

# LEADERSHIP COMPENSATION PLAN

Rev.112320.01

# TERMS

- **FIRST LEVEL LEADER:** The first LEADER within any Leg on your Team.
- **GRADUATED LEADER\*:** An Independent Fashion Retailer in your Leg who is a First Level Leader. The First Level Leader will still count towards your Team requirements for qualifications, however their Team will no longer count.
- **GROUP VOLUME:** The total number of Pieces Sold in a calendar month by the Independent Fashion Retailers on a Team. The total number of Pieces Sold by the first Trainer, Coach, or Mentor in each Leg of your Team will count towards your Group Volume. Any Pieces Sold by the Trainer, Coach, or Mentor's Team will not count. Remember, Group Volume does not include your Personal Volume.
- **GROUP RETAIL SALES:** The total Retail Sales dollar amount Sold in a calendar month by the Independent Fashion Retailers on a Team. The total number of Pieces Sold by the first Trainer, Coach, or Mentor in each Leg of your Team will count towards your Group Volume. Any Pieces Sold by the Trainer, Coach, or Mentor's Team will not count. Remember, Group Volume does not include your Personal Volume.
- **INDEPENDENT FASHION RETAILER:** Anyone who has entered into the LuLaRoe Independent Fashion Retailer Program Application and Agreement and has been onboarded as an Independent Fashion Retailer by LuLaRoe. Sometimes an Independent Fashion Retailer may be called a Fashion Retailer or simply a Retailer.
- **LEADER:** Any onboarded Independent Fashion Retailer who has attained the rank of Trainer, Coach, or Mentor since July 2017.
- **LEADERSHIP LEG:** Begins with any First Level Leader on your Team and includes all Independent Fashion Retailers in that First Level Leader's Leg.



# TERMS CONTINUED

- **LEG:** Each one of the Independent Fashion Retailers onboarded immediately underneath you and the Independent Fashion Retailers onboarded under them represents one Leg on your Team.
- **LULAROE:** LuLaRoe and/or its affiliates referred to as "LuLaRoe" herein.
- **ONE TIME RANK ADVANCEMENT COMPENSATION:** Compensation that is earned by meeting the Rank requirements for a new high Rank for the required length of time. A payment of One Time Rank Advancement Compensation is not earned on Rank advancements gained through the purchase of a Team.
- **PERSONAL VOLUME:** The total number of Pieces Sold in a calendar month by an Independent Fashion Retailer.
- **PERSONALLY SPONSORED OR PERSONALLY SPONSORED INDEPENDENT FASHION RETAILER:** Any Independent Fashion Retailer who is listed as Sponsored by you directly who is onboarded by LuLaRoe as an Independent Fashion Retailer (can be Personally Sponsored or acquired through compression of the team of an Independent Fashion Retailer who has exited the business).
- **PIECE, PIECES, OR QUALIFYING PIECES:** Each LuLaRoe item or product Sold by an Independent Fashion Retailer through a point of sale system approved by LuLaRoe. An individual pair of leggings Sold by an Independent Fashion Retailer is considered one-half Piece. Qualifying Pieces may be called Pieces.
- **RETAIL SALES:** The total amount of Retail Sales made by an Independent Fashion Retailer through a Point of Sale system approved by LuLaRoe in a calendar month. The total of Retail Sales does not include tax or shipping.
- **SECOND LEVEL:** The first Leader located underneath a First Level Leader within any Leg on your Team.
- **SELL OR SOLD:** Pieces Sold at Retail Sales.
- **TEAM:** All Personally Sponsored Independent Fashion Retailers and all onboarded Independent Fashion Retailers sponsored by them who are not onboarded by a graduated Leader. A Team includes all of your Legs.



# LEADERSHIP

RETAILER



SPONSOR



TRAINER



COACH



MENTOR



AMBASSADOR



# SPONSOR

## SPONSOR REQUIREMENTS

Once you have personally sponsored at least 1 Independent Fashion Retailer, you will achieve the rank of Sponsor. In order to receive compensation at the rank of Sponsor, the rank must be qualified for each month. The monthly Sponsor Compensation Requirements are:

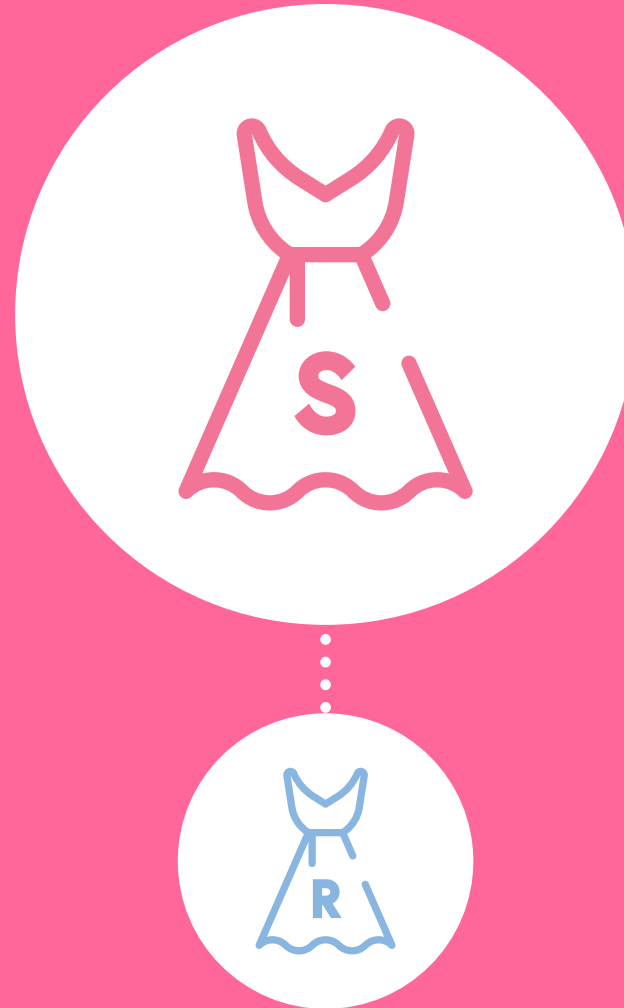
- Have personal Retail Sales totaling 65 Pieces with a minimum of \$1,950 in Retail Sales for the month and an average price per piece of at least \$30.

## SPONSOR COMPENSATION

You will be eligible to earn a 3% override compensation on the Retail Sales of your Personally Sponsored Independent Fashion Retailer(s). Sales and compensation will be calculated per calendar month.



# SPONSOR COMPENSATION



**3%**

**OVERRIDE ON THE RETAIL  
SALES OF ANY PERSONALLY  
SPONSORED RETAILER**



# SPONSOR TIER RANKS

**As you work towards the rank of Trainer, you will advance through the tiers of the Sponsor level. Each tier advancement for Sponsors is accompanied by a one time payout in the month it is first achieved. The tiers are:**

## **SPONSOR 1 - \$250**

**The requirements to advance to Sponsor 1 are:**

- Have personal Retail Sales totaling 80 pieces with a minimum of \$2,400 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 130 Pieces and a minimum of \$3,900 in Group Retail Sales
- Have a minimum Team size of 3 Retailers with at least 1 Personally Sponsored

## **SPONSOR 2 - \$500**

**The requirements to advance to Sponsor 2 are:**

- Have personal Retail Sales totaling 95 pieces with a minimum of \$2,850 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 300 Pieces and a minimum of \$9,000 in Group Retail Sales
- Have a minimum Team size of 5 Retailers with at least 2 Personally Sponsored

## **SPONSOR 3 - \$750**

**The requirements to advance to Sponsor 3 are:**

- Have personal Retail Sales totaling 110 pieces with a minimum of \$3,300 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 475 Pieces and a minimum of \$14,250 in Group Retail Sales
- Have a minimum Team size of 8 Retailers with at least 2 Personally Sponsored



# TRAINER

## TRAINER REQUIREMENTS

As a Trainer, you must have at least 3 Personally Sponsored Independent Fashion Retailers and have a total of 10 people on your team (Team includes all Retailers on your team not under a graduated Leader).

In order to receive compensation at the rank of Trainer, the rank must be qualified for each month.

Trainer Compensation Requirements are:

- Have personal Retail Sales totaling 125 Pieces with a minimum of \$3,750 in Retail Sales that month and an average price per piece of at least \$30.
- Have Team Retail Sales totaling 650 Pieces and a minimum of \$19,500 in Group Retail Sales that month.

## TRAINER COMPENSATION

For qualifying as a Trainer, you will receive a one-time compensation of \$1,000. As a result of your achievement in becoming a Trainer, you will begin participating in the Leadership Pool\*. You will continue to be eligible to earn a 3% compensation on the Retail Sales of your Personally Sponsored Independent Fashion Retailers. For any member of your Team you do not personally sponsor, you'll receive a 1.8% compensation on their Retail Sales. This will continue while you work with them to also achieve the rank of Trainer. Once a Team member becomes a Trainer, they will graduate within your group, allowing you to train others who need your help. The 1.8% you were receiving on the Dollar Amount of the Group Volume will be replaced by 0.6% of the Dollar Amount of the Group Volume as well as 1 point in the Leadership Pool\*. The Trainer's Personal Volume will count toward your Group Volume, but their Group Volume will not count toward your Group Volume.

\*As long as you continue to qualify as a Trainer or above, you will receive a 0.6% compensation on the Dollar Amount of that graduated Trainer's Group Volume and 1 point in the Leadership Pool\* for that Trainer. If one of your graduates who have reached Trainer or Coach for that month has one of their Team members graduate to Trainer or Coach, compensation are not eligible on that second level Leader's Team's total Retail Sales.

\*SEE PAGE 21



# TRAINER COMPENSATION

1

- LEADERSHIP POOL\* POINT FOR YOURSELF
- LEADERSHIP POOL\* POINT FOR REACHING 1ST LEVEL LEADER

3%

OF THE RETAIL SALES OF YOUR  
PERSONALLY SPONSORED  
INDEPENDENT FASHION RETAILERS

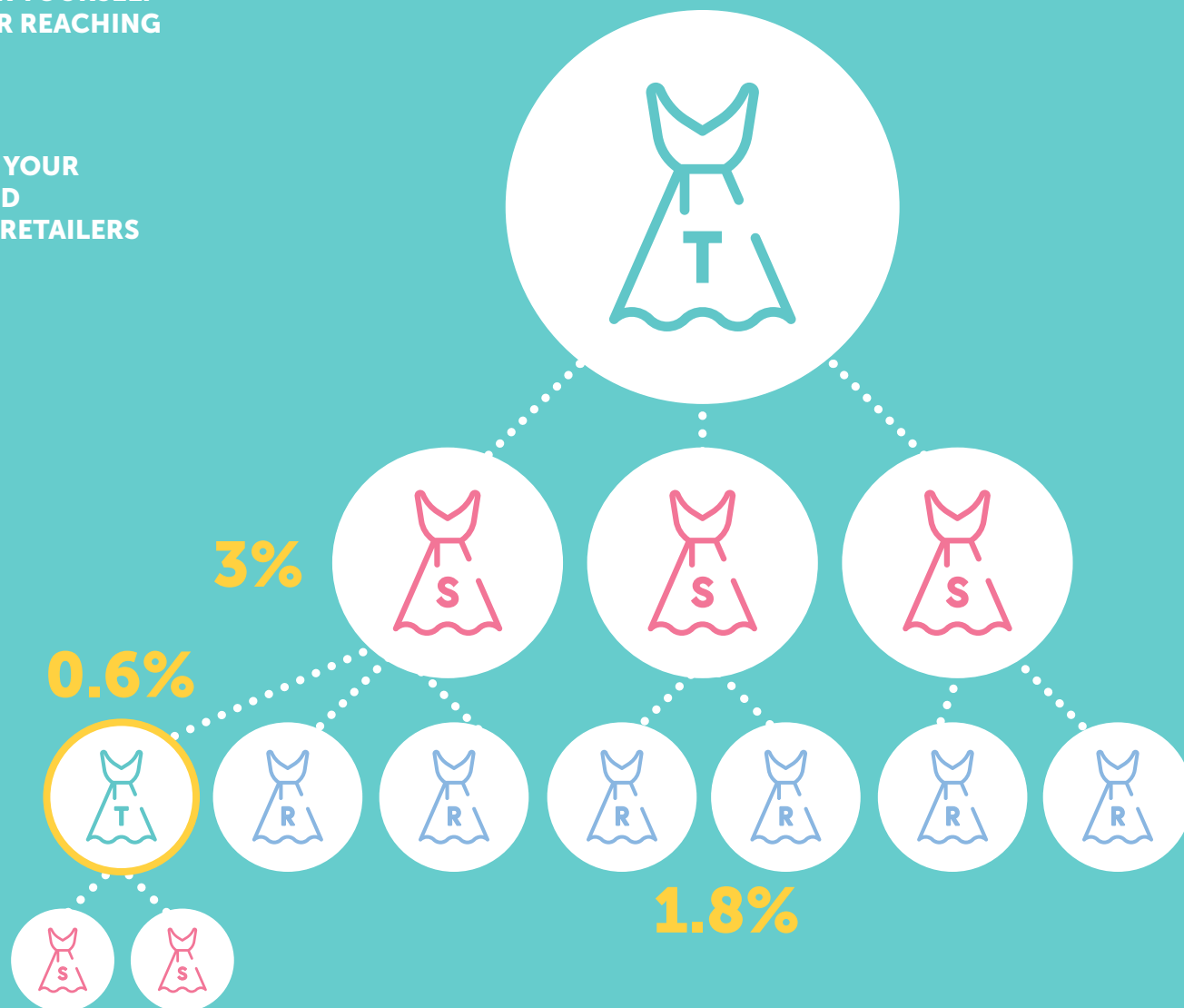
1.8%

OF THE RETAIL SALES OF ANY  
INDEPENDENT FASHION RETAILER  
NOT PERSONALLY SPONSORED ON  
YOUR TEAM WHO IS NOT UNDER A  
GRADUATED LEADER ON YOUR TEAM

0.6%

OF THE GROUP RETAIL SALES  
VOLUME OF A GRADUATED  
LEADER ON YOUR TEAM

\*SEE PAGE 21



# TRAINER TIER RANKS

**As you work towards the rank of Coach, you will advance through the tiers of the Trainer level. Each tier advancement for Trainers is accompanied by a one time payout in the month it is first achieved. The tiers are:**

## **TRAINER 1 - \$1,500**

**The requirements to advance to Trainer 1 are:**

- Have personal Retail Sales totaling 130 pieces with a minimum of \$3,900 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 700 Pieces and a minimum of \$21,000 in Group Retail Sales
- Have a minimum Team size of 10 Retailers with at least 3 Personally Sponsored
- Have a minimum of 2 Legs with at least a Sponsor or above

## **TRAINER 2 - \$2,000**

**The requirements to advance to Trainer 2 are:**

- Have personal Retail Sales totaling 135 pieces with a minimum of \$4,050 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 750 Pieces and a minimum of \$22,500 in Group Retail Sales
- Have a minimum Team size of 10 Retailers with at least 3 Personally Sponsored
- Have a minimum of 3 Legs; 2 with a Sponsor or above and 1 with a Sponsor 2 or above

## **TRAINER 3 - \$2,500**

**The requirements to advance to Trainer 3 are:**

- Have personal Retail Sales totaling 140 pieces with a minimum of \$4,200 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 800 Pieces and a minimum of \$24,000 in Group Retail Sales
- Have a minimum Team size of 10 Retailers with at least 5 Personally Sponsored
- Have a minimum of 5 Legs; 2 Sponsor or above, 1 Sponsor 2 or above, 1 Sponsor 3 or above, and 1 Trainer or above

## **TRAINER 4 - \$3,000**

**The requirements to advance to Trainer 4 are:**

- Have personal Retail Sales totaling 145 pieces with a minimum of \$4,350 in Retail Sales with a minimum average price per piece of \$30
- Have Team Retail Sales totaling 825 Pieces and a minimum of \$24,750 in Group Retail Sales
- Have a minimum Team size of 10 Retailers with at least 6 Personally Sponsored
- Have a minimum of 7 Legs; 3 Sponsor or above, 1 Sponsor 2 or above, 1 Sponsor 3 or above, and 2 Trainer or above



# COACH

## COACH REQUIREMENTS

As a Coach, you must have at least 3 Personally Sponsored Independent Fashion Retailers, have a total of 10 people on your Team (Team includes all downline not under a graduated leader), and additionally have at least 3 First Level Leaders.

The Personal Volume of your First Level Leaders will count toward your Group Volume but no other Personal Volume from their group will count toward your Group Volume.

In order to receive compensation at the rank of Coach, the rank must be qualified for each month. The monthly Coach Compensation Requirements are:

- Have Personal Retail Sales totaling 150 Pieces with a minimum \$4,500 in Retail Sales and an average price per piece of at least \$30.
- Have Team Retail Sales totaling 850 Pieces with a minimum \$25,500 in Group Retail Sales.

## COACH COMPENSATION

For qualifying as a Coach for 3 consecutive months, you will receive a one-time compensation of \$5,000. In addition to the Trainer compensation, you will be eligible to earn 0.6% of the retail value of any Second Level Leader's Group Retail Sales. You will also be eligible for additional points in the Leadership Pool\*. As a Coach, you receive 2 points in the Leadership Pool for yourself, with an additional 1 point for each First Level Leader and 2 points for each Second Level Leader on your Team.

\*SEE PAGE 21



# COACH COMPENSATION

In addition to the Trainer compensation (page 9), you will receive the following as a Coach:

1

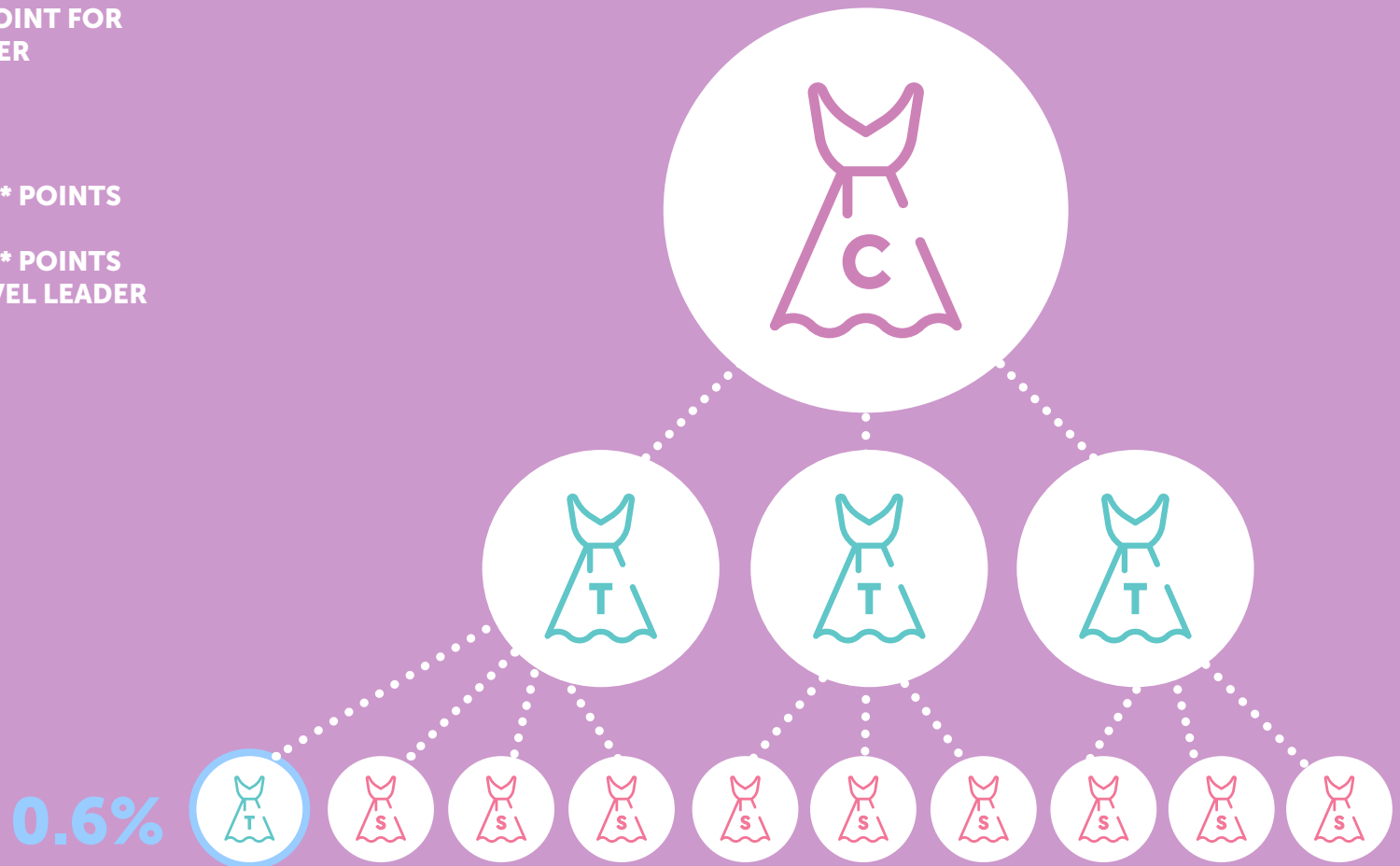
LEADERSHIP POOL\* POINT FOR EACH 1ST LEVEL LEADER

2

- LEADERSHIP POOL\* POINTS FOR YOURSELF
- LEADERSHIP POOL\* POINTS FOR EACH 2ND LEVEL LEADER

0.6%

OF ANY 2ND LEVEL LEADER'S GROUP RETAIL SALES



\*SEE PAGE 21



# COACH TIER RANKS

As you work towards the rank of Mentor, you will advance through the tiers of the Coach level. Each tier advancement for Coach is accompanied by a one time payout following 3 consecutive months of achievement. The tiers are:

## COACH 1 - \$7,500

The requirements to advance to Coach 1 are:

- All Coach Volume Requirements
- Have a minimum of 3 Leadership Legs; 2 Trainer or above, 1 Trainer 2 or above

## COACH 2 - \$10,000

The requirements to advance to Coach 2 are:

- All Coach Volume Requirements
- Have a minimum of 4 Leadership Legs; 2 Trainer or above, 1 Trainer 2 or above, 1 Trainer 4 or above

## COACH 3 - \$12,500

The requirements to advance to Coach 3 are:

- All Coach Volume Requirements
- Have a minimum of 4 Leadership Legs; 2 Trainer or above, 1 Trainer 4 or above, 1 Coach or above

## COACH 4 - \$15,000

The requirements to advance to Coach 4 are:

- All Coach Volume Requirements
- Have a minimum of 5 Leadership Legs; 2 Trainer or above, 1 Trainer 4 or above, 2 Coach or above

## COACH 5 - \$17,500

The requirements to advance to Coach 5 are:

- All Coach Volume Requirements
- Have a minimum of 6 Leadership Legs; 3 Trainer or above, 1 Trainer 4 or above, 2 Coach or above



# MENTOR

## MENTOR REQUIREMENTS

As a Mentor, you must meet the requirements of a Coach, have at least 3 Leadership Legs with Coaches or above, and 3 additional Leadership Legs.

In order to receive compensation at the rank of Mentor, the rank must be qualified for each month.

The monthly Mentor Compensation Requirements are:

- All Coach Requirements and;
- Have at least 6 Leadership Legs *At least 3 must have a Coach or above in the Leg (Does not have to be First Level - See Mentor Alternate Qualifier Compensation on page 16)*

## MENTOR COMPENSATION

For qualifying as a Mentor for 3 consecutive months, you will receive a one-time compensation of \$30,000.

In addition to the Coach compensation, you will be eligible to earn 0.6% of the retail value of any 3rd Level Leader's Group Retail Sales.

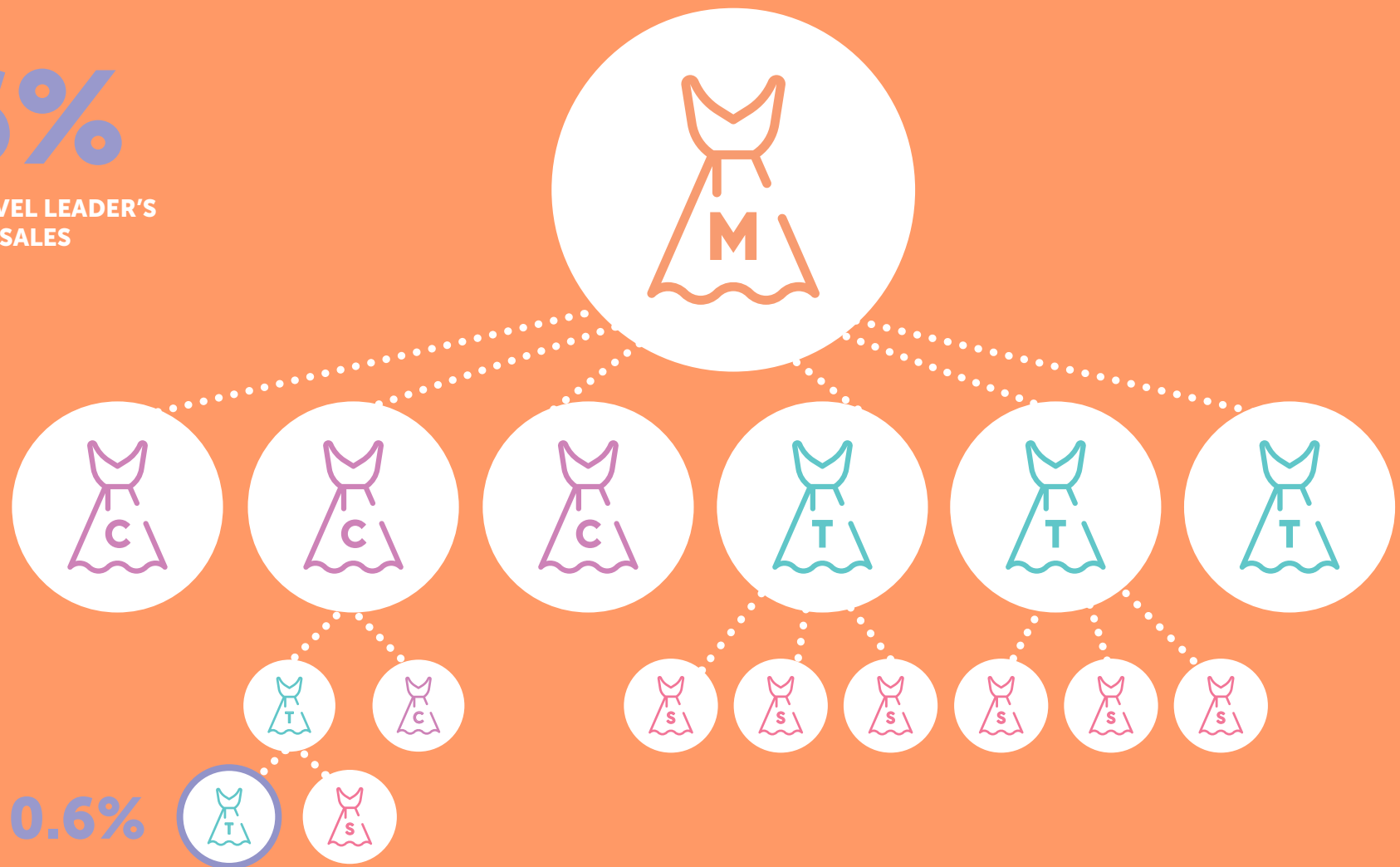


# MENTOR COMPENSATION

In addition to the Trainer compensation (page 8) and Coach compensation (page 10), You will receive the following as a Mentor:

## 0.6%

OF ANY 3RD LEVEL LEADER'S  
GROUP RETAIL SALES

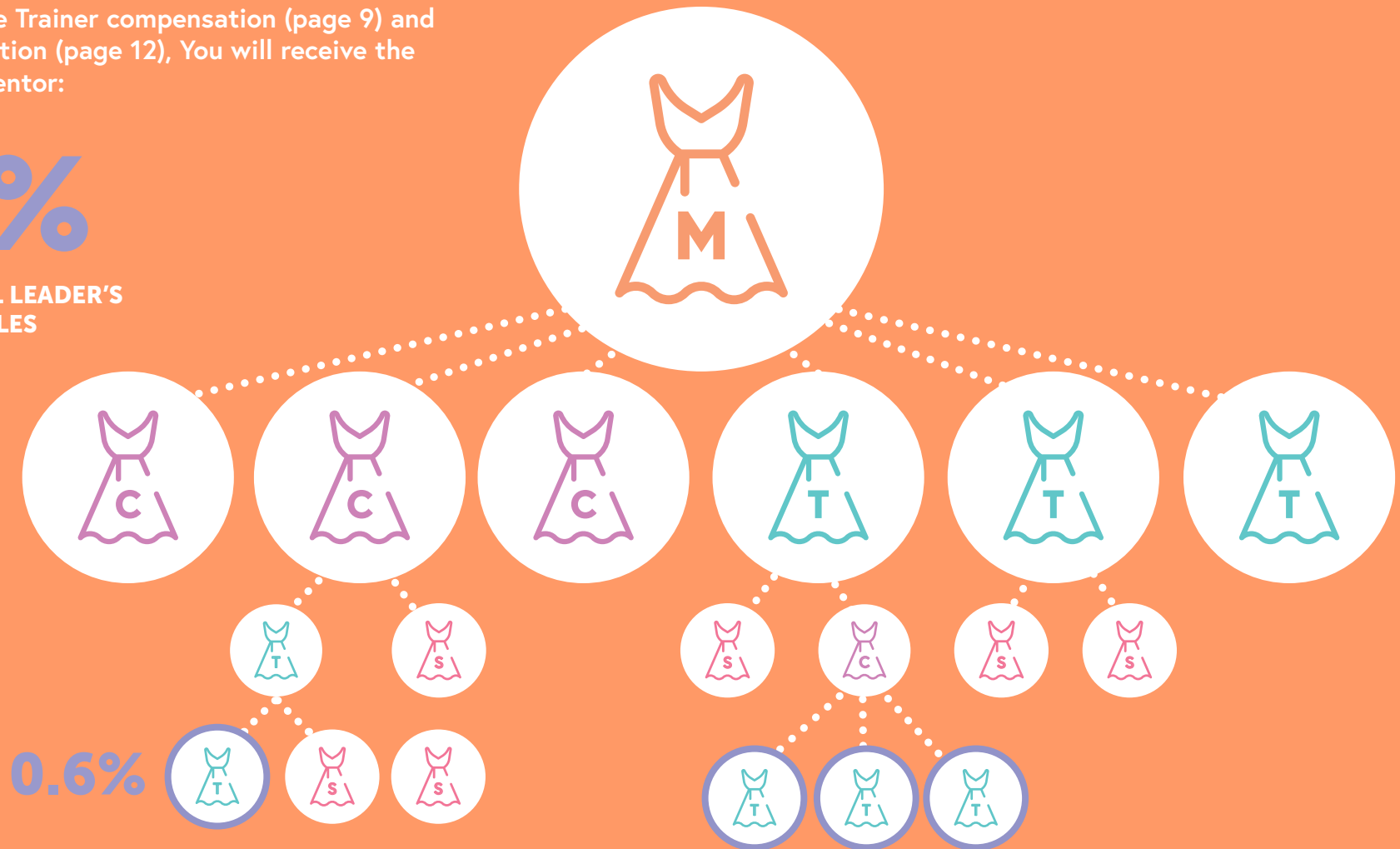


# MENTOR ALTERNATE QUALIFIER COMPENSATION

In addition to the Trainer compensation (page 9) and Coach compensation (page 12), You will receive the following as a Mentor:

## 0.6%

OF ANY 3RD LEVEL LEADER'S  
GROUP RETAIL SALES



# MENTOR TIER RANKS

**As you work towards the rank of Ambassador, you will advance through the tiers of the Mentor level. Each tier advancement for Mentor is accompanied by a one time payout following 3 consecutive months of achievement. The tiers are:**

## **MENTOR 1 - \$35,000**

**The requirements to advance to Mentor 1 are:**

- All Mentor Volume Requirements
- Have a minimum of 8 Leadership Legs; 3 Trainer or above, 1 Trainer 2 or above, 3 Coach or above, 1 Coach 2 or above

## **MENTOR 2 - \$40,000**

**The requirements to advance to Mentor 2 are:**

- All Mentor Volume Requirements
- Have a minimum of 10 Leadership Legs; 2 Trainer or above, 1 Trainer 2 or above, 1 Trainer 4 or above, 3 Coach or above, 1 Coach 2 or above, 1 Coach 4 or above, 1 Mentor or above

## **MENTOR 3 - \$45,000**

**The requirements to advance to Mentor 3 are:**

- All Mentor Volume Requirements
- Have a minimum of 12 Leadership Legs; 2 Trainer or above, 1 Trainer 2 or above, 1 Trainer 4 or above, 4 Coach or above, 1 Coach 2 or above, 1 Coach 4 or above, 2 Mentor or above

## **MENTOR 4 - \$50,000**

**The requirements to advance to Mentor 4 are:**

- All Mentor Volume Requirements
- Have a minimum of 14 Leadership Legs; 2 Trainer or above, 1 Trainer 2 or above, 1 Trainer 4 or above, 4 Coach or above, 1 Coach 2 or above, 1 Coach 4 or above, 4 Mentor or above

## **MENTOR 5 - \$60,000**

**The requirements to advance to Mentor 5 are:**

- All Mentor Volume Requirements
- Have a minimum of 15 Leadership Legs; 1 Trainer or above, 1 Trainer 2 or above, 1 Trainer 4 or above, 4 Coach or above, 1 Coach 2 or above, 1 Coach 4 or above, 6 Mentor or above

## **MENTOR 6 - \$70,000**

**The requirements to advance to Mentor 6 are:**

- All Mentor Volume Requirements
- Have a minimum of 15 Leadership Legs; 1 Trainer 4 or above, 4 Coach or above, 1 Coach 2 or above, 1 Coach 4 or above, 8 Mentor or above



# AMBASSADOR

## AMBASSADOR REQUIREMENTS

As an Ambassador, you must meet the requirements of a Mentor, have at least 10 Leadership Legs with Mentors or above, and 5 additional Leadership Legs with Coaches or above.

In order to receive compensation at the rank of Ambassador, the rank must be qualified for each month. The monthly Ambassador Compensation Requirements are:

- All Mentor requirements and;
- Have at least 15 Leadership Legs *At Least 10 must have a Mentor or above and at least 5 must have a Coach or above in the Leg (Does not have to be First Level)*

## AMBASSADOR COMPENSATION

For qualifying as an Ambassador for 3 consecutive months, you will receive a one time compensation of \$500,000.

In Addition to the Mentor compensation, you will be eligible to earn 0.3% of the retail value of any 4th Level Leader's Group Retail Sales.



# GRADUATION PROCESS

Once a Team member becomes a Trainer, they will graduate within your group, allowing you to train others who need your help. The 1.8% you were receiving on the Dollar Amount of the Group Volume will be replaced by 0.6% of the Dollar Amount of the Group Volume as well as 1 point in the Leadership Pool\*. The Trainer's Personal Volume will count toward your Group Volume, but their Group Volume will not count toward your Group Volume.

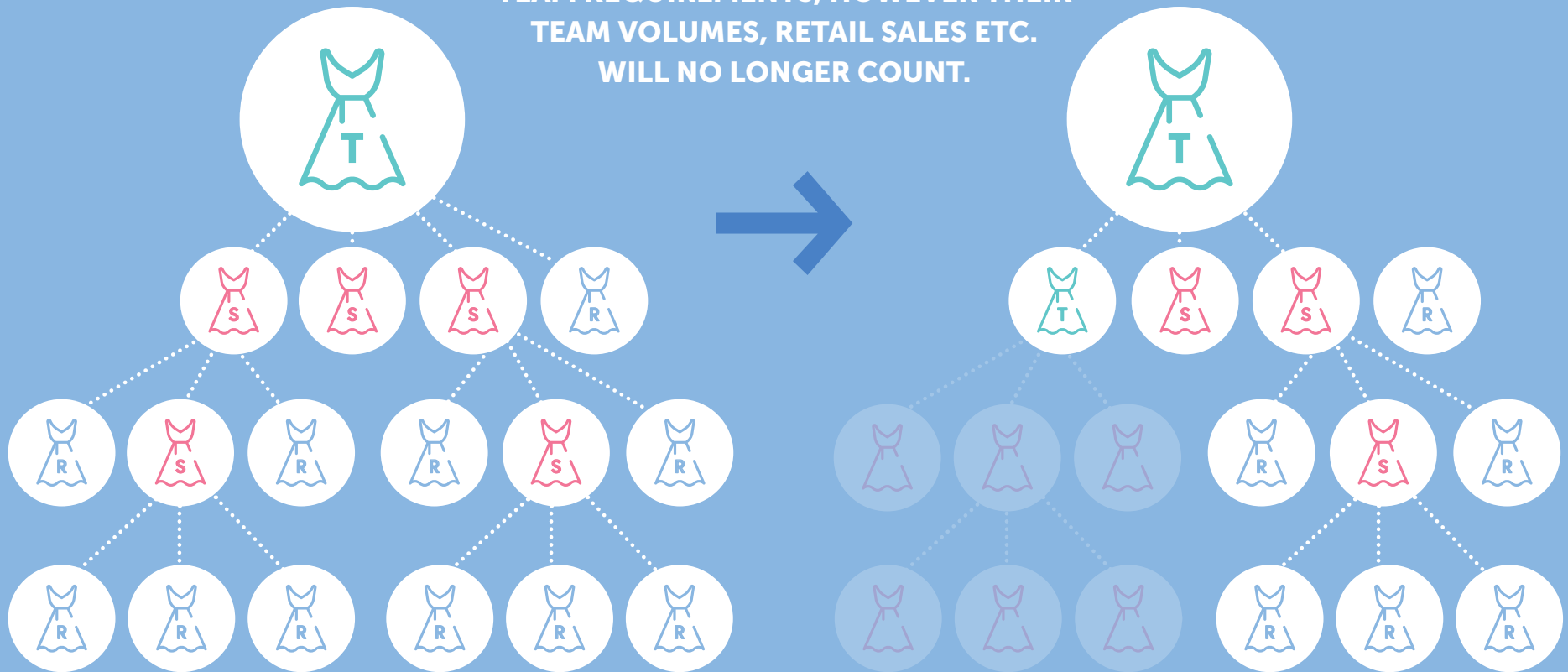
\*As long as you continue to qualify as a Trainer or above, you will receive a 0.6% bonus on the Dollar Amount of that graduated Trainer's Group Volume and 1 point in the Leadership Pool\* for that Trainer. If one of your graduates who has reached Trainer or Coach for that month has one of their Team members graduate to Trainer or Coach, compensation is not eligible on that second level Leader's Team's total Retail Sales.

\*SEE PAGE 21



# GRADUATION PROCESS

THE FIRST LEVEL LEADER IN YOUR LINE  
WILL STILL COUNT TOWARDS YOUR  
TEAM REQUIREMENTS, HOWEVER THEIR  
TEAM VOLUMES, RETAIL SALES ETC.  
WILL NO LONGER COUNT.



# LEADERSHIP POOL

Earnings from the Leadership Pool will be calculated utilizing a point system. The Leadership Pool is comprised of 1.2% of the Value of all Retail Sales transacted in a month. The total dollar value of the Leadership Pool will be divided by the total points earned. This will create a dollar value for each point. Compensation will then be paid to participants based on their individual points earned.

Trainers will receive 1 point for qualifying as a Trainer and 1 point for each First Level Leader on their Team.

Coaches and Mentors will receive 2 points for qualifying as a Coach, 1 point for each First Level Leader and 2 points for each second level Leader on their Team.



# START NOW PROGRAM

## 90 DAY START NOW BONUS

This will be available to any Independent Fashion Retailer who has not previously qualified for either the Fast Start or the Start Now programs and began their business after April 1, 2017.

To be eligible to receive this one time bonus, an Independent Fashion Retailer will need to sell at least 175 pieces a month with a minimum of \$5,250 in Retail Sales with an average price per piece of at least \$30 for 3 consecutive months.

- The Independent Fashion Retailer will receive a \$1500 credit towards the purchase of new product.
- The Sponsor of the Independent Fashion Retailer will receive a one-time \$500 bonus for any new Independent Fashion Retailers that qualify (*To receive this bonus, the Sponsor of the Independent Fashion Retailer must be qualifying at the rank of Sponsor or above*).



# FAST START PROGRAM

## 90 DAY FAST START BONUS

This will be available to any Independent Fashion Retailer who started their business after April 1, 2017.

To be eligible to receive this one-time bonus, a new Independent Fashion Retailer will need to sell at least 175 pieces a month with a minimum of \$5,250 in Retail Sales for each of their first 3 months in business and an average price per piece of at least \$30.

- The new Independent Fashion Retailer will receive a \$1500 credit towards the purchase of new product.
- The Sponsor of the Independent Fashion Retailer will receive a one-time \$500 bonus for any new Independent Fashion Retailers that qualify (*To receive this bonus, the Sponsor of the Independent Fashion Retailer must be qualifying at the rank of Sponsor or above*).



# CRUISE FAST START

## CRUISE FAST START BONUS

Available for any Independent Fashion Retailer who started their business after December 1, 2016.

To be eligible to receive this bonus, a new Independent Fashion Retailer will need to Cruise Qualify each of their first 6 months:

- First month of Retail Sales has to be at least \$1,000 to qualify.
- The new Independent Fashion Retailer will receive a \$2,000 Cruise Cash bonus when they attend the cruise for which they qualified.
- The Sponsor of the Independent Fashion Retailer will receive a \$1,000 Cruise Cash bonus for any new Independent Fashion Retailer that qualifies, if they are also cruise qualified.

Special Note: Your new Independent Fashion Retailer must Cruise Qualify their first 6 consecutive months, otherwise you both will forfeit this incentive.



# CRUISE START NOW

## CRUISE FAST START BONUS

Available for any Independent Fashion Retailer who started their business after December 1, 2016.

To be eligible to receive this bonus, an Independent Fashion Retailer that has never Cruise Qualified, will need to Cruise Qualify for six consecutive months:

- First month of Retail Sales has to be at least \$1,000 to qualify.
- The Independent Fashion Retailer will receive a \$2,000 Cruise Cash bonus when they attend the cruise for which they qualified.
- The Sponsor of the Independent Fashion Retailer will receive a \$1,000 Cruise Cash bonus for any Independent Fashion Retailer that qualifies, if they are also cruise qualified.

Special Note: Your Independent Fashion Retailer must Cruise Qualify their first 6 consecutive months, otherwise you both will forfeit this incentive.



# COMPENSATION, EARNINGS, AND INCOME DISCLAIMER

LuLaRoe makes every effort to ensure that the products and potential for success of Independent Fashion Retailers are accurately represented. Leadership compensation, earnings, and income statements made by LuLaRoe and Independent Fashion Retailers are estimates based on reasonable experience, but are subject to the limitations below.

The potential compensation (and earnings and income, if any) referenced in the LuLaRoe Leadership Compensation Plan is not necessarily representative of the compensation (or earnings or income), if any, that you can or will earn as an Independent Fashion Retailer, either through sales of LuLaRoe products or participation in the LuLaRoe Leadership Compensation Plan.

Testimonials and examples, if any, are exceptional results, which do not apply to the average Independent Fashion Retailer, and are not intended to represent or guarantee that you will achieve the same or similar results. LuLaRoe does not represent that the Leadership compensation and success of exceptional Independent Fashion Retailers can be duplicated in the future by you or anyone else.

Testimonials and examples, if any, do not include the actual profit made by Independent Fashion Retailers. The figures referenced in the LuLaRoe Leadership Compensation Plan should not be considered as guarantees or projections of your actual Leadership compensation (or earnings, income, or possible profits, if any). Any representation or guarantee of Leadership compensation (or earnings, income, or possible profits, if any) would be misleading. Successful retail sales of LuLaRoe products and Leadership compensation result from factors within your control (i.e., hard work, dedication, diligence, creativity, business experience, perseverance, etc.) and factors outside of your control (i.e., market conditions, demand, etc.).

As with any business, your results will vary. In addition to the factors above, your success will be influenced by your individual capacity, business experience, expertise, and motivation.



# INDEPENDENT CONTRACTORS

Independent Fashion Retailers are independent contractors, not employees of LuLaRoe. As LuLaRoe is a wholesale seller of LLR Products, and as Independent Fashion Retailers are in the business of retail sales of LLR Products, it is understood that Independent Fashion Retailers perform work that is outside the usual course of LuLaRoe's business. Independent Fashion Retailers do not purchase a Franchise or Business Opportunity from LuLaRoe. Each Independent Fashion Retailer establishes the Independent Fashion Retailer's own goals, inventory levels, and working hours. The use of the terms "bonus" or "compensation" does not change the nature of the independent contractor status of the Independent Fashion Retailers. Notwithstanding anything herein, to the fullest extent allowed by applicable law, the determination of an Independent Fashion Retailer's status as an independent contractor shall be governed by the laws of the Independent Fashion Retailer's state of residence.

