charges) to all Customers, retail customers, Preferred Customers and Coaches on all of our products. Please review the specific guarantee with each applicable product (refund periods are from 30 days to 90 days, depending on the product).

### 7.2 Three-Day Sales Rescission Period

A retail customer has three (3) business days (Saturday is a business day) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form (five (5) business days for Alaska residents and fifteen (15) business days for residents of North Dakota who are 65 or older). If you make a sale or take an order from a retail customer or Preferred Customer who cancels or requests a refund within the cancellation period, You must promptly refund the customer’s money as long as the products are made available to You in substantially as good condition as when received. Additionally, Coaches must orally inform customers of their right to rescind a purchase or an order within the cancellation period, and ensure that the date of the order or purchase is entered on the order form. All retail customers and Preferred Customers must be provided with two (2) copies of an official sales receipt at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

### 7.3 Return of Products and Sales Aids by Coaches

Upon cancellation of Your Coach Agreement, You may return products and sales aids that You purchased within 12 months prior to the date of your cancellation for a refund. You must return the products and sales aids within 30 days from the date on which you cancel, and You may only return products and sales aids that You personally purchased from the Company and which are in Resalable Condition. You may not return products which you purchased for another household member who is also a Coach. Upon receipt of the products and sales aids, You will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s), less shipping charges. If the purchases were made through a credit card, the refund will be credited back to the same account. If You were paid a commission based on the purchase of a product or products, and such product or products are subsequently returned for a refund, the commission that was paid to You will be deducted from the amount of the refund.

#### 7.3.1 Montana Residents

A Montana resident may cancel his or her Coach Agreement within 15 days from the date of enrollment and may return his or her business starter kit and all products and sales aids he or she purchased during that time period for a full refund.

### 7.4 Procedures for All Returns

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

- All merchandise must be returned directly to Beachbody’s fulfillment center according to the directions on the packing slip by the Coach or Customer who purchased it directly from Beachbody.
- All products to be returned must have a Return Authorization Number, which may be obtained by calling the Coach Relations Department. This Return Authorization Number must be written on each carton returned.
- The return must be accompanied by (a) a copy of the original dated retail sales receipt and (b) the unused portion of the product in its original container.
- Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to Beachbody with shipping prepaid. Packages returned to Beachbody on a collect-shipped basis will not be accepted. The risk of loss in shipping for the returned product shall be assumed by the Coach. If returned product is not received by the Company’s Distribution Center, it is the responsibility of the Coach to trace the shipment.
- If a Coach is returning merchandise to Beachbody that was returned to him or her by a personal retail customer, the product must be received by Beachbody within thirty (30) days from the date on which the retail customer returned the merchandise to the Coach, and must be accompanied by a copy of the sales receipt the Coach gave to the customer at the time of the sale. No refund or replacement of product will be made if the conditions of these rules are not met.

## SECTION 8 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 8.1 Disciplinary Measures

If You violate the Agreement or engage in any illegal, fraudulent, deceptive, or unethical business conduct, or any act or omission that, in the sole discretion of Beachbody, may damage Beachbody's reputation or goodwill, You are subject to disciplinary measures, which, at Beachbody's discretion may result in one or more of the following corrective measures:

- Issuance of a written warning or admonition.
- Requiring You to take immediate corrective measures.
- Suspension of Your Coach Business Center for one or more business weeks with a loss of all or part of the compensation during the suspension period and potential interruption to rank qualifications in process at the time of Your suspension.
- If Your business is suspended pending an investigation, Beachbody may withhold all or part of Your bonuses and commissions during the suspension period. If Your business is canceled for disciplinary purposes, You will not be entitled to receive any commissions withheld during the investigation period. If the Company determines that You violated the Agreement, but the violation does not warrant termination of Your business, the Company reserves the right to permanently withhold all or part of the bonuses and commission that were withheld during the suspension period.
- Involuntary termination of Your CBC.
- Any other measure expressly allowed within any provision of the Agreement or which Beachbody deems reasonable to implement and appropriate to equitably resolve injuries caused partially or exclusively by Your violation of the Agreement.
- In situations deemed appropriate by Beachbody, Beachbody may institute legal proceedings for monetary and/or equitable relief.

### 8.2 Liquidated Damages

In any case which arises from or relates to the wrongful termination of a Coach's Agreement and/or independent business, the parties agree that damages will be extremely difficult to ascertain. Therefore, the parties stipulate that if the involuntary termination of a Coach's Agreement and/or loss of their independent business held to be wrongful through final adjudication under any theory of law, Coach's sole remedy shall be liquidated damages calculated as follows:

- For Coaches at the Paid rank of Coach through Emerald, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to Team Beachbody's Compensation Plan in the six (6) months immediately preceding the termination.
- For Coaches at the Paid rank of Ruby through Diamond, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to Team Beachbody's Compensation Plan in the twelve (12) months immediately preceding the termination.
- For Coaches at the Paid rank of 1 Star Diamond through 9 Star Diamond, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to Team Beachbody's Compensation Plan in the eighteen (18) months immediately preceding the termination.
- For Coaches at the Paid rank of 10 Star Diamond and above, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to Team Beachbody's Compensation Plan in the twenty-four (24) months immediately preceding the termination.

Gross compensation shall include commissions and bonuses earned by the Coach pursuant to Team Beachbody's Compensation Plan as well as retail profits earned by Coach for the sale of Team Beachbody merchandise. However, retail profits must be substantiated by providing the Company with true and accurate copies of fully and properly completed retail receipts provided by Coach to Customers and Preferred Customers at the time of sale.

The Parties agree that the forgoing liquidated damage schedule is fair and reasonable.

### 8.3 Grievances and Complaints

If You have a grievance or complaint with another Coach You should first report the problem to the other Coach's sponsor, who should review the matter, and if the matter does not involve the interpretation of the Policies and Procedures, try to resolve it with the other party's sponsor. If the matter cannot be resolved, or if it requires an interpretation of the Policies and Procedures, it must be reported in writing to the Compliance Department at the Company. The Compliance Department will review the facts and resolve the issue. In your

submissions to the Compliance Department, You must specify the Coach's conduct that You believe violated the Policies and identify the precise policy(s) you believe were violated.

## 8.4 Good Faith Resolution of Disputes, Binding Individual Arbitration, and Waiver of Class Actions and Class Arbitrations

For purposes of this Section, "Dispute" shall mean any dispute, claim, or action between You and Beachbody arising under or relating to the Agreement, the Team Beachbody Coach opportunity or any other transaction involving you and Beachbody, whether in contract, warranty, misrepresentation, fraud, tort, intentional tort, statute, regulation, ordinance, or any other legal or equitable basis, and shall be interpreted to be given the broadest meaning allowable under law. **YOU AND BEACHBODY AGREE THAT "DISPUTE" AS DEFINED IN THE AGREEMENT SHALL NOT INCLUDE ANY CLAIM OR CAUSE OF ACTION BY YOU OR BEACHBODY FOR (A) TRADE SECRET MISAPPROPRIATION, (B) PATENT INFRINGEMENT, (C) COPYRIGHT INFRINGEMENT OR MISUSE, (D) TRADEMARK INFRINGEMENT OR DILUTION, (E) ANY INJUNCTIVE, EQUITABLE OR DECLARATORY RELIEF SOUGHT BY BEACHBODY AGAINST YOU TO ENFORCE ANY TERMS OR REQUIREMENTS IN THE AGREEMENT, AND (F) ANY INDEMNIFICATION OBLIGATIONS OWING FROM A COACH TO BEACHBODY UNDER THE AGREEMENT OR OTHERWISE. Moreover, notwithstanding anything else in the Agreement, you agree that a court, not the arbitrator, may decide if a claim falls within one of these six exceptions.**

**Dispute Notice.** In the event of a Dispute, You or Beachbody must first send to the other party a notice of the Dispute that shall include a written statement that sets forth the name, address and contact information of the party giving it, the facts giving rise to the Dispute, and the relief requested (the "Dispute Notice"). The Dispute Notice to Beachbody must be addressed to: Beachbody, LLC, 400 Continental Boulevard, El Segundo, CA 90245, U.S.A., Attn.: Chief Legal Officer (the "Beachbody Notice Address"). The Dispute Notice to You will be sent by certified mail to the most recent address we have on file or otherwise in our records for you. If Beachbody and You do not reach an agreement to resolve the Dispute within sixty (60) days after the Dispute Notice is received, You or Beachbody may commence an arbitration proceeding pursuant to this Section. Following submission and receipt of the Dispute Notice, each of us agrees to act in good faith to seek to resolve the Dispute before commencing arbitration.

**Binding Arbitration.** In the event You and Beachbody do not reach an agreement to resolve the Dispute as stated in the preceding paragraph, You and Beachbody further agree: (a) to arbitrate all Disputes between the parties pursuant to the provisions in the Agreement; (b) the Agreement memorializes a transaction in interstate commerce; (c) the Federal Arbitration Act (9 U.S.C. §1, et seq.) governs the interpretation and enforcement of this Section; and (d) this Section shall survive termination of the Agreement. **ARBITRATION MEANS THAT YOU WAIVE YOUR RIGHT TO A JUDGE OR JURY IN A COURT PROCEEDING AND YOUR GROUNDS FOR APPEAL ARE LIMITED.** The arbitrator may award You the same damages as a court sitting in proper jurisdiction could, and may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. In addition, in some instances, the costs of arbitration could exceed the costs of litigation and the right to discovery may be more limited in arbitration than in court. The decision of the arbitrator shall be final and enforceable by any court with jurisdiction over the parties.

**Small Claims Court.** Notwithstanding the foregoing, You may bring an individual action in the small claims court of your state or municipality if the action is within that court's jurisdiction and is pending only in that court.

**WAIVER OF CLASS ACTIONS AND CLASS ARBITRATIONS. YOU AND BEACHBODY AGREE THAT EACH PARTY MAY BRING DISPUTES AGAINST THE OTHER PARTY ONLY IN AN INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, INCLUDING WITHOUT LIMITATION FEDERAL OR STATE CLASS ACTIONS, OR CLASS ARBITRATIONS. ACCORDINGLY, UNDER THE ARBITRATION PROCEDURES OUTLINED IN THIS SECTION, AN ARBITRATOR SHALL NOT COMBINE OR CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS WITHOUT THE WRITTEN CONSENT OF ALL AFFECTED PARTIES TO AN ARBITRATION PROCEEDING.**

**Arbitration Procedure.** If a party elects to commence arbitration, the arbitration shall be governed by the rules of JAMS that are in effect at the time the arbitration is initiated (the "JAMS Rules"), available at <http://www.jamsadr.com> or by calling 1-800-352-5267, and under the rules set forth in this Section, except that JAMS may not administer any multiple claimant or class arbitration, as the parties agree that the arbitration shall be limited to the resolution only of individual claims. If there is a conflict between the JAMS Rules and the rules set forth in this Section, the rules set forth in this Section shall govern. You may, in arbitration, seek any and all remedies otherwise available to You pursuant to federal, state, or local laws. All Disputes shall be resolved by a single neutral arbitrator, and both parties shall have a reasonable opportunity to participate in the selection of the arbitrator. The arbitrator is bound by the terms of the Agreement. The arbitrator, and not any federal, state or local court or agency, shall have exclusive authority to resolve all disputes

arising out of or relating to the interpretation, applicability, enforceability or formation of the Agreement, including, but not limited to, any claim that all or any part of the Agreement is void or voidable. Notwithstanding this broad delegation of authority to the arbitrator, a court must determine the limited question of whether a claim or cause of action is for: (a) trade secret misappropriation; (b) patent infringement; (c) copyright infringement or misuse; (d) trademark infringement or dilution; (e) any injunctive, equitable or declaratory relief sought by Beachbody against You to enforce any terms or requirements in the Agreement; and (f) any indemnification obligations owing from a Coach to Beachbody under the Agreement or otherwise which are excluded from the definition of “Disputes.” The arbitrator shall be empowered to grant whatever relief would be available in a court under law or in equity. The arbitrator’s award shall be binding on the parties and may be entered as a judgment in any court of competent jurisdiction. You may choose to engage in arbitration hearings by telephone. Arbitration hearings not conducted by telephone shall take place in a location reasonably accessible from your primary residence, or in Los Angeles County, California, at your option.

- (a) Initiation of Arbitration Proceeding. If either You or Beachbody decide to arbitrate a Dispute, we agree to the following procedure:
  - i. Write a Demand for Arbitration. The demand must include a description of the Dispute and the amount of damages sought to be recovered. You can find a copy of a Demand for Arbitration at <http://www.jamsadr.com> (“Demand for Arbitration”).
  - ii. Send three copies of the Demand for Arbitration, plus the appropriate filing fee, to:

JAMS  
707 Wilshire Blvd, 46<sup>th</sup> Floor  
Los Angeles, CA 90017, U.S.A.
  - iii. Send one copy of the Demand for Arbitration to the other party at the same address as the Dispute Notice, or as otherwise agreed to by the parties.
- (b) Hearing Format. In all hearing formats, the arbitrator shall issue a written decision that explains the essential findings and conclusions on which an award, if any, is based. During the arbitration, the amount of any settlement offer made by Beachbody or You shall not be disclosed to the arbitrator until after the arbitrator determines the amount, if any, to which You or Beachbody is entitled. The discovery or exchange of non-privileged information relevant to the Dispute may be allowed during the arbitration.
- (c) Arbitration Fees. Beachbody shall pay, or (if applicable) reimburse You for, all JAMS filing, administration, and arbitrator fees for any arbitration commenced (by you or Beachbody) pursuant to provisions of the Agreement.
- (d) Opt-out. You may elect to opt-out (exclude Yourself) from the final, binding individual arbitration procedure and waiver of class and representative proceedings specified in this Section by sending a written letter to the Beachbody Notice Address within thirty (30) days of your submission of a completed application to become a Coach which includes: (i) your name and provided Coach ID number, (ii) your mailing address, and (iii) your request to be excluded from the final, binding individual arbitration procedure and waiver of class and representative proceedings specified in this Section. In the event that you opt-out consistent with the procedure set forth above, all other terms shall continue to apply, including the requirement to provide notice prior to arbitration.

**Amendments to this Section.** Notwithstanding any provision in this Agreement to the contrary, You and Beachbody agree that if Beachbody makes any future amendments to the dispute resolution procedure and class action waiver provisions (other than a change to Beachbody’s address) in this Section, Beachbody will obtain Your affirmative assent to the applicable amendment. If You do not affirmatively assent to the applicable amendment, You are agreeing that you will arbitrate any Dispute between us in accordance with the language of this Section.

**Severability.** If any provision in this Section is found to be unenforceable, that provision shall be severed with the remainder of this Agreement remaining in full force and effect. The foregoing shall not apply to the prohibition against class or representative actions; if the prohibition against class or representative actions is found to be unenforceable, this entire Section shall be null and void. The terms of this Section shall otherwise survive any termination of these Policies and Procedures.

**Exclusive Venue for Other Controversies.** Beachbody and You agree that any controversy excluded from the dispute resolution procedure and class action waiver provisions in this Agreement (other than an individual action filed in small claims court) shall be filed only in the Superior Court of Los Angeles County, California, or the United States District Court for the Central District of California,

and each party hereby irrevocably and unconditionally consent and submit to the exclusive jurisdiction of such courts for any such controversy. The terms of this Section 8.4 shall otherwise survive any termination of these Policies and Procedures.

## SECTION 9 - PAYMENT AND SHIPPING

### 9.1 Returned Checks

All checks returned by a Coach's bank for insufficient funds will be resubmitted for payment. A \$25.00 returned check fee will be charged to the account of the Coach. After receiving a returned check from a Customer or a Coach, all future orders must be paid by credit card, money order or cashier's check. Any outstanding balance owed to Beachbody by a Coach for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

### 9.2 Sales Taxes

Beachbody is required to charge sales taxes on all purchases made by You and Your customers, and remit the taxes charged to the respective states. Accordingly, Beachbody will collect and remit sales taxes on Your behalf based on the sales price of the products, according to the applicable tax rates in the state or province to which the shipment is destined. If a Coach has submitted, and Beachbody has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Coach. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Beachbody is not retroactive. Applicable sales tax exemption documents may be submitted via email to [taxes@beachbody.com](mailto:taxes@beachbody.com), and any such request must also clearly verify the Coach's ID number and current billing address.

### 9.3 Drop Shipment

If You order merchandise and direct that products be drop-shipped to a Customer, You are responsible for all Customer Service functions relating to the order. Because Your Customer has purchased and paid You directly (i.e., they did not complete a recorded and trackable transaction directly with Beachbody), You are the only one who can track and service the order. You may not refer Customers of drop-shipments direct to Beachbody. You are solely responsible to accept properly returned merchandise, and, as applicable, issue refunds directly to Your Customers. If Beachbody issues any refunds to Your Customers who have paid You directly, Beachbody may then, without limitation of any other rights, deduct such amounts (along with corresponding commissions and other compensation plan adjustments) from Your commissions and bonuses.

## SECTION 10 - INACTIVITY, RECLASSIFICATION, AND CANCELLATION

### 10.1 Effect of Cancellation

Your bonuses and commissions constitute the entire consideration for Your efforts in generating sales and all activities related to generating sales (including but not limited to building, training, and maintaining a downline organization). Following the non-renewal of Your Agreement, cancellation for inactivity, reclassification of Your Agreement, or voluntary or involuntary cancellation of Your Agreement (all of these methods are collectively referred to as "cancellation"), You shall have no right, title, claim, or interest to the marketing organization You operated, or any pending or future commission or bonus payment from the sales generated by Your CBC or the organization. Your independent Beachbody business is cancelled simultaneously with the cancellation of Your Agreement. You will lose all rights as a Coach. This includes the right to sell Beachbody products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of Your former downline sales organization. In the event of cancellation, You agree to waive all rights they may have, including but not limited to property rights, to Your former downline organization and to any bonuses, commissions, or other remuneration derived from the sales and other activities of Your former downline organization.

### 10.2 Reclassification After Cancellation Due to Inactivity or Nonpayment of Business Services Fees

If You are not current with the payment of Your Business Service fees, then You will not be "Current" and will not be eligible to receive any bonuses, commissions, or other payments under the Coach Compensation Plan. If You do not make payment in full to the Company of all outstanding Business Service fees to become Current, then any and all withheld bonuses, commissions or any other payments due You exceeding three (3) weeks shall be permanently waived and forfeited. Without limitation of the foregoing, if You have not paid

Your Business Service fees when due for either three (3) consecutive months or any four (4) times in a rolling twelve (12) month period, Your Agreement and independent business will be cancelled for inactivity, and You will be reclassified as a Customer.

Additionally, Coaches who fail to meet the minimum requirements of enrollment related or sales related activity on an annual basis will be subject to reclassification, which results in the Coach account being reclassified to a Preferred Customer, and any pending commissions, bonuses or other payments due at the time of this reclassification will be permanently forfeited.

You may ask Beachbody for reinstatement in less than the standard six (6) month period. However if You do so, You must start Your business anew under Your original sponsor, but You will not be entitled to Your prior position in the genealogy.

Notwithstanding the foregoing, You may ask Beachbody to place Your account on hold during a limited period of time for extraordinary circumstances. Beachbody may approve such a temporary voluntary suspension at its sole discretion.

### 10.3 Involuntary Cancellation

Your violation of any of the Agreement, including any amendments that may be made by Beachbody, or any misconduct stated in Section 8.1 may result in any of the disciplinary measures listed in Section 8.1, including the involuntary cancellation of Your Agreement and Beachbody business. Cancellations for Policy and Procedure and Coach behavior violations shall be effective on the date on which written notice is emailed, mailed, faxed, or delivered to an express courier, to the Coach's last known address (or email address), or to his or her attorney, or when the Coach receives actual notice of cancellation, whichever occurs first. For Account maintenance violations, such as account verification or Business Service Fee violations, You will have 72 hours from the time you receive notice of the maintenance violation to resolve the issue before Your account is suspended. If Your business is suspended due to an account maintenance violation, You will forfeit any pending or future commissions or bonus payments. If You do not fully resolve the account maintenance violation Your Agreement and business will be permanently terminated.

#### 10.3.1 Global Cancellation

Beachbody reserves the right to terminate all Coach Agreements upon thirty (30) days' written notice in the event that it elects to (1) cease business operations; (2) dissolve as a corporate entity; or (3) discontinue distributing its products via direct selling.

### 10.4 Voluntary Cancellation

You have the right to cancel at any time, regardless of reason. Cancellation must be submitted online via the Coach service portal. The notice must include Your signature, printed name, address, and Coach I.D. Number. If You are also an Autoship Customer or a Beachbody on Demand Member, Your Autoship Agreement and/or Beachbody on Demand Membership shall continue in force unless You also specifically request that it/they also be canceled. Additionally, a Coach may request to voluntarily reclassify their account to become a Preferred Customer, provided they have not achieved a lifetime rank higher than Ruby. A Coach who has achieved a lifetime rank of Diamond or higher must reclassify to a retail customer.

### 10.5 Disposition of Coach's Genealogy Position, Customers, and Coaches Upon Cancellation

The following shall occur if Your CBC is cancelled for any reason:

- Your rank is changed to "Cancelled"
- All of Your Active Home Direct programs will be cancelled.
- Your personally enrolled Customers (and their active Home Direct programs) will be placed below Your Personal Sponsor in the Team Beachbody genealogy.
- Your personally sponsored downline Coaches are assigned to Your Personal Sponsor.
- If You have only one downline Coach (in either the right or left leg) on the first level, that downline Coach will be moved up into the position in the genealogy that You occupied before Your Agreement and business were cancelled.
- If You have downline Coaches in both legs in Your first level, there will be no change in genealogy positions. Your position in the genealogy will be marked as cancelled.

The following shall occur if Your CBC is reclassified to a Preferred Customer:

- Your rank is changed to Preferred Customer
- All of Your Active Home Direct programs will remain.
- Your personally enrolled Customers (and their active Home Direct programs) will be placed below Your Personal Sponsor in the Team Beachbody genealogy.
- Your personally sponsored downline Coaches are assigned to Your Personal Sponsor.
- As a Preferred Customer account remains in the established genealogy, no other changes in position will take place for any previously personally sponsored or downline Coaches.

# EXHIBIT A - PARTIAL LIST OF BEACHBODY TRADEMARKS

10-Minute Trainer	Double Time	Shakeology
10 Rounds	80 Day Obsession	Shaun T's Fit Kids Club
3-Day Refresh	End the Trend	Shift Shop
2B Mindset	E&E	Slim in 6
22-Minute Hard Corps	Energy & Endurance	Slim Series
30-Day Breakaway	Fiber Sweep	T25
645	Fire and Flow	Tai Cheng
9 Week Control Freak	First Thing	Team Beachbody
ActiVit	Fixate	Team Beachbody Coach
A Little Obsessed	Focus T25	TBB On Demand
ASYLUM	Focused Energy	Team Beachbody Club
Barre Blend	Hip Hop Abs	Ten Minute Trainer
BEACHBAR	Hip Hop Hustle	Top Coach
Beachbody	INSANITY	Total Body Solution
Beachbody BEVVY	INSANITY: THE ASYLUM	Total Solution
Beachbody Challenge	INSANITY: MAX 30	TurboFire
Beachbody Nutritionals	Job1	Turbo Nation
Beachbody On Demand	Last Thing	Turbo Jam
Beachbody Performance	Let's Get Up	TurboKICK
BB On Demand	LIIFT4	21 Day Fix
Beachbody Streaming	LIIFT More	21 Day Fix Extreme
BOD	The Masters Hammer and Chisel	Ultimate Portion Fix
BODi	Mes de Más	Ultimate Reset
Beachbody Ultimate Reset	Million Dollar Body	Vanilla Fresh
B-LINES	Morning Meltdown 100	WOWY
Body Beast	#MBF	Yoga Booty Ballet
Body Beast Supplements	Muscle Burns Fat	Amoila Cesar
Body Gospel	MYX	Autumn Calabrese
Brazil Butt Lift	ONE on ONE	Carl Daikeler
Breakthrough in Beauty	PiYo	Chalene Johnson
Bring It!	P90	Debbie Siebers
ChaLEAN	P90X	Elise Joan
ChaLEAN Extreme	P90X2	Ilana Muhlstein
CIZE	P90X3	Idalis Velazquez
Combat	P90X+	Jericho McMatthews
Cordastr	Portion Fix	Jennifer Jacobs
Core Cal-Mag	Power 90	Joel Freeman
Core de Force	Power Greens	Jon Congdon
Core Omega-3	Power Half Hour	Kathy Smith
Country Heat	Product Partners	Leandro Carvalho
Daily Sunshine	Pro Team	Dr. Mark Cheng
<i>Decide. Commit. Succeed.</i>	Results and Recovery Formula	Megan Davies
Digestive Health	RevAbs	Sagi Kalev

## EXHIBIT B - TEAM BEACHBODY COACH COMPENSATION PLAN

The Beachbody Coach Compensation Plan has been designed to reward Independent Beachbody Coaches for sharing our products, services, and income opportunity with others. The Coach Compensation represents an innovation in Business Income Opportunity – paid weekly!

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## EARNING OPPORTUNITIES

There are multiple opportunities to earn income with Coach Compensation Plan.

### Retail Commissions

#### **Paid weekly to all Coach Ranks**

Earn up to twenty-five percent (25%) commission on the retail sales price of Beachbody products you sell to your Personal Retail Customers through your Team Beachbody Website. These commissions will continue to be paid to the Coach so long as the customer remains attached to the Coach. Please note some items earn a commission below 25%, such as apparel which carries a 20% commission. For full details, please review the price list found in the Coach Office.

### Beachbody On Demand Membership Commissions (Subscription Commissions)

#### **Paid weekly to all Coach Ranks**

Earn a forty percent (40%) commission on the sales and renewals of Beachbody On Demand memberships. These Beachbody On Demand membership commissions are paid weekly. Coaches will receive 40% commission of the retail price on Beachbody On Demand subscription plans. The retail price used to calculate applicable commissions is the most current pricing of BOD on TeamBeachbody.com and Beachbodyondemand.com only. Calculations of commissions will not be adjusted for pricing changes of Beachbody On Demand available on Beachbody.com and other direct marketing channels.

### Shakeology Fast Start Bonus

#### **Paid weekly to all Coach Ranks**

Earn a \$20 bonus each time one of your personally sponsored Coaches or Preferred Customers purchases a Shakeology Home Direct Starter Pack.

### Shakeology Fast Start Plus Bonus

#### **Paid weekly to all Coach Ranks**

Earn a \$100 bonus each time you earn five (5) Shakeology Fast Start bonuses in any consecutive five (5) week period.

### Challenge Pack Fast Start Bonus

#### **Paid weekly to all Coach Ranks**

Earn a bonus each time one of your newly recruited personally sponsored Coaches or Preferred Customers purchases a Challenge Pack. The bonus amount depends on the type of Challenge Pack purchased. See the pack pricing and commissions guide (which may be found in the Coach Office) for information on the different packs available and the bonus that can be earned on each

The company may add additional Challenge Packs or amend the Challenge Pack configurations and payout structures. Please note the Challenge Pack Fast Start Bonus is not paid on challenge packs sold to a new Coach transferring into an existing Coach Business Center. Changes will be posted in the Coach Office.

### Team Cycle Bonus

#### **Paid weekly to qualified Emerald, Ruby, Diamond, and Star Diamond Coaches**

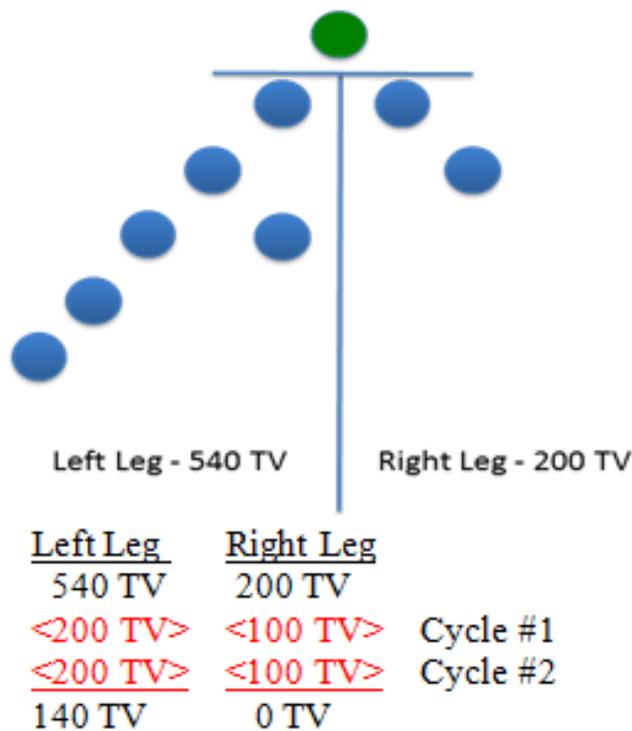
Each week, up to thirty-five percent (35%) of the total Company Bonus volume is set aside for Team Cycle Bonus. \*

As an Active and Qualified Emerald or higher Coach, your Coach Business Center (CBC) will start accumulating and banking Team Volume (TV). Team Volume is generated by the sales of the Coaches in the left and right legs of your entire downline organization, regardless of depth. When the accumulated Team Volume totals 300 TV, with a minimum of one-third of the TV (100 TV) in one leg and two-thirds of the TV (200 TV) in the other leg, you earn a cycle. The 300 TV used for the cycle will be deducted from the appropriate Left and Right volume totals. The remaining volume will carry over to be applied towards your next cycle. As long as you have sufficient TV, you will cycle up to a maximum of 96 cycles per day.

Your Team Volume will remain in your CBC as long as you maintain your active status and until it is either applied to a cycle or subjected to a Master Cycle flush. Every 5,000 lifetime cycles, a **Master Cycle** occurs and a maximum of 5,000 TV in the strong leg (your leg with the most volume) and all of the volume in the weak leg carries over to the next cycle, which may occur in the same day.

**Team Cycle Bonus example:**

**In the example below, an Emerald Coach has accumulated Team Volume of 540 TV in their strong leg and 200 TV in their weak leg.**



**Cycle Values**

Emerald Coaches earn \$14 per Cycle

Ruby Coaches earn \$16 per Cycle

Diamond and Star Diamond Coaches earn \$18 per Cycle

**Potential Weekly Earnings Team Cycle Bonus per Week**

Potential earnings from Team Cycle Bonus value have been set for each rank level within the Team Beachbody Compensation Plan. The weekly values shown in the chart below represent, for each rank level, the potential weekly earnings from Team Cycle Bonus.

Active and qualified Emerald and above Coaches will generate Team Cycles based upon their accumulated volume, up to the allowable number of cycles each day and will have that volume deducted from their available Team Volume totals. Payment will be issued based

on the number of cycles generated up to the potential weekly earnings value for the rank level for which the Coach is fully qualified. Cycles generated beyond the potential earnings value at each rank will be unpaid cycles.

Once the allowable number of cycles for a day has been generated for a Coach, cycling will stop for that day and will resume the following day as long as the Coach has sufficient volume to continue cycling.

### Potential Weekly Team Cycle Bonus Earnings per Week

Ranks	Potential Weekly Team Cycle Bonus Per Business Center	Potential Annual Team Cycle Bonus Per Business Center
Coach	0	0
Emerald	\$250	\$13,000
Ruby	\$1,000	\$52,000
Diamond	\$2,000	\$104,000
1 Star Diamond	\$3,000	\$156,000
2 Star Diamond	\$4,000	\$208,000
3 Star Diamond	\$5,000	\$260,000
4 Star Diamond	\$6,000	\$312,000
5 Star Diamond	\$7,000	\$364,000
6 Star Diamond	\$8,000	\$416,000
7 Star Diamond	\$9,000	\$468,000
8 Star Diamond	\$10,000	\$520,000
9 Star Diamond	\$11,000	\$572,000
10 Star Diamond and above	\$12,000	\$624,000

\*In order to maintain the profitability required to successfully fund and operate the Coach Business Opportunity and to ensure business stability for the Independent Team Beachbody Coaches, the Company has established a cap of thirty-five percent (35%) of the total accumulated Company TV to be paid in Team Cycle Bonuses, and may, if necessary, implement a Team Cycle Bonus payout adjustment that, in order to maintain the established cap, will adjust all Team Cycle Bonus payouts on an equal pro-rata basis for each CBC after the first 20 cycles. Accordingly, the first 20 cycles are exempt from proration.

### Matching Bonus

#### **Paid weekly to qualified Ruby, Diamond, and Star Diamond Coaches**

Earn a matching bonus on the Team Cycle Bonuses earned by your personally sponsored Coaches. Ruby Coaches earn a five percent (5%) matching bonus. Diamond and Star Diamond Coaches each earn a ten percent (10%) matching bonus.

### Star Diamond Leadership Bonus

#### **Paid quarterly to qualified 2 Star Diamond and higher Coaches**

The Company sets aside two percent (2%) of the total Company TV, which is paid quarterly to our top producing Active and Qualified Star Diamond Coaches. Each of the Qualified Star Diamond ranks share equally in the Star Diamond Bonus Pools in which they are qualified to participate. Each of the four (4) different Star Diamond Leadership Bonus pools is funded with one-half percent (½%) of the total Company BV.

- Pool # 1 – Active and Qualified Two Star Diamond or higher share in this one-half percent (½%) pool
- Pool # 2 – Active and Qualified Five Star Diamond or higher share in this one-half percent (½%) pool
- Pool # 3 – Active and Qualified Ten Star Diamond or higher share in this one-half percent (½%) pool
- Pool # 4 – Active and Qualified Fifteen Star Diamonds share in this one-half percent (½%) pool

#### **In order to qualify to participate in the Star Diamond bonus pool:**

Coaches must achieve and maintain a Qualification Status of 2, 5, 10 or 15 Star Diamond for six (6) consecutive bonus periods all within a 13-week quarter as defined by Team Beachbody. Each pool will be equally divided by the total number of qualifying Coaches for that applicable pool.

If no Coaches qualify to participate in a specific bonus pool, then any unpaid accumulated Star Diamond Leadership bonuses will roll over to the next quarterly qualification period until they are paid. A calendar representing key dates for the quarterly qualifying periods for each calendar year will be published in the Coach Office.

### **In order to receive the Star Diamond bonus payment as a qualified Coach:**

For each of the Five, Ten or Fifteen Star Diamond Leadership Bonus Pools, Coaches who properly qualify as detailed above must also earn a minimum of 10 Elite points during the quarterly qualifying period. Additionally, Coaches must meet the Earning Volume requirement associated with the final bonus week of the qualifying period. For those Coaches who properly qualify but do not earn a minimum of 10 Elite points during the quarterly qualifying period, their applicable share of one or more of the Diamond Leadership Bonus Pools will be forfeited and not rolled into an existing or future Diamond Leadership Bonus Pool.

### **Additional Coach Business Centers**

Team Beachbody Coaches may qualify to open up to 25 Coach Business Centers. Each additional business center may participate in all of the earning opportunities.

Once a Coach's CBC#1 achieves a Two Star Diamond rank, the Coach can optionally request to open up one additional CBC (CBC#2) downline from CBC#1. Additional CBCs must be started and built as new CBCs, and for the avoidance of doubt, a new CBC cannot be opened by acquiring a preexisting CBC. CBC#2 can start the process of building and qualifying for advancing ranks. Once CBC#2 has achieved an Active and Qualified Two Star Diamond rank, then the CBC#2 may optionally request one additional CBC (CBC#3) anywhere in the Coach's original organization (i.e., downline from CBC#1). This process of qualifying for additional Coach Business Centers may be repeated until the Coach has a maximum total of 25 Coach Business Centers.

Additional Coach Business Centers must qualify independently for participation in the Star Diamond Leadership Bonus. Each CBC may only count their own personally sponsored downline diamond Coaches toward that specific CBC's qualification and participation in the Star Diamond Bonus Pool.

Coaches who have qualified for and operate multiple Coach Business Centers may cancel and re-open their most recently opened CBC following a six month waiting period, provided that this most recently opened business center has not achieved a lifetime rank higher than Diamond. If that most recently opened business center has achieved a lifetime rank of one-star Diamond or above, the Coach may not close that business center unless they are resigning as a Beachbody Coach, whereby all Coach Business Centers associated with that Coach would be closed completely.

### **Retail Sales Requirements for All Additional Coach Business Centers**

For each additional downline CBC that a Coach opens after CBC#1, 100 percent of the PV (which determines the Team Cycle Bonus payout) needs to be generated through retail sales (i.e., non-Coach orders) from either Website retail sales to Customers and/or Beachbody on Demand memberships. Ranks and qualifications

There is a total of 19 Official ranks in the Team Beachbody Compensation Plan.

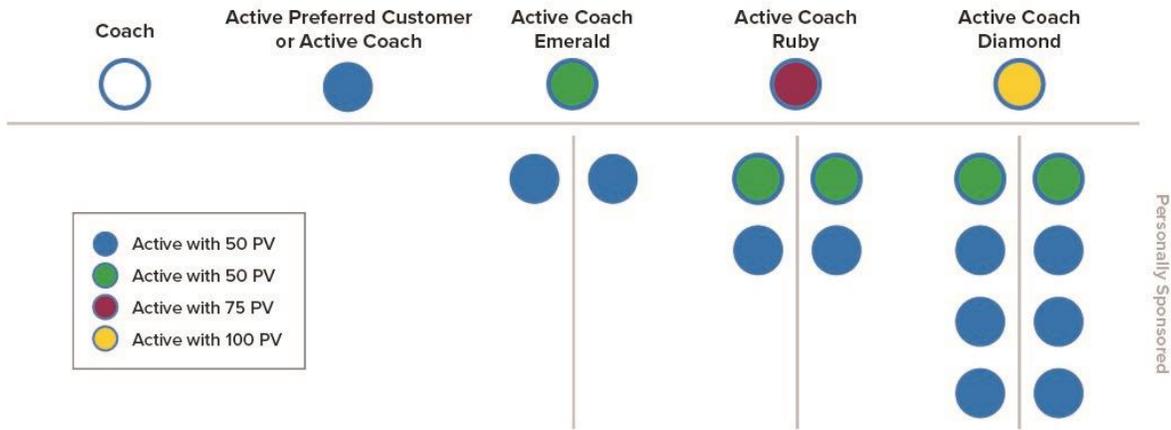
### **Official Ranks**

**Coach** – has established a Team Beachbody Coach account.

**Emerald Coach** – is Active, has met the Emerald PV requirements of 50 PV, and has one (1) personally sponsored Active Coach (or higher) or active Preferred Customer on his right and left legs.

**Ruby Coach** – is Active, has a minimum of 75 PV, and has one (1) personally sponsored Active Emerald Coach (or higher) on each of his right and left legs, plus one (1) additional Active Coach or active Preferred Customer on each of his left and right legs.

**Diamond Coach** – is Active, has a minimum of 100 PV, and has one (1) personally sponsored Active Emerald Coach (or higher) on each of his right and left legs, plus three (3) additional Active Coaches or active Preferred Customer on each of his left and right legs.



### Star Diamond Coaches

There is a total of fifteen (15) Star Diamond ranks.

The following charts present the requirements for Team Cycle Bonus eligibility at each of the Star Diamond rank levels. Notable for each rank level are:

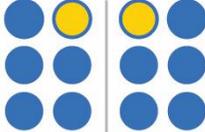
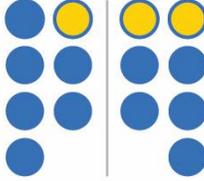
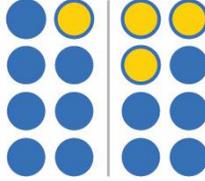
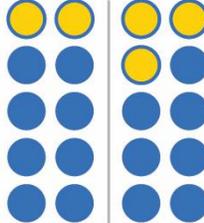
- The required number of Personally Sponsored Active Coaches or Active Preferred Customers at each Star Diamond rank
- The required minimum Personal Volume of 200 PV at all Star Diamond ranks
- The required balance of Personally Sponsored Diamond Coaches on each leg at each Star Diamond Rank (note that this changes at the 5-Star and 10-Star rank levels)

Note: Once the Personally Sponsored Active Coaches or Active Preferred Customers necessary to achieve and maintain the rank of Diamond Coach have been met, the additional Personally Sponsored Active Coaches or Active Preferred Customers required for Star Diamond rank levels may be placed anywhere within a Coach's downline; that is, there is no specific "balance" requirement on Personally Sponsored Active Coaches or Active Preferred Customers beyond that required for Diamond rank. The Personally Sponsored Active Coaches or Active Preferred Customers shown in the charts below reflect a balanced organization only for ease of display.

# Star Diamond Ranks

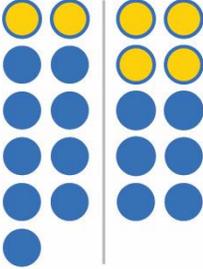
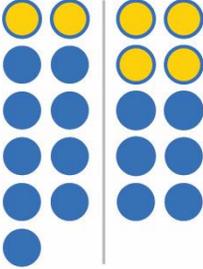
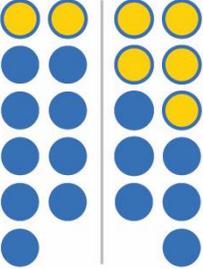
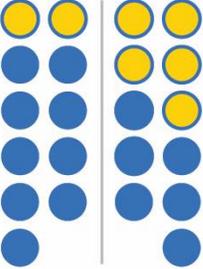
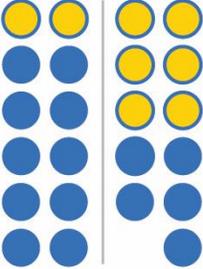
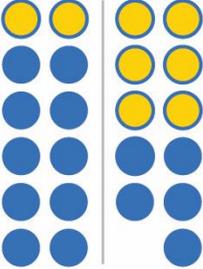
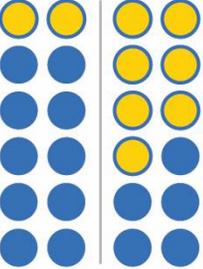
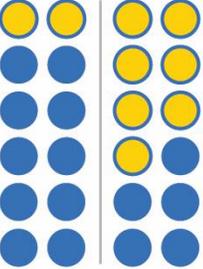
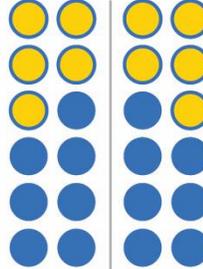
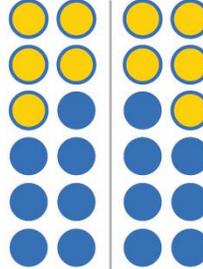
-  Active with 50 PV
-  Active with 50 PV
-  Active with 75 PV
-  Active with 100 PV
-  Active with 200 PV

Personally Sponsored

Active 1 Star Diamond	Active 2 Star Diamond	Active 3 Star Diamond	Active 4 Star Diamond	Active 5 Star Diamond
<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have 1 PS Diamond</li> <li>Must have a minimum of 10 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 1 PS Diamond on each leg</li> <li>Must have a total of 2 PS Diamonds</li> <li>Must have a minimum of 12 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 1 PS Diamond on each leg</li> <li>Must have a total of 3 PS Diamonds</li> <li>Must have a minimum of 14 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 1 PS Diamond on each leg</li> <li>Must have a total of 4 PS Diamonds</li> <li>Must have a minimum of 16 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 2 PS Diamonds on each leg</li> <li>Must have a total of 5 PS Diamonds</li> <li>Must have a minimum of 20 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>
				
				

# Star Diamond Ranks

-  Active with 50 PV
-  Active with 50 PV
-  Active with 75 PV
-  Active with 100 PV
-  Active with 200 PV

Active 6 Star Diamond	Active 7 Star Diamond	Active 8 Star Diamond	Active 9 Star Diamond	Active 10 Star Diamond
<ul style="list-style-type: none"> <li>• Must be a Diamond</li> <li>• Must have at least 2 PS Diamonds on each leg</li> <li>• Must have a total of 6 PS Diamonds</li> <li>• Must have a minimum of 21 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul> <div style="text-align: center; margin-top: 10px;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>	<ul style="list-style-type: none"> <li>• Must be a Diamond</li> <li>• Must have at least 2 PS Diamonds on each leg</li> <li>• Must have a total of 7 PS Diamonds</li> <li>• Must have a minimum of 22 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul> <div style="text-align: center; margin-top: 10px;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>	<ul style="list-style-type: none"> <li>• Must be a Diamond</li> <li>• Must have at least 2 PS Diamonds on each leg</li> <li>• Must have a total of 8 PS Diamonds</li> <li>• Must have a minimum of 23 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul> <div style="text-align: center; margin-top: 10px;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>	<ul style="list-style-type: none"> <li>• Must be a Diamond</li> <li>• Must have at least 2 PS Diamonds on each leg</li> <li>• Must have a total of 9 PS Diamonds</li> <li>• Must have a minimum of 24 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul> <div style="text-align: center; margin-top: 10px;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>	<ul style="list-style-type: none"> <li>• Must be a Diamond</li> <li>• Must have at least 5 PS Diamonds on each leg</li> <li>• Must have a total of 10 PS Diamonds</li> <li>• Must have a minimum of 25 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul> <div style="text-align: center; margin-top: 10px;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>

Personally Sponsored

# Star Diamond Ranks

- Active with 50 PV
- Active with 50 PV
- Active with 75 PV
- Active with 100 PV
- ★ Active with 200 PV

Active 11 Star Diamond	Active 12 Star Diamond	Active 13 Star Diamond	Active 14 Star Diamond	Active 15 Star Diamond
<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 5 PS Diamonds on each leg</li> <li>Must have a total of 11 PS Diamonds</li> <li>Must have a minimum of 26 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 5 PS Diamonds on each leg</li> <li>Must have a total of 12 PS Diamonds</li> <li>Must have a minimum of 27 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 5 PS Diamonds on each leg</li> <li>Must have a total of 13 PS Diamonds</li> <li>Must have a minimum of 28 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 5 PS Diamonds on each leg</li> <li>Must have a total of 14 PS Diamonds</li> <li>Must have a minimum of 29 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>	<ul style="list-style-type: none"> <li>Must be a Diamond</li> <li>Must have at least 5 PS Diamonds on each leg</li> <li>Must have a total of 15 PS Diamonds</li> <li>Must have a minimum of 30 PS Active Preferred Customers or Coaches (including the PS Diamonds)</li> </ul>

Personally Sponsored

For each of the Star Diamond Ranks (1 Star through 15 Star), a Coach must achieve the requirements as set forth in the charts above AND must maintain those requirements for each of six (6) consecutive weekly bonus pay periods to fully achieve that rank level. For participation in the quarterly Star Diamond Leadership Bonus Pools (calculated and paid to active and qualified 2 Star, 5 Star, 10 Star and 15 Star Diamond Coaches), a Star Diamond Coach must achieve the above requirements and maintain those requirements, and meet the earning volume requirement associated with the final bonus week of the qualifying period for each of six (6) consecutive weekly bonus periods, all within a 13-week quarter as defined by Team Beachbody.

## Qualification Status

A tracking element known as Qualification Status (which is separate from Rank) is now in place to assist Coaches in tracking their qualification progress toward each of the Star Diamond Rank levels. The Qualification Status displays a Coach’s qualification levels for each period toward advancement to Star Diamond Rank. A Coach must achieve the Qualification Status for a Star Diamond Rank level for six (6) consecutive periods to fully achieve that Star Diamond Rank. At the end of the sixth consecutive week for which a Qualification Status for Star Diamond level or higher has been maintained, the Coach’s rank will then reflect the fully achieved Rank level. To qualify for the Star Diamond Leadership Bonus Pools, Qualification Status for the 2 Star, 5 Star, 10 Star or 15 Star levels must be achieved and maintained for six (6) consecutive bonus periods, and meet the earning volume requirement associated with the final bonus week of the qualifying period, all within a 13-week quarter as defined by Team Beachbody.

### Qualification Status Example:

In this example, a Diamond Coach (shown as DC) achieves the requirements for the 1-Star Diamond level in Week 1 (shown as 1SDQ or 1-Star Diamond Qualifying). In Week 4, the Diamond Coach achieves the requirements for 2-Star Diamond level and then in Week

4 has only met the requirements for 1-Star Diamond level. In Week 6, as a result of six (6) consecutive weeks of meeting the 1-Star Diamond level or higher, this Coach's rank reflects the full achievement of the 1-Star Diamond rank (shown as 1SD).

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Paid-As Rank	DC	DC	DC	DC	DC	1SD
Qualification Status	1SDQ	1SDQ	1SDQ	2SDQ	1SDQ	1SDQ

## GLOSSARY

**ACCUMULATING TEAM VOLUME** – Once a Coach Business Center (CBC) achieves Active Status and meets the qualifications for the rank of Emerald Coach or higher, the CBC can start accumulating and banking (holding) Team Volume (TV) from its left and right downline legs (regardless of depth) and may become eligible to start earning Team Cycle Bonuses and other bonuses per the Beachbody Coach Compensation Plan.

**ACTIVATED** – The status reached when a CBC first becomes Active AND personally sponsors two Coaches or Preferred Customers, one placed in each of the Coach's left and right legs, who both become Active. Once a CBC is Activated, it begins to accumulate and bank (hold) Team Volume (TV) from each downline leg for the purpose of earning Team Cycle Bonuses and other bonuses. Once a CBC becomes activated, that CBC retains that status indefinitely.

**ACTIVE AND QUALIFIED** – The status where a CBC has achieved Active Status AND has fully met the qualifications for a specific Rank level within the Beachbody Compensation Plan within the Bonus Qualification Period.

**ACTIVE STATUS** – A Coach's CBC or a Preferred Customer achieves Active Status by accumulating and maintaining a total of 50 or greater Personal Volume (PV) within the Bonus Qualification Period. As a Coach, Personal Volume is calculated from your personal or retail customer orders. The Bonus Qualification Period includes the current bonus week and the previous four (4) bonus weeks.

**AGREEMENT** – The contract between Beachbody and each Independent Beachbody Coach, which includes the Independent Beachbody Coach Application and Agreement, the Beachbody Coach Policies and Procedures, and the Beachbody Coach Compensation Plan, all in their current form and as may be amended by Beachbody in its sole discretion. These documents are collectively referred to as the "Agreement."

**BINARY GENEALOGY** – The tree-like organizational structure utilized by the Beachbody Compensation Plan to organize Independent Beachbody Coach businesses, to create the related sponsorship connections between personally sponsored Coaches and Preferred Customers, and to calculate Rank levels and bonus compensation. In a Binary Genealogy structure, each position in the Genealogy has two positions directly below, creating a left and right leg for each position. This structure repeats for each position within the overall Binary Genealogy.

**BONUS (ES)** – Additional compensation paid per the Beachbody Compensation Plan. There are five (5) different bonuses: 1) Team Cycle Bonus, 2) Matching Check Bonus, 3) Shakeology and Challenge Pack Fast Start Bonus, 4) Fast Start Plus Bonus, and 5) Star Diamond Leadership Bonus.

**BONUS EARNING PERIOD** – This is the weekly timeframe for totaling and calculating all sales, volume, commissions, and bonuses. The period commences each Thursday morning at 12:00 am ET and continues until 11:59 pm ET the following Wednesday night. Commissions and Bonuses are processed and paid weekly (one week in arrears) based upon a day-by-day calculation of sales activity within the Bonus Earning Period.

**BONUS POINTS** – Points used to determine Commissions and bonuses to be paid to a Coach each Bonus Earning Period. Bonus Points are a universal denomination to which the Company multiplies a currency conversion rate (current conversion rate for each registered country to be published in the Coach FAQ) to determine the actual amount paid to a Coach in the applicable country currency.

**BONUS QUALIFICATION PERIOD** – The timeframe within which Active Status for a Coach or Preferred Customer is determined for a given Bonus Earning Period. The Bonus Qualification Period includes the current Bonus Ending Period plus the previous four (4) Bonus Ending Periods.

**BUSINESS SERVICES FEES (BSF)** – The monthly cost of maintaining a CBC and receiving the proprietary back office tools, dashboard, and replicated Website charged to Coaches by Beachbody. Payment of the monthly Business Services Fees by a CBC is required for that CBC to remain Current.

**CARRY-OVER VOLUME** – TV that remains after all possible Cycles have been calculated for a given day. This remaining TV is brought forward to the next day and is added to any new TV generated by a CBC until additional Cycles may be achieved.

**COACH BUSINESS CENTER (CBC)** – An independent sales position within the Beachbody Genealogy, which is assigned to and represents an Independent Beachbody Coach business. Each position is used to track a Coach’s retail sales activity and to track any TV generated by a Coach’s downline sales organization.

**COMMISSION** – A portion of the retail volume of a Beachbody product that is paid to a Coach as compensation for their sales in the Beachbody Coach Business opportunity.

**CURRENT STATUS** – A CBC is determined to be Current if the monthly Business Services Fees has been paid for that CBC within the last month (30 days). Any CBC that does not have Current Status is subject to the withholding or forfeiture of any earned and unpaid compensation, as well as additional penalties, including suspension and/or termination of the CBC if the account is not brought Current within specified timeframes as defined in the Beachbody Policies and Procedures document.

**CUSTOMER** – A purchaser of Beachbody products or membership services, either as a Retail Customer or as a Beachbody On Demand Member. Each Customer is assigned to a Coach, but Customers are not placed in any Genealogy, nor may they sign up Coaches or other Customers. Further, Customers cannot receive Commissions or Bonuses.

**CYCLE (CYCLING)** – A bonus calculation and payment process that occurs when an Active and Qualified Emerald or higher Rank CBC reaches an accumulated 300 TV or greater, balanced with one-third (or 100 TV) from one downline leg and two-thirds (or 200 TV) from the other downline leg. Once these levels of TV are achieved, the CBC uses that accumulated TV (called a “Cycle”), which generates a payment to the CBC for that week. Cycling continues until no further Cycles can be deducted from the accumulated TV. Any unused TV in each leg becomes Carry-Over Volume.

**Note:**  
The Beachbody software system determines which leg is the weak leg between the cycles in a week. For instance, if a CBC has 260 TV in the left Coach leg and 200 TV in the right Coach leg before cycle 1 (300 TV with 200 TV – 100 TV balance is deducted from the total of both legs), the system determines that the left Coach leg is the strong leg in cycle 1 (260 TV) and the right Coach leg (200 TV) is the weak Coach leg in cycle 1.

After cycle 1 is complete, the right Coach leg, with 100 TV carried over (i.e., 200 TV – 100 TV = 100 TV) becomes the strong Coach leg and the left Coach leg, with 60 TV carried over (i.e., 260 TV – 200 TV = 60 TV) becomes the weak Coach leg. In other words, the swapping of strong and weak leg determination often occurs between Team Cycle Bonus cycles. This is standard binary compensation plan methodology.

In the Team Beachbody back-office software, left and right Team Volume is denoted as LV (Left Volume) and RV (Right Volume).

Cycling Example – Four Complete Cycles

Left Team Volume (LV)	Right Team Volume (RV)	Cycles
3700	480	
-200	-100	1
3500	380	
-200	-100	2
3300	280	
-200	-100	3
3100	180	
-200	-100	4
2900	80	
4 cycles complete		
2900	80	Carry over to the next cycle

**DAILY CYCLE LIMITS** – The maximum number of Cycles a CBC may achieve each day based on the current Rank of the CBC. Emerald, Ruby, Diamond, and Star Diamond may each cycle a maximum of 96 cycles per day.

**DAY PERIOD** – A day is defined as 12:00am ET to 11:59pm ET (Eastern Standard Time).

**DIRECT LINE OF SPONSORSHIP** – The lineage within the Binary Genealogy that begins with a specific CBC and moves to that CBC's personally sponsoring CBC, then to *that* CBC's personally sponsoring CBC, and so on (i.e., Mary is personally sponsored by Bob, who is personally sponsored by Sally, etc.). The Direct Line of Sponsorship is NOT necessarily the same as the Genealogy lineage, as it is possible that two adjacent CBC's could not have a personally sponsoring relationship.

**DOWNLINE** – A term that defines the Binary Genealogy structure that begins with the two positions directly below a specific CBC and extends to all CBCs that emanate from those two positions, whether or not they're Personally Sponsored by that specific CBC.

**DOWNLINE ACTIVITY REPORTS (GENEALOGY REPORTS)** – Refers to any of several reports generated by Beachbody or from Beachbody-controlled data that provide critical data relating to the identities of Coaches or Preferred Customers, sales information, and enrollment activity of each Coach's Downline. These reports contain confidential and trade secret information, which is proprietary to Beachbody.

**EARNING VOLUME** – Earning Volume (EV) is a value assigned to products. EV is a requirement used to determine bonus eligibility.

**GENEALOGY** – The organizational structure utilized by the Beachbody Compensation Plan to organize Independent Beachbody Coach businesses, to create the related sponsorship connections between CBCs, and to calculate Rank levels and bonus compensation. A Binary Genealogy structure has one CBC in a position with exactly two CBC positions directly below that CBC, creating a left leg and a right leg for each CBC. This structure repeats for each CBC within the overall Binary Genealogy.

**HOME DIRECT (aka AUTOSHIP)** – A convenience program wherein preselected products are shipped to you or to your Beachbody Customers each month and are automatically billed to the credit card that was provided at the initiation of the program.

**INACTIVE STATUS** – The status that exists for a CBC when 49 PV or less has been accumulated in any Bonus Qualification Period. Inactive Status will cause a demotion to the rank of Coach and will also cause permanent removal of all Team Volume banked at the time the Coach goes Inactive. Upon achieving a minimum of 50 PV or greater, the status of a CBC will be changed to Active, and TV may again begin to accumulate for that CBC.

**LEFT TEAM VOLUME** – Represents a CBC's accumulated TV generated from the downline Coaches in the left leg of the CBC.

**LIFETIME CYCLES** – The number of Cycles achieved in the lifetime of a CBC.

**LIFETIME RANK** – The highest Rank level that a CBC has achieved in its lifetime. Once a Rank is achieved, it is permanent for Coach recognition purposes; however, Bonuses will be calculated and paid based upon the Paid-As Rank determined in the current Bonus Earning Period. Also known as Highest Achieved Rank or Official Rank. If a CBC reclassifies from the lifetime rank of Coach or higher to a Preferred Customer, their lifetime rank will be reset.

**MASTER CYCLE** – Each time a CBC completes 5,000 consecutive Cycles, a Master Cycle occurs and a maximum of 5,000 TV from the CBC's strong leg and the entire TV from the CBC's weak leg is carried over to the next Cycle. Cycling may resume on the same day.

**MATCHING BONUS** – One of the bonus opportunities under the Beachbody Compensation Plan, which may be paid to Active and Qualified Ruby and Diamond Coaches. This bonus is calculated and paid weekly as a five percent (5%) (Ruby) or ten percent (10%) (Diamond) matching payment based on the Team Cycle Bonus earnings of a Coach's Personally Sponsored downline Coaches.

**PAID-AS RANK** – The Rank level for a CBC that has been achieved in the current Bonus Earning Period. This Rank level will determine the calculation of Bonuses earned in the current period. This rank may be equal to or lower than the Lifetime Rank for the CBC.

**PERSONALLY SPONSORED** – Any or all of the Beachbody Coaches or Preferred Customers who have been directly sponsored by a specific Beachbody Coach.

**PERSONAL RETAIL CUSTOMER** – A Coach’s Personal Retail Customers, including: 1) those Home Direct Customers whom the Coach enrolls into the Home Direct Program (excluding those who are already Coaches) and 2) those non-Coaches who make product or membership service purchases from a Coach’s Beachbody Website. Coaches may additionally sell products to third parties, from their personal inventory or in other manners, which are not placed through their Coach’s Beachbody Website, provided that these sales will not provide any volume or commissions toward their CBC.

**PERSONAL VOLUME (PV)** – PV is a value assigned to products. PV is used to determine Active Status.

**PREFERRED CUSTOMER** – A purchaser of Beachbody products or membership services, including but not limited to the Preferred Customer Membership Fee. Each Preferred Customer is assigned to a Coach and is also placed in the Genealogy. However, they may not sign up Coaches or other Customers. Further, Preferred Customers cannot receive Commissions or Bonuses.

**QUALIFIED** – Indicates that a Coach has fully met all requirements to achieve a specific Rank level.

**RANKS** – The 19 different levels for which a Coach may qualify within the Beachbody Compensation Plan. Rank levels have a direct impact on the amount of compensation a Coach may earn, and may also be a qualifier for participation in various Beachbody programs and promotions. Rank levels are recalculated weekly.

The Rank levels are:

1. Coach
2. Emerald Coach
3. Ruby Coach
4. Diamond Coach
5. One Star Diamond Coach
5. Two Star Diamond Coach
6. Three Star Diamond Coach
7. Four Star Diamond coach
8. Five Star Diamond Coach
9. Six Star Diamond Coach
10. Seven Star Diamond Coach
11. Eight Star Diamond Coach
12. Nine Star Diamond Coach
13. Ten Star Diamond Coach
14. Eleven Star Diamond Coach
15. Twelve Star Diamond Coach
16. Thirteen Star Diamond Coach
17. Fourteen Star Diamond Coach
18. Fifteen Star Diamond Coach

**RETAIL COMMISSIONS** – One of the commission opportunities that may be paid to Coaches under the Beachbody Compensation Plan. This commission is calculated and paid weekly on the sales of products and Membership services to a Coach’s Personal Retail Customers through that Coach’s Team Beachbody Website so long as that customer remains attached to that Beachbody Coach.

**RETAIL VOLUME** – Retail Volume is a value assigned to each product in order to calculate Commissions paid in Bonus Points. It is equal to the current US retail price for each product.

**RETAIL SALES** – Retail sales are purchases made by an individual who is not a Beachbody Coach or Preferred Customer.

**RIGHT TEAM VOLUME** – Represents a CBC’s accumulated TV generated from the downline Coaches in the Right leg of the CBC.

**SPONSOR** – A Beachbody Coach who enrolls another Beachbody Coach into the Company. The act of enrolling others and/or training them to become Beachbody Coaches is called “sponsoring” or “Personally Sponsoring.”

**STAR DIAMOND LEADERSHIP BONUS** – One of the bonus opportunities that may be paid to Coaches under the Beachbody Compensation Plan. This bonus is calculated and paid quarterly based on a percentage of the total Company TV, and is paid to those meeting and maintaining Star Diamond qualifications for six (6) consecutive weeks within each quarter.

**STRONG LEG** – In evaluating the TV from a CBC’s Downline, the leg with the higher accumulated TV at any time is deemed the Strong Leg at that time.

**SUBSCRIPTION COMMISSIONS** – One of the commission opportunities that may be paid to Coaches under the Beachbody Compensation Plan. This commission is calculated and paid weekly on the sales and renewals of Beachbody On Demand Memberships to a Coach’s Personal Retail Customers, Personally Sponsored Preferred Customers or Personally Sponsored Coaches.

**TEAM CYCLE BONUS** – One of the bonus opportunities that may be paid to Active and Qualified Emerald or higher Coaches under the Beachbody Compensation Plan. This bonus is calculated and paid weekly on the accumulated TV from a CBC’s Downline.

**TEAM VOLUME (TV)** – TV is a value assigned to products and Membership services sold in a Bonus Earning Period and is used to calculate Team Cycle Bonus. The TV for a CBC is the sum of all TV generated from purchases made by the CBCs Downline Personal Sponsored Coaches, Personally Sponsored Preferred Customers and their Personal Retail Customers. TV for a CBC does not include volume generated by the CBC’s personal purchases or purchases of their Personal Retail Customers.

**UPLINE** – This term refers to the CBCs above a particular Beachbody Coach in the Direct Line of Sponsorship.

**WEAK LEG** – In evaluating the TV from a CBC’s Downline, the leg with the lower accumulated TV at any time is deemed the Weak Leg at that time.