

Failure by Franchisor to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

7.3. Currently, initial services provided by Franchisor prior to Franchisee opening the ZO Skin Centre shall include:

(a) Designating Franchisee's Territory as stipulated in Section 4 and in **Attachment A**.

(b) Furnishing Franchisee with specifications for all initial and replacement equipment and supplies required for the operation of Franchisee's ZO Skin Centre as stipulated in Section 9.

(c) Furnishing Franchisee with Centre Selection Assistance during the time Franchisee searches for a location from which to operate the ZO Skin Centre.

(d) Authorizing in writing Franchisee's proposed Franchised Facility in accordance with Section 7.4

(e) No less than 30 calendar days prior to the Projected Commencement Date set forth on **Attachment A** or Franchisee's receipt of all required licenses, permits, and certifications, whichever comes later, provide Franchisee, or if Franchisee is an entity, a person designated to operate the ZO Skin Centre ("**Designated Operator**") and up to three additional people, without extra charge, with an initial training program. The initial training program shall last ten business days at Franchisor's facilities in Los Angeles, California (or other location designated by Franchisor). The training program may include a discussion of the System, techniques, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, client relations, client safety, instructions on quality standards and practical experience in the operation of a ZO Skin Centre.

(f) Loaning Franchisee during the Term (including any Successor Terms) one copy of Franchisor's confidential Operations Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 7, and containing information relative to other obligations of Franchisee hereunder Specifications, standards and operating procedures prescribed from time to time by Franchisor in the Operations Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein Franchisee shall operate the ZO Skin Centre strictly in accordance with the Operations Manual. Failure to comply with the standards set forth in the Operations Manual shall constitute a material breach of this Agreement Franchisor reserves the right to provide the Operations Manual and updates to the Operations Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to add to, delete, and otherwise modify, the Operations Manual from time to time to reflect changes in authorized Products

and Services, business image or the operation of the ZO Skin Centre, provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Some of the revisions to the Operations Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) non-medical operating procedures; (vi) Services; and (vii) Products. Franchisor and Franchisee acknowledge and agree that nothing in the Operations Manual shall be deemed to direct or interfere in any way with any skin care treatment decisions that may be deemed to be medical decisions to be made by the Franchisee or a licensed medical professional in delivering the Services or Products. Franchisor and Franchisee further acknowledge and agree that all Services and Products shall be delivered, provided and performed in accordance with and in a manner consistent with all applicable state and federal laws related to the delivery of skin care treatment Services and payment for the Services and Products contemplated by this Agreement, and no provision herein shall be interpreted or applied to require or permit any act contrary to such laws.

(i) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 8.5 of this Agreement. Franchisee shall keep its Operations Manual with replacement pages and insertions as instructed by Franchisor

(ii) Franchisee hereby acknowledges that the Operations Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Operations Manual together with all copies of any portion of the Operations Manual which Franchisee may have made, to Franchisor

7.4. Franchisee is solely responsible for locating a site from which to operate the ZO Skin Centre. As part of the Centre Selection Assistance, Franchisor will provide assistance to Franchisee in analyzing potential locations for the Franchised Facility. As part of Franchisor's Centre Selection Assistance, Franchisor reserves the right to require Franchisee to utilize the services of Franchisor's designated location selection professional to assist Franchisee in the location of an acceptable Franchised Facility. Franchisor will charge Franchisee a Facility Services Fee of Ten Thousand Dollars (\$10,000) for this service. Franchisor will analyze a location by examining population density, census data, demographic and income characteristics, proximity of the proposed location to other ZO Skin Centres, or any other criteria as set forth in Section 8.2(b). Franchisee acknowledges and agrees that the location of Franchisee's ZO Skin Centre is subject to Franchisor's prior written authorization, which Franchisor has the right to grant or deny for any reason. Franchisee must obtain Franchisor's written approval of the proposed location before commencing negotiations of the lease for the location if the approved location is a Franchised Facility. Franchisee's failure to obtain Franchisor's advanced written approval of the location prior to entering into negotiations for the lease shall constitute a material default of this Agreement. Franchisee acknowledges and agrees that the location of the ZO Skin Centre is a factor in the potential success of the ZO Skin Centre and Franchisor has the right to

reject any proposed location. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the location. Franchisee acknowledges that Franchisor's authorization of the ZO Skin Centre site indicates only that Franchisor believes that the location falls within acceptable criteria established by Franchisor as of the approval date. Once Franchisee's ZO Skin Centre is open for business, Franchisee may only relocate the ZO Skin Centre by complying with Franchisor's relocation procedures as set forth in the Operations Manual.

7.5. Currently, the services provided by Franchisor to Franchisee after Franchisee opens the ZO Skin Centre shall include

(a) Making a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Franchisor determines is necessary, to discuss Franchisee's operational issues and support needs.

(b) At Franchisor's option, providing proprietary online marketing management services for search engine optimization, search engine marketing, and social media management.

(c) Providing management software, which may or may not be proprietary, to Franchisee to facilitate the operation and promotion of the ZO Skin Centre.

(d) Holding periodic meetings to discuss sales techniques, new Product and Service developments, bookkeeping, training, accounting, ZO Skin Centre safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay a meeting fee, if any, and all its travel and living expenses to attend. These meetings are held at Franchisor's Los Angeles, California headquarters or at a location chosen by Franchisor in Franchisor's discretion and, except as set forth in Section 7.5(d), Franchisee's attendance is encouraged but not required for these periodic meetings.

(e) Franchisor may also hold an annual conference to discuss sales techniques, new Services and Products, training techniques, bookkeeping, accounting, performance standards, marketing and client acquisition programs, merchandising procedures and other topics. Franchisee must pay the conference fee, if any, and all personal travel and living expenses and must attend these annual conferences which are held at Franchisor's Los Angeles, California headquarters or at a location chosen by Franchisor.

(f) Informing Franchisee of mandatory specifications, standards and procedures for the operations of the ZO Skin Centre

(g) Researching new Products, Services, and methods of doing business, from time to time, and providing Franchisee with information concerning developments of this research.

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