

SHOPPY SHOP LLC.
STATEMENT OF POLICIES AND PROCEDURES
Effective June 25, 2025

SECTION 1 – INTRODUCTION

- 1.1 CODE OF ETHICS
- 1.2 POLICIES INCORPORATED INTO DISTRIBUTOR AGREEMENT
- 1.3 CHANGES TO THE DISTRIBUTOR AGREEMENT, POLICIES AND PROCEDURES, OR COMPENSATION PLAN
- 1.4 DELAYS
- 1.5 POLICIES AND PROVISIONS SEVERABLE
- 1.6 WAIVER

SECTION 2 – BECOMING A DISTRIBUTOR

- 2.1 REQUIREMENTS TO BECOME A DISTRIBUTOR
- 2.2 NEW DISTRIBUTOR REGISTRATION BY INTERNET
- 2.3 DISTRIBUTOR BENEFITS
- 2.4 TERM AND RENEWAL OF A **SHOPPY SHOP LLC.**] BUSINESS

SECTION 3 – INCOME DISCLOSURE POLICY

SECTION 4 – ADVERTISING

- 4.1 ADHERENCE TO THE **SHOPPY SHOP LLC.** COMPENSATION PLAN
- 4.2 USE OF SALES AID
- 4.3 INTELLECTUAL PROPERTY
- 4.4 WEB POLICY
- 4.5 DOMAIN NAMES AND EMAIL ADDRESSES
- 4.6 ADVERTISED PRICE
- 4.7 GENERIC BUSINESS ADVERTISEMENTS
- 4.8 MEDIA AND MEDIA INQUIRIES
- 4.9 UNSOLICITED EMAIL COMMUNICATION

SECTION 5 – OPERATING A SHOPPY SHOP LLC. BUSINESS.

- 5.1 - BUSINESS ENTITIES
 - 5.1.1 Changes to a Business Entity
 - 5.1.2 Change of Sponsor
 - 5.1.3 Change of Placement
- 5.2 UNAUTHORIZED CLAIMS AND ACTION
 - 5.2.1 Indemnification
 - 5.2.2 Endorsement of **SHOPPY SHOP LLC.** Services
- 5.3 CONFLICTS
 - 5.3.1 Non-Solicitations
 - 5.3.2 Sale of Competing Goods or Services
 - 5.3.3 Targeting Other Direct Sellers
 - 5.3.4 Privacy and Confidentiality
 - 5.3.5 The Data Management Rule
- 5.4 CROSS SPONSORING
- 5.5 GOVERNMENTAL APPROVAL OR ENDORSEMENT
- 5.6 IDENTIFICATION
- 5.7 INCOME TAXES

- 5.8 INDEPENDENT CONTRACTOR STATUS
- 5.9 BONUS BUYING
- 5.10 STACKING
- 5.11 ONE **SHOPPY SHOP LLC.** BUSINESS PER DISTRIBUTOR
- 5.12 SUCCESSION
- 5.13 SALE, TRANSFER, OR ASSIGNMENT OF A **SHOPPY SHOP LLC.** BUSINESS
- 5.14 SEPARATION OF A **SHOPPY SHOP LLC.** BUSINESS
- 5.15 SPONSORING

6 RESPONSIBILITIES OF DISTRIBUTORS

- 6.1 CHANGE OF ADDRESS, TELEPHONE NO., EMAIL-ADDRESS
- 6.2 SPONSORING DISTRIBUTOR RESPONSIBILITIES
 - 6.2.1 Initial Training
 - 6.2.2 Ongoing Training Responsibilities
- 6.3 NON-DISPARAGEMENT
- 6.4 REPORTING POLICY VIOLATIONS

7 BONUSES AND COMMISSIONS

- 8.1 BONUS AND COMMISSION QUALIFICATIONS
- 8.2 ERRORS OR QUESTIONS
- 8.3 BONUS BUYING PROHIBITED
- 8.4 REPORTS

8 DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

- 8.1 DISCIPLINARY SANCTIONS
- 8.2 MEDIATION
- 8.3 ARBITRATION
- 8.4 GOVERNING LAW, JURISDICTION, AND VENUE

9 EFFECT OF CANCELLATION

- 10.1 EFFECT OF CANCELLATION AND TERMINATION
- 10.2 NON-RENEWAL

10 DEFINITIONS

SHOPPY SHOP LLC.

STATEMENT OF POLICIES AND PROCEDURES

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SECTION 1 – INTRODUCTION

1.1 - Code of Ethics

SHOPPY SHOP LLC. (hereafter “SHOPPY” is a values-based company that prides itself on the quality and character of its distributors (hereinafter “Distributors”). The following guidelines help ensure a uniform standard of excellence throughout our organization. Every “SHOPPY” Distributor is expected to practice the following ethical behavior when acting in the name of the company:

- A. I will be respectful of every person I meet while doing “SHOPPY” related business.
- B. At all times, I will conduct myself and my business in an ethical, moral, legal, and financially sound manner.
- C. I will not engage in activities that would bring disrepute to “SHOPPY” any Company corporate officer or employee, myself, or other Distributors.
- D. I will not make discouraging or disparaging claims toward other “SHOPPY” Distributors. I will ensure that in all Company business dealings I will refrain from engaging in negative language. I will refrain from making any type of slanderous statements.
- E. I will provide support and encouragement to my Customers to ensure that their experience with “SHOPPY” is a successful one. I understand that it is important to provide follow-up service and support to my downline.
- F. I will correctly represent all the bonus/compensation plans available through “SHOPPY” and the income potential represented therein. I understand I may not use my own income as an indication of others’ potential success, or use compensation checks as marketing materials. I further understand that I may only disclose my Company income to recruit a potential Distributor(s) after I have given a copy of the Income Disclosure Statement to the potential Distributor(s).
- G. I will abide by all of “SHOPPY” Policies & Procedures now and as they may be amended in the future.

1.2 - Policies Incorporated into Distributor Agreement

These Policies and Procedures (hereafter “Policies”), in their present form and as amended at the sole discretion of “SHOPPY” are incorporated into, and form an integral part of, the Company Distributor Agreement (hereafter “Distributor Agreement”). Throughout these Policies, when the term “Agreement” is used, it collectively refers to the “SHOPPY” Distributor Agreement, these Policies, and the “SHOPPY” Plan. These documents are incorporated by reference into the Distributor Agreement (all in their current form and as amended by Company). It is the responsibility of each Distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies. When sponsoring a new Distributor, it is the responsibility of the sponsoring Distributor to provide the most current version of these Policies prior to his or her execution of the Distributor Agreement.

1.3 - Changes to the Distributor Agreement, Policies and Procedures, or Compensation Plan

Because federal, state, and local laws, as well as the business environment, periodically change, “SHOPPY” reserves the right to amend, in its sole and absolute discretion, the Agreement and the prices in its Product Price

List. Notification of amendments shall appear in Official Company Materials. Amendments shall be effective upon publication in Official Company Materials, including but not limited to, posting on the Company's corporate website, e-mail distribution, publication in Company newsletters, product inserts, or any other commercially reasonable methods. The continuation of a Distributor's "SHOPPY" business or a Distributor's acceptance of bonuses or commissions constitutes acceptance of any and all amendments. *The ability to modify the agreement does not extend to the dispute resolution section in these Policies (Section 9), as those provisions can only be modified by way of mutual consent.*

1.4 - Delays

"SHOPPY" shall not be responsible for delays and failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, flood, 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 may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

1.6 –Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of "SHOPPY" to exercise any right or power under the Agreement or to insist upon strict compliance by a Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Company's right to demand exact compliance with the Agreement. Waiver by "SHOPPY" can be effectuated only in writing by an authorized officer of the Company.

SECTION 2 – BECOMING A DISTRIBUTOR

2.1 - Requirements to Become a Distributor

To become a "SHOPPY" Distributor, each applicant must:

- A. Be of the age of majority in his or her state of residence;
- B. Reside in the United States or other countries, which have been officially opened by "SHOPPY";
- C. Have a valid Social Security Number or Federal Tax Identification Number;
- D. Submit a properly completed and signed Distributor Agreement to "SHOPPY" via hard copy or by way of an electronic method (see Section 2.2 below).

2.2 - New Distributor Registration by the Internet

A prospective Distributor may self-enroll on the sponsor's web site. In such event, instead of a physically signed Distributor Agreement, "SHOPPY" will accept the agreement by accepting the "electronic signature" stating the new Distributor has accepted the terms and conditions of the Distributor Agreement. Please note that such electronic signature constitutes a legally binding agreement between the Distributor and "SHOPPY"

2.3 - Distributor Benefits

Once a Distributor Agreement has been accepted by “SHOPPY” the benefits of the Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

- A. Sell “SHOPPY” services;
- B. Participate in the “SHOPPY” Compensation Plan (and receive bonuses and commissions, if eligible);
- C. Sponsor other individuals as customers or Distributors into the “SHOPPY” business and thereby build an organization and progress through the “SHOPPY” Compensation Plan;
- D. Receive periodic Corporate literature and other Company communications;
- E. Participate in “SHOPPY” sponsored support service training, motivational and recognition functions; and
- F. Participate in promotional and incentive contests and programs sponsored by “SHOPPY” for its Distributors.

2.4–Terms and Renewal of “SHOPPY” Business

A Distributor must renew their Distributor status by submitting an annual renewal fee of \$49.95. This payment is due on the anniversary of the Distributor acceptance date. If the Distributor allows his or her business to expire due to nonpayment of the renewal fee, the Distributor will lose any and all rights to his or her downline organization unless the Distributor re-activates within thirty (30) following the expiration of the agreement.

If the former Distributor re-activates within the thirty days (30) limit (“Grace Period”), the Distributor will resume the rank and position held immediately prior to the expiration of the Distributor Agreement. However, such Distributor’s paid as level will not be restored unless he or she qualifies at that payout level in the new month. The Distributor is not eligible to receive commissions for the time period that the Distributor’s business was expired.

Any Distributor whose agreement has expired and lapsed the Grace Period is eligible to re-up their “SHOPPY” business for \$9.95. However, their renewal date will be their original renewal date.

Any Distributor terminated by “SHOPPY” may not reapply to do business for \$59.95 12 months from their termination date.

The downline of the expired Distributor will roll up to the immediate, active upline sponsor.

SECTION 3 – INCOME DISCLOSURE POLICY

In an effort to conduct best business practices, “SHOPPY” has developed the Income Disclosure Statement (“IDS”). The “SHOPPY” IDS is designed to convey truthful, timely, and comprehensive information regarding the income that “SHOPPY” Distributors earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective Distributors.

A copy of the IDS must be presented to a prospective Distributor (someone who is not a party to a current “SHOPPY” Distributor Agreement) anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms “income claim” and/or “earnings representation” (collectively “Income Claim”) include any of the following: (1) statements of average earnings; (2) statements of non-average earnings; (3) statements of earnings ranges; (4) income testimonials; (5) lifestyle claims; and (6) hypothetical claims. Examples of “statements of non-average earnings” include, “Our number one Distributor earned over a million dollars last year” or “Our average ranking Distributor makes five thousand per month.” An example of a “statement of earnings ranges” is “The monthly income for our higher-ranking Distributors is ten thousand dollars on the low end to thirty thousand dollars a month on the high end.”

In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective Distributor with a copy of the IDS. Copies of the IDS may be printed or downloaded without charge from the company website at www.shoppys.com

SECTION 4 – ADVERTISING

4.1 - Adherence to the “SHOPPY” Compensation Plan

Distributors must adhere to the terms of the “SHOPPY” Compensation Plan as set forth in Official Company Materials. Distributors shall not offer the “SHOPPY” opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically stated in Official Company Materials. Distributors shall not require or encourage other current or prospective customers or Distributors to participate in [“SHOPPY” in any manner that varies from the program as set forth in Official Company Materials. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official “SHOPPY” Agreements and contracts in order to become a Company Distributor. Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the “SHOPPY” Compensation Plan other than those purchases or payments identified as recommended or required in Official Company Materials.

4.2 - Use of Sales Aids

To promote both the services and the opportunity “SHOPPY” offers, Distributors must use the sales aids and support materials produced and provided by the Company. If “SHOPPY” Distributors develop their own sales aids and promotional materials (which includes Internet advertising), notwithstanding Distributors’ good intentions, they may unintentionally violate any number of statutes or regulations affecting a “SHOPPY” business. These violations, although they may be relatively few in number, could jeopardize the “SHOPPY” opportunity for all Distributors. Accordingly, Distributors must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for Company’s approval prior to use. Unless the Distributor receives specific written approval to use the material, the request shall be deemed denied. All Distributors shall safeguard and promote the good reputation of “SHOPPY” and its services. The marketing and promotion of “SHOPPY”, the “SHOPPY” opportunity, the Compensation Plan, and “SHOPPY” services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

4.3 -Intellectual Property

“SHOPPY” will not allow the use of its trade names, trademarks, designs, or symbols outside of corporate produced and approved sales aids by any person, including “SHOPPY” Distributors, without prior written authorization from the Company. Furthermore, no Distributor may use, publish, reproduce, advertise, sell, or display in any manner the name, picture or likeness, or voice of another Distributor without prior written consent from the named Distributor. This consent must be on file with Company’s Compliance Department prior to any use.

4.4 –Web Policy

If a Distributor desires to utilize an Internet web page to promote his or her business, he or she may do so through Company authorized services only.

A. General

It is your obligation to ensure your online marketing activities are truthful, are not deceptive and do not mislead customers or potential Distributors in any way. Websites and web promotion activities and tactics that mislead or are deceptive, regardless of intent, will not be allowed. This may include representation in any manner that you are an authorized representative for [“SHOPPY” spam linking (or blog spam), unethical search engine optimization (SEO) tactics, misleading click-through ads (i.e., having the display URL of a PPC campaign appear to resolve to an official Company Corporate Site when it goes elsewhere), unapproved banner ads, and unauthorized press releases. “SHOPPY” will be the sole determinant of truthfulness as to whether specific activities are misleading or deceptive.

B. Domain Names, email Addresses and Online Aliases

You cannot use or register domain names, email addresses, and/or online aliases that could cause confusion, or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from, or is the property of “SHOPPY” by showing up as the sender of an email.

Examples of the improper use include but are not limited to:

SHOPPYSHOP@msn.com; wwwSHOPPY@Direct.com; www.facebook.com SHOPPY SHOP or derivatives as described herein.

Examples of permitted URLs, email addresses, and online aliases might appear as follows: facebook.com/iloveSHOPPY SHOPPYjimsmith@Distributor.net.

Determinations as to what could cause confusion, mislead or be considered deceptive is at the sole discretion of the Company. If you have a question whether your chosen name is acceptable, you may submit it to the Company Compliance Department for review before use at legal@shoppystore.com

C. Approved Distributor Websites

The term *Distributor Website* refers to the replicated website offered by “SHOPPY” or an approved vendor. The term *Social Media Website* refers to any site that is not specifically prohibited within the terms and conditions of this Agreement, such as Facebook.com, Twitter.com, YouTube.com, personal blogs or other personal websites. In order for a Distributor to have a third-party website (i.e., a website not hosted on the Company’s servers), he or she must first seek prior written approval from the Company. Without this prior written approval, the Company strictly prohibits a Distributor from using any third-party website.

D. Online Classifieds

You may not use online classifieds (including Craigslist) or other online marketplaces (Amazon) to list, sell or promote specific “SHOPPY” services. You may use online classifieds (including Craigslist) for prospecting, recruiting, sponsoring, and informing the public about the “SHOPPY” opportunity provided you follow the other

requirements of this agreement such as identifying yourself as an independent representative of the Company, only using approved images and versions of any trademarked logos and without using fraudulent or misleading product or income claims. If a link or URL is provided, it must link to your Distributor Website or your Social Media Website.

E. Online Retailing

Social Media Websites such as Facebook may also be used to promote your “SHOPPY” business. You must provide approved Company links to your Distributor replicated website for sales and order processing. All online sales of “SHOPPY” services must take place and be produced through the Distributor Website or the Corporate website.

F. Banner Advertising

You may place banner advertisements on a website provided you use “SHOPPY” approved templates and images. All banner advertisements must link to your Distributor Website. You may not use *blind* ads or web pages that make non-compliant product or income claims that are ultimately associated with Company services the business opportunity.

G. Spam Linking

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spamdexing. Any comments you make on blogs, forums, guest books etc. must be unique, informative and relevant.

H. Social Networking Sites

You may use social networking websites (Facebook, LinkedIn, blogs, forums and other social shared interest sites) to share information about the “SHOPPY” service, mission and business opportunity and for prospecting and sponsoring. However, these sites may not be used to sell or offer to sell specific “SHOPPY” services.

Profiles you generate in any social community where you mention or discuss “SHOPPY” must clearly identify you as an Independent Distributor of the Company and must appear as described herein. When you participate in those communities you must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at the Company’s sole discretion, and offending Distributors will be subject to disciplinary action and/or termination.

You agree that you will immediately take down a non-compliant site at the request of Corporate. Appeals regarding compliance may be submitted after the site has been taken down. Appeals should be directed to the email address set forth in the policy addressing dispute resolutions.

I. Sponsored Links / Pay-Per-Click (PPC) Ads

Sponsored links or pay-per-click ads (PPC) are acceptable. The destination URL must be to your Distributor Website. The display URL must also be to your Distributor Website and must not portray any URL that could

lead the user to assume they are being led to a “SHOPPY” Corporate site or be inappropriate or misleading in any way.

J. “SHOPPY” Distributor Image Mandate

When using a Social Media Website, your profile and pages must contain:

- (i) A “SHOPPY” Distributor Logo from the approved templates.
- (ii) Your Name and Title (example: Joan Arc, Independent Distributor, “SHOPPY”
- (iii) A link to your Distributor Replicated website.

Although “SHOPPY” brand themes and images are desirable for consistency, anyone landing on your page needs to clearly understand that they are at an Independent Distributor site, and not the Corporate page.

4.6 - Advertised Price

You may not advertise any of “SHOPPY’S” services at a price LESS than the highest company published price of the equivalent service. No special enticement advertising is allowed. This includes but is not limited to offers of a free business, position, or other such offers that grant advantages beyond those available through the Company.

4.7 - Generic Business Advertisements

If you advertise via newspaper or other advertising venues, the following rules apply:

- A. No advertisement may imply that a job, position, salary, or any type of employment is allowed.
- B. No advertisement may promote, represent, or imply salaried positions, management positions, hourly wages, full or part-time employment, or guaranteed incomes. The “SHOPPY” opportunity is not a job and may not be presented as such. Terms such as “manager trainee,” “management positions available,” “travel provided,” “call for interview,” “positions available,” “now hiring,” and other misleading statements are not allowed.
- C. No specific income can be promised or implied, and any references to compensation must use the word “commissions” to indicate the independent contractor status of Distributors.
- D. Advertisements may not contain references to “SHOPPY” or its services and may not use any of the Company’s trademarks or tradenames.

Any requests for variances from the above rules must be submitted to the Company and approved in writing prior to publication. Please direct any inquiries to compliance@shoppystore.com

4.8 -Media and Media Inquiries

Distributors must not initiate any interaction with the media or attempt to respond to media inquiries regarding , its services, or their independent “SHOPPY” business. All inquiries by any type of media must be immediately referred to the Company Compliance department. This policy is designed to ensure that accurate and consistent information is provided to the public, as well as a proper public image.

4.9 - Unsolicited Email Communication “SHOPPY” does not permit Distributors to send unsolicited emails unless such emails strictly comply with applicable laws and regulations, including, without limitation, the

federal CAN SPAM Act. Any email sent by a Distributor that promotes “SHOPPY”, the Company opportunity, or Company services, must comply with the following:

- A. There must be a functioning return email address to the sender.
- B. There must be a notice in the email that advises the recipient that they may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning “opt-out” notice).
- C. The email must include the Distributor’s physical mailing address.
- D. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- E. The use of deceptive subject lines and/or false header information is prohibited.
- F. All opt-out requests, whether received by email or regular mail, must be honored. If a Distributor receives an opt-out request from a recipient of an email, the Distributor must forward the opt-out request to the Company. “SHOPPY” may periodically send commercial emails on behalf of Distributors. By entering into the Distributor Agreement, Distributor agrees that the Company may send such emails and that the Distributor’s physical and email addresses will be included in such emails as outlined above. Distributors shall honor opt-out requests generated as a result of such emails sent by the Company. Except as provided in this section, Distributors may not use or transmit unsolicited emails or use an automatic telephone dialling system relative to the operation of their “SHOPPY” businesses.

SECTION 5 – OPERATING A BUSINESS.

5.1 - Business Entities

A corporation, partnership or trust (collectively referred to in this section as a “Business Entity”) may apply to be a “SHOPPY” Distributor by submitting a “SHOPPY” Distributor Application and Agreement along with its Certificate of Incorporation, Articles of Organization, Partnership Agreement or trust documents (these documents are collectively referred to as the “Entity Documents”) to “SHOPPY”. A “SHOPPY” 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. To do so, the Distributor(s) must provide the Entity Documents to “SHOPPY”. The Distributor Application must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to “SHOPPY”.

5.1.1 - Changes to a Business Entity

Each Distributor must immediately notify “SHOPPY” of any changes to the type of business entity they utilize in operating their “SHOPPY”, and the addition or removal of business associates. A “SHOPPY” 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. The Distributor Agreement form must be signed by all of the shareholders, partners, or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to “SHOPPY”.

5.1.2 - Change Of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Distributors, “SHOPPY” rarely allows changes in sponsorship, with the rare exception of direct line changes (meaning placement is not

affected). A direct line change request must be made by submitting a completed Sponsor Change Request Form within a seven (7)-day period from the date of enrollment, and must come from the current listed sponsor.

5.1.3 - Change Of Placement

A request for change of placement must be submitted within seven (7) days of the date of enrollment and must be requested by the current listed sponsor. A Distributor can only be moved inside of the same sponsor's organization. If approved, a Distributor is placed in the first available open bottom position on the date that the change is made. Distributors who have earned commissions or achieved rank are not eligible for placement changes. Please note that decisions made for any change request (sponsor or placement) are at the sole discretion of "SHOPPY".

5.2 - Unauthorized Claims and Action

5.2.1 - Indemnification

A Distributor is fully responsible for all of his or her verbal and/or written statements made regarding "SHOPPY" SERVICES and the Compensation Plan, which are not expressly contained in Official Company Materials. Distributors agree to indemnify "SHOPPY" and hold it harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by "SHOPPY" as a result of the Distributor's unauthorized representations or actions. This provision shall survive the cancellation of the Distributor Agreement.

5.2.2 –Endorsements of "SHOPPY" Services

No claims as to any services offered by "SHOPPY" may be made except those contained in Official Company Materials.

5.3 - Conflicts

5.3.1 – Non- solicitations

"SHOPPY" Distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "Network Marketing"). However, during the term of this Agreement, Distributors may not directly or indirectly recruit other "SHOPPY" Distributors or Customers other than those they have personally sponsored for any other Network Marketing business. Following the cancellation of a Distributor Agreement, and for a period of one (1) calendar year thereafter, with the exception of a Distributor who is personally sponsored by the former Distributor, a former Distributor may not recruit any "SHOPPY" Distributor or Customer for another Network Marketing business.

5.3.2 - Sale of Competing Goods or Services

During this Agreement and for six (6) months thereafter, Distributors must not sell, or attempt to sell, any competing non-Company programs or services to "SHOPPY" Customers or Distributors. Any program, product, service, or direct selling opportunity in the same generic categories as the Company services are deemed to be competing, regardless of differences in cost, quality or other distinguishing factors.

5.3.3 - Targeting Other Direct Sellers

Should Distributors engage in solicitation and/or enticement of members of another direct sales company to sell or distribute "SHOPPY" services, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Distributor alleging that they engaged in inappropriate recruiting

activity of its sales force or Customers, Company will not pay any of Distributor's defence costs or legal fees, nor will "SHOPPY" indemnify the Distributor for any judgment, award, or settlement.

5.3.4 - Privacy and Confidentiality

All Distributors are required to abide by the Company's privacy policy with regard to Distributor and Customer information.

5.3.5- The Data Management Rule

The Data Management Rule is intended to protect the Line of Sponsorship (LOS) for the benefit of all Distributors, as well as "SHOPPY" LOS information is information compiled by "SHOPPY" that discloses or relates to all or part of the specific arrangement of sponsorship within the Company business, including, without limitation, Distributor lists, sponsorship trees, and all Distributor information generated therefrom, in its present and future forms. The Company LOS, constitutes a commercially advantageous, unique, and proprietary trade secret (Proprietary Information), which it keeps proprietary and confidential and treats as a trade secret.

Company is the exclusive owner of all Proprietary Information, which is derived, compiled, configured, and maintained through the expenditure of considerable time, effort, and resources by Company and its Distributors. Through this Rule, Distributors are granted a personal, non-exclusive, non-transferable and revocable right by Company to use Proprietary Information only as necessary to facilitate their business as contemplated under these Policies. The Company reserves the right to deny or revoke this right, upon reasonable notice to the Distributor stating the reason(s) for such denial or revocation, whenever, in the reasonable opinion of "SHOPPY" such is necessary to protect the confidentiality or value of Proprietary Information. All Distributors shall maintain Proprietary Information in strictest confidence, and shall take all reasonable steps and appropriate measures to safeguard Proprietary Information and maintain the confidentiality thereof.

5.4 -Cross Sponsoring

Actual or attempted cross-group sponsoring is strictly prohibited. "Cross-group sponsoring" is defined as the enrollment, indirect or otherwise, of an individual or entity that already has a current customer number or Distributor Agreement on file with "SHOPPY", or who has had such an agreement within the preceding twelve (12) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, Federal Tax Identification Numbers or fictitious identification numbers to circumvent this policy is prohibited. This policy shall not prohibit the transfer of a "SHOPPY" business in accordance with the "Sale, Transfer or Assignment of "SHOPPY" Business" section of these Policies.

5.5 -Governmental Approval or Endorsement

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

5.6 -Identification

All Distributors are required to provide their Social Security Number, Federal Employer Identification Number, or their Government Issued ID Number to "SHOPPY" either on the Distributor Agreement or at the company's request. Upon enrollment, the Company will provide a unique Distributor Identification Number to the Distributor by which they will be identified. This number will be used to place orders and track commissions and bonuses.

5.7 - Income Taxes

Every year, “SHOPPY” will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident as required by the Internal Revenue Service. Each Distributor is responsible for paying local, state and federal taxes on any income generated as a Distributor. If a Company business is tax exempt, the Federal Tax Identification Number must be provided to “SHOPPY”. Any Distributor that does not provide a valid social security number is subject to the federal backup withholding laws and 28% of their commissions and bonus will be withheld and submitted to the IRS.

5.8 - Independent Contractor Status

You are an independent contractor. You are not an agent, employee, partner, or joint venture with the Company. You may not represent yourself as anything other than an Independent Distributor. You have no authority to bind the Company to any obligation. You are responsible for paying your own self-employment taxes, federal income taxes and other taxes required by law. You must obey any federal, state, and local laws, as well as Company rules and regulations pertaining to your independent “SHOPPY” business or the acquisition, receipt, holding, selling, distributing or advertising of “SHOPPY”’s services or opportunity.

Distributors may not answer the telephone by saying ““SHOPPY”, “SHOPPY” Corporate,” or by any other manner that would lead the caller to believe that they have reached “SHOPPY”’s corporate offices. A Distributor may only represent that he/she is a an independent Distributor of the Company. Therefore, all correspondence and business cards relating to or in connection with a Distributor’s “SHOPPY” business shall contain the Distributor’s name followed by the term “Distributor.”

5.9–Bonus Buying

Paying for the same service more than once solely for the purpose of collecting bonuses or achieving rank is prohibited.

5.10 – Stacking

Stacking is the unauthorized manipulation of the “SHOPPY” compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline Distributor in an unearned manner. One example of stacking occurs when a sponsor places participants under an inactive downline participant (who may not know or have any relationship with the clients) in order to trigger unearned qualification for commissioning. Another example of stacking is the manipulative placement of Distributors within a downline organization in order to trigger a promotion. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of the Distributor’s positions of all individuals found to be directly involved.

5.11 - One “SHOPPY” Business Per Distributor

A Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one “SHOPPY” business. No individual may have, operate or receive compensation from more than one “SHOPPY” business. Individuals of the same family unit may each enter into or have an interest in their own separate “SHOPPY” BUSINESSES, only if each subsequent family position is placed frontline to the first family member enrolled. A “family unit” is defined as spouses and dependent children living at or doing business at the same address.

5.12 - Succession

Upon the death or incapacitation of a Distributor, their business may be passed to a designated heir(s). Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Whenever a “SHOPPY”

business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Distributor's marketing organization provided the following qualifications are met. The successor(s) must:

- Execute a Distributor Agreement;
- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the deceased Distributor's rank/status;
- Provide "SHOPPY" with an "address of record" to which all bonus and commission checks will be sent. Bonus and commission checks of a Company business transferred pursuant to this section will be paid in a single check jointly to the successor(s).
- Form a business entity and acquire a federal Taxpayer Identification Number, if the business is bequeathed to joint successors. "SHOPPY" will issue all bonus and commission checks and one 1099 to the business entity.

5.13 - Sale, Transfer, or Assignment of a "SHOPPY" Business

Although a "SHOPPY" business is a privately owned, independently operated business, the sale, transfer or assignment of a "SHOPPY" business is subject to certain limitations. If a Distributor wishes to sell their "SHOPPY" business, the following criteria must be met:

- A. Protection of the existing line of sponsorship must always be maintained so that the "SHOPPY" business continues to be operated in that line of sponsorship;
- B. The buyer or transferee must become a qualified "SHOPPY" Distributor. If the buyer is an active "SHOPPY" Distributor, they must first terminate their Company business and wait twelve calendar months before acquiring any interest in the new "SHOPPY" business;
- C. Before the sale, transfer, or assignment can be finalized and approved by "SHOPPY", any debt obligations the selling Distributor has with the Company must be satisfied; and
- D. The selling Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer, or assign a "SHOPPY" business.

Prior to selling a "SHOPPY" business, the selling Distributor must notify the Company's Compliance department of their intent to sell the "SHOPPY" business. No changes in line of sponsorship can result from the sale or transfer of a "SHOPPY" business. A Distributor may not sell, transfer, or assign portions of their business—the position must be sold in its entirety.

5.14 - Separation of a "SHOPPY" Business

"SHOPPY" DISTRIBUTORS sometimes operate their "SHOPPY" businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership, or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Distributors and the Company in a timely fashion, "SHOPPY" will involuntarily terminate the Distributor Agreement.

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

- A. One of the parties may, with consent of the other(s), operate the “SHOPPY” business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners, or trustees authorize “SHOPPY” to deal directly and solely with the other spouse or non-relinquishing shareholder, partner, or trustee.
- B. The parties may continue to operate the “SHOPPY” business jointly on a “business-as-usual” basis, whereupon all compensation paid by the Company 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. The Company will never remove a party to a position from a Distributor account without that party’s written permission and signature. Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Under no circumstances will “SHOPPY” split commission and bonus checks between divorcing spouses or members of dissolving entities. “SHOPPY” will recognize only one downline organization and will issue only one commission check per Company business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion as determined by the Company, the Distributor Agreement shall be involuntarily cancelled. If a former spouse has completely relinquished all rights in the original “SHOPPY” business pursuant to a divorce, they are thereafter free to enroll under any sponsor of their choosing without waiting twelve calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait twelve calendar months from the date of the final dissolution before re-enrolling as a Distributor. In either case, however, the former spouse or business affiliate shall have no rights to any Distributors in their former organization or to any former customer. They must develop the new business in the same manner as would any other new Distributor.

5.15- Sponsoring

All Active Distributors in good standing have the right to sponsor and enroll others into “SHOPPY” Each prospective Customer or Distributor has the ultimate right to choose his or her own Sponsor. If two Distributors claim to be the Sponsor of the same new Distributor or customer, the Company shall regard the first application received by the Company as controlling.

SECTION 6 – RESPONSIBILITIES OF DISTRIBUTORS

6.1 - Change of Address, Telephone, Email-Address

To ensure timely communications, delivery of support materials and commission checks, it is critically important that the “SHOPPY”’s files are current. Distributors planning to move or change their email address must submit an amended Distributor Agreement complete with the new information.

6.2 – Sponsoring Distributor Responsibilities

6.2.1 – Initial Training

Any Distributor who sponsors another Distributor into “SHOPPY SHOP AKA SHOPPY” must perform a bona fide assistance and training function to ensure that their downline is properly operating their “SHOPPY” business. Distributors must provide the most current version of the Policies, the Income Disclosure Statement, and

Compensation Plan to individuals whom they are sponsoring to become Distributors before the applicant signs a Distributor Agreement.

6.2.2 – Ongoing Training Responsibilities

Distributors must monitor the Distributors in their downline organizations to ensure that downline Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Distributor should be able to provide documented evidence to the Company of their ongoing fulfillment of the responsibilities of a Sponsor.

6.3 – Non disparagement

Distributors must not disparage, demean, or make negative remarks about “SHOPPY” other “SHOPPY” Distributors, “SHOPPY” services, the Compensation plan, or “SHOPPY” owners, board members, directors, officers, or employees.

6.4 - Reporting Policy Violations

Distributors observing a policy violation by another Distributor should submit a written report of the violation directly to the attention of the Company Compliance department, complete with all supporting evidence and pertinent information. It is important to understand that information that is submitted will be kept confidential.

SECTION 7 – COMMISSIONS AND REFUND POLICY

7.1 - Bonus and Commission Qualifications

In order to qualify to receive commissions and bonuses, a Distributor must be in good standing and comply with the terms of the Agreement and these Policies. A Distributor will qualify to receive commissions and bonuses so long as he/she is in good standing with the company, pays and renews yearly the initial \$49.95 membership fee and maintains an active “membership” fee of \$9.95/mo.

7.2 - Errors or Questions

If a Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Distributor must notify “SHOPPY” in writing within fourteen (14) days of the date of the purported error or incident in question. “SHOPPY” will not be responsible for any errors, omissions, or problems not reported to the Company within (14) days.

7.3 - Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. Bonus buying includes: (i) the enrollment of individuals or entities without the knowledge of and/or execution of a Distributor Agreement by such individuals or entities; (ii) the fraudulent enrollment of an individual or entity as a Distributor or Customer; (iii) the enrollment or attempted enrollment of non-existent individuals or entities as Distributors or Customers (“phantoms”); (iv) purchasing “SHOPPY” services on behalf of another Distributor or Customer, or under another Distributor’s or Customer’s ID number, to qualify for commissions or bonuses; and/or (v) 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.

7.4 - Reports

All information provided by “SHOPPY” including but not limited to personal sales volume (or any part thereof),

and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments, a Distributor whose Distributor Agreement is cancelled shall receive commissions and bonuses only for the last full pay period he or she worked prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

A “SHOPPY” participant has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing or via email to the Company at its principal business address or email address “SHOPPY” cs@shoppysshop.com

7.5 – Refund Policy

All sign-up and membership fees are nonrefundable. “Shoppys Shop” maintains a fourteen-day refund policy on all tangible products. When a product refund is requested by a Distributor the bonuses and commissions attributable to the refunded service will be deducted from the Distributor who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the commission is recovered.

SECTION 8 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive, or unethical business conduct, or any act or omission by a Distributor that, in the sole discretion of the Company, may damage its reputation or goodwill (such damaging act or omission need not be related to the Distributor’s “SHOPPY” business), may result, at “SHOPPY”’s discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the Distributor to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- Withholding from a Distributor all or part of the Distributor’s bonuses and commissions during the period that “SHOPPY” is investigating any conduct allegedly contrary to the Agreement. If a Distributor’s business is cancelled for disciplinary reasons, the Distributor will not be entitled to recover any commissions withheld during the investigation period;
- Suspension of the individual’s Distributor Agreement for one or more pay periods;
- Involuntary termination of the offender’s Distributor Agreement;
- Any other measure expressly allowed within any provision of the Agreement or which “SHOPPY” deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor’s policy violation or contractual breach;
- Instituting legal proceedings for monetary and/or equitable relief. Each violation is reviewed on a case-by-case basis, and all disciplinary actions are at the sole discretion of “SHOPPY” .

8.2 - Mediation

Prior to instituting arbitration, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least thirty (30) days in advance of the mediation. Each party shall pay its own attorneys' fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Denton, Texas and shall last no more than two (2) business days.

8.3 - Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by confidential arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Denton, Texas. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.

Nothing in these Policies and Procedures shall prevent "SHOPPY" from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect "SHOPPY" interest prior to, during, or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

8.4 - Governing Law, Jurisdiction, and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Denton, Texas. The Federal Arbitration Act shall govern all matters relating to arbitration. The laws of Texas shall govern all other matters relating to or arising from the Agreement. Notwithstanding the foregoing, and the arbitration provision in this Agreement, residents of the State of Louisiana shall be entitled to bring an action against "SHOPPY" in their home forum and pursuant to Louisiana law.

SECTION 10 – EFFECT OF CANCELLATION

9.1- Effect of Cancellation and Termination

So long as a Distributor remains active and complies with the terms of the Distributor Agreement and these Policies, shall pay commissions to such Distributor in accordance with the Compensation Plan. A Distributor's bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and

all activities related to generating sales (including, but not limited to, building a downline organization). Following a Distributor's non-continuation of his or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation (termination) of his or her Distributor Agreement (all of these methods are collectively referred to as "Cancellation"), the former Distributor shall have no right, title, claim or interest to the downline organization which he or she operated, or any commission or bonus from the sales generated by the organization. Distributors waive any and all rights, including, but not limited to, property rights, in the downline which they may have had. Following a Distributor's cancellation of his or her Distributor Agreement, the former Distributor shall not hold him or herself out as a "SHOPPY" Distributor and shall not have the right to sell "SHOPPY" products or services. A Distributor whose Distributor Agreement is cancelled shall receive commissions and bonuses only for the last full pay period he or she worked prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

A Company participant has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address or via email. The written notice must include the Distributor's signature, printed name, address, and Distributor ID Number.

9.2- Non-Renewal

A Distributor may also voluntarily cancel their Distributor Agreement by failing to pay the renewal fee. Distributors have thirty (30) day grace period to get back into compliance for failure to pay the administrative fee.

SECTION 10 – DEFINITIONS

AGREEMENT: The contract between the Company and each Distributor, which includes: (i) the Distributor Agreement; (ii) "SHOPPY" Policies and Procedures; and (iii) the "SHOPPY" Plan, all in their current form and as amended by "SHOPPY" in its sole discretion. These documents are collectively referred to as the "Agreement."

CANCEL: The termination of a Distributor's business. Cancellation may be either voluntary, involuntary, [or through non-renewal].

COMPENSATION PLAN: The guidelines and referenced literature for describing how Distributors can generate commissions and bonuses.

CUSTOMER: A Customer who purchases "SHOPPY" services and does not engage in building a business or selling the service.

MEMBER: An individual who purchases the \$9.95/ monthly membership for products and services but does not participate in the compensation plan

DISTRIBUTOR: An individual who purchases product, generates sales and business building commissions.

LINE OF SPONSORSHIP (LOS): A report generated by "SHOPPY" that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor's organization. This report contains confidential and trade secret information which is proprietary to "SHOPPY"

ORGANIZATION: The Customers and Distributors placed below a particular Distributor.

OFFICIAL COMPANY MATERIAL: "SHOPPY" Literature, audio or video tapes, and other materials developed, printed, published, and distributed by "SHOPPY" to its Distributors.

PLACEMENT: Your position inside your Sponsor's organization.

RECRUIT: For purposes of "SHOPPY"'s Conflict of Interest Policy, the term "Recruit" means the actual or attempted solicitation, enrolment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another "SHOPPY" Distributor or Customer to enroll or participate in another multilevel marketing, network marketing, or direct sales opportunity.

SPONSOR: A Distributor who enrolls a Customer or another Distributor into the Company, and is listed as the Sponsor on the Distributor Agreement. The act of enrolling others and training them to become Distributors is called "sponsoring."

UPLINE: This term refers to the Distributor or Distributors above a particular Distributor in a sponsorship line up to the Company. It is the line of sponsors that links any particular Distributor to the Company.