



**SUPER PATCH<sup>®</sup>**

**Independent Associate Compensation Plan**

# INTRODUCTION

The Super Patch Company (Super Patch) is a “social selling” company. As an Independent Associate (“Associate”), you can share what you’ve experienced about the transforming power of our products with people you know, creating new customers and building a solid foundation for your success.

Social selling also allows you to invite others to join Super Patch and be part of your Associate team, thereby leveraging your income potential. The people you bring in as Associates, along with the people they bring, are called your “team,” your “group” or your “downline.”

The Super Patch Compensation Plan is presented below in three “phases.” Within these three phases are multiple ways for you to make money. Since they are cumulative, it is possible for you to make money in just one or in many ways:

1. **The Marketing Phase**—Designed to compensate you for your personal sales of Super Patch products with retail commissions.
2. **The Leadership Phase**—Pays you bonuses on the sales created by your personal team.
3. **The Executive Phase**—Generously rewards you for mentoring other group leaders.

The first step for anyone who wants to participate in the Super Patch opportunity is to complete an Associate Application and purchase an Associate Welcome Kit for just \$50.

**NOTE:** *No commissions or bonuses of any kind are paid on Welcome Kits.*

**NOTE:** *A new Associate who is in good standing based on the Company Policies & Procedures document may be paid commissions on retail sales regardless of meeting “Active” status requirements. However, to be paid bonuses on your downline team sales, you must meet the “Active” status requirement (see definition of “Active” below and in the Glossary).*

**NOTE:** *Throughout this document, the “\$” currency notation corresponds to CAD for Canadian Associates and USD for US-based Associates. If exceptions apply, it will be explicitly mentioned wherever applicable.*

# The Marketing Phase

## *“Building Your Base of Customers”*

As soon as your enrollment Application has been accepted by the Company, you'll be eligible to earn Base and Enhanced Commissions on all your Personal Retail Sales (PRS). As an Associate, you can create customers for Super Patch products while being generously rewarded for your personal sales efforts in three (3) different ways.

### **Super Patch Income #1—25% Base Commission on Retail Sales**

You will receive a 25% SRP base retail commission either as a discount or as a weekly rebate. When you order products for your personal use from the Company, you'll receive an automatic wholesale discount of 25%. And, if a retail customer orders through your personal Company-provided website (replicated URL), the Company will pay a 25% commission to you at the end of the week following the week in which they submit their order.

***NOTE:** Retail commissions are based on the Suggested Retail Price (SRP) of each product you sell. Bonuses on the sales of your team are based on “Bonus Value” (BV), which is the value assigned to each Super Patch product for the purpose of calculating the appropriate payment of bonuses. BV is usually 60% of SRP. However, occasionally a low margin product may be assigned a lower BV, so it can be supported by the Compensation Plan. Unless otherwise noted, BV is 60% of SRP.*

# The Leadership Phase

## “Working with Others to Build a Team”

### Some Important Definitions (See Glossary for more detailed definitions.)

**Active (Qualified):** Maintain at least \$120 in Personal Qualification Value (PQV), or, optionally, \$120 PQV of monthly automatic renewal orders in a calendar month to be considered “Active” (~monthly qualified) for that month. The \$120 PQV can be from the \$120 MSRP on Personal Online Customer Sales or is equivalent to \$90 at Associate Price. When you’re Active (~monthly qualified), you may receive bonuses based on the sales of other Associates in your downline.

***NOTE:** PQV includes QV (equal to SRP) of product purchased by your retail customers, and product for personal use. To achieve Active status for the first time, your first month may extend from the date you enroll through the end of your first full calendar month.*

***NOTE:** Your ability to receive bonuses may also be subject to “Retail Sales Requirements” (see Glossary).*

**Bonus Value (BV):** The value assigned to each Super Patch product for the purpose of calculating the payment of bonuses. BV is usually 60% of SRP but maybe less for lower-margin products or bundles, kits or packs. For the sake of this Compensation Plan, BV = 60% of SRP for all products unless otherwise stated.

**Leg:** A leg is started each time you personally sponsor a new Associate.

**Paid As Rule:** Regardless of your earned rank, you will be “PAID AS” the rank for which you meet maintenance qualifications in the current pay period.

**Qualification Value (QV):** QV is the value assigned to each Super Patch product for the purpose of determining Active status and rank qualification or maintenance. QV is usually equal to SRP but may be adjusted up or down by the Company from time to time.

**TGQV:** Total Group Qualification Value, which is your PQV, combined with the PQV of every person in your team, through infinite depth. TGQV is used to determine rank qualification or maintenance.

### **Team Building**

In the Marketing Phase, you learned how you can earn income by creating retail customers. Since this is the basis of your business, you should always continue creating new retail customers. However, in this section, you will add team building and discover the powerful leverage you can access by sharing the Super Patch opportunity with others who become Associates. By helping them, you can earn on their sales, too.

From this point forward, your team structure and your Total Group Qualification Volume (TGQV) will set your “rank”, which will, in turn, define your eligibility to earn bonuses on the Bonus Value or “BV” of sales made by your Associate Team.

**The Enroller and Placement Sponsor Relationships**

Super Patch tracks two different types of relationships among its Associates —the “Enroller relationship” and the “Placement Sponsor relationship.”

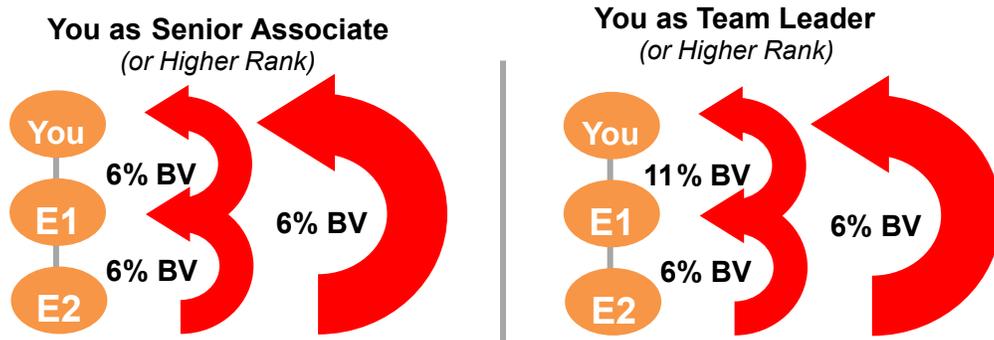
Your Enroller is an existing Associate of any rank who helps you enroll as an Associate. This “enroller relationship” is permanently tracked. Your Placement Sponsor is an Associate of any rank who is immediately above you in the Placement Sponsor genealogy. The Enroller and the Placement Sponsor are usually the same person, though they do not always have to be.

**Super Patch Income #2—Enroller Bonuses**

**Your Direct Enrollees (E1):** Each Month the Company will pay you a special Enroller Bonus based on the monthly personal BV of every Associate that you have personally enrolled (your E1s). As an Associate or Senior Associate (SA), you will earn an E1 bonus of 6% BV. When you reach the rank of Team Leader or above, your E1 bonus will increase to 11% BV.

**Your Indirect Enrollees (E2):** When one of your E1s enrolls a new Associate, that person becomes his or her E1 and your E2. As a Senior Associate or higher rank, you may receive an E2 bonus of 6% BV on your indirect Enrollees’ sales.

**Table 1, Enroller Bonuses**



**NOTE:** These Enroller bonuses are available only to the original E1 and E2 Enrollers. They DO NOT compress if the original enroller is inactive or no longer part of Super Patch. These Enroller bonuses are in addition to the 4% Level bonuses.

**Super Patch Income #3—Level Bonuses**

As an Associate, you’re eligible to earn a 4% Level bonus on the BV of your Levels 1 through 5, based on your rank (see Table 1, below). At Managing Director, and higher ranks, you can

also earn a 2% BV Unlimited Depth Bonus on your L6s and on all subsequent Levels until another Managing Director or higher rank is found in any leg of your Team.

### **“Paid As” and Rank Maintenance**

As you advance through specific “ranks”, you will need to meet certain maintenance requirements every month to be “Paid As” your earned rank for that month. If you do not meet the maintenance requirements for your highest earned rank in a month, you will retain your rank title, but you will be “Paid As” the lower rank for which are qualified in that month. If you achieve the maintenance requirements for a higher rank in any subsequent month, you will be “Paid As” the rank for which you have qualified in that month.

### **Strategic Placement**

You can “place” a new enrollee “under” another Associate on your team as their placement Sponsor. In that case, you will continue to receive the 6% or 11% BV E1 Enroller bonus (based on your Rank) and earn a 4% BV Level bonus, based on where in your team you placed the new Associate. The placement Sponsor will receive the 4% BV Level 1 bonus.

### **Waiting Room**

At your option, Super Patch will allow you to hold your new Associate Enrollee in a “Waiting Room” until the last day of the registration month. Any BV from sales or purchases created by the new Enrollee during this time will be credited to you as the original Sponsor until you transfer the Enrollee to a different placement Sponsor. Beginning with placement, sales or purchases by your new Associate Enrollee will be credited to the placement Sponsor’s team volume.

***NOTE:** This is an optional program. If the Enrollee is not transferred from your Waiting Room before the month end, that Enrollee will be positioned permanently as your Level 1. Once permanent placement of your Enrollee has been made under a selected team member, you will not be allowed to change this genealogical structure.*

### **Super Patch Income #4— Fast Start Bonuses Hat Trick & All Star Bonus**

When you purchase one of the Super Patch Launch Kits at the time of enrollment, you become eligible to earn the Hat Trick & All Star bonuses. To qualify for each bonus, you must complete the following:

#### **Hat Trick Bonus \$200:**

1. Purchase a Launch Kit at the time of registration.
2. Recruit 3 personally enrolled Associates who each purchase a Launch Kit at the time of their enrollment.
3. Must be completed in the first 30 days of your enrollment.

### **All Star Bonus \$400:**

1. Purchase a Launch Kit at the time of registration.
2. Help 3 of your personally enrolled Associates earn their Hat Trick Bonus.
3. Must be completed in the first 60 days of your enrollment.

### **Driver Bonus**

As an associate you can earn \$200 per month if you personally enroll three associates with an eligible enrollment kit in any month from 1<sup>st</sup> to last day.

#### *Note:*

- *The maximum payout on this bonus is \$200 per month.*
- *This program is in addition to the Hat Trick / All Star Fast Start bonus programs.*
- *Enrollment Kits / Packs that are eligible for Fast Start bonus programs are the ones also eligible for Drive bonus program.*

### **Business Builder Bonus**

As an associate you can earn 2 free 28 packs of patches of your choice when you **and** three personally enrolled associates each are on a monthly smartship for at least 2 packs of patches.

*Note: You can only earn 2 free packs of patches in a calendar month.*

**Table 2, Marketing and Leadership Phase  
Retail Commissions, Enroller Bonuses and Level Bonuses**

Rank	Associate	Senior Associate	Team Leader	Director	Managing Director
“Qualifications to achieve” the rank for the first time	Be Active* (\$90 at Associate Price or \$120 MSRP on Personal Online Customer Sales)	Be Active <b>Plus</b> Have 540 TGQV	Be Active <b>Plus</b> Have \$3,000 TGQV	Be Active <b>Plus</b> Have \$11,000 TGQV	Be Active <b>Plus</b> Have 1 qualified Director Leg <b>Plus</b> \$33,000 TGQV
Maintenance to Be “Paid As” your Rank Title	Remain Active	Same as “Qualifications to achieve”	Same as “Qualifications to achieve”	Same as “Qualifications to achieve”	Same as “Qualifications to achieve” <i>60% rule applies</i>
Retail Commission	25%	25%	25%	25%	25%
Enroller Bonus	E1-6%B <sup>V</sup> ****	E1- 6%B <sup>V</sup>	E1- 11%B <sup>V</sup>	E1- 11%B <sup>V</sup>	E1- 11%B <sup>V</sup>
		E2- 6%B <sup>V</sup>	E2- 6%B <sup>V</sup>	E2- 6%B <sup>V</sup>	E2- 6%B <sup>V</sup>
Level 1	4%B <sup>V</sup>	4%B <sup>V</sup>	4%B <sup>V</sup>	4%B <sup>V</sup>	4%B <sup>V</sup>
	Level 2	4%B <sup>V</sup>	4%B <sup>V</sup>	4%B <sup>V</sup>	4%B <sup>V</sup>
		Level 3	4%B <sup>V</sup>	4%B <sup>V</sup>	4%B <sup>V</sup>
			Level 4	4%B <sup>V</sup>	4%B <sup>V</sup>
				Level 5	4%B <sup>V</sup>
				Level 6 <i>To Unlimited Depth</i>	2%B <sup>V</sup>
RABs (Rank Advancement Bonus)	N/A	N/A	\$100	\$150	\$500

\* **Active:** Maintain at least \$120 in PQV or, *optionally*, \$120 PQV in Personal or Customer automatic renewal orders each calendar month to be considered “Active” for that month and therefore eligible to receive bonuses on the sales of other Associates in your team. The \$120 PQV can be from the \$120 MSRP on Personal Online Customer Sales or is equivalent to \$90 at Associate Price. *(Additional Retail Sales Requirements may apply—see Glossary.)*

\*\* **Personal Qualification Value (PQV):** The assigned QV on your personal sales is equal to Suggested Retail Price, unless otherwise stated.

\*\*\* **TGQV:** Total Group QV, which is your PQV, combined with the PQV of every person in your Associate team, through infinite depth.

\*\*\*\* **Bonus Value (BV):** Assigned bonus value is 60% of Suggested Retail Price, unless otherwise stated.

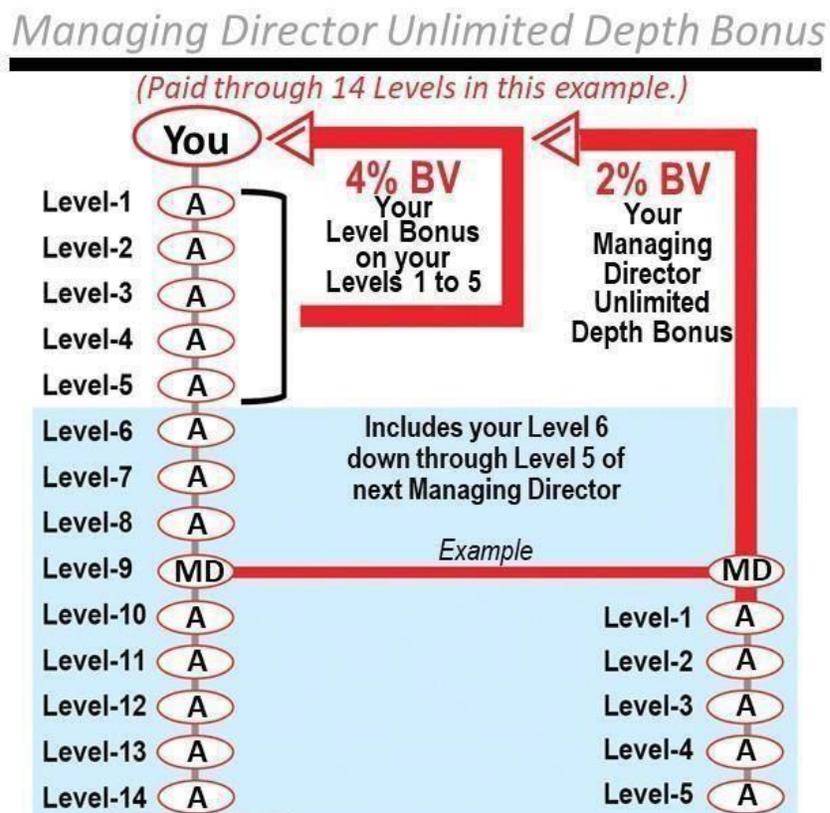
**60% Rule:** No more than 60% of your required TGQV can be counted from any one Leg.

**NOTE:** *Compression rules apply to Level Bonuses—See “Compression” in the Glossary.*

**Super Patch Income #5—Unlimited Depth Bonus**

As a Managing Director, you'll earn a 2% Unlimited Depth Bonus from your 6<sup>th</sup> level on in each Leg of your team until the next Managing Director (or above) in each Leg. Upon creating a Managing Director in a specified Leg, you will continue to receive your 2% Unlimited Depth Bonus down through that Managing Director's 5<sup>th</sup> level (see Table 2 below). *Having a Managing Director in one of your legs is one of the qualifications for being promoted to Vice President and adding two more significant profit centers in the Executive Phase of the compensation plan.*

**Table 3, Managing Director Unlimited Depth Bonus**



**Super Patch Income #6—Rank Advancement Bonuses (RABs)**

To acknowledge the commitment and effort required to achieve advanced ranks, the Company will reward you with the following one-time bonuses as you achieve the ranks shown within the designated time frames:

**Table 4, Rank Advancement Bonuses**

<b>Rank</b>	<b>Achieved By (Full Months After Enrollment)</b>	<b>One-Time Cash Bonus</b>
<b>Team Leader</b>	<b>3</b>	<b>\$100</b>
<b>Director</b>	<b>5</b>	<b>\$150</b>
<b>Managing Director</b>	<b>9</b>	<b>\$500</b>

**\*An Associate, who achieves the Ranks (as listed above) for the first time, will receive the entire**

**Bonus in one-time payout.**

**How to Qualify and Maintain Your Marketing Phase and Leadership Phase Benefits**

***NOTE:** Additional Retail Sales Requirements may apply and may affect your eligibility to receive bonuses! (See “Retail Sales Requirements AND 70 PERCENT RULE” in the Glossary.)*

**Associate (Associate)**—the beginning position in the Super Patch Compensation Plan is Independent Associate. You become an Associate when you:

**Qualification**

1. Sign and submit your Super Patch Application and Agreement, and receive notification from the Company that it has been accepted,
2. Purchase the Associate Business Kit, and
3. Are personally Active (Monthly Qualified).

**Monthly Maintenance**

Remain Active (Monthly Qualified)

**Senior Associate**—you will achieve the rank of Senior Associate when you:

**Qualification**

1. Are personally Active (Monthly Qualified),
2. Accumulate at least \$540 in Total Group Qualification Value (TGQV) in the qualifying month.

### **Monthly Maintenance**

Remain Active (Monthly Qualified) *plus* maintain at least a total of \$540 of TGQV in the qualifying month.

**Team Leader**—you will achieve the rank of Team Leader when you:

#### **Qualification**

1. Are personally Active (Monthly Qualified),
2. Accumulate at least \$3,000 in TGQV in the qualifying month.

### **Monthly Maintenance**

Remain Active (Monthly Qualified) *plus* have a total of \$3,000 in TGQV in the qualifying month.

**Director**—you will achieve the rank of Director when you:

#### **Qualification**

1. Are personally Active (Monthly Qualified),
2. Accumulate at least \$11,000 in TGQV in the qualifying month, and
3. Complete your Team Leader Training.

### **Monthly Maintenance**

Remain Active (Monthly Qualified) *plus* have a total of \$11,000 in TGQV in the qualifying month.

**Managing Director**—you will achieve the rank of Managing Director when you:

#### **Qualification**

1. Are personally Active (Monthly Qualified),
2. Have at least one (1) Qualified Director Leg
3. Accumulate at least \$33,000 in TGQV in the qualifying month.

### **Monthly Maintenance:**

Remain Active (Monthly Qualified) *plus* have a total of \$33,000 in TGQV in the qualifying month. *(The 60% Rule applies.)*

# Executive Phase

## “Mentoring Other Leaders”

When you, as a Qualified Managing Director, help one of your Directors promote to Managing Director and you reach \$99,000 TGQV, you’ll advance to Vice President. As a Vice President, you’ll qualify for “Personal Group”, “Generation” Bonuses and more Super Bonuses (detailed later in the document)

**NOTE:** As a “Paid As” Vice President or higher rank, you’ll continue to receive 25% total commissions on your personal retail sale; 11% BV E1 and 6% BV E2 Enroller bonuses and 4% BV Level bonuses through five (5) levels, just as you did when you were a Managing Director. Personal Group and Generation Bonuses, and National Leadership Bonus Pool shares, are in addition to your other earnings.

**NOTE:** The 2% BV Unlimited Depth bonus you were receiving as a Managing Director, down to the next “Paid As” Managing Director in each Leg, will now be replaced by a 2% Personal Group Bonus.

### **Super Patch Income #7—Personal Group Bonus**

As a Vice President, you qualify for the first of the Executive Phase Bonuses—a 2% bonus on your entire personal Group Bonus Value (GBV), which includes your personal BV and the PBV of every Associate, Senior Associate, Team Leader, Director and Managing Director, to unlimited depth in each Leg of your organization until another qualified Vice President or higher rank is found in that Leg.

Your Personal Group Bonus is not level sensitive, so you can now earn bonuses on all the depth in your group beyond the five (5) compressed levels of the Leadership Phase. (*Monthly maintenance rules apply—see Table 5, below.*)

### **Super Patch Income #8—Generation Bonuses**

When you help a Managing Director in your team also achieve the rank of Vice President, that new Vice President’s Personal Group comes out of your Personal Group and becomes your 1<sup>st</sup> Executive Generation. Your new Vice President will begin receiving the 2% BV Personal Group Bonus on his or her GBV and you’ll now begin receiving a 3% BV Generation Bonus (G1) on that Vice President’s GBV to unlimited depth until reaching another Vice President or higher rank in that Leg. If any of your 1<sup>st</sup> Generation Vice Presidents has someone in his or her group who becomes a Vice President, that person’s organization will become your 2<sup>nd</sup> Generation. As a Qualified Vice President, you’ll be eligible to earn on your Generation 1 and 2.

When any of your 1<sup>st</sup> Generation Vice Presidents has someone in his or her group who becomes a

Vice President, that person’s organization will become your 2<sup>nd</sup> Generation. When you have one Qualified Managing Director and one Qualified Vice President, in separate Legs, reach \$270,000 TGQV, plus recruit 2 new personally enrolled Associates in one month, you’ll advance to the rank of Regional Vice President. As a Qualified Regional Vice President, you’ll be eligible

to receive a 3% BV 3rd Generation Bonus on your Generation 1, 2 and 3 on that GBV to unlimited depth, until reaching another Vice President or higher rank in that Leg.

Continue working with your team Managing Directors to help a total of two of them (in different Legs) become Vice Presidents and help one of your Vice Presidents qualify as a Regional Vice President reach a monthly TGQV of \$800,000. As a National Vice President, you will be entitled to also receive a 3% BV bonus on your 3<sup>rd</sup> Generation. (*Monthly maintenance rules apply—see Table 5 below and “Compression, Generational” in the Glossary*).

### **Super Patch Income #9—Executive Super Bonus:**

- Vice Presidents and above can earn this additional bonus, ranging from 1% of Group BV for Vice President to up to 2% of GBV for Global President for every month of achieving / maintaining the Rank.

### **Super Patch Income #10— CEO Bonus:**

- President and above can earn this additional bonus, ranging from \$10,000 for President to \$20,000 for Global President rank for every month of achieving / maintaining the Rank.

### **Super Patch Income #11— Global President Bonus:**

The Global President can earn this additional bonus of 1% of GBV for every month of achieving / maintaining the Rank

The graphical representations shown in Table 4, below, are provided to illustrate how Executive Bonuses, Personal Group Bonuses and Generation bonuses are calculated, based on total group BV. A group consists of everyone in an organization, to unlimited depth, until another Vice President is reached in a particular leg. When there is another Vice President, that person and his or her whole team comprise a 1<sup>st</sup> Generation to the original Vice President. (*For a concise view of these relationships, see Table 5, below.*)

**Table 5, Executive Bonuses**

Rank	Vice President	Regional Vice President	National Vice President	President	Global President
<b>To Qualify</b>					
	Be Active (Monthly Qualified) <i>Plus</i> Have 1 Qualified Managing Director Leg <i>And</i> \$99,000 TGQV in 1 month	Be Active (Monthly Qualified) <i>Plus</i> Have 1 Qualified Managing Director Leg and 1 Qualified Vice President Leg (in separate legs) <i>And</i> \$270,000 TGQV in 1 month	Be Active (Monthly Qualified) <i>Plus</i> Have 2 Qualified Vice President Legs and 1 Qualified Regional Vice President Leg (in separate legs) <i>And</i> \$800,000 TGQV in 1 month	Be Active (Monthly Qualified) <i>Plus</i> Have 2 Qualified Regional Vice President Legs and 1 Qualified National Vice President Leg (in separate legs) <i>And</i> \$2,500,000 TGQV in 1 month	Be Active (Monthly Qualified) <i>Plus</i> Have 2 Qualified National Vice President Legs and 1 Qualified President Leg (in separate legs) <i>And</i> \$6,500,000 TGQV in 1 month
<b>To Maintain</b>					
	Same as "Qualifications to achieve" <i>60% Rule Applies</i>	Same as "Qualifications to achieve" <i>60% Rule Applies</i>	Same as "Qualifications to achieve" to <i>60%</i> <i>Rule Applies</i>	Same as "Qualifications to achieve" to <i>60%</i> <i>Rule Applies</i>	Same as "Qualifications to achieve" to <i>60% Rule Applies</i>
<b>Personal Group Bonus</b> <i>(Paid on all Legs to first Vice President in each Leg)</i>					
	2% GBV	2% GBV	2% GBV	2% GBV	2% GBV
<b>Executive Generation Bonuses</b> <i>(Paid on Vice President and higher rank groups)</i>					
Generation 1	3% GBV	3% GBV	3% GBV	3% GBV	3% GBV
Generation 2	3% GBV	3% GBV	3% GBV	3% GBV	3% GBV
Generation 3	--	3% GBV	3% GBV	3% GBV	3% GBV
Rank Advancement Bonus	\$2,000	\$5,000	\$10,000	\$50,000	\$100,000
Executive Super Bonus	1% GBV	1.5% GBV	2%GBV	2%GBV	2%GBV
Global Leadership Bonus Pool	--	--	1-Star / 2-Star / 3-Star Pools	1 share of each of 1-Star, 2-Star and 3-Star Pools	1 share of each of 1-Star, 2-Star and 3- Star Pools
CEO Bonus paid per month	--	--	--	\$10,000	\$20,000
Global President Bonus	--	--	--	--	1%GBV

“Month” always refers to a calendar month.

**GBV:** Group Bonus Value is the total BV of all products sold or purchased by any Associate in the downline of a Vice President or higher rank.

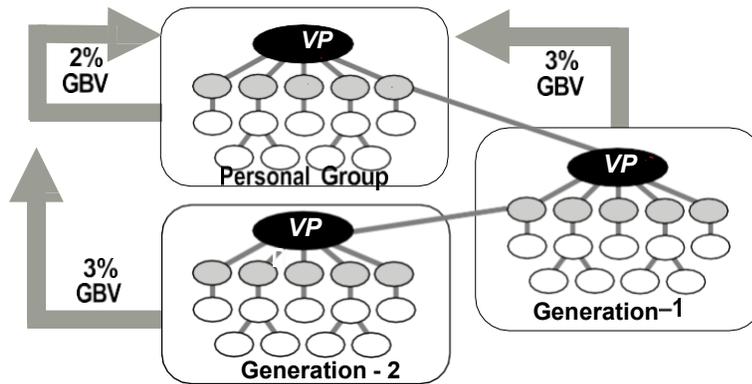
**60% Rule:** As it pertains to Vice Presidents or higher ranks, no more than 60% Total Group Qualification Value (TGQV) may be applied from any one Leg for the purpose of meeting this qualification.

**Global Leadership Bonus Pool:** Please refer to the details provided in the section ‘Global Leadership Bonus Pool’ later in this document.

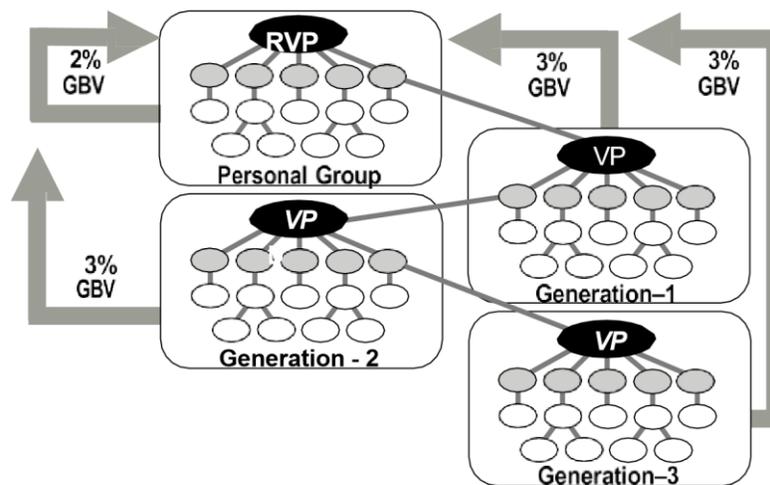
\*Please refer to Table 6 for Rank Advancement bonus details

**Table 6, Understanding Generations**

***You as a Vice President (VP)***

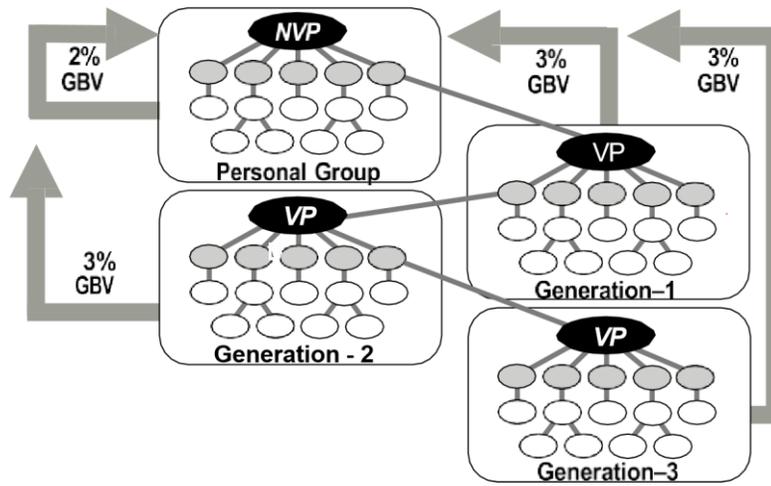


***You as a Regional Vice President (RVP)***



**Table 6 (continued)**

## You as a National Vice President (NVP)



## **Continue to Earn Rank Advancement Bonuses in the Executive Phase**

To reward you for earning a promotion in rank, Super Patch continues to give you a one-time “Rank Advancement Bonus” for each new rank you earn that’s higher than your previous highest rank (starting with Vice President). These Rank Advancement Bonuses are *in addition* to all your other bonuses.

**Table 8, Rank Advancement Bonuses**

<b>Rank</b>	<b>Achieved By (Full Months After Enrollment)</b>	<b>Consecutive Months of Rank Needed</b>	<b>Rank Advancement Bonus</b>	<b>No. of Months over which Bonus payout will be spread over*</b>
<b>Vice President</b>	12	3	\$2,000	2
<b>Regional Vice President</b>	18	3	\$5,000	2
<b>National Vice President</b>	24	3	\$10,000	2
<b>President</b>	36	3	\$50,000	9
<b>Global President</b>	48	3	\$100,000	12

### ***NOTE\*:***

- You must meet all the qualification requirements to earn your new rank by the number of months specified above to receive your Rank Advancement Bonus.
- \*An Associate, who achieves and / or maintains the Ranks for the consecutive number of months (as listed above), will earn the Rank Advancement Bonus.
- The earned Bonus will be equally spread over the number of months (as listed above) as soon as the consecutive number of months is achieved. If the ‘consecutive’ requirement is missed, the ‘consecutive’ counter will reset. You will still be eligible to earn the Rank Advancement Bonus if the ‘consecutive’ no. of months requirement is fulfilled anytime within the no. of months listed under the ‘Achieved By (Full Months After Enrollment)’.

### **How to Qualify and Maintain Your Executive Phase Benefits**

**Vice President**—you will achieve the rank of Vice President when you:

#### **Qualification**

1. Are personally Active (Monthly Qualified),
2. Have at least one (1) Qualified Managing Director Leg, and
3. Accumulate at least \$99,000 in TGQV in the qualifying month

### **Monthly Maintenance**

Remain Active (Monthly Qualified), maintain the structure above, *AND* have a total of \$99,000 in TGQV in the qualifying month (*the 60% Rule applies*).

**Regional Vice President**—you will achieve the rank of Regional Vice President when you:

### **Qualification**

1. Are personally Active (Monthly Qualified),
2. Have one (1) Qualified Managing Director Leg and one (1) Qualified Vice President Leg (in separate Legs), and
3. Accumulate at least \$270,000 in TGQV in the qualifying month

### **Monthly Maintenance:**

Remain Active (Monthly Qualified), maintain the structure above, *AND* have a total of \$270,000 in TGQV in the qualifying month (*the 60% Rule applies*).

**National Vice President**—you will achieve the rank of National Vice President when you:

### **Qualification**

1. Are personally Active (Monthly Qualified),
2. Have two (2) Qualified Vice President Legs, and (1) Qualified Regional Vice President Leg (all in separate Legs), and
3. Accumulate at least \$800,000 in TGQV in the qualifying month

### **Monthly Maintenance**

Remain Active (Monthly Qualified), maintain the structure above, *AND* have a total of \$800,000 in TGQV in the qualifying month (*the 60% Rule applies*).

**President**—you will achieve the rank of President when you:

### **Qualification**

4. Are personally Active (Monthly Qualified),
5. Have two (1) Qualified Regional Vice President Leg, and (1) Qualified National Vice President Leg (all in separate Legs), and
6. Accumulate at least \$2,500,000 in TGQV in the qualifying month

### **Monthly Maintenance**

Remain Active (Monthly Qualified), maintain the structure above, *AND* have a total of \$2,500,000 in TGQV in the qualifying month (*the 60% Rule applies*).

**Global President**—you will achieve the rank of President when you:

### **Qualification**

7. Are personally Active (Monthly Qualified),
8. Have two (1) Qualified National Vice President Leg, and (1) Qualified President Leg (all in separate Legs), and
9. Accumulate at least \$6,500,000 in TGQV in the qualifying month.

### **Monthly Maintenance**

Remain Active (Monthly Qualified), maintain the structure above, *AND* have a total of \$6,500,000 in TGQV in the qualifying month (*the 60% Rule applies*)

## **Super Patch Income #12—Global Leadership Bonus Pool**

Every month, Super Patch places at least 1% of its total monthly BV into a Global Leadership Bonus Pool, to be divided into three (3) equal pools and shared as described below.

### **Global Leadership Bonus Pools**

#### **1. 1-Star Global Leadership Bonus Pool**

***Qualification & Maintenance*** – Upon earning the rank of National Vice President and assisting one Regional Vice President in your Team to become a National Vice President, you will be promoted to the rank of 1-Star National Vice President. You may now qualify to participate in the 1 Star Bonus Pool, comprising 1/3 of the total National Leadership Bonus Pool.

***Note:*** *You must meet the minimum maintenance requirements of a “Paid As” National Vice President to receive any shares in any of these bonus pools.*

#### **2. 2-Star Global Leadership Bonus Pool**

***Qualification & Maintenance*** – When you create a second Leg in your Team that contains a National Vice President, you’ll advance to the rank of 2-Star National Vice President and begin to share in the 2-Star Bonus Pool, which represents the second 1/3 of the National Leadership Bonus Pool. You’ll also continue to receive shares of the 1-Star Bonus Pool.

#### **3. 3-Star Global Leadership Bonus Pool**

***Qualification & Maintenance*** – When you create a third Leg in your Team that contains a National Vice President, you will have reached the rank of 3-Star National Vice President. As a 3-Star, you’ll share in the 3-Star Bonus Pool, which contains the final 1/3 of the National Leadership Bonus Pool, as well as continue to receive shares in the 1-Star Bonus Pool and the 2-Star Bonus Pool.

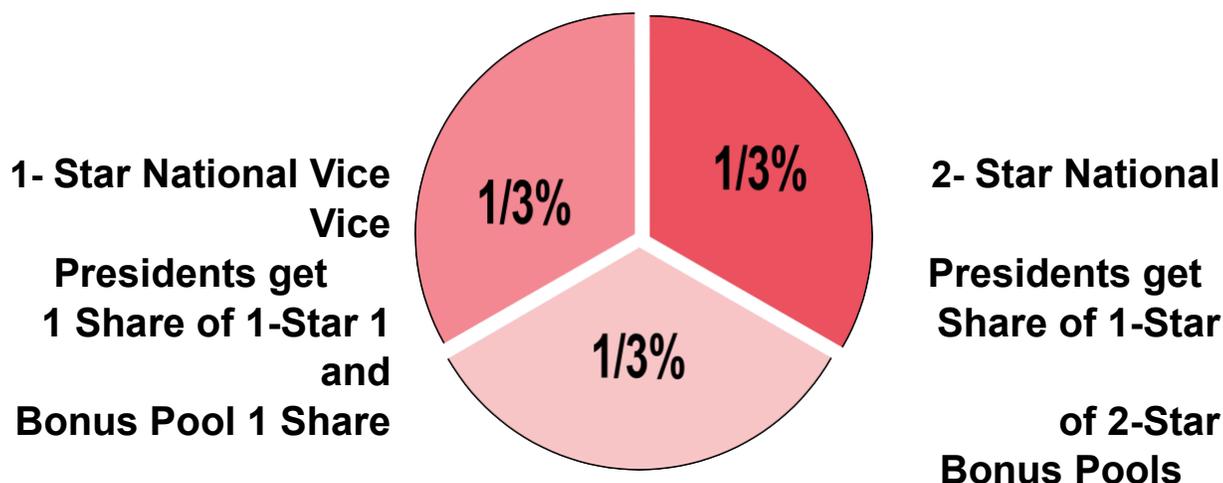
Every month that you meet rank qualifications for 1-Star, 2-Star or 3-Star, the Company will bank a share for you in each pool for which you qualify in that month. The more shares you have, the more you'll earn! All shares will be redeemed once a year, when the total value of each pool will be divided by the number of shares earned by all eligible participants in that pool for each month. To redeem shares, you must be qualified at the rank of 1-Star National Vice President or higher in at least one of the last three months of the year.

At ranks of President and Global President, you will also be paid the NVP 3-Star shares in the 'Global Leadership Bonus Pool'. Hence, you will share in the 3-Star Bonus Pool, which contains the final 1/3 of the National Leadership Bonus Pool, as well as continue to receive shares in the 1-Star Bonus Pool and the 2-Star Bonus Pool.

***NOTE: No individual 1-Star, 2-Star or 3-Star National Vice Presidents, or President or Global President may earn more than 40% of the 3 individual monthly bonus pools.***

Table 9

## Global Leadership Bonus Pool Equals 1% of Monthly Company Bonus Value



**3- Star National Vice Presidents get 1 Share of 1-Star, 1 Share of 2-Star, and 1 Share of 3-Star Bonus Pool**

### Glossary

**ACTIVE:** Maintain at least \$120 in Personal Qualification Value (PQV), or, optionally, \$120 PQV of monthly automatic renewal orders in a calendar month to be considered “Active” for that month. When you’re Active, you may receive bonuses based on the sales of other Associates in your downline.

**NOTE:** PQV includes QV of product purchased by your retail customers, and product for personal use. To achieve Active status for the first time, your first month may extend from the date you enroll through the end of your first full calendar month.

**NOTE:** Your ability to receive bonuses may also be subject to “Retail Sales Requirements” described later in this Glossary.

**APPLICATION AND/OR AGREEMENT FORM:** This is a legal binding agreement between you and the Company, which covers your rights, duties, and responsibilities and those of the Company. This is vital and necessary information. The Policies & Procedures manual is an extension of this Agreement and should be read carefully.

**ASSOCIATE:** The generic name for an independent contractor who has signed an Independent Associate Application and Agreement form with the Company, and whose Application and Agreement the Company has accepted. Upon acceptance of such Agreement by the Company, an Independent Associate is eligible to purchase the Company's products at a wholesale price for resale and can enroll and Sponsor other people into their retail sales organization. An Independent Associate is eligible to earn Commissions and Bonuses in accordance with the terms and provisions of the Compensation Plan.

**ASSOCIATE BUSINESS KIT (or STARTER KIT):** Tools, forms, brochures, manuals, and application forms, relative to the Super Patch business opportunity necessary to begin your new business.

**BONUS:** Not to be confused with Commissions. This is money you earn as an override on sales made by your network of Associates in your downline.

**BONUS VALUE (BV):** The value assigned to each Super Patch product for the purpose of calculating the payment of bonuses. BV is usually 60% of SRP but may be less for lower-margin products.

**COMMISSION:** Money you earn by personally selling products to a retail customer. You get a base commission for every product you sell, and you can earn additional enhanced commissions, depending on your Personal Retail Sales (PRS) each month. This should not be mistaken as a Bonus. Some companies call a bonus a commission. It is important to understand the difference.

**COMPANY:** The Super Patch corporate or home office.

**COMPENSATION PLAN:** Sometimes erroneously called the "Marketing Plan," the compensation plan is only one part of the Company's overall marketing plan. The compensation plan is the company's official set of definitions and performance requirements, as published in the Super Patch Associate Manual, by which it pays Associates.

**COMPRESSION:** As an Active Associate, you can qualify to earn Sponsor Bonuses on up to five (5) Active Levels of your team, based on your "Paid As" rank (see below). If a team Associate fails to meet the minimum Active requirement, the Company will search until it finds an Associate who is Active, no matter how far down the line it must look. That Active Associate's PBV for the Sponsorship plan then "compresses" to include all the volume that may have been generated by all non-Active Associates in between to create the next Level. The company will continue this process until it has satisfied its payout requirements to you, based on the number of Levels on which you are eligible to be paid. The term

“Compression” is used to describe the temporary condition that occurs when an Associate fails to meet their Active requirement for a particular month and is automatically reset for each month. Compression does NOT apply to Enroller Bonuses (see also “Roll-up”).

**Generational Compression:** Compression applied to generational volume using the “Paid As” Vice President rank to determine the boundary of each generation (in the same way “Active” status determines the boundary of each Level in standard compression).

When a Qualified Managing Director helps a Director promote to Managing Director, and reaches \$107,250 TGQV in one month, he or she will advance to Vice President and qualify for “Personal Group” and “Generation” Bonuses.

**NOTE:** As a “Paid As” Vice President or higher rank, he or she will continue to receive 25% total commissions on his or her Personal Sales Volume; 11% BV E1 and 6% BV E2 Enroller bonuses and 4% BV Level Bonuses through five (5) levels, just as he or she did when he or she was a Director. Personal Group and Generation Bonuses, Executive Rank Advancement Bonuses and National Leadership Bonus Pool shares, are in addition to your other earnings.

**CUSTOMER:** A non-Associate who purchases a Super Patch product for personal use. Some customers may also become Associates.

**DIRECT:** An Associate that you have personally and directly enrolled (see “Leg”).

**ENROLL:** To sign an Associate Application and Agreement form and submit it to Super Patch for the purpose of becoming an Associate for the company.

**ENROLLEE:** An enrolling or newly enrolled Associate.

**ENROLLER:** An authorized Super Patch Associate who introduces an enrollee to the opportunity, explains the program, assists in the enrollment, and provides preliminary training to the enrollee.

**ENROLLER BONUS:** When you personally enroll a new Associate (your E1), as the qualified Enroller, you will receive a special 6% BV E1 Enroller Bonus on any direct Enrollee’s Personal BV, if you are personally “Active.” When you are qualified as a Team Leader or higher rank, your E1 bonus will increase to 11% BV. When your E1 enrolls another Associate that indirect enrollee is your E2 and, if you are qualified as a Senior Associate or higher rank, you will receive a 6% BV E2 Enroller Bonus on your E2’s Personal BV, as long as you are personally “Active”.

**NOTE:** Enroller Bonuses are paid on the personal BV of direct (E1) and indirect (E2) Enrollees only and are not subject to compression (see definition of “Compression”).

**ENROLLER AND SPONSOR RELATIONSHIPS:** Super Patch tracks two different types of relationships among its Associates—the “Enroller relationship” and the “Sponsor relationship.” An Enroller is an existing Associate of any rank that first explains Super Patch business opportunity to a potential new Associate, and subsequently helps them to enroll as an Associate. Super Patch’s computer thereby recognizes an “Enroller relationship” between these two Associates and maintains it accordingly. A Sponsor is an Associate of any rank who is immediately above a new or existing Associate in the placement Sponsor genealogy, and is generally responsible for the day-to-day coaching, encouragement, and assistance of the Associates immediately below them. The Enroller and the Sponsor of a new Associate are usually the same person, though this is not always the case if the Enroller is qualified to use “Strategic Placement

**ENROLLER TREE:** The complete line of Enroller relationships, beginning with the Company and continuing through all levels in each leg. The Enroller Tree includes ONLY direct Enroller relationships. It is like the true “family tree” of each Associate. (See *also* “Sponsor Tree”.)

**FRONT LINE:** Refers to all Associates that are personally enrolled (in the Enroller tree) or Sponsored (Level 1 in the placement Sponsor tree) by a particular Associate or by the Company.

**GENEALOGY:** The complete set of relationships (as defined by “Enroller tree,” “Sponsor tree,” “Levels” and “Legs”) between an Associate and the Associates above and below him or her. It is the “family tree” of any Associate.

**GENEALOGY REPORT:** A computer display, electronic file or printout of your team.

**GENERATION:** The Personal Group of any Vice President or higher rank in your downline. When a Managing Director in your downline achieves the rank of Vice President, that new Vice President leaves your Personal Group and starts your 1<sup>st</sup> Generation.

**I.D. #:** The identification number used by the Company to identify each Associate for Compensation Plan purposes.

**INDIRECT:** All Associates in your Team that are not directly enrolled by you are “Indirect” in your Enroller tree, and all Associates who are not on your Level 1 are indirect to you in your placement Sponsor tree. (See also “Team.”)

**LEG:** A leg is started each time you personally sponsor a new Associate. If you have five personally sponsored Associates placed at your Level 1, regardless of whether you personally enrolled them or they were enrolled by a Team Leader or higher ranked Associate above you and then placed at your Level 1, then you have five “legs” of your business. The “leg” is that Associate and all the Associates and customers that have been brought to Super Patch through that person. (You and your entire team represent one leg of your Sponsor’s team.)

**LEVEL:** The Associates you have directly Sponsored (whether you enrolled them, or they were placed under you as their placement Sponsor by an Enroller above you) are your “Level 1” or “L1.” Their L1s are your L2s, and so on.

**MAINTENANCE:** The standard of performance required for an Associate to continue being “Paid As” a particular rank after meeting the initial qualification requirements for that rank.

**“PAID AS”:** As you advance through specific “ranks” in the Compensation Plan, you will need to meet certain maintenance requirements every month in order to be “Paid As” your earned rank for that month. If you do not meet the maintenance requirements for your highest earned rank in a particular month, you will retain your title for that rank, but you will be “Paid As” the lower rank for which are qualified in that month. If your volume increases in any subsequent month, such that you achieve the maintenance requirements for a higher rank, up to your highest earned rank, you will be “Paid As” the rank for which you have qualified in that month.

**PERSONAL BONUS VALUE (PBV):** The accumulated Bonus Value of all products purchased by you, along with the BV of all products purchased by any retail Customers who you have personally enrolled is combined during a given pay period to determine your “Personal Bonus Value” for that pay period.

**PERSONAL RETAIL SALES (PRS):** The total retail value (based on SRP) of all products purchased by you or sold by you to your retail customers, whether individually or online, during a given pay period is your “Personal Retail Sales” for that pay period. All Base and Enhanced Retail Commissions are calculated on the basis of PRS.

**POLICIES & PROCEDURES:** The governing rules of Super Patch that define the relationship between the company and its Associates, as well as between Associates and other Associates. The Policies & Procedures are specifically incorporated into and made a part of the Associate Agreement, which each Associate must sign in order to enroll.

**QUALIFICATION VALUE (QV):** QV is the value assigned to each Super Patch product for the purpose of determining Active status and rank qualification or maintenance. QV is usually equal to SRP but may be adjusted up or down by the Company from time to time.

**RANK:** As you meet certain performance criteria (as defined in this Compensation Plan) you will earn progressive title designations known as “ranks.” As you move to higher ranks, you will become eligible to receive increased levels of bonus participation. You will always carry the title of the highest rank you reach but are paid at the rank for which you qualify each month (*see also “Paid As”*).

**RECRUITING:** Inviting others to join your organization to share the same opportunity.

**RENEWAL:** Super Patch Associates must renew their Associate Agreement each year no later than the anniversary date of their joining the Company. If an Associate does not renew their relationship with Super Patch, they will be dropped from the computer files and any sponsored or enrolled Associates will be moved up to the next Active Associate. If they wish

to rejoin Super Patch at a later date, they may not reclaim their previous rank or team, but must join at the standard entry level in the program (see “Roll-up”).

**RETAIL:** Sales of Super Patch products to the end users of those products. Retail sales are the foundation of your Super Patch business, and the ultimate purpose of all other activities within the business, including enrolling, sponsoring, training, etc.

**RETAIL COMMISSION:** Regardless of your rank, you have the opportunity to sell products and receive a retail commission on all Super Patch products.

**RETAIL SALES REQUIREMENTS:**

*Note: This Retail Sales Requirement (and the concept of “Ramp-up Grace Period” mentioned below) is not being enforced at the beginning on the Comp Plan launch on Sept 1, 2021. You will be notified in advance when this is enforced.*

Although the primary function of the Company is to sell products and services to the general consuming public, the Company realizes that its Associates may wish to purchase product for personal or family use in reasonable amounts. For this reason, the Company defines a retail sale to include sales to non-participants, as well as purchases for personal or family use in reasonable amounts, which are not made solely for purposes of qualification or advancement. In furtherance of this policy, the Company has adopted a requirement that no more than 49% of the monthly Active status requirement for an Associate in this plan may be met by personal purchases. An Associate will **not** be considered Active, and thus eligible for bonuses or overrides, unless he or she has made sales per month to non-participant retail customers totaling at least 51% of the Active requirement (see “Active”, above).

**Ramp-up Grace Period:** With the understanding that Associates will need time to build their book of business of non-participant retail customers, Associates shall be allowed to ramp up their book of business to the minimum 51% retail, over the first three (3) months in the business such that by the fourth (4<sup>th</sup>) month after enrollment, each Associate’s personal sales to retail, will be comprised of at least 51% of the Active requirement in order for that Associate to be eligible to receive downline sales bonuses in that month. After achieving 51% of the Active requirement in retail, if in any subsequent month that Associate’s personal sales to retail, falls below 51% of the then current Active requirement, that Associate will become ineligible to receive any downline sales bonuses in that month.

**70% Rule:** Seventy per cent (70%) of products obtained from Super Patch must be retailed or consumed before reorders are made. (See *Policies and Procedures.*)

**ROLL-UP:** The permanent form of Compression. When either the Company or an Associate terminates his Associate Agreement, or he does not exercise his yearly renewal, his entire team rolls up to his Sponsor or the next qualified person and his name is deleted from the Company records (see also “Compression”).

**NOTE:** *Enroller Bonuses do NOT compress or roll up.*

**SALES ORGANIZATION:** Your Sales Organization consists of you and the people that you directly enroll as Associates, and the people that they enroll as Associates, and so on. There is no limit to how deep that your Sales Organization can grow (*see “Team” and “Leg”*).

**SPONSOR (also known as “Placement Sponsor”):** An Associate who agrees to be responsible for helping and developing another Associate with his or her business by teaching the new Associate how to do the business, and by assisting, encouraging, and supporting them. Every Associate must be Sponsored, either by another Associate in good standing with the Company, or by the Company itself. As consideration for being a Sponsor, the Associate may earn bonuses based on the Personal Bonus Value of Associates in their Team, to the extent that the Sponsor is qualified. It is important to note that in some other Direct Selling companies, the term “Sponsor” may include the act of introducing prospective new Associates to the opportunity and helping them sign up as new Associates. In Super Patch, this is called “enrolling.” While bonuses may be earned for being a Sponsor of someone who creates product sales, no payment is ever made for the mere act of recruiting or enrolling (See “Enroll”), although an Enroller may earn Enroller Bonuses based on the personal sales of his or her Direct Enrollees.

**SPONSOR BONUS:** Compensation that is based upon fixed Sponsorship genealogical relationships.

**SPONSOR TREE:** The complete line of sponsorship, beginning with the Company and continuing through all levels in each leg. This may include placement sponsor relationships as well as direct sponsor relationships. (*See also “Enroller Tree”*.)

**STRATEGIC PLACEMENT:** You may choose to “place” the sponsorship of your enrollees with others in your downline, when it’s appropriate. If the prospective Placement Sponsor agrees to accept the responsibilities of that role, you may specify him or her as the Sponsor in the new Associate’s application. Thereafter, Super Patch will recognize a Sponsor relationship between these two Associates in the Company’s Sponsor genealogy tree. You will receive the 11% BV E1 Enroller Bonus and earn a separate 4% BV Level Bonus, based on where in your team you placed the new Associate. The Placement Sponsor will receive the 4% BV Level 1 Bonus.

**SUGGESTED RETAIL PRICE (SRP):** The retail price as suggested by the Company. An Associate may sell the product or service for whatever price he or she chooses.

**TEAM:** Those people directly Sponsored by an Associate, plus all the people whose line of Sponsorship resulted from and came through that Associate. Your team consists of all Associates on your Level 1, Level 2, Level 3 and so on, to infinite depth in each Leg.

**TOTAL GROUP QUALIFICATION VALUE (TGQV):** This is the total PQV created by you and all of your Associate teams in the Sponsor genealogy calculated to infinite depth. This TGQV

is used to determine qualification for earning new rank promotions and rank maintenance in various phases of the Compensation Plan. It is sometime subject to the 60% rule.

**UPLINE:** The term “upline” refers to that portion of either your Enroller or Sponsor genealogy that precedes you. Your upline consists of the Associate who is your Enroller and/or Sponsor, and her/his Enroller and/or Sponsor, and her/his Enroller and/or Sponsor, etc., all the way to the Company (*see also “Enroller” and “Sponsor”*).

**WAITING ROOM:** As a Team Leader, at your option, Super Patch will allow you to hold your new Associate Enrollee in a “Waiting Room” until the last day of the registration month. Any BV from sales or purchases created by the new Enrollee during this time will be credited to you as the original Sponsor until you transfer the Enrollee to a different placement Sponsor. Beginning with placement, sales or purchases by your new Associate Enrollee will be credited to the placement Sponsor’s team volume.

**NOTE:** *This is an optional program. If the Enrollee is not transferred from your Waiting Room before month end, that Enrollee will be positioned permanently as your Level 1. Once permanent placement of your Enrollee has been made under a selected team member, you will not be allowed to change this genealogical structure.*

**WHOLESALE PRICE:** All Super Patch products have a Suggested Retail Price and may be purchased by Associates at a “Wholesale” price that is 25% less than the SRP. This difference between the SRP and the Wholesale price may either be taken as a discount or received as a rebate, depending on how the funds are received by the Company, and is called a commission. **60% RULE:** No more than 60% as specified (based on rank) of the TGQV required maintenance can be counted from any one leg. The purpose of this rule is to encourage each Associate to build multiple strong Legs. Any amount greater than the specified percentage of the rank required TGQV that comes from one leg of an Associate’s team will not be counted toward the total required for maintenance of that rank. However, the Associate will be paid bonuses on all the volume, from whatever source, that the Associate is entitled to be paid upon *for the “Paid As” rank at which that Associate is qualified, AFTER application of the 60% rule*, regardless of whether that volume was used to determine the “Paid As” rank.

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