



CBD Thera

Version 1.4
2019-09-06
PW # 588024

Compensation Plan Control Document

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A) Introduction

This is a technical control document to be used by ByDesign Technologies, (“ByDesign”) to develop the customized Bonus programs that will comprise the Commission system for CBD Thera (“Company”). This control document was developed from Company’s compensation plan, which is here defined as the details, as provided by Company, of how the Commission of Company’s sales representatives will be determined on their own and downstream sales revenue.

This control document is not intended to be used for marketing purposes and should not be distributed as such. Terminology used in this document may be specific to ByDesign’s internal processes; however, where possible, standard industry terminology is used.

This document is laid out in a relaxed logical programming sequence. Where possible, lists are alphabetized.

Company should always discuss any proposed Bonus parameter changes or Bonus programming changes with ByDesign Technologies before making the changes. Some changes could have a major impact on the overall system functionality.

Though all information contained within this document is important, some notes are aimed directly at specific parties. There are three different note types: **General Notes** are to provide further information to assist in understanding that specific rule, definition or item and will be useful to both Company and the ByDesign Technical Team. **Company Notes** are directed to Company with tips, clarifications, and rules that are important for Company specifically to understand and be aware of. **Programming Notes** are for use by the ByDesign Technical Team and refer to programming-specific tips, rules and clarifications and can generally be disregarded by Company.

***Notes** will be characterized by grey highlighting and italicized font and the note type will be indicated by the directives General, Company or Programming.*

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C) Summary of Version 1 Changes

Changes will be tracked from version to version and indicated throughout the document through the use of Microsoft Word's tracking and comparison features. This section is to be used solely to assist in reviewing what changes were made in each revision and is not intended to be used by the ByDesign Technical Team to determine what changes are to be coded.

I. Objectives

Launch Compensation Plan

Problem Statement

Launch Compensation Plan

Current Processes

Launch Compensation Plan

Proposed Solution

Launch Compensation Plan

D) Definitions

The following section defines terms used in this document:

I. Terminology

- 1) Active AutoShip Profile:
An Active AutoShip Profile is any AutoShip Profile that is not cancelled, does not have an End Profile Date less than the Bonus Period End Date and has active items with volume.
- 2) Bonus Period:
Company defines the start and end date for each period that Bonus will be paid to Reps. This is also referred to as "Commission Period" or "Pay Period".
- 3) Bonus Rank (Paid As Rank):
A Rep's Bonus Rank is recalculated each Commission period. It is the Rank used to determine qualifications for Commissions. Bonus Rank can be overridden through the use of a Force Rank (see Force Rank definition), which will effectively Force a Rep to qualify to be paid at a specific Rank, regardless of actual qualifications. Bonus Rank is also called "Paid As Rank".
- 4) Breakage:
Breakage is any Bonus or Commission that is left unpaid due to the failure of a Rep to qualify for that type of Bonus or Commission.
- 5) Business Center (BC):
Business Centers, sometimes termed "Income Centers", are additional positions in the Unilevel Genealogy that are directly tied to a Rep's account. A Business Center allows a Rep to have more than one position within the Genealogy without requiring the Rep to track additional Rep IDs or maintain multiple Extranets to manage their business. Reps are able to access information about each of their Business Centers through a single Extranet portal. Business Centers may earn on bonuses. If Business Centers are used, the rules, qualifications and requirements to earn and maintain Business Centers will be defined within a dedicated "Business Center Rules" section and/or each individual Bonus type within this document. In this plan, Business Centers are **not** used; a Rep may have only one position or "Business Center" in the Unilevel Genealogy.

General Note: If Business Center functionality is implemented at a later date, changes in qualifications and earnings rules will need to be defined for this plan.
- 6) Cancelled/Terminated:
Any Rep with a Lifetime Rank of Cancelled or a Placement and/or Sponsorship under Rep ID 5 (Terminate Tree) is considered Cancelled. By system default, Cancelled Reps cannot qualify for Commissions, count towards Upline qualifications, maintain qualifications or earn Commissions in and/or during the period in which they are Cancelled. If a Rep is not Cancelled for the full length of a period, but their Lifetime Rank and or Placement/Sponsorship is changed prior to running Commissions for that period so the ending result is the Rep being Cancelled, they will be considered as having been Cancelled for the entire duration of the period. The same can be said for

a Rep who is reinstated and their Cancelled status is changed prior to running Commissions so the ending result is the Rep is *not* Cancelled; that Reps will be considered as having not been Cancelled for the entire duration of the period.

7) Clawback:

Clawback is the ability to recapture Commissions paid on an order when that order is returned. Not all Commissions are eligible to be clawed back. When an order is returned, the dollar amount paid to a distributor (or distributors) on that purchase is subtracted from the earning Rep's Bonus payout the next time Commissions are processed.

Example #1:

Rep #101 has a Customer, Customer #2001 who places an order, Order #3. When Commissions are processed, Rep #101 earns \$15 on Customer #2001's Order #3. In the following period, Customer #2001 returns Order #3. When Commissions are processed for that period, the \$15 that was paid to Rep #101 on Customer #2001's Order #3 will be clawed back and subtracted from Rep #101's period earnings.

8) Compression:

For Commission purposes only, when a Rep is not eligible (due to Cancelled status or failure to meet payout requirements) for Commissions payout, that Rep's Downline is compressed upwards, effectively removing that Rep from Commissions consideration. This is only done for Commissions purposes and does not affect the normal Genealogy.

When Compression is applied, payouts roll over Unqualified and/or Ineligible Reps depending on the type of Compression used. **Ineligible** (see Eligible definition) refers to a Rep who has failed to meet the qualifications to simply earn the Bonus. **Unqualified** (see Qualified definition) refers to a Rep who meets the qualifications to simply earn the Bonus **but** has failed to meet the requirements to earn on a specific level, Generation or additional requirement depending on the Bonus used. There are two (2) methods of Compression: Dynamic Compression (see definition) and Standard Compression (see definition).

Dynamic Compression is used when a payout rolls over Unqualified **and/or** Ineligible Reps. It is sometimes used in bonuses that use a table to define the different payouts per Rank, level, Generation or additional requirement. When Dynamic Compression is applied the payout rolls to the next eligible **and** Qualified distributor.

Standard Compression is used when a payout rolls over Ineligible Reps **only**. The payout rolls Upline until the next eligible Rep is found. If that Rep is Qualified to earn, the payout pays to that Rep. If the next eligible Rep is Unqualified, the payout is considered Breakage.

If either of these methods is used in a Bonus type within this document, the exact rules will be further detailed within that Bonus type.

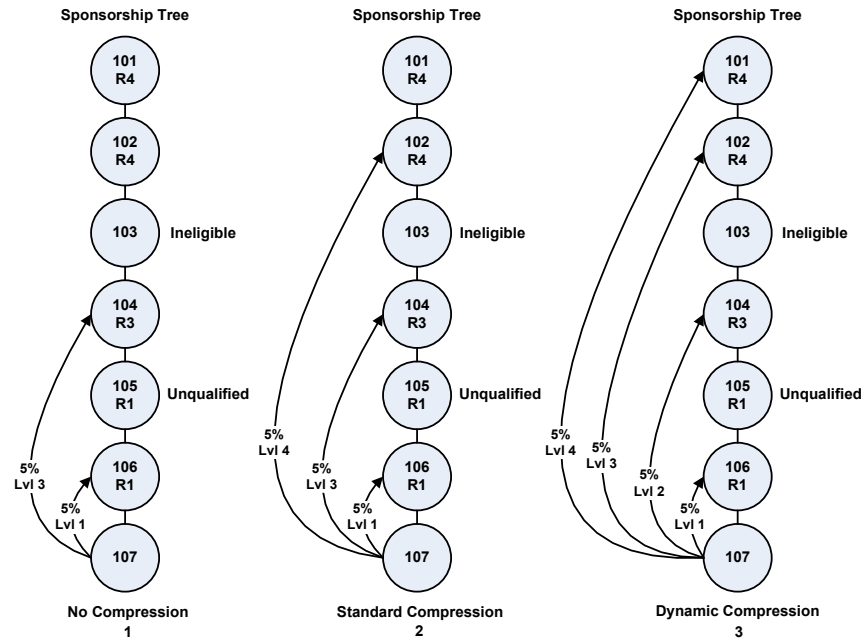


Figure 1: Compression

Example #2:

Note: This example will not reflect Company's actual Rank requirements or bonuses.

Ineligible = Rep does not meet the Bonus requirements

Unqualified = Rep does not meet the Bonus requirements but does not meet the requirements to earn on the level

Assuming comp plan pays out 4 levels for simplicity purposes:

- 1) No Compression:
 - a. **Both Ineligible and Unqualified Reps do not compress.**
 - b. (Example above) Rep #106 earns level 1. Rep #105 is Unqualified to earn level 2 (assuming Rank 1 only earn Lvl1) and the level 2 payout is Breakage. Rep #105 does **not** compress. Rep #104 is Paid As Rank 3 (assuming Rank 3 is eligible to earn 3 levels) and earns level 3 payout. Rep #103 is Inactive and the level 4 payout is considered as Breakage to the Company. Rep #103 does **not** compress.
- 2) Standard Compression
 - a. **Ineligible Reps compress and Unqualified Reps do not compress. This method allows partial Breakage.**
 - b. (Example above) Rep #106 earns level 1. Rep #105 is Unqualified to earn level 2 (assuming Rank 1 only earn Lvl1) and the level 2 payout is Breakage. Rep #105 does **not** compress. Rep #104 is Paid As Rank 3 (assuming Rank 3 is eligible to earn 3 levels) and earns level 3 payout. Rep #103 is Inactive and the level 4 payout **will** compress (rollup) to Rep #102 who is a Paid As Rank 4 (assuming Rank 4 is eligible to earn 4 levels).
- 3) Dynamic Compression
 - a. **Both Inactive Reps and Unqualified Reps compress. This method minimizes Breakage as it guarantees maximum payout.**
 - b. (Example above) Rep #106 earns level 1. Rep #105 is Unqualified to earn level 2 (assuming Rank 1 only earn Lvl1) and the level 2 will compress (rollup). Rep #105 **will** compress. Rep #104 is Paid As Rank 3 (assuming Rank 3 is eligible to earn 3 levels) and earns level 2 payout. Rep #103 is Inactive and the level 3 payout **will** compress (rollup) to Rep #102 who is a Paid As Rank 4 (assuming Rank 4 is eligible to earn 4 levels). Rep #101 is a Paid As Rank 4 and earns level 4.

9) Customer (Retail Customer):

A Customer is associated with a Rep. However, a Customer cannot sign-up other Reps and cannot receive Commissions. A Customer is not placed in any Genealogy and is considered to be on the same level as the Rep (i.e., Customer is on Level 0 to a Rep). This is also referred to as "Retail Customer".

Company Note: *Customer Types can be renamed by a Freedom user with Administrative rights.*

10) Eligible:

Eligible refers to a Rep who meets the minimum qualifications to earn a Bonus. The specific rules and qualifications to earn are stated under each Bonus (see Bonus Types). A Bonus may have additional requirements to earn higher payout. However, the additional requirements do not make the Rep Ineligible. Simply, when a Rep meets the minimum qualifications to earn a Bonus he or she is considered eligible. Eligible is also used for Compression (see definition).

Example #3:

Note: The main purpose of this example is to describe how Eligible works. For simplicity purposes of this example only, the exact Bonus requirements or names may not be in accordance with the bonuses used in this plan (see Bonus types).

Bonus ABC requires a Rep to have at least a Paid As Rank of Rank 2 to earn. During the period, Rep #101 is a Paid As Rank 2 and is considered eligible to earn Bonus ABC. However, Rep #202 is a Paid As Rank 1 in the period and is considered Ineligible to earn Bonus ABC.

Bonus XYZ requires a Rep to be Active to earn. During the period, Rep #101 is Active and is considered eligible to earn Bonus XYZ. However, Rep #202 is not Active in the period and is considered Ineligible to earn Bonus XYZ.

11) Force Rank:

A Rep's Paid As Rank may be overridden through the application of a Force Rank. A Rep's Force Rank may be set from the Secure Rep Data Page of a Rep's account. Force Ranks help the Upline qualify for Commissions and Rank qualifications. It also helps the Rep that has been Forced qualify for Commissions only. Force Ranks effectively Force a Rep to be paid at a specific Rank, regardless of actual qualifications but will override the Rep's true Bonus Rank only if the Force Rank is a higher Rank. Reps cannot be Forced to a lesser Rank than the Rank for which they naturally qualify (i.e., a Reps cannot be Forced to a Rank below his or her Organic Rank). Even though Force Ranks help the Upline, a Force Ranked Rep may **not** progress to higher Ranks without naturally qualifying for lesser Ranks.

Force Rank does **not** make a Rep fulfill the Active requirements (see Active definition).

Example #4:

Note: this example will not reflect Company's actual Rank requirements.

To naturally qualify for Rank 3, a Rep must meet the requirements for Rank 2 and must have 300 PV-Q. To qualify for Rank 2 a Rep must have 1 personally sponsored Rep and 100 PV-Q. Rep #101 is Force Ranked to Rank 2. He has 300 PV-Q. He does not have a personally sponsored Rep, which is required to naturally achieve Rank 2. Even though he is Force Ranked to Rank 2 and meets the qualifications for Rank 3 (300 PV-Q), he will not progress to Rank 3.

When Bonus is processed, a Force Ranked Rep's Lifetime Rank will be updated if their current Lifetime Rank is less than the Rank at which they are Forced and will not be changed back once the Force Rank expires. A Force Rank Expiration Date can be set from the Secure Rep Data Page. If an Expiration Date is not set, the system will apply the Force for all Commission periods processed until the Force is manually removed. The Force Rank Expiration Date will only apply for periods in which the Bonus Period End Date falls *after* the Force Rank Expiration Date.

Example #5:

Note: this example will not reflect Company's actual Rank requirements.

The Bonus Period start date is 9/1. The Bonus Period end date is 9/30. Rep #101 is Force ranked as a Rank 2 with a Force Rank expiration date of 9/30. Rep #102 is Force ranked as a Rank 2 with a Force Rank expiration date of 10/1. When the 9/1 – 9/30 period is processed, Rep #101 and 102 both qualify as Paid As Rank 1s, but because their Force Rank expiration dates do not occur prior to the Bonus Period end date, they will both be Paid As Rank 2.

Example #6:

Note: this example will not reflect Company's actual Rank requirements.

The Bonus Period start date is 9/1. The Bonus Period end date is 9/30. Rep #101 is Force ranked as a Rank 2 with a Force Rank expiration date of 9/29. When the 9/1 – 9/30 Period is processed, Rep #101 qualifies as a Rank 1, and is Paid As a Rank 1 because his Force Rank expired on 9/29.

12) Lifetime Rank (Career Title):

A Rep's Lifetime Rank is the highest Rank achieved by that Rep in Lifetime or since their last demotion. This Rank may be demoted or promoted manually from an individual Rep's page through the Change Rank option from the local Administration Menu. The Lifetime Rank mainly affects the Rep's Inventory Pricing, though it can also have an impact on Paid As Rank maintenance, Commissions and/or volumes. It is also the display Rank for the majority of Extranet reports. A Rep's Lifetime Rank is not updated until a Commission period is Committed (made official). Lifetime Ranks will revert to their pre-Bonus commit Rank if a committed Bonus Period is deleted.

Example #7:

Note: this example will not reflect Company's actual Ranks.

Rep #101's Lifetime Rank is Rank 1. The current Bonus Period is 1/1 – 1/31. Rep #101 qualifies to be Paid As a Rank 2. In the 1/1 – 1/31 period, Rep #101 will have a Paid As Rank of Rank 2 and a Lifetime Rank of Rank 1. When the 1/1-1/31 period is committed, Rep #101's Lifetime Rank will be updated to Rank 2. For the 2/1 – 2/28 period, Rep #101 will have a Lifetime Rank of Rank 2 (unless that Rank is manually adjusted).

13) Organic Rank (True Rank/Natural Rank):

A Rep's Organic Rank is the Bonus Rank at which he or she naturally qualifies, regardless of any Force Rank in application. If a Rep has a Force Rank applied but their True Rank is higher than that at which they are Forced, the Rep's Organic Rank will take precedence over the Force Rank.

14) Paid As Rank:

See Bonus Rank definition.

15) Pay On Rep:

The Pay On Rep is the Rep whose orders and/or Volume generated a payout to another Rep. It is the Rep, whose activity within the Bonus Period, results in a Commission or Bonus payout.

16) Pay To Rep:

The Pay To Rep is the Rep who is earning on another Rep's orders or Volume within the period. It is the earning Rep who is paid a Commission or Bonus based on another Rep's actions within the Bonus Period.

17) Qualified:

Qualified refers to a Rep who not only meets the minimum qualifications to earn a Bonus (Eligible) but also meets the additional requirements to earn a higher payout or deeper level on a Bonus depending on the Bonus rules. The specific rules and qualifications to earn are stated under each Bonus (see Bonus Types). Qualified is also used for Compression (see definition).

Example #8:

Note: The main purpose of this example is to describe how Qualified works. For simplicity purposes of this example only, the exact Bonus requirements or names may not be in accordance with the bonuses used in this plan (see Bonus types).

Bonus ABC requires a Rep to have at least a Paid As Rank of Rank 2 to earn level 1. However, Paid As Rank 3 or higher can also earn on level 2.

During the period, Rep #101 is a Paid As Rank 3 and is considered eligible to earn Bonus ABC. Rep #101 is also Qualified to earn levels 1 and 2.

Also in the period, Rep #202 is a Paid As Rank 2 and is considered eligible to earn Bonus ABC. Rep #202 is Qualified to earn level 1. However, Rep #202 is Unqualified to earn level 2 since a Rep must be Paid As Rank 3 or higher to earn level 2.

18) Qualification Period:

Company defines the Bonus Qualification Period, which can be different from the payout period. This period defines the timeframe in which the Rep need to qualify in order to earn Commissions for the respective Commission period.

19) Rank:

The Title a Rep achieves by selling product or building an organization. Ranks are met by achieving a specific set of qualifications within a given timeframe (see Lifetime Rank, Bonus Rank, Organic Rank and Force Rank).

20) Rep:

A person that has filled out the Company application and is in any Genealogy is referred to as a Rep in this document. Company also refers to this as "IBO".

21) True Rank:

See Organic Rank definition.

II. Organizations / Genealogies

1) Downline:

This refers to the Rep or Reps below a Rep in any Genealogy.

2) Genealogy:

This is the Company's overall organizational structure that indicates how and where Reps are placed. Company supports a primary 5-wide Matrix Genealogy based on Placement (Placement Tree) and a secondary Unilevel Genealogy based on Sponsorship, also referred in this document as Sponsorship Tree or Enrollment Tree.

Programming Note: A secondary Placement Tree is used. The change links for the secondary Placement Tree needs to be available for the Company under Reps Page → Admin → Change Placement Tree Links.

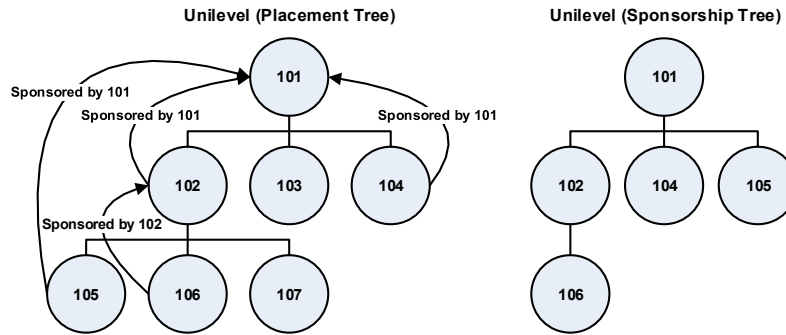


Figure 2: Placement vs. Sponsorship

- 3) **Group:**
A Rep's Group contains him or herself and each Rep in the Rep's Placement Tree Downline down to and including level 7.
- 4) **Leg:**
A Leg is a portion of a Rep's **Placement** organization starting at one of his or her first-level Reps and encompassing his or her entire organization. If a Rep has 3 first-level Rep, he or she has 3 legs. An Active Leg is any Leg that includes an Active Rep anywhere in that Leg.
- 5) **Placement:**
This refers to where a Rep is located within any Genealogy. It also refers to the Rep positioned immediately above a new or existing Rep. The system shows the "Placement Relationship" based on the Placement position between the two Reps in any Genealogy.
- 6) **Sponsor (Enroller):**
A Sponsor is a Rep who personally brings in a new Rep and who first explains the CBD Thera business opportunity. Sponsor is also the term referring to a Rep who personally brings in a Customer. A Rep or Customer personally brought into the business is called a Rep's personally sponsored or personally enrolled. The system also shows the "Sponsor Relationship" between two (2) Reps in the Sponsorship Genealogy. In this document, *Sponsor* and *Enroller* have been used synonymously. Similarly, *Sponsored* and *Enrolled* have been used synonymously.
- 7) **Upline:**
This refers to the Rep or Reps above a new or existing Rep in any Genealogy.

III. Custom Customer Attributes

Customer Attributes allow for the creation of qualification overrides that can be applied to individual Customers. Customer Attributes also provide the ability to mark a Customer with unique flags that can be used to distinguish that Customer from others. Customer Attributes can be applied for a Customer on the following page: Customer's Back Office Page→Administration→Customer Attributes.

- 1) There are **no** Bonus related Customer Attributes in use at this time.

IV. Custom Rep Attributes

Rep Attributes allow for the creation of qualification overrides that can be applied to individual Reps or Business Centers. Rep Attributes also provide the ability to mark a Rep or Business Center with unique flags that can be used to distinguish that Rep or BC from others. Rep Attributes can be applied for a Rep on the following page: Rep's Back Office Page→Left Side Menu→Bonus→Administration→Attributes.

Example #9:

Note: This example may not reflect Company's actual requirements.

A Waive Active Rep Attribute has been set up within Freedom. In order to be considered Active, Rep must have either 100 Volume or the Waive Active Rep Attribute applied to their account.

- 1) Force Unqualified Flag:

A "Force Unqualified" flag will be introduced on the Secure Rep Data page of Freedom. When checked, this flag will exempt a Rep from Commissions eligibility, regardless of that Rep's actual qualifications. This means that a Rep who has the Force Unqualified flag checked will not be considered for any and all Commissions payouts. The system will consider that Rep as being "Cancelled" without affecting that Rep's ability to purchase product or enroll new Rep. This means the Rep will not qualify for Rank nor count towards Upline qualifications. If Compression is enabled, Force Unqualified flagged Reps will compress. This is most commonly used for corporate accounts at the top of the Genealogy and is not recommended for use on general Rep accounts.

Company Note: *This flag is controlled through the application of a Freedom Setting. This Flag will not be available unless the Freedom Setting has been activated. If this flag is not currently available in the system, please contact ByDesign to turn on the appropriate setting.*

Programming Note: *Freedom Setting: EDITSECURED_FORCE_UNQUALIFIED_FLAG_SHOW.
Keyword: Unqualified.*

- 2) Waive Active Rep Attribute:

A "Waive Active" Rep Attribute will be introduced on the Rep Attribute page of Freedom. When applied, this Attribute will mark a Rep as Active for qualification purposes.

Programming Note: *Waive Active will have an Attribute Type of Boolean.*

General Note: *The "Waive Active" Rep Attribute can only be applied manually by the Company through the BackOffice. Reps will **not** have access to this attribute. The Company may or may not use this feature. It is provided to the Company for convenience and flexibility within the system.*

- 3) Waive Monthly Action Plan Qualified Rep Attribute:

A "Waive Monthly Action Plan Qualified" Rep Attribute will be introduced on the Rep Attribute page of Freedom. When applied, this Attribute will mark a Rep as Monthly Action Plan Qualified for qualification purposes.

Programming Note: Waive Monthly Action Plan Qualified will have an Attribute Type of Boolean.

General Note: The “Waive Monthly Action Plan Qualified” Rep Attribute can only be applied manually by the Company through the BackOffice. Reps will **not** have access to this attribute. The Company may or may not use this feature. It is provided to the Company for convenience and flexibility within the system.

4) Ownership Documentation Submitted Rep Attribute:

An “Ownership Documentation Submitted” Rep Attribute will be introduced in the Rep Attribute page of Freedom. When applied, the Ownership Documentation Submitted Rep Attribute will mark a Rep as having turned in required documentation to qualify for the Car Bonus. This attribute will have Start and End Period configuration available.

General Note: Start Period and End Period must be for the same Period Calendar to function properly.

V. Custom Inventory Attributes

Inventory Attributes allow for a specific inventory SKU to be flagged with a unique marker. Purchases of items with specific Inventory Attributes can be required for Commissionable or qualification purposes. Inventory Attributes can be applied to an inventory item on the following page: Inventory Item→Administration→Attribute Values.

Example #10:

Note: This example may not reflect Company’s actual requirements.

A Membership Fee Inventory Attribute has been set up within Freedom. In order to be considered Active, a Rep must purchase an item flagged with the Membership Fee attribute within the Qualification Period.

1) First Month Qualifying Product Inventory Attribute:

A “First Month Qualifying Product” Inventory Attribute will be introduced at the Inventory level of Freedom. Purchases of items with this Attribute applied will fulfill any “First Month Qualifying Product” purchase requirements for qualification purposes.

2) Monthly Action Plan Item Inventory Attribute:

A “Monthly Action Plan Item” Inventory Attribute will be introduced at the Inventory level of Freedom. Purchases of items with this Attribute applied will fulfill any “Monthly Action Plan Item” purchase requirements for qualification purposes and reporting.

General Note: The Monthly Action Plan is managed outside of Freedom. This attribute exists for reporting purposes only and does not have any effect on the compensation plan.

VI. Custom Reports / System Processes

1) Nightly Process:

Company currently has a nightly process that runs each evening sometime between 12:30AM and 3:30AM Eastern Standard Time. The nightly process runs steps 1 and 2 of Bonus each evening **only** using the Monthly Commission Period. The nightly process will calculate the Monthly Commission Period in which **yesterday’s** date falls. Additionally, it will also process the Monthly Commission Period that falls prior to the month that encompasses yesterday’s date (assuming Company hasn’t committed it yet). If both of these scenarios would process the same Commission Period then the second period should not run. The Qualification Period will be that used by the Monthly Commission Period. The nightly process does **not** commit Lifetime Ranks. The results of this Nightly Process will be visible in the Bonus Department under Reports >> Compensation Runs as a Scheduled Run.

Example #11:

If the current date is 1/2 and the last committed Monthly Commission Period was for December, the nightly process will calculate using the Monthly Commission Period of January only. If the current date is 2/1, the nightly process will calculate using the Monthly Commission Periods of December and January (assuming December hasn't been committed by the Company).

Programming Note: csp_CalculateNightlyRun_CurrentAndPrior will calculate the current period as ID - 2 and the previous period as ID -4. If the previous period is skipped due to criteria above, ID -4 will be removed.

1) **“First 500 Volume” Order Post Logic:**

The following rules will be used by the Company upon successful order post for defining First 500 Volumes:

- Only official (i.e., posted) orders will be considered.
- Orders from Reps and Customers will be evaluated
- If a First 500 Volume Order is unposted and then re-posted it will **not** be eligible for re-evaluation by First 500 Volume Post Logic.
- Volume Relocation Logic
 - Order Volume summation includes orders between the first day and the last day of the month in which the Bonus Date resides.
 - MV from all orders belong to a Rep or any of his/her customers will be summed during Order Post.
 - If the summed total of MV equals or exceed 500 no action will be taken upon the order.
 - If the summed total of MV is less than 500 then CV will be removed from each line item in sequence and moved to the MV column until no more CV exists on the order or the summed total of 500 MV has been reached.
 - If an item has more CV than is required to meet the 500 MV threshold the remaining CV will stay in place.
 - If an Order line contains multiple quantity, any unaffected items must be split into a separate order line.

Example #12:

In the month of June, so far, Rep #1025 and her 4 customers (#2000, #2001, #2002, #2003) have placed a total of 7 orders. Order Post Logic has affected each of these orders as the summed total of MV from the 7 orders only equals 472. On June 14th, Customer #2002 places an order with 100 CV distributed as follows before Order Post Logic is applied:

<u>Item</u>	<u>Qty.</u>	<u>CV</u>	<u>MV</u>
A	1	10	0
B	2	25	0
C	2	20	0

During order post CV is removed from each order line sequentially an added to MV until the 500 MV threshold is met, resulting in the following Posted Order:

<u>Item</u>	<u>Qty.</u>	<u>CV</u>	<u>MV</u>
A	1	0	10
B	1	7	18
B	1	25	0
C	2	20	0

For the remainder of the month of June, no further orders belonging to Rep #1025 or any of her customers will be affected by Order Post Logic unless an order with MV is voided or returned.

1) Deactivation Report:

The Company will have a Deactivation report that will indicate when a Rep has achieved the following in the Qualification Period:

- A) Must have **less** than 100 PV3-Q
- B) Must **not** have Joined within the last 4 months (Current month + 3 Prior months)

The report will have the following fields:

- Bonus Period
- Rep #
- First Name
- Last Name
- Title
- Bonus Rank
- Join Date
- PV3-Q
- Email
- Phone (Phone 1)

The report location will be as follows: Bonus→Reports→Research→Deactivation Report. This report will be available only for the monthly commission runs.

Company Note: *The purpose is to show the Reps that are in danger of being deactivated (manually) so that the Company can proactively work with them.*

3) Monthly Action Plan Report:

The Company will have a Monthly Action Plan report that will indicate if a Rep participated in the Monthly Action Plan during the Qualification Period.

The report will have the following fields:

- Bonus Period
- Rep #
- First Name
- Last Name
- Title
- Bonus Rank
- MAP (Monthly Action Plan Qualified)
- Waived (Waive Monthly Action Plan Qualified Rep Attribute applied)
- Email
- Phone (Phone 1)

This report will be available only for the monthly commission runs. The report location will be as follows: Bonus→Reports→Research→ Monthly Action Plan. This report will be available only for the monthly commission runs.

Company Note: *The purpose is to display whether or not a Rep is participating in the Monthly Action Plan.*

4) Volume Balance Corrections Needed:

The Company will have a Volume Balance Corrections report that will indicate if a Rep has orders that require correction in the Bonus Period.

Only Reps who meet the following criteria within the monthly period will be included:

- A) Must have less than 500 MV-C
- B) Must have at least 1 PV-C

The report will have the following fields:

- Bonus Period
- Rep #
- First Name
- Last Name
- MV-C
- PV-C
- Order Count

The report location will be as follows: Bonus→Reports→Research→ Volume Balance Corrections Needed. This report will be available only for the monthly commission runs.

Company Note: *The purpose is to show Reps who need orders adjusted for volume as a Rep should never have more than 500 MV-C at the time of Bonus Commit.*

VII. Bonus Parameters

Bonus Parameters allows the Company to control the Bonus payouts and other editable requirements. Bonus Parameters can be changed on an editable agent or Bonus on the following page: Departments→Bonus→Administration→ Bonus Parameters.

Bonus Parameters can be identified in this document through the use of the “at” symbol (Example, @500 CV).

VIII. Flat Dollar Amounts

A Flat Dollar Amount is a set dollar amount paid to a Rep(s) when a specific inventory item is purchased. It is a separate amount independent of a product's original cost or Volume and is defined by the Company. Each product can have a Flat Dollar Amount associated with it. This is controlled at the product level in the inventory. Unless otherwise stated, Flat Dollar Amounts are not used for qualification purposes. They are generally only used to indicate a set dollar amount to be paid when an item is purchased.

I.) Fast Cash Flat Dollar Amount (FC):

The FC amount refers to the Flat Dollar Amount eligible to be paid in the Fast Cash Bonus (see [Fast Cash Bonus \(Weekly\)](#)) when an item with FC is purchased.

Programming Note: *FC = OtherPrice.*

II.) Mentor Bonus Flat Dollar Amount (MB):

The MB amount refers to the Flat Dollar Amount eligible to be paid in the Fast Cash Bonus (see [Mentor Bonus \(Weekly\)](#) when an item with MB is purchased.

Programming Note: MB = OtherPrice.

III.) Business Builder Flat Dollar Amount (BB):

The BB amount refers to the Flat Dollar Amount eligible to be paid in the Fast Cash Bonus (see [Business Builder Pool Bonus \(Monthly\)](#)) when an item with BB is purchased. BB is expected to set up in inventory as "15".

Programming Note: BB = OtherPrice.

IX. Volumes

Volume is a separate amount independent of a product's original cost and/or Flat Dollar Amount and is defined by the Company. Each product has a Volume amount associated with it. This is controlled at the product level in the inventory.

I.) CV (Commissionable Volume) (CV Column):

CV is the name given to the Commissionable Volume column within inventory. Purchases of items with CV values will contribute towards Volume types utilizing CV.

Programming Note: CV = Volume

II.) QV (Qualifying Volume) (QV Column):

QV is the name given to the Qualifying Volume column within inventory. Purchases of items with QV values will contribute towards Volume types utilizing QV.

Programming Note: QV = Volume2

III.) MV (Matrix Volume) (MV Column):

MV is the name given to the Matrix Volume column within inventory. Purchases of items with MV values will contribute towards Volume types utilizing MV. It is expected that inventory will not be configured using this column. This column exists for use with the First 500 Volume Order Post Logic (see ["First 500 Volume" Order Post Logic](#):).

Programming Note: MV = Volume3

1) Matrix Commissionable Volume (MV-C) (MV Column):

MV-C is the amount of MV accumulated by a Rep from his or her personal purchases. It also includes the MV from the purchases of the Rep's personally sponsored Customers.

Programming Note: MV-C is calculated using the Bonus Period Start and End Dates and is Clawback Aware.

2) Personal Commissionable Volume (PV-C) (CV Column):

PV-C is the amount of CV accumulated by a Rep from his or her personal purchases. It also includes the CV from the purchases of the Rep's personally sponsored Customers.

Programming Note: PV-C is calculated using the Bonus Period Start and End Dates and is **not** Clawback Aware.

3) **Personal Qualification Volume (PV-Q) (QV Column):**

PV-Q is the amount of QV accumulated by a Rep from his or her personal purchases. It also includes the QV from the purchases of the Rep's personally sponsored Customers.

Programming Note: PV-Q is calculated using the Qualification Start and End Dates and is Clawback Aware.

4) **Personal Qualification Volume (PV3-Q) (QV Column):**

PV3-Q is the amount of QV accumulated by a Rep from his or her personal purchases. It also includes the QV from the purchases of the Rep's personally sponsored Customers.

Programming Note: PV3-Q is calculated using the Qualification Start Date 3 months ago (Current Month Start Date – 2 months) as the Start Date and Qualification End Date as the End Date. PV3-Q is **not** Clawback Aware.

5) **Downline Qualification Volume (GV-Q):**

DV-Q is the sum of a Rep's PV-Q and the PV-Q of each and every Rep in the Rep's Placement Downline.

6) **Group Qualification Volume (GV-Q):**

GV-Q is the sum of a Rep's PV-Q and the PV-Q of each and every Rep in the Rep's Group (see [Group](#)).

7) **Personal Business Builder (P-BB) (QV Column):**

P-BB is the amount of BB accumulated by a Rep from his or her personal purchases. It also includes the BB from the purchases of the Rep's personally sponsored Customers.

Programming Note: P-BB is calculated using the Bonus Period Start and End Dates and is **not** Clawback Aware. P-BB should not be visible to the Reps for the purposes of reporting.

8) **Company Business Builder (C-BB) (QV Column):**

P-BB is the sum of P-BB of each and every in the Company.

Programming Note: C-BB should not be visible to the Reps for the purposes of reporting.

X. Grace Periods

- 1) There are **no** grace periods for qualification purposes in this compensation plan.

XI. Qualifications

- 1) **Active:**

To be considered Active in the Commission period, a Rep must complete the following requirements:

A) Must have at least @100 PV-Q

OR

A) Must have the Waive Active Rep Attribute applied

2) Monthly Action Plan Qualified:

To be considered Monthly Action Plan Qualified in the Commission period, a Rep must complete the following requirements:

A) Must have personally purchased at least @1 Item with the Monthly Action Plan Inventory Attribute applied

OR

A) Must have the Waive Monthly Action Plan Qualified Rep Attribute applied

E) Ranks

Reps will be promoted by Rank based on specific qualifications.

Rank is calculated each Bonus Period and saved as “Bonus Rank” or “Paid As Rank” (see definitions). This is the Rank used to determine qualifications for Commissions.

The Company also has a “Lifetime Rank” (see definition). Lifetime Rank is updated upon Bonus Commit of each Monthly Bonus run.

Unless otherwise stated, each Bonus is paid based on Bonus Rank and not Lifetime Rank. Company supports the following Ranks for Rep:

#	Rank	Abbreviation	RankTypeID
1	IBO	DIST	5
2	Bronze IBO	Bronze	10
3	Silver IBO	Silver	15
4	One Star Silver IBO	Silver1	20
5	Two Star Silver IBO	Silver2	25
6	Three Star Silver IBO	Silver3	30
7	Gold IBO	Gold	35
8	One Star Gold IBO	Gold1	40
9	Two Star Gold IBO	Gold2	45
10	Three Star Gold IBO	Gold3	50
11	Platinum IBO	Platinum	55
12	One Star Platinum IBO	Plat1	60
13	Two Star Platinum IBO	Plat2	65
14	Three Star Platinum IBO	Plat3	70

Table 1: Bonus Ranks

The RankTypeID column is an internal programming reference.

F) Rank Qualifications

There are no restrictions on how fast a Rep can move through the Ranks. Bonus Ranks will be recalculated each time the Bonus process is executed.

There are two dates used to determine each period; a Start Date and an End Date:

- Qualification Start Date: Determines the **start** of the Qualification Period
- Qualification End Date: Determines the **end** of the Qualification Period
- Period Start Date: Determines the **start** of the Bonus Period
- Period End Date: Determines the **end** of the Bonus Period

Note: The Bonus Period for the Weekly Commission will be a calendar week starting and will run from Monday through Sunday. The Qualification Period for the Weekly Commission will be a rolling five (5) week period.

Note: The Bonus Period for the Monthly Commission will begin with and include the first day of the month and extend through and include the last day of the month. The Qualification Period for the Monthly Commission will be the same as the Bonus Period.

Example #13:

The Qualification Period for the Weekly Commission Period of 12/01-12/07 will be 11/03-12/07.

The Qualification Period for the Monthly Commission period of 12/01-12/31 will be 12/01-12/31.

Title Maintenance

There is **no** Title Maintenance in use at this time.

Rank Qualification and Maintenance

- 1) **IBO (DIST) (RankTypeID 5):**
All Reps start at this Rank when they join the Company. No qualifications are required to earn this Rank.
- 2) **Bronze IBO (Bronze) (RankTypeID 10):**
To become and maintain the Rank of Bronze IBO, a Rep must have accomplished the following:
 - A) Must be Active (see definition)
 - B) Must have at least @2 personally sponsored Active Reps
- 3) **Silver IBO (Silver) (RankTypeID 15):**
To become and maintain the Rank of Silver IBO, a Rep must have accomplished the following:
 - A) Must be Organic Rank Bronze IBO or higher
 - B) Must have at least @100 PV-Q
 - C) Must have at least @4 personally sponsored Active Reps
- 4) **One Star Silver IBO (Silver1) (RankTypeID 20):**
To become and maintain the Rank of One Star Silver IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank Silver IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @4 personally sponsored Active Reps
- D) Must have at least @1,000 DV-Q

5) Two Star Silver IBO (Silver2) (RankTypeID 25):

To become and maintain the Rank of Two Star Silver IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank One Star Silver IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @4 personally sponsored Active Reps
- D) Must have at least @1,500 DV-Q

6) Three Star Silver IBO (Silver3) (RankTypeID 30):

To become and maintain the Rank of Three Star Silver IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank Two Star Silver IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @4 personally sponsored Active Reps
- D) Must have at least @2,000 DV-Q

7) Gold IBO (Gold) (RankTypeID 35):

To become and maintain the Rank of Gold IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank Three Star Silver IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @8 personally sponsored Active Reps
- D) Must have at least @2,000 DV-Q

8) One Star Gold IBO (Gold1) (RankTypeID 40):

To become and maintain the Rank of One Star Gold IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank Gold IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @8 personally sponsored Active Reps
- D) Must have at least @2,500 DV-Q

9) Two Star Gold IBO (Gold2) (RankTypeID 45):

To become and maintain the Rank of Two Star Gold IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank One Star Gold IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @8 personally sponsored Active Reps
- D) Must have at least @5,000 DV-Q

10) Three Star Gold IBO (Gold3) (RankTypeID 50):

To become and maintain the Rank of Three Star Gold IBO, a Rep must have accomplished the following:

- A) Must be Organic Rank Two Star Gold IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @8 personally sponsored Active Reps
- D) Must have at least @7,500 DV-Q

11) Platinum IBO (Platinum) (RankTypeID 55):

To become and maintain the Rank of Platinum, a Rep must have accomplished the following:

- A) Must be Organic Rank Three Star Gold IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @10 personally sponsored Active Reps; each of whom must have at least @1 personally sponsored Active Rep
- D) Must have at least @7,500 DV-Q
- E) Must have at least @10,000 GV-Q in both the current and prior monthly periods

12) One Star Platinum IBO (Plat1) (RankTypeID 60):

To become and maintain the Rank of One Star Platinum, a Rep must have accomplished the following:

- A) Must be Organic Rank Platinum IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @20 personally sponsored Active Reps; each of whom must have at least @1 personally sponsored Active Rep
- D) Must have at least @7,500 DV-Q
- E) Must have at least @20,000 GV-Q in both the current and prior monthly periods

13) Two Star Platinum IBO (Plat2) (RankTypeID 65):

To become and maintain the Rank of Two Star Platinum, a Rep must have accomplished the following:

- A) Must be Organic Rank One Star Platinum IBO or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @30 personally sponsored Active Reps; each of whom must have at least @1 personally sponsored Active Rep
- D) Must have at least @7,500 DV-Q
- E) Must have at least @30,000 GV-Q in both the current and prior monthly periods

14) Three Star Platinum IBO (Plat3) (RankTypeID 70):

To become and maintain the Rank of Three Star Platinum, a Rep must have accomplished the following:

- A) Must be Organic Rank Two Star Platinum or higher
- B) Must have at least @100 PV-Q
- C) Must have at least @50 personally sponsored Active Reps; each of whom must have at least @1 personally sponsored Active Rep
- D) Must have at least @7,500 DV-Q
- E) Must have at least @50,000 GV-Q in both the current and prior monthly periods

G) Bonus Types

For each Bonus Period, Company determines when Bonus will be processed.

For example, the payout period for the next Bonus Period will be 1/01 to 1/31. The Qualification Period will be 1/01 to 1/31. Company decides to actually execute this Bonus Period on 2/15.

Reps must meet specific qualifications to earn Bonus and cannot retroactively qualify and earn Bonus for Bonus Periods that have already been processed and paid.

The Bonus types Company pays are as follows:

#	Bonus Type	Bonus Period	Page #
1	Fast Cash Bonus	Weekly	24
2	Mentor Bonus	Weekly	24
3	Retailers Bonus	Weekly	25
4	Matrix Bonus	Monthly	25
5	Car Bonus	Monthly	28
6	Business Builder Pool	Monthly	28

Table 2: Bonus Types

1) **Fast Cash Bonus (Weekly)**

To earn on the Fast Cash Bonus, a Rep must meet the following requirements:

- A) Must be Active

This Bonus does **not** pay on Customer orders.

The Fast Cash Bonus is controlled at the product level within Inventory through the use of the FC column. When a Sponsor's personally sponsored Reps purchase product, the Rep will earn the dollar amount set within the FC column for the item(s).

General Note: *Some products may or may not be considered "Commissionable". This is controlled at the product level within the Inventory system by Company. Company will be responsible for properly setting up the Fast Cash amount within inventory.*

To explain the Fast Cash Bonus payout:

Example #14:

Rep #101 has 2 personally sponsored Reps, #105 and #106. Product #A001 has an FC amount of \$10. Reps #105 and #106 each buy #A001 in the Commission period. Rep #101 will earn \$20 in the Fast Cash Bonus.

Additional Considerations for the Fast Cash Bonus:

- Compression is not used in this Bonus.
- Clawback is enabled for this Bonus.

2) **Mentor Bonus (Weekly)**

To earn on the Mentor Bonus, a Rep must meet the following requirements:

A) Must be Active

This Bonus does **not** pay on Customer orders.

The Mentor Bonus is controlled at the product level within Inventory through the use of the MB column. When a Sponsor's personally sponsored Reps purchase product, the Rep will earn the dollar amount set within the MB column for the item(s).

General Note: *Some products may or may not be considered "Commissionable". This is controlled at the product level within the Inventory system by Company. Company will be responsible for properly setting up the Mentor amount within inventory.*

To explain the Mentor Bonus payout:

Example #15:

Rep #101 has 2 personally sponsored Reps, #105 and #106. Product #A001 has an MB amount of \$10. Reps #105 and #106 each buy #A001 in the Commission period. Rep #101 will earn \$20 in the Mentor Bonus.

Additional Considerations for the Mentor Bonus:

- Compression is not used in this Bonus.
- Clawback is enabled for this Bonus.

3) Retailers Bonus (Weekly)

To earn on the Retailers Bonus, a Rep must meet the following requirements:

A) There are no qualifications required to earn on this Bonus

The Retailers Bonus is controlled at the product level within Inventory through the use of the CV column. When a Rep his/her personally enrolled Customers purchase product, the Rep will earn @35% of the value set within the CV column for the item(s).

General Note: *Some products may or may not be considered "Commissionable". This is controlled at the product level within the Inventory system by Company. Company will be responsible for properly setting up the Mentor amount within inventory.*

To explain the Retailers Bonus payout:

Example #16:

Rep #101 has 2 personally enrolled customers, #2005 and #2006. Product #A002 has 50 CV. Customers #2005 and #2006 each buy #A002 in the Commission period. Rep #101 will earn 35% of 100 CV = \$35 in the Retailers Bonus.

Additional Considerations for the Retailers Bonus:

- Compression is not used in this Bonus.
- Clawback is enabled for this Bonus.

4) Matrix Bonus (Monthly)

To earn on the Matrix Bonus, a Rep must meet the following requirements:

A) Must be Active

The Matrix Bonus pays a percentage of MV-C up to 7 levels in the Placement Tree. Dynamic Compression is enabled for this bonus, Ineligible or Unqualified Reps will be compressed. The percentage paid per level is based on the number of personally sponsored Active Reps a Sponsor has. Those Percentages are as follows:

Level	@Personally Sponsored Active Reps	@Percentage
1	0	1%
2	0	2%
3	0	5%
4	1	5%
5	2	6%
6	3	6%
7	4	10%

Table 4: Matrix Bonus Payout Percentages

To explain the Matrix Bonus payout:

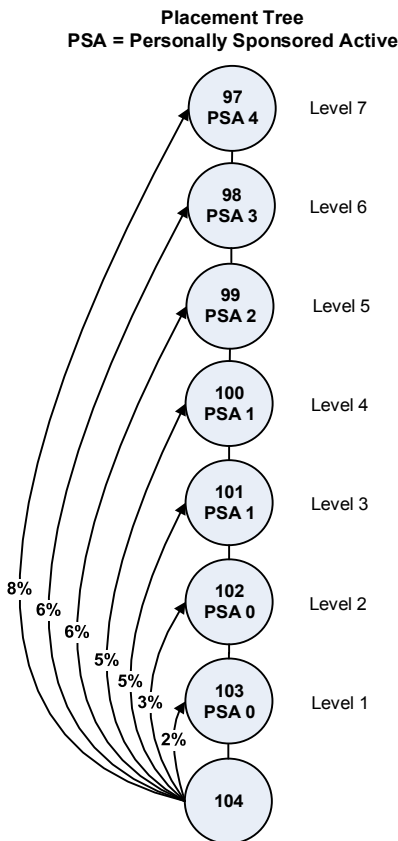


Figure 3: Matrix Bonus

Example #17:

Rep #104 has 500 PV-C in the Bonus Period and all upline Reps are Eligible to earn in the Matrix Bonus. Levels 1-3 have no additional qualifications to earn and Reps #103, #102, and #101 earn levels 1, 2, and 3 respectively. Starting at level 4, a Rep must also have a specified number of personally sponsored Active Reps within the period to qualify. Reps #100, #99, #98, and #97 each meet the additional qualifications to earn on their respective levels. No compression or breakage occurs and all 7 levels are paid out in the Matrix Bonus.

Placement Tree
PSA = Personally Sponsored Active

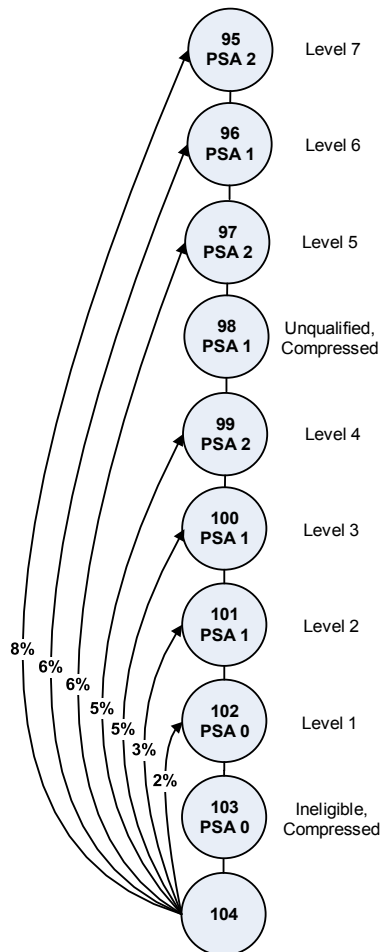


Figure 4: Matrix Bonus

Example #18:

Rep #104 has 500 PV-C in the Bonus Period and all upline Reps starting with Rep #102 are Eligible to earn in the Matrix Bonus. Levels 1-3 have no additional qualifications to earn; however, Rep #103 is not Eligible to earn because he is not Active in the period. The level 1 payout is compressed and Reps #102, #101, and #100 earn levels 1 and 2 respectively. Starting at level 4, a Rep must also have a specified number of personally sponsored Active Reps within the period to qualify. Rep #99 is Active and meets the additional Qualifications to earn on level 4 and receives 5% of 500 PV-C. Rep #98 is Eligible due to being Active; however, she does not meet the additional Qualifications because she only has 1 personally sponsored Active Rep in this period. The level 5 payout is compressed and Reps #97, #96, and #95, who each meet the additional qualifications, will earn on levels 5-7.

Additional Considerations for the Matrix Bonus:

- Dynamic Compression is used in this Bonus.
- Clawback is enabled for this Bonus.
- This bonus pays based on the Placement Tree.

5) **Car Bonus (Monthly)**

To earn on the Car Bonus, a Rep must meet the following requirements in the qualification period:

- A) Must be Active
- B) Must have a Paid As Rank of One Star Platinum IBO or higher
- C) Must have the Ownership Documentation Submitted Rep Attribute applied

In order to earn this bonus, a Rep must have submitted certain documentation to the Company. The bonus earned is based on the Paid As Rank of the Pay To Rep. A Rep **cannot** qualify and be paid on multiple payout tiers in a single period. Ineligible and Unqualified Reps will create breakage.

Programming Notes: *This bonus will pay on Force Ranked Reps.*

The bonus amounts per Paid As Rank are as follows:

Paid As Rank	@Bonus
One Star Platinum IBO	\$500
Two Star Platinum IBO	\$750
Three Star Platinum IBO	\$1,000

Table 3: Car Bonus Payout Percentages

To explain the Car Bonus payout:

Example #19:

Rep #101 is an Active Paid As Plat2 in the month of February. He would like to earn the Car Bonus but has not yet turned in his ownership documentation. Even though he qualifies to earn based on his Paid As Rank and Activity the February Car Bonus payout will be breakage.

On March 28th, Rep #101 turns in his ownership documentation and Company applies the Ownership Documentation Submitted Rep Attribute with a date range of Feb 2019 – Feb 2023. The Rep cannot retroactively earn the February payout but will earn it in March and every future month until Feb 2023 as long as he is Active and maintains a Paid As Rank of One Star Platinum IBO or higher.

Extra Considerations for the Rank Advancement Bonus:

- Compression is **not** used in this bonus.
- Clawback is **not** enabled for this bonus.

6) **Business Builder Pool Bonus (Monthly)**

To earn on the Business Builder Pool Bonus a Rep must meet the following requirements in the qualification period:

- A) Must be Active
- B) Must be Monthly Action Plan Qualified

C) Must have personally sponsored at least @3 Rep with a Join Date in the current Period

Each period, @100% of C-BB is allocated to the Business Builder Pool Bonus. Qualifying Reps will earn @1 share in the Business Builder Pool Bonus for the period.

To explain the Business Builder Pool Bonus payout:

The formulas used to calculate rep earnings for the Business Builder Pool Bonus are explained as follows:

Pool Bonus Amount = @100% of C-BB.

Total Shares = Sum of all qualified Reps' Individual Share counts in a pool

Share Value = Pool Bonus Amount / Total Shares

Individual Rep Pay = Rep's Individual Shares * Share Value

Pool Bonus Amount

The Pool Bonus Amount is @100% of C-BB (see definition) in the current commission period.

The total C-BB in the current commission period is 1,000. The Pool Bonus Amount for the Business Builder Pool Bonus in the current commission period is 100% (1 * 1,000) = \$1,000.

Individual Share Calculation

Each qualifying rep will earn 1 share in the Business Builder Pool Bonus.

Total Share Calculation

The total number of shares in the Business Builder Pool Bonus is calculated by summing the number of Reps qualifying in the pool in the period.

There are 8 Reps who qualify to earn in the Business Builder Pool Bonus in the period. 8 Reps have 1 share. The total number of shares in the Business Builder Pool Bonus is 8.

Share Value

The value per share is calculated by dividing the Pool Bonus Amount by the Total Share amount of the pool.

The Pool Bonus Amount for the Business Builder Pool Bonus is 1,000. The Total Share calculation is 8. The Share Value is (1,000 / 8) = \$125.00.

Individual Rep payout

A Rep's payout can be calculated using the Share Value and the Rep's Individual Share count. To calculate a Rep's earnings multiply the Share Value by the Rep's Individual Share count.

Rep #100 has 1 share in the Business Builder Pool Bonus in the period. The calculated Share Value per share is \$125. Rep #100 will earn (1 * 125) = \$125.

Extra Considerations for the Business Builder Pool Bonus:

- Compression is not supported in this bonus.
- Clawback is not supported for this bonus.

H) General Rules

The Freedom system maintains general rules in regards to how orders, enrollments, Ranks and statuses are handled. These are applicable by default in the system and will hold true unless otherwise stated within this document.

I. Orders

1) Order Status:

An order's status will directly reflect whether or not the Bonus process will consider that order for Commission and/or qualification purposes. Orders that will be considered by the Bonus process are called "Official" orders. There are four main order statuses that are applicable to the Bonus process: Void, Entered, Posted and Shipped. Posted or Shipped orders are the only order statuses that are considered "Official", unless otherwise stated. This holds true for Return Orders, which must be marked Posted or Shipped in order for Clawback and/or Commissions Recapture to be applicable.

2) Return Orders:

If Clawback is enabled, when an order is returned, the Commissions that were paid on the Volume or Flat Dollar Amount associated with that order will be clawed back or recaptured from the Commissions of the Rep to whom that order originally paid. This Clawback will occur in the same period in which the order is returned but will only occur for Commissions that were paid on Bonus types where Clawback is enabled and will only occur on those return orders that are in Posted or Shipped status during the Commission period. Volumes and Flat Dollar Amounts that have Clawback enabled (Clawback Aware) will not negatively affect the Rep's current period Volume or Flat Amounts for the purposes of qualifications (such as Paid As Rank qualification).

3) Voided Orders:

Orders in Voided status will not be considered for Commission or qualification purposes. Any Commissions paid on an order that is later Voided will not be recaptured via Clawback. Any Commissions due to be paid on an order that is Voided prior to Commissions being processed will not pay. Order-Post based Lifetime Rank updates that occurred due to the posting of an order that is then Voided will not revert, meaning the Rep will retain the Lifetime Rank they earned when that order was posted (unless it is manually adjusted). Business Centers, Coding, and/or Genealogical inserts or moves that result from the posting of an order will not revert if that order is Voided.

4) Entered Orders:

Orders in Entered status will not be considered for Commission or qualification purposes until they are Posted. If the order's Order Date falls within a period that has already been processed for Commissions when they are Posted, that order will not be considered for Commission or qualification purposes. When the order is Posted, its Order Date must fall within a period that has yet to be processed in order for it to be considered for Commission and/or qualification purposes. If an order that has paid in a prior period is un-posted and then reposted into a period that has not yet been processed, that order runs the risk of paying out more than once. This behavior should be avoided when possible.

5) Posted/Shipped Orders:

Posted or Shipped Orders are fully prepared to count towards Commissions and/or qualifications so long as the order's Order Date falls within the Commission and/or Qualification Period. A single order may pay out to multiple Rep, but will only Pay To each Rep once unless otherwise stated. In addition, unless explicitly stated otherwise, an order will never pay out in more than one Commission period.

6) Transferring Orders:

When an order is transferred from one Rep or Customer to another, the system will recognize that order as having been originally placed by the Rep or Customer it is transferred to. Simply, the system will not recognize any links to the Rep or Customer who originally placed that order. This means that the new Rep or Customer who receives that order will benefit from it fully and the Rep or Customer from whom it was transferred will not be associated with that order in any way. If an order is transferred after it has paid Commissions to the Rep (or sponsoring Rep of the Customer) who originally placed the order, no new Commissions will be paid to the new owner of that order. If an order that has been transferred is returned, any Clawback or recapture applied will appropriately recapture funds originally paid to Rep on that order, regardless of who the current owner is.

II. **Transferring Rep/Customer Sponsorship, Termination and Cancellation**

1) Inline Cancellation:

When a Rep is inline Cancelled, that Rep's Downline and personal Customers are reassigned to the newly Cancelled Rep's Sponsor. All personal orders will follow the Cancelled Rep into the Terminate tree where they will not pay. All orders placed by that Rep's Customers will follow those Customers and will count towards any Customer Volume calculations for the new Sponsor. The new Sponsor will qualify for Rank and personally sponsored bonuses on those newly assigned Reps and Customers. Any new "personally sponsored" Reps inherited from the Cancelled Rep that were not actually enrolled by the new Sponsor will still be considered "personally sponsored" Rep for the new Sponsor and will not retain their Sponsorship ties to the inline Cancelled Rep, unless specifically stated otherwise within this document.

Example #20:

Rep #101 enrolls Rep #102. Rep #102 enrolls Rep #103. Rep #102 also has a Customer, Cust #1000. Rep #102 is inline Cancelled and is moved to the Terminate Tree. Rep #103's Sponsorship ties are assigned to Rep #101 and Customer #1000 is transferred to Rep #101. Rep #101 will now earn any Volume and/or bonuses from Customer #1000 as though Customer #1000 had always been his personal Customer. Rep #101 will also earn any personally sponsored bonuses and qualify from Rep #103 as though he had personally enrolled Rep #103. The system will act as though Rep #102 never existed.

2) Cancellation:

When a Rep is not Inline Cancelled (moved to the Terminate Tree and has their Downline/Customers reassigned to the Upline) and is instead left in the Genealogy and has their Lifetime Rank set to Cancelled, the system will still recognize the Sponsorship ties between the Cancelled Rep and his personally enrolled Rep. This means that the Cancelled Rep will be Ineligible to earn on any bonuses, but, unless Compression is applied at the time of Bonus/Commissions (payouts roll up past inactive/Cancelled Rep), the system will still recognize the Cancelled Rep as the Sponsor and those payouts will be held as Breakage (will not pay). No other Rep will benefit in Sponsorship bonuses from the Cancelled Rep's personally sponsored Rep

unless Compression is applied or the payouts are based on levels or generations of the Sponsorship tree.

3) Transferring Customers/Sponsorship Changes:

When a Customer is transferred from one Rep to another or a personally sponsored Rep's Sponsorship links are set to another Rep from the Rep who originally sponsored them, the system will fully recognize those links and will not acknowledge any Sponsorship ties that Rep or Customer had previously. Simply, when a Rep or Customer is assigned to a new Sponsor, the system will award that new Sponsor all the benefits of being that reassigned Rep or Customer's enrolling Rep. This means that the new Sponsor will earn all applicable Sponsorship bonuses and will qualify from that newly assigned Rep or Customer as though he or she had originally enrolled them. The system will ignore any Sponsorship ties that Rep or Customer previously had to any other Rep unless this document explicitly states otherwise. Additionally, all orders and Volume from that transferred Rep or Customer will follow them and will roll up into the new Upline. There are some scenarios that are exceptions to this rule and would be detailed within the Volumes definitions.

I) Check Fee/Minimum Check Amount

A minimum Payout amount will be set by the Company. Any amounts less than that amount will be held and paid in a future Bonus Period. This is called a “balance forward”. There is also a Payout Processing Fee setting for the Company. The Company can change these settings as desired.

The System supports a fixed Payout Processing amount for each distinct payout method. Please review the following examples to understand how Freedom handles Payout Processing Fees.

****Please note that this section is only a set of examples provided to assist with understanding how a Check Fee or Minimum Check Amount, if used, will affect Commissions and Bonus payouts. The decision to implement Check Fees and/or Minimum Check Amounts is fully at the discretion of the Company and this section does not imply that they will be used nor does it define those amounts, if implemented. ****

Settings for the Examples Below

Check Fee: \$ 1.50
Minimum Overall Check Amount: \$20.00

Example A:

A Rep’s total Commission to be paid out in a given period is \$100.00.

$\$100.00 - \$1.50 = \$98.50$

\$98.50 exceeds the minimum overall check amount of \$20.00.

The Rep will earn a check for \$98.50.

Example B:

A Rep’s total Commission to be paid out in a given period is \$8.00.

\$8.00 is below the minimum overall check amount of \$20.

The Rep will not earn a check.

A balance forward is created for \$8.00 and will be added to the Rep’s next payout.

Example C:

A Rep’s total Commission to be paid out in a given period is \$20.00.

$\$20.00 - \$1.50 = \$18.50$

\$18.50 is below the minimum overall check amount of \$20.

The Rep will not earn a check.

A balance forward is created for \$20 and will be added to the Rep’s next check.

Company Note: *Check Fees and Minimum Check Amounts are unique for each payout method used (if multiple payout methods are in application). These are set up within each payout method in Freedom.*

J) Intended Exclusions

Items not outlined or addressed in this document will not be programmed or considered. Any discussions not documented in this control document will not be programmed. All items impacting the compensation plan should be documented within this control document.

The following items were included in Company's documentation or were discussed at some point in the design process for this project, but have been excluded from this Control Document as agreed by both parties. The items below are specifically considered out of scope. It should not be assumed that items listed as exclusions in prior comp plan versions that are not listed in this version will be included unless the documentation provided for this version's changes now include those items. Items listed as Intended Exclusions in this version will not be included in the programming and are intentionally excluded from this document. The list below is not all inclusive as there may have been other items discussed during the design phase that were excluded. The list below has been provided for clarity purposes. Items not addressed in the control document will not be programmed

- Coding Groups
- Team Building Mentor Bonus
- Coding Organization Bonus
- Expandable Matrix

K) Company Sign-Off

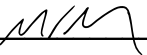
Once approved by Company, this Compensation Plan Control Document becomes a binding agreement by Company. The undersigned represents and warrants that he or she is authorized by Company to sign this document. This Compensation Plan Control Document is the sole source of information from which Company's compensation plan will be programmed, supersedes all prior discussions, whether oral or written, and may only be changed by written agreement of Company and ByDesign. Instructions or changes requested by Company that are not agreed to in writing by ByDesign shall be deemed void and will not be reflected in Company's compensation plan as programmed.

Authorized Company Representative:

Version: 1.4

Author: Robert Pratico

Company: CBD Thera

Signature: _____ 

Print Name: _____ Michael Maloney

Title: Owner _____ Date: 9.19.19 _____