

## **POLICIES AND PROCEDURES - SINGAPORE**

### **TABLE OF CONTENTS**

Section 1: Definitions

Section 2: Becoming a Distributor

Section 3: Restrictions on Becoming a Distributor

Section 4: Responsibilities of a Distributor

Section 5: Sales Compensation Plans

Section 6: Breach of Contract/Termination of Contract Procedures

Section 7: Becoming a Sponsor

Section 8: Responsibilities of a Sponsor

Section 9: Becoming an Executive Distributor

Section 10: Ordering Products or Services and Personalized Sales Aids

Section 11: Product Exchange Policy

Section 12: Refund Policy

Section 13: Retail Customer Refund Policy

Section 14: Product Liability Claims

Section 15: Sales Tax

Section 16: Distribution of Company Leads

Section 17: Distributor Lists

Section 18: Product or Service Claims

Section 19: General Business Ethics

Section 20: Advertising and the Use of the Company Name

Section 21: Sales Aids

Section 22: Retail Store and Service Establishment Sales Policy

Section 23: Contract Changes

Section 24: Waiver

Section 25: Integrated Contract

Section 26: Severance

Section 27: Governing Law/Jurisdiction

Section 28: Notices

Section 29: Successors and Claims

Section 30: Litigation and Claims

Section 31: Headings

Section 32: Repealed - (Not Applicable)

Section 33: International Business

Section 34: Preferred Customer Program



## **POLICIES AND PROCEDURES - SINGAPORE**

The following Policies and Procedures has been effective from **18 April 2009**. In order to consolidate and simplify participation in the Nu Skin Personal Care, Pharmanex and Big Planet Divisions, these Policies and Procedures consist of a consolidated book of policies governing participation in all three Divisions followed by separate supplements applying specific policies to one or more but not all of the separate Divisions. The separate policies are hereafter individually referred to as the Supplemental Pharmanex Policies, the Supplemental Nu Skin Personal Care Policies and the Supplemental Big Planet Policies and are collectively referred to as the Supplemental Policies. These Policies and Procedures supersede and replace any previous versions of the Policies and Procedures. Divisions are hereafter referred to collectively and individually as the Company (See Definitions Section). In addition, any express term, course of performance, or course of dealing established under a previous version of the Policies and Procedures is no longer valid or recognized by the Company. These Policies and Procedures, the Sales Compensation Plans describing the compensation structure, and other documents of the Contract (See Definitions Section), constitute the complete agreement between a Distributor and the Company. In order to protect the rights of Distributors who comply with provisions of the Contract, failure to comply with the provisions of any of these documents may result in the termination of a Distributorship, the loss of a Distributor's rights to receive a Bonus or other remedies outlined in the Contract. The Company reserves the right to modify any of these documents, but will publish notice of any change at least thirty days before that change is made effective. Gender specific pronouns are randomly alternated throughout the Policies and Procedures.

There are three versions to these Policies and Procedures (English, Chinese and Bahasa). In case of inconsistency between these versions, the English version prevails.

### **Section 1: Definitions**

**Affiliate or Affiliated Company:** a company which directly or indirectly, through one or more intermediaries, controls or is controlled by Nu Skin International, or is controlled by, directly or indirectly, through one or more intermediaries, by the same company as Nu Skin International is.

**Authorized Country:** any country designated in writing by the Company as officially opened for business by all Distributors.

**Bonus:** compensation paid by the Company to a Distributor based on the volume of products or services sold by a Distributor, her group, and her breakaway Executives upon meeting all requirements as set forth in the Sales Compensation Plans. Bonus pay periods are calculated on a calendar-month basis.



**Business Activity:** any activity by a Distributor including signing a Distributor Agreement, purchasing products from or returning products to the Company, Sponsoring new Distributors, or other activities that the Company, in its sole discretion, determines to be a meaningful promotion of the Company's business.

**Business Portfolio:** the Business Portfolio is a non-commissionable, not-for-profit kit and is the only purchase required to become a Distributor. The Business Portfolio contains the Policies and Procedures, the Sales Compensation Plans, a Distributor Agreement, Product Purchase Agreement, a Partnership/Corporation Form, and other sales and demonstration materials to assist a Distributor in starting and conducting their independent business.

**Company:** Nu Skin International, Affiliated Companies, and Nu Skin Personal Care, Pharmanex and Big Planet.

**Company Approved Sales Aids:** marketing materials approved for use in specific countries designated in writing by the Company.

**Contract:** the agreement between a Distributor and the Company composed of these Policies and Procedures; the Sales Compensation Plans; Distributor Agreement; Product Purchase Agreement; Partnership/Corporation Forms; and Supplemental services, Division specific, International Distribution and Sponsor Agreement and other international agreements. The Contract is the complete and only agreement between the Company and a Distributor.

**Corporation:** any business entity such as a corporation, partnership, limited liability company, or other form of business organization legally formed under the laws of the state in which it was organized.

**Distribution Center:** a product showcase and distribution facility owned and operated by the Company.

**Distributor:** an independent contractor authorized by the Company to purchase and retail products and services, recruit other Distributors, and receive Bonuses in accordance with the requirements of the Sales Compensation Plans. A Distributor's relationship to the Company is governed by the Contract. More than one Person may be included on a Distributor Agreement. In such a case, "Distributor" refers to all Persons collectively, although each Person individually has all the Distributor rights.

**Distributorship:** the business entity created as Distributors entering into a contractual relationship with the Company.

**Divisions:** one of the product-focused Affiliates of the Company, currently including Nu Skin Personal Care, Pharmanex and Big Planet.



**Downline Organization:** a group of Distributors in any Division either directly sponsored or signed by those in a direct chain of sponsorship by other Distributors in the Downline Organization of a particular Distributor.

**Executive:** a Distributor who has completed the formal qualification process outlined in the Sales Compensation Plans to become an Executive. Executives break away from their Sponsor's group and their volume does not count towards their Sponsor's volume totals or maintenance requirements but the Sponsor continues to receive breakaway Bonuses on the group as defined in the Sales Compensation Plans.

**Group Sales Volume:** the Personal Sales Volume of a Distributor plus the Personal Sales Volume of all Distributors in his group (not including the volumes of breakaway Executives and their Downline Organizations).

**International Distribution and Sponsor Agreement:** The Agreement between a Distributor and Nu Skin International pursuant to which such Distributor obtains the right from Nu Skin International to act as an International Sponsor. A separate International Distribution and Sponsor Agreement must be completed for each country, territory, or other political jurisdiction in which a Distributor desires to conduct business as an International Sponsor.

**International Sponsor:** a Distributor in good standing, authorized under an International Sponsor Agreement to act as a Sponsor in an Authorized Country outside the country, territory, or other political jurisdiction in which that Distributor first established a Distributorship with the Company.

**Nu Skin International:** Nu Skin International, Inc., a Utah corporation whose principal place of business is located at 75 West Centre Street, Provo, Utah 84601, U.S.A.

**Partnership/Corporation Form:** a supplemental document to the Distributor Agreement. The Partnership/Corporation Form must be completed and signed by a partnership, corporation, or other legal entity (See Corporation definition) applying to become a Distributor. The Partnership/Corporation form should list all Persons who are partners, shareholders, principals, officers, directors or members.

**Person:** an individual, corporation, partnership, or other legal entity.

**Personal Sales Volume:** The point value associated with the product purchases during a month period from any Affiliated Company of Nu Skin International, primarily for resale to customers.

**Personalized Sales Aid:** business cards, letterhead, stationery, envelopes, note pads, self-stick labels, name badges or Direct Selling Association cards imprinted with the Company names or logos and a Distributor's name, address, telephone number and other personal contact information.



**Policies and Procedures:** the policies governing how a Distributor is to conduct his business as set forth in this document (including Supplemental Policies) and defining all rights and relationships of the parties.

**Product Purchase Agreement:** a separate wholesale purchase agreement between a Distributor and Affiliated Company in a country outside the U.S. governing the purchase, sale and return of products in that country. Prior to entering into a Product Purchase Agreement a Distributor must enter into a Distributor Agreement with Nu Skin International allowing the Distributor to act as a Distributor in that specific country. Products purchased under the terms of the Product Purchase Agreement may be resold only within the country in which such products were purchased.

**Sales Aid:** any material used in the offer or sale of products or services, recruitment of prospective Distributors, or training of Distributors, which makes reference to the Company, its Affiliated Companies or Divisions, the products, the Sales Compensation Plans, or the trade names or logos.

**Sales Compensation Plans:** the specific plan utilized by each Division that outlines the details and requirements of the compensation structure for Distributors of the Division.

**Sponsor:** a Distributor that signs another Distributor directly beneath her account in the Sponsor's Downline Organization.

**US or USA:** United States of America

## Section 2: Becoming a Distributor

A. A Person may become a Distributor by purchasing a Business Portfolio and completing, signing, and returning a Distributor Agreement and a Product Purchase Agreement to the Company and by purchasing the Business Portfolio directly from the Company. No other purchases are required; product and service purchases are optional. The Distributor is bound by the Contract as set forth in Distributor Agreement. The Company reserves the right, in its sole discretion, to refuse or accept any application for Distributorship.

- 1) A Business Portfolio must be purchased directly from the Company. No product purchase is required upon sign-up as a Distributor.
- 2) Distributors must file a Distributor Agreement in their country of residence. A Distributor Agreement that is incomplete, incorrect in any respect or filed in the wrong country may be considered invalid.

- 3) Upon request by the Company, a Distributor must provide proof of residency and proof of her ability to legally conduct business in the country that corresponds with the Distributor's Distributor Agreement. If a Distributor fails to provide that documentation, the Company may declare a Distributor Agreement void from its inception.
- B. A Distributor Identification number will be issued upon acceptance of the Distributor Agreement. National Registration Identification Card (NRIC) Number, Foreign Identification Number (FIN) or other identity document number, Business Registration Numbers must be provided to the Company for tax purposes. All Bonuses are paid by money wire transfer to the Primary Distributor's bank account information,
- C. For a Corporation, the following requirements must be met:
- 1) the Distributor Agreement and Product Purchase Agreement must be signed by all participants of the Corporation. Upon request by the Company, each participant of the Corporation must provide proof of residency and proof of the ability to legally conduct business in the country which corresponds with the Corporation's Distributor Agreement. If a participant fails to provide that documentation, the Company, at its election, may declare the Distributor Agreement void from its inception;
  - 2) a Partnership/Corporation Form must be completed and signed by all participants in a business entering a Distributor Agreement. In the case of a Corporation, the Partnership/Corporation Form must contain the names and National Registration Identification Card (NRIC) Numbers, Foreign Identification Numbers (FIN) or other identity documents numbers of the principal officers (president, vice-president(s), secretary, and treasurer), members of the board of directors, and all shareholders. In the case of a partnership, the Partnership/Corporation Form must contain the names and National Registration Identification Card (NRIC) Numbers, Foreign Identification Numbers (FIN) or other identity documents numbers of all partners;
  - 3) a Corporation must provide the Company with a Business Registration Number and a copy of Registry of Companies and Businesses (RCB) Certificate issued by the Registry of Companies and Businesses; and
  - 4) a Distributor may not convey, assign, or otherwise transfer any right conveyed by the Distributor Contract to any Person without the express, prior written consent of the Company. The Distributor may delegate his responsibilities but is ultimately responsible for insuring compliance with the Contract and applicable laws and regulations. Any Person working with or for the Distributor as part of her Distributorship will do so only under the Distributor's direct supervision.



- D. An applicant or Distributor is prohibited from submitting any false or inaccurate information to the Company. A Distributor must inform the Company of any changes affecting the accuracy of the Distributor Agreement or Partnership/Corporation Form. The Company reserves the right to immediately terminate a Distributorship, or declare the Distributor Agreement void from its inception, if the Company determines that false or inaccurate information was provided.
- 1) Changes to a Distributorship must be submitted on a new Distributor Agreement or Partnership/Corporation Form with “Amended” written across the top. The document must be signed by all parties to the Distributorship, and returned to the Company.
  - 2) The Company charges a fee to change a Distributor Identification Number. There is no charge for a change of address, telephone number, addition of Persons, or the correction of clerical errors.
- E. A Person becomes an approved Distributor on the date the Distributor Agreement is received and accepted at the Company’s corporate office. A Person must become an approved Distributor by the last working day of the month in order to be included in that month’s Bonus and qualification computations.

### Section 3: Restrictions on Becoming a Distributor

- A. An applicant must be of 21 years of age. If the applicant is over 18, but not yet reached the age of 21, he may sign up if his parents also sign on the Distributor Agreement to indicate the parents’ consent to the individual becoming a Distributor. The Company will not accept applications from foreign domestic helpers.
- B. A Distributor may not have a simultaneous beneficial interest or participate in more than one Distributorship. A beneficial interest includes but is not limited to any ownership interest, any rights to present or future benefits, financial or otherwise, rights to purchase at wholesale prices, recognition or other tangible or intangible benefits associated with a Distributorship.
- 1) An individual has a beneficial interest in the Distributorship of a spouse or co-habitant. If a spouse or co-habitant of a Distributor wishes to become a Distributor, he must be added to the Distributorship previously formed by the spouse or co-habitant.
  - 2) Any Person who should be listed on the Partnership/Corporation Form of a Corporation is considered to have a beneficial interest in the Distributorship existing in the name of that Corporation. If that Person wishes to become a Distributor, that Person must be added to the Distributorship previously formed with that Corporation.

- 3) A Corporation is considered to have a beneficial interest in the Distributorship existing in the name of any Person listed on its Partnership/Corporation Form. To become a Distributor, that Corporation must be added to the Distributor Agreement previously formed with that listed Person.
  - 4) No Corporation may become a Distributor if any Person who should be listed on the Corporation's Partnership/Corporation Form is already a Distributor under another Distributor Agreement.
- C. A Distributor (including a Corporation or any participant therein who is or should be listed on the Company Information Sheet) may establish a distributorship under a different Sponsor only under one of the following circumstances:
1. For Distributors who held an executive or higher pin-level within the two years prior to the last incidence of "Business Activity," that Distributor must have not engaged in "Business Activity" for the one-year period prior to establishing a new distributorship.
  2. For Distributors who did not hold an executive or higher pin-level within the two years prior to the last incidence of "Business Activity," that Distributor must have not engaged in "Business Activity" for a six-month period prior to establishing a new distributorship.
- As used herein, "Business Activity" includes signing a Distributor Agreement, purchasing products from or returning products to the Company, Sponsoring new Distributors, or other activities the Company, in its sole discretion, determines to be a meaningful promotion of the Company's business.
- D. A Distributor who has engaged in Business Activity may not at any time acquire an interest in or merge with a pre-existing distributorship under a different Sponsor.
- E. A Distributor may not have or acquire a present or future ownership interest in or establish another Distributorship in the name of a family member or an unrelated individual.
- F. A Distributor may not encourage, entice, or otherwise assist another Distributor to transfer to a different Sponsor. This includes, but is not limited to, offering financial or other tangible incentives for another Distributor to terminate an existing Distributorship and then re-sign under a different Sponsor.

In the event the Company concludes that an inappropriate line switch has occurred, in addition to other remedies listed in Section 6 the offending Distributor may be penalized and the second-in-time distributorship shall be returned to and be merged





with the first-in-time distributorship. The Company may also impose penalties on any distributorship that solicits or entices an existing Distributor to change lines of sponsorship.

- G. A Distributor who wishes to change his status from that of an individual Distributor to a participant in a Corporation (see Section 1) Distributorship under the same Sponsor may do so at any time, subject to applicable law and upon completion and delivery to the Company of the requisite Partnership/Corporation Form.
- H. A Distributor may dispose of, transfer, or otherwise assign her Distributorship assets in any manner allowed by the Contract and applicable law (including sale, gift, or bequest) with the prior written consent of the Company, which will not unreasonably be withheld. Any assets that take the form of claims to compensation or satisfaction of contractual obligations, from or by the Company, will not be recognized as assets of the transferee on the records of the Company until the Company has received written notification of the transfer and has given its formal written approval. The Distributorship transferred is subject to all remedial measures under the Contract that may have arisen prior to the transfer.
- I. A Distributor may not convey, assign, or otherwise transfer any right conveyed by the Contract to any Person or entity without the express, prior written consent of the Company, which consent will not be unreasonably withheld. A Distributor may delegate her responsibilities but is ultimately responsible for ensuring compliance with the Contract and applicable laws. Any Person working with or for the Distributor as part of her Independent Distributorship will do so only under the Distributor's direct supervision.

#### Section 4: Responsibilities of a Distributor

- A. A Distributor is an independent contractor.
  - 1) A Distributor is not an agent, employee, partner, or joint venturer with the Company. A Distributor is prohibited from representing himself as such.
  - 2) Distributors are independent entrepreneurs.
- B. A Distributor must represent the products, services, and opportunity ethically and professionally.
  - 1) No representation or sales offers may be made relating to products and services which are not accurate and truthful as to price, grade, quality, performance, and availability.



- 2) No unreasonable, misleading, or unrepresentative earnings claims may be made. No income guarantees of any kind may be made. Exhibiting actual or facsimile Bonus cheques is prohibited.
- C. A Distributor may not solicit or entice any other Distributor whom he did not personally sponsor to sell or purchase products or services other than those offered by the Company. To do so constitutes an unwarranted and unreasonable interference with the contractual relationship between the Company and its Distributors. The Distributor agrees that a violation of this rule inflicts irreparable harm on the Company and agrees that injunctive relief is an appropriate remedy to prevent that harm.
- 1) A Distributor who at any time has achieved a pin level of Ruby level and above, and/or any participants in such Distributorships, shall not:
    - (a) directly or indirectly join or participate in any other direct selling or network marketing business or sell or promote any products or services competitive with Nu Skin; or
    - (b) directly or indirectly and whether on their own behalf or with or for any other person solicit, promote or recruit any member of their Downline Organisation to join or participate in any other direct selling or network marketing business or sell or promote any products or services competitive with Nu Skin.
- D. A Distributor is responsible for his own business decisions and expenditures.
- E. A Distributor must comply fully with the Contract.
- F. A Distributor is personally responsible for compliance with all applicable national, state, municipal and local laws and regulations.
- G. There are no exclusive territories or franchises; a Distributor has the right to operate anywhere in the Distributor's country of residence.
- H. Distributors may only conduct the business in Authorized Countries. A Distributor, who wishes to conduct business in an Authorized Country outside the country of his or her legal citizenship, must ensure compliance with all applicable regulations of the Authorized Country. In addition, every Distributor must sign an International Distribution and Sponsor Agreement and the country specific Product Purchase Agreement with an Affiliated Company for conducting business in an Authorized Country outside of his/her country of legal citizenship which must be accepted by the Company prior to any international activity in the Authorized Country. The Company, in its sole discretion, reserves the right to reject or revoke the International Sponsoring rights of a Distributor in any Authorized Country.



- I. A Distributor in any Division of the Company may sponsor new Distributors in a Division only in countries where that Division is officially open. Distributor activity in unopened countries is expressly limited by Section 33 of these Policies and Procedures.
- J. The Company may take action against a Distributorship as outlined in Section 6 of these Policies and Procedures and elsewhere in the Contract if the Company determines, in its sole discretion, that the Distributor's conduct or the conduct of any participant to the Distributorship is detrimental, disruptive, or damaging to the reputation of the Distributor network or the Company.

## Section 5: Sales Compensation Plans

- A. A Distributor receives no compensation for sponsoring other Distributors.
- B. A Distributor is neither guaranteed a specific income nor assured any level of profit or success. A Distributor's profit and success can come only through the successful sale of products or services and the sales of other Distributors within the Distributor's Downline Organization. All success is based primarily on the efforts of the Distributor.
- C. Without affecting a Distributor's right to profits based on his sale of products or services, a Distributor can receive a Bonus only if, on a monthly basis, he fulfills all requirements of the Sales Compensation Plans, including but not limited to, sales requirements for Bonuses in his primary Division, and is not in default of any material obligations under the Contract.
- D. An order for products or services to be resold is included in the Bonus and Executive qualification computations for a given month only if received (accompanied by a proper payment) by an authorized Distribution Center on or before the last business day of that month. If a Company credit is issued on products or services ordered but not available that month, Personal Sales Volume for those products or services will only be included in Bonus and Executive qualification computations for the month in which that credit is redeemed.
- E. Each Distributor receiving a Bonus agrees to retain documentation, for at least four years, evidencing sale of products and services in the month for which the Bonus was paid. Each Distributor agrees to make this documentation available to the Company at the Company's request. A Distributor's failure to do so constitutes a breach of the Contract and entitles the Company to recoup any Bonus paid for orders in a month for which retail sales documentation is not maintained.
- F. In addition to any recoupment rights provided above, the Company reserves the right to recoup any Bonuses paid to any Distributors on products or services:



- 1) returned under the Company's refund policy or exceptions thereto established by an authorized Distribution Center;
  - 2) returned to an authorized Distribution Center under any applicable law; or
  - 3) returned in relation to any incident of Distributor misconduct, including but not limited to unauthorized or misleading representations made either in connection with the offer or sale of any product or service, the opportunity or operation of the Sales Compensation Plans.
- G. In recouping Bonus payments as provided in this Section 5, the Company, in its sole discretion, may require direct payment from an affected Distributor or offset the amount of the recoupment against any present or future Bonus.
- H. A Bonus is paid by money wire transfer to the Primary Distributor's bank account information.
- I. To the extent required by law, the Company will send notification of a Distributor's product or service purchases and Bonus payments to relevant tax authorities.

## Section 6: Breach of Contract/Termination of Contract Procedures

- A. A Distributor's rights under the Contract are conditioned upon and subject to the Distributor's continued performance in accordance with the terms of the Contract. Upon failure by a Distributor to perform her obligations as set forth in the Contract, the Distributor's rights cease. The Company may excuse a Distributor's non-performance in whole or in part without waiving its rights and remedies under the Contract. Furthermore, in addition to, or in lieu of terminating the Contract, the Company may:
- 1) provide oral or written notification to the Distributor of the Company's concerns and of the Company's intent to discontinue the Distributor's rights under the Contract if the Distributor's non-performance continues;
  - 2) closely monitor the Distributor's conduct over a specified period of time to ensure performance of the contractual duties by the Distributor;
  - 3) require additional assurances by the Distributor that performance will be in compliance with the Contract. Further assurances may include requiring the Distributor to take certain actions in an effort to mitigate or correct the Distributor's non-performance;



- 4) deny privileges that are awarded to Distributors from time to time by the Company or cease performing the Company's obligations under the Contract, including but not limited to, awards, recognition at corporate events or in corporate literature, participation in Company-sponsored events, placement of product or service orders, promotion within the Sales Compensation Plans, or participation by the Distributor as an International Sponsor;
  - 5) discontinue or limit payment of Bonuses from all or any part of the Distributor's and Downline Organization's sales based on the premise that because of the Distributor's non-compliance, the Distributor is not entitled to Bonuses;
  - 6) reassign part or all of the Downline Organization to a different Sponsor; and
  - 7) seek injunctive relief or other remedies available by law.
- B. The following procedure applies when the Company investigates an alleged violation of the Contract:
- 1) the Company will either provide verbal notice or send a written notice of the alleged breach of Contract to the Distributor. Each Distributor agrees that the relationship between a Distributor and the Company is entirely contractual. Accordingly, the Company will neither honor nor respect any claim by a Distributor that the relationship is or has been quasi-contractual, has arisen by implication from any continuing practice or course of action, has been verbally authorized by an employee of the Company in contradiction of the terms of the Contract, or is otherwise implied in fact;
  - 2) in a case when written notice is sent, the Company will give the Distributor twenty business days from the date of dispatch of a notification letter during which the Distributor may present all his information relating to the incident for review by the Company; the Company reserves the right to prohibit activity (e.g. placing orders, sponsoring, modifying Distributor information, receiving Bonuses, etc.) by the Distributorship in question from the time notice is sent to the Distributor until a final Company decision is rendered;
  - 3) on the basis of any information obtained from collateral sources and from the Company's investigation of the statements and facts taken together with information submitted to the Company during the response period, the Company will make a final decision regarding the appropriate remedy, which may include the termination of a Distributor's Contract. The Company reserves the right to impose remedies for similar Contract violations on a case-by-case basis. The Company will promptly notify the Distributor of its decision. Any remedies will be effective as of the date on which notice of the Company's decision is dispatched; and



- 4) additional information outlining an appeal of the decision by the Company and the Company's Mediation/Arbitration policy noted in Section 30(B) herein will be provided upon request from the Company.
- C. A Distributor may terminate his Contract at any time, and for any reason, by sending a written notice of intent to terminate to the Company. Termination becomes effective as of the date the Company receives written notice of termination or such later date as may be specified in the termination notice. Certain obligations regarding confidentiality of information and the Distributor network survive termination of the Contract as outlined in Section 17 of these Policies and Procedures.
  - D. The act of any participant in a Distributorship or spouse or partner of a Distributor is attributable to the Distributorship and remedies, including termination of the Contract, necessitated by that act may be applied to the Distributorship generally.
  - E. The Company will not review any violation of the terms and conditions of the Contract not brought to the Company's attention within two years of the initiation of the alleged violation. Failure to report a violation within the two-year period will result in the Company not pursuing the allegations in order to prevent stale claims from disrupting the ongoing business activities of Distributorships. All reports of violations must be in writing and sent to the attention of the Company's Distributor Conduct Review Committee (DCRC).

## Section 7: Becoming a Sponsor

- A. A Distributor may act as a Sponsor only if he meets all requirements and accepts all responsibilities described in the Contract.
  - 1) A Distributor may refer Persons to the Company as applicants to become Distributors. Upon acceptance by the Company of the Distributor Agreement form, applicants are placed in the Downline Organization of the Sponsor listed on the Distributor Agreement.
  - 2) In order to be a successful Sponsor, a Distributor should assume training and support obligations for Distributors in her Downline Organization. A Distributor's success can come only through the systematic retail sale of Company products or services and the retail sales of other Distributors within his Downline Organizations.
- B. A Distributor is entitled to sponsor other Distributors only in Authorized Countries.



## Section 8: Responsibilities of a Sponsor

- A. To be a successful leader of the Distributors in his Downline Organization, a Sponsor should fulfill the following responsibilities:
- 1) a Sponsor should give regular retail sales and organizational training, guidance, and encouragement to her Downline Organization. A Sponsor should maintain contact with all of her group members and be available to answer questions;
  - 2) a Sponsor should exercise his best efforts to ensure that all Independent Distributors in his Downline Organization properly understand and comply with the terms and conditions of the Contract and applicable national and local laws, ordinances, and regulations;
  - 3) a Sponsor should intervene in any disputes arising between a customer and any of her Downline Organization and attempt to resolve the dispute promptly and amicably; and
  - 4) a Sponsor should provide training to ensure that product or service sales and opportunity meetings conducted by his Downline Organization are conducted in accordance with the Contract and in accordance with any applicable laws, ordinances, and regulations.

## Section 9: Becoming an Executive Distributor

- A. A Distributor can achieve and maintain the status of Executive by fulfilling and maintaining the Executive qualification requirements set forth in the Sales Compensation Plans.
- B. After reaching Executive status, if the Distributor does not meet maintenance requirements, he will revert to the status of Distributor and lose all Executive benefits beginning with the month in which those requirements are not maintained (excluding the "Grace Month" as described in the Sales Compensation Plans or as advised by the Company from time to time).
- C. If an Executive Distributor reverts to Distributor status, a limited Executive requalification program is available under certain circumstances, as outlined in the Sales Compensation Plans.
- D. The Company, at its discretion, reserves the right to hold, maintain, or promote a Distributor to any pin level in the Sales Compensation Plans without regard to fulfillment of pin-level requirements.

## Section 10: Ordering Products or Services and Personalized Sales Aids

- A. A Distributor may order products and Sales Aids in Singapore by entering into a separate Product Purchase Agreement with an Affiliated Company in Singapore. Products and Sales Aids ordered in a given country in which a Distributor is authorized will be delivered and may be sold only in that country. There is no minimum order. However, shipping and handling costs may vary depending on the amount of products ordered.
- B. A Distributor has no specific inventory requirements. A Distributor must use his own judgment in determining inventory needs based upon reasonably projected retail sales. A Distributor is prohibited from ordering more than a reasonable inventory. By placing an order, a Distributor certifies that he has resold products and documented the sale to at least five customers monthly, and sold or consumed at least 80% of any previous orders. The Company reserves the right to verify Distributor resale of product inventory and inspect documentation of retail sales.
- C. Orders may be placed at an authorized Distribution Center in Singapore; over the Internet; mailed, sent via facsimile, or delivered to an authorized Distribution Centre in Singapore for processing. If the order is mailed or faxed, the Product Order Form must be fully completed.
  - 1) Payment must be made by, credit card, cash, or NETS.
  - 2) Orders are not shipped until they are paid in full.
- D. Orders must be received by the authorized Distribution Centers in Singapore by the last working day of a month to be included in that month's Bonus and qualification computations.
- E. A Company credit may be issued in instances of overpayment, product exchanges, or in other circumstances when an order cannot be completely filled. Personal Sales Volume and Group Sales Volume will be credited when the Company credit is used.
- F. The Company maintains the right to change product or service prices without prior notice.
- G. The Company has established suggested retail prices for products based on competitive pricing in each market. Maintaining retail pricing for non-distributors helps to preserve the value of the Company's products and business opportunity. The Company may take disciplinary measures, including possible termination of a distributorship, in the event the Company determines that a distributorship resells products at price levels that impair the viability of bona fide retail pricing for other distributorships. The selling of Nu Skin products in the market below the Company's distributor wholesale price in that market is strictly prohibited.





- H. A Distributor is prohibited from submitting orders in the name of another Distributor without the other Distributor's specific, prior, written approval for that order.
- I. Any payment, which is not supported by sufficient funds, constitutes a breach of the Contract. Where necessary, a service fee will be charged.
  - 1) If acceptable payment is not promptly made, the Personal Sales Volume, and Group Sales Volume of the order will be withdrawn.
  - 2) The Company reserves the right to offset the outstanding amount against any Bonuses, present or future, of the Distributor.
  - 3) If more than one Person is listed on the Distributor Agreement, all Persons will be held jointly and severally liable for the outstanding amount.
- J. A Distributor is prohibited from using another individual's credit card without the other individual's specific, prior, written approval.
- K. A Distributor must only use his/her own credit card.

## Section 11: Product Exchange Policy

- A. The Product Exchange Policy in this Policies and Procedures does not apply to Big Planet products. The Big Planet Product Exchange Policy is in the Supplemental Big Planet Policies.
- B. The Company will exchange Sales Aids if the returned Sales Aids are damaged in shipment, are incorrectly sent, or are of substandard quality.
  - 1) Whenever possible, returned Sales Aids will be replaced with undamaged Sales Aids. However, when an exchange is not feasible, the Company reserves the right to issue a Company credit for the amount of the exchanged Sales Aids.
- C. To exchange Sales Aids, the Distributor must comply with these rules:
  - 1) the request for exchange must be made within thirty (30) days of purchase;
  - 2) (Not applicable)
- D. The Company will exchange on reasonably sound, unopened, unaltered, resalable, and restockable products (except Sales Aids) sold by the Company that are returned within ninety (90) days of the order date by the Distributor who purchased the



products from the Company, provided that such exchange must be by way of a product/products exchanged for a product/products of the same PSV or lower.

## Section 12: Refund Policy

- A. The Company refund policy in these Policies and Procedures does not apply to Big Planet products. The Big Planet Product Refund Policy is in the Supplemental Big Planet Policies.
- B. The Company will:
1. refund one hundred percent (100%) of the price, less applicable Bonuses (plus applicable tax if prepaid) on reasonably sound, unopened, unaltered, resalable, and restockable Sales Aids sold by the Company that are returned within 60 days of the order date by the Distributor who purchased the Sales Aids from the Company; or
  2. refund one hundred percent (100%) of the price, less applicable Bonuses (plus applicable tax if prepaid) on reasonably sound, unopened, unaltered, resalable, and restockable products (except Sales Aids) sold by the Company that are returned within ninety (90) days of the order date by the Distributor who purchased the products from the Company and requested for a monetary refund.

In order for the Company to correctly back out the applicable Bonuses on returned products, it is critical that the original sales order number from the invoice be retained. This original sales order invoice must be provided to the Company at the time the request for a refund is made. Products otherwise sold individually but purchased as part of a kit or package may be returned if the product is current, unopened, and resalable.

Acceptable refund alternatives include but are not limited to the following: Company credit, bank cheque, bank transfer, or credit card charge back. The actual form of refund will be based upon local payment procedures and the original form of payment.

- C. To obtain a refund for returned products or Sales Aids, a Distributor must comply with these procedures:
- 1) obtain a Return Merchandise Authorization (RMA) number and you return the product at your cost to Nu Skin Local in a resalable condition;
  - 2) the Company will provide the Distributor with the correct procedures and location for returning the products or Sales Aids. All return shipping costs must be paid for by the Distributor;

- 3) products or Sales Aids sent to the Company without prior authorization will not qualify for a refund and will be returned to the Distributor at the Distributor's expense;
- 4) this refund procedure may vary in jurisdictions where different repurchase requirements are imposed by statute. Applicable jurisdictional laws may dictate the terms of the refund policy;
- 5) the Company reserves the right to require a Distributor to repay Bonuses paid to him on products returned by the Distributor's Downline Organization. This may be achieved either through contact with the affected Distributors for direct repayment or by withholding from present or future Bonus payments. This policy encompasses all refunds allowed under the Company's Refund Policy. Extension of the refund policy as required by applicable law, or instances in which Distributor misconduct, misrepresentation, or other extenuating circumstances necessitates a Company refund in excess of the stated refund policy will be considered on a case-by-case basis; and
- 6) requests for product returns and refunds may be made from Monday to Friday from 12:00 p.m. to 7:00 p.m. at the Product Returns and Exchange Counter of the Affiliate in Singapore.

D. (Not applicable)

E. The Distributor acknowledges that administrative time and costs will be incurred by the Company to retain products and/or Sales Aids purchased but remain uncollected by and/or undelivered to the Distributor. Accordingly, the Distributor agrees that IN THE EVENT THAT:-

- 1) when collection is to be made by the Distributor and the Distributor fails or neglects to collect any products and/or Sales Aids purchased from the Company within seven (7) days from the date of purchase, the Company will deliver the purchased products and/or Sales Aids to the address as provided by the Distributor at reasonable delivery charges and if such products and/or Sales Aids cannot be successfully delivered to the Distributor and the Distributor fails or neglects for whatsoever reason to collect the products and/or Sales Aids from the Company within six (6) months from the date of purchase; or
- 2) where the Distributor has requested the Company and the Company has agreed to deliver any products and/or Sales Aids to the Distributor but the Company is unable to deliver such products and/or Sales Aids to the Distributor due to an incorrect or incomplete delivery address or the unavailability of the named recipient at the address as provided by the Distributor, and the Distributor fails



or neglects to collect the products and/or Sales Aids from the Company within six (6) months from the date of purchase,

THEN upon the expiry of the aforesaid period of six (6) months, the Distributor shall be deemed to have irrevocably and unconditionally, (a) surrendered all rights, title and interest in and to such products and/or Sales Aids or to a refund of the purchase price or any part thereof under this Policies and Procedures; and (b) authorized the Company and the Company shall be entitled at its absolute discretion, without any liability or further reference, notice or account to the Distributor, to dispose of or deal with any such products and/or Sales Aids in any manner as the Company deems fit or expedient, including without limitation the donation of such products, Sales Aids and/or goods exchanged therefore for charitable and/or humanitarian purposes.

### Section 13: Retail Customer Refund Policy

- A. The Customer Refund Policy in this Policies and Procedures does not apply to Big Planet products. The Big Planet Customer Refund Policy is in the Supplemental Big Planet Policies.
- B. Distributor must offer a seven-day money-back guarantee to his retail customers. This means that the selling Distributor must, for any reason and upon request, give a full refund of the purchase price to the customer. The only requirement is that the customer requests the refund within seven business days of purchase and returns the unused portion of product. The Distributor must make a refund for returned products within ten days of the customer's request.
  - 1) The Distributor must provide the customer with two copies of the completed retail sales receipt at the time of the sale. All blanks in the section referring to the seven-day refund policy on the front of the retail receipt must be completed. The front of the retail sales receipt should be completed and include the items ordered, the amount of sale, and the customer's name, address, and telephone number.
  - 2) The front of the retail sales receipt should be completed and include the date of the sale, the date of the seventh business day after sale, the Distributor's name, business address, and business telephone number.
  - 3) The first copy is the customer's receipt of the purchase. The customer should sign and date the second copy and return it to the Distributor if a refund is requested. The third copy is the Distributor's receipt of the purchase. If the customer prefers, the Distributor may, at his discretion, make a product exchange instead of a refund.
  - 4) A Distributor should keep copies of all retail sales receipts on file for at least four years.



- C. The Company encourages Distributors to honor a request for a refund or product exchange even if it is made more than seven business days after purchase. The Company supports this policy by providing replacement products for a refund or product exchange with a customer up to thirty (30) days after the date of sale to the retail customer.
- 1) The Company will instruct the Distributor on the correct procedure and provide authorization for returning the products to the Company.
  - 2) To receive replacement products, after obtaining authorization, the unused portion of product and the retail sales receipt must be returned to an authorized Distribution Center within thirty days of the date of the sale to the retail customer.
  - 3) (Not applicable)

## Section 14: Product Liability Claims

In the event of a product liability claim brought against an independent distributor by a third party for a defective product or for injury from use of a product, Nu Skin International will indemnify and defend the Distributor from such claims, subject to the limitations described below. In order to obtain the benefits of this indemnification, a Distributor must promptly (within 60 days) notify the Company in writing of the claim.

The Company will have no obligation to indemnify a Distributor if the Distributor (i) has not complied with the official Policies and Procedures of the Company and any other contractual obligations regarding the distribution and/or sale of the products; or (ii) has repackaged, altered or misused the product, or made claims or given instructions about the product's safety, uses or benefits which do not comply with the approved literature of the Company; or (iii) settles or attempts to settle a claim without the Company's written approval. In addition, indemnification is conditioned upon the Distributor allowing the Company to assume the sole defense of the claim.

## Section 15: Sales Tax

- A. The Company provides the service of collecting goods sales tax (GST) at the time of purchase and remitting it to the Distributor's state. The amount of sales tax is based upon the wholesale price of a product or service, calculated at the Distributor's local tax rate.

## Section 16: Distribution of Company Leads

- A. Persons often inquire about the opportunity or products directly through the Company. If the Company is aware that the Person heard about the Company from a



Distributor, the Person is referred to that Distributor. Information about Persons who have heard about the Company without a discoverable contact is distributed to existing Executive Distributors. Leads are distributed as fairly as possible usually in the locality of the Person making the inquiry. The Company reserves the right to make final judgments with respect to distribution of leads.

## Section 17: Distributor Lists

- A. Distributor lists and all contacts generated therefrom (“Lists”) are the confidential and proprietary property of the Company. The Company has derived, compiled, configured, and currently maintains the Lists through the expenditure of considerable time, effort, and monetary resources. The Lists in their present and future forms constitute commercially advantageous proprietary assets and trade secrets of the Company. The right to disclose Lists and other Distributor information maintained by the Company is expressly reserved by the Company and may be denied at the Company’s discretion.
- B. The Company provides a uniquely tailored portion of the Lists to Executive Distributors, qualifying Executive Distributors, and for a fee, to Distributors requesting a portion of the List to which they are entitled (collectively and individually the “Recipient”) on a monthly basis. Each portion of the provided List contains only information specific to the Recipient’s level and her own Downline Organization.
  - 1) These Lists are provided for the exclusive and limited use of the Recipient to facilitate the training, support, and servicing of the Recipient’s Downline Organization for furtherance of the Company-related business only. Each Recipient agrees that each use, within its intended scope, constitutes a separate exclusive license agreement between the Recipient and the Company.
  - 2) These Lists remain, at all times, the exclusive property of the Company, which may, at any time and in the Company’s sole discretion, reclaim and take possession of the Lists. Accordingly, each Distributor agrees:
    - a) to hold confidential and not disclose any Lists or portion thereof to any third Person, including, but not limited to, existing Distributors, competitors, and the general public;
    - b) to limit use of the Lists to their intended scope of furthering the Distributor’s Company-related business;
    - c) that any use or disclosure of the Lists outside of those authorized herein, or for the benefit of any third Person, constitutes misuse, misappropriation, and a

violation of the Recipient's license agreement, which causes irreparable harm to the Company;

- d) that, upon any violation under this section, the Recipient stipulates to injunctive relief as an appropriate remedy enjoining that use under applicable national or local laws, and will immediately retrieve and return to the Company all Lists previously provided to the Recipient upon the Company's request; and
  - e) that the obligations under this section will survive the termination of the Recipient's Contract.
- 3) The Company reserves the right to pursue all appropriate remedies under applicable national or local laws to protect their rights to the above-stated proprietary and trade secret information covered by the Lists; any failure to pursue any applicable remedies will not constitute a waiver of those rights.

## Section 18: Product or Service Claims

- A. Distributors may make only product or service claims and representations found in the literature distributed by an Affiliated Company in Singapore.
- B. A Distributor may not make any medical claim for any product nor specifically prescribe any given product as suitable for any specific ailment, as that type of representation implies the products are drugs rather than cosmetics or nutritionals. Under no circumstance should any products be likened to drug products prescribed for the treatment of specific ailments.
  - 1) All product claims and representation must be the same as those found in the current literature distributed by the Company.
  - 2) While the Company makes every effort to achieve full compliance with complicated and periodically amended Ministry of Health ("MOH") regulations, no Distributor should state or intimate that any product is approved by the MOH or any other governmental authority. Please see the Supplemental Policies for additional product or service claim guidelines about each Division's products or services.

## Section 19: General Business Ethics

- A. The Company is a member of the Direct Selling Association (DSA) in the United States and in many countries around the world and abides by the DSA Code of Ethics. Along with the ethical guidelines of this Section, Distributors are strongly



encouraged to read the DSA Code of Ethics and adopt its principles in their business operations. The DSA Code of Ethics is published on the DSA website at [www.dsa.org](http://www.dsa.org).

- B. Each Distributor agrees that he will not make any misleading, unfair, inaccurate, or disparaging comparisons, claims, representations, or statements about the Company; its products, services, or commercial activities; other Persons; other companies (including competitors); their products; or their commercial activities.
- C. A Distributor agrees that she has no authority to take any steps in any country or other political jurisdiction to introduce or further the Company's business. This includes, but is not limited to, any attempt to register or reserve Company names, trademarks, or trade names; to secure approval for products or business practices; or to establish business or governmental contacts of any kind in the Company's behalf. A Distributor agrees to indemnify the Company for all costs and attorneys' fees incurred by the Company for any remedial action needed to exonerate the Company in the event the Distributor improperly acts on behalf of the Company. The Distributor agrees to immediately assign any registration of Company names, trademarks, or trade names registered or reserved in violation of this Section to the Company. The provisions of this Section survive the termination of the Contract.

## Section 20: Advertising and the Use of the Company Name

- A. A Distributor is expressly prohibited from using any form of media advertising to promote products or services. Products or services may be promoted only by personal contact or by literature produced and distributed by the Company or by Distributors in accordance with Section 21(A) of this document. Generic opportunity advertisements may be placed, in jurisdictions allowing that type of advertisement, but only in accordance with the Policies and Procedures of the Company. In addition, a Distributor may not promote the products, services, or opportunity through interviews with the media, articles in publications, news reports, or any other public information, trade, or industry information source, unless specifically authorized, in writing, by the General Manager or Marketing and Communications Manager of an Affiliated Company in Singapore. This includes private, paid membership, or "closed group" publications. All media contacts or inquiries should be immediately referred to the General Manager or Marketing and Communications Manager of an Affiliated Company in Singapore.
- B. Company logos or names may not be used or displayed on any apartment, house, office, storefront, or other physical premise, where they may be viewed by persons passing by. Please see the Pharmanex Supplemental Policies for further information relating to pharmacies.





- C. No Distributor may use any of the Company's trade names, trademarks, service marks, product names, logos, or other intangible commercial assets, registered or otherwise, in any form of advertising or promotion without first entering into a separate, written licensing agreement with the Company for each proposed use of any of the above-stated names or devices. Each Distributor agrees that any use in violation of these provisions constitutes a breach of the Contract and causes irreparable harm to the Company. Upon notice of that any violation, the Distributor agrees to stipulate the appropriate injunctive relief enjoining that use. The Company, in its sole discretion, reserves the right to prohibit any advertising or promotion.
- D. Except for separate, written licensing agreements noted above, none of the Company's copyright-protected materials may be reproduced, in whole or part, by any means.
- E. Each Distributor agrees that any claims or representations concerning the opportunity must be congruent with, and limited to, those found in the materials and literature currently distributed by the Company. Those claims and representations must also be advanced in accordance with any applicable laws, ordinances, and regulations.
- 1) No Distributor may make unreasonable, misleading, or unrepresentative representations respecting potential earnings.
  - 2) No Distributor may represent that, any Person can or will receive profits or revenues without substantial effort on her own behalf.
  - 3) All promotional materials including but not limited to flyers, business cards, and brochures prepared in accordance with Subsection F below, may be distributed through personal contact only. They may not be posted in public places, mass mailed, placed on parked cars, put in mail boxes, or disseminated by any other non-personal contact means. Materials may not be disseminated through unsolicited faxes or E-mail messages.
  - 4) In order to advertise in the Yellow Pages or list his/her name in the White Pages of a locally circulated directory in his/her area, a Distributor must have previously attained and currently enjoy active status as a Ruby-level or Managing Director-level, or above, at the time the contract for that listing is signed.
    - a) This advertisement is to be limited to two lines containing the words "Pharmanex (or other Division name) Independent Distributor, John Doe (Distributor's Name)," and a telephone number. Neither bold print nor display advertisements are allowed. The advertisement must be in the Distributor's personal name only.



- b) In the Yellow Pages, the advertisement must be placed under the category, for example of "Pharmacy" or "Nutrition." Contact your Division for additional acceptable categories.
  - c) The Company recommends that leads obtained from this listing be alternately disbursed throughout the Downline Organization of the Distributor.
  - d) In case of a violation, the Company may require that the offending telephone number be disconnected, in addition to taking other remedial actions under the Contract against the responsible Distributor.
- 5) A Distributor may not use a celebrity endorsement without the specific, prior, written approval of the endorsing celebrity for each use of the celebrity's name.
- F. A Distributor may not use business cards or other Personalized Sales Aids containing the Company's logo and name unless produced by the Company. These items produced by the Company will follow the general format listed below:
- 1) the Company's logo and name must always appear with the registered trademark designation (except as prohibited by law);
  - 2) when the Company's logo or name is used, the business card or Personalized Sales Aid must also contain the words "Independent Distributor;"
  - 3) a Distributor may not use the names of any of the Company's products or any business designation; and
  - 4) under no circumstance may any Distributor use any corporate name of the Company.

Each separate use of the Company's name or logo must be preceded by the completion of a separate written agreement with the Company for the use. Unauthorized use of the Company's logos, names, trademarks, or trade names is prohibited. Any unauthorized use constitutes a violation of trademark laws and will cause irreparable damage to the Company, and its Distributors. The Company reserves the right to pursue all legal and equitable remedies against any Distributor or any other individual or entity who wrongfully uses the Company's logos or name or any of the Company's trademarks or trade names.

H. Distributors must only use Company produced Distributor web sites, Corporate sites, and web tools (i.e., Dynamic Web Pages, Global Web Pages, E-clips, etc.) when they promote the Company's products and services over the Internet. Additionally, Distributors are permitted to create generic business opportunity sites and/or generic splash pages with links to Company sites or a Business Center/GWP. These generic pages may not contain the Company's trademarks or other copyrighted material and may

not contain information on the Company, its products or its business, or pictures of products or corporate facilities/personnel. Except as set forth in this policy, Distributors may not use the Internet to promote the Company, including its products and services, in any other manner. In case of a violation, the Company may require the offending Distributor to immediately remove the web site that is in violation of Nu Skin's policies, in addition to taking other disciplinary actions against the responsible Distributor in accordance with Section 6 of these Policies and Procedures. Distributor web sites are also subject to the following restrictions.

1. Distributors who have previously attained and currently enjoy active status as a Blue Diamond/Presidential Director may create their own independent Internet sites to promote the Company's products/services and business opportunity. However, all such sites, and any changes thereto, must first be reviewed and approved as Sales Aids in accordance with Section 21 of these Policies and Procedures and carry a Company designated review seal. Changes made to the site after obtaining the initial review seal requires written authorization from a representative of the Distributor Conduct Department.
  2. Distributors may not include any intellectual property or proprietary information in the unique domain names/URL or meta-tags of their Company produced or generic business opportunity web sites. Additionally, intellectual property and proprietary information cannot be used as "wallpaper" on any Company hosted or generic business opportunity site.
  3. Distributors may not register their web sites with search engines or web directories using any intellectual property any proprietary information.
  4. Distributors are required to promote their Company hosted and/or generic business opportunity Internet sites through one-on-one personal contact only. Additionally, Distributors are prohibited from forwarding information regarding their sites to individuals who have not specifically requested information regarding the Company's business opportunity and/or products (i.e., spam).
- I. Please refer to the Supplemental Policies for advertising guidelines specific to each Division.

## Section 21: Sales Aids

- A. A Distributor may only use, distribute, or sell Sales Aids either: 1) produced and distributed by the Company and bearing their copyright designation, or 2) produced and distributed by a Distributor, only after review by the Company and bearing the specific designation "content reviewed" followed by a designated review identification number. The above-stated designation may be obtained through the process outlined below and in accordance with additional terms found in the Sales



Aid Review Contract but may only be used after a certificate has been received from the Company by the submitting Distributor. That certificate must specifically indicate that the material may be made available for distribution.

- B. The Company may impose a reasonable fee for reviewing a Sales Aid. Distributors should allow a minimum of three weeks for the Company to complete its review of submitted materials.
- C. The Company reserves the right to require any change to a Sales Aid it deems necessary to ensure appropriate content before allowing the Sales Aid to bear its review designation as stated above.
- D. The Company reserves the right to deny approval for any proposed Sales Aid and, if changes in regulatory requirements or other circumstances so dictate, to require, at the Company's sole discretion, the removal from the marketplace or previously reviewed Sales Aids without financial obligation to the affected Distributor.
- E. Any Distributor who produces or has previously produced or distributed materials as set forth in this Section bears ultimate responsibility for the material contained therein. The Company's review process does not guarantee that the Sales Aid complies with all applicable federal or state legal and other regulatory requirements. The review process does not constitute legal advice from the Company to any Distributor. In addition to the Company's review, all Distributors who intend to produce and distribute Sales Aids in accordance with this Section are strongly advised to seek the advice of independent legal counsel with regard to the legality and regulatory compliance of Sales Aids.
- F. Distributors are free to establish their own prices for Sales Aids reviewed by the Company under this Section.
- G. Sales Aids shall be identified by the name of the individual or individuals that produced them. Group or organizational identifiers shall not be used in connection with the production of Sales Aids.
- H. All mailing lists of the Company's Distributors obtained in connection with the production or sale of an independently produced Sales Aid are the confidential and proprietary property of the Company. Independent tape duplicators or other persons obtaining access to Distributor Lists through their production or distribution of that material must contractually agree to the confidentiality and proprietary nature of those mailing lists and that any use of those lists or contacts generated there from except for the sole purpose of furthering the Company's business is expressly forbidden. They must also agree that the information is the proprietary property of the Company and any materials offered to the Distributors which make any reference to the Company or its programs may be done so only with the prior written consent of the Company for each separate offer.

- I. The return policy of Independent Distributors with regard to Sales Aids, which they have produced or sold, must be in full compliance with the pertinent Sales Aid return policy employed by the Company for Company Approved Sales Aids (See Section 12).
- J. Distributors who use, distribute, or sell Sales Aids in violation of this Section are subject to appropriate remedial action by the Company, up to and including termination of the violating Distributorship.
- K. Within an Authorized Country, a Distributor may only promote or train with Sales Aid materials which are approved and distributed by the local affiliated Company office in that country.

## Section 22: Retail Store and Service Establishment Sales Policy

- A. A Distributor may not sell products or services or promote the opportunity through retail stores except as described in Section 22(C) below or as permitted in the Supplemental Pharmanex Policies. A Distributor is also prohibited from selling to any Person who will ultimately sell products or services through retail stores.
- B. A Distributor may not sell any products or services of the Company nor promote the Company's opportunity at conventions, trade shows, swap meets, bazaars, or any other gatherings where the opportunity or products are displayed at booths.
- C. A Distributor who owns or is employed by a service-related establishment may provide the Company's products and services to customers through this establishment as long as he is providing proper prescreening and ongoing support to his customers as called for by the Contract. In any event, no product banners, or other Sales Aid materials may be displayed visibly to the general public in a manner as to attract the general public into the establishment to purchase products or services.
  - 1. Service-related establishment is one whose revenue is earned primarily by providing personal service rather than by selling products and whose use by customers is controlled by membership or appointment.
  - 2. Distributors may only sell products through service establishment that provide services related to the products. For example, Pharmanex products may be sold through the offices of doctors and other healthcare professionals, health clubs, or gymnasiums. Nu Skin products may be sold through barbershops, beauty salons, nail boutiques, or tanning centers.



- D. The Company reserves the right, in its sole discretion, to make a final determination as to whether an establishment is service-related or is a proper place for the sale of the products or services.

### Section 23: Contract Changes

The Company expressly reserves the right to make any modifications to the Contract upon thirty days prior written notice in Company publications, by separate mailing, or through publication on the Company websites: [www.nuskin.com](http://www.nuskin.com), [www.pharmanex.com](http://www.pharmanex.com), and [www.bigplanet.com](http://www.bigplanet.com). Each Distributor agrees that thirty days after publication of that notice, any modification becomes effective and is automatically incorporated into the Contract between the Company and its corresponding Distributors as an effective and binding provision. By continuing to act as a Distributor, or engaging in any Distributorship activity after the modifications have become effective, a Distributor acknowledges acceptance of the new Contract terms.

### Section 24: Waiver

The waiver by the Company of any Distributor's breach of any provision of the Contract must be in writing and will not be construed as a waiver of any subsequent or additional breach. The failure by the Company to exercise any right or prerogative under the Contract will not operate as a waiver of that right or prerogative.

### Section 25: Integrated Contract

- A. The Contract is the final expression of the understanding and agreement between the Company and a Distributor concerning all matters touched upon in the Contract and supersedes all prior and contemporaneous agreements of understanding (both oral and written) between the parties. The Contract invalidates all prior notes, memoranda, demonstrations, discussions and descriptions relating to the subject matter of the Contract. The Contract may not be altered or amended except as provided in these Policies and Procedures. The existence of the Contract may not be contradicted by evidence of any alleged prior contemporaneous oral or written agreement.
- B. Should any discrepancy exist between the terms of the Contract and verbal representations made to any Distributor by any employee, the express written terms and requirements of the Contract will prevail.



## Section 26: Severance

Any provision of the Contract that is prohibited, judicially invalidated, or otherwise rendered unenforceable in any jurisdiction is ineffective only to the extent of the prohibition, invalidation, or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of the Contract will not invalidate or render unenforceable any other provision of the Contract, nor will that provision of the Contract be invalidated or rendered unenforceable in any other jurisdiction.

## Section 27: Governing Law/Jurisdiction

The place of origin of this Contract, where the Company accepted the offer of a prospective Distributor to form the Contract, is the State of Utah. This Contract is to be construed, with respect to its validity and performance obligations thereunder, in accordance with the laws of the State of Utah applicable to contracts made and to be wholly performed within the state. A Distributor agrees to submit to the jurisdiction of the courts of the State of Utah for resolution of any conflict or litigation arising under a purporting to interpret the Contract or rights between Distributors.

## Section 28: Notices

Unless otherwise provided in the Contract, any notice or other communications requested or permitted to be given under the Contract shall be in writing and shall be delivered personally, transmitted by facsimile or sent by first class, certified (or registered) or express mail, postage prepaid. Unless otherwise provided in the Contract, notices shall be deemed given when delivered personally, or if transmitted by facsimile, one day after the date of that facsimile, or if mailed, five days after the date of mailing to the address of the Company's headquarters or to the Distributor's address as provided on the Distributor Agreement, unless notice of an address change has been received by the Company. The Company shall have the right, as an alternative method of notice under Section 23, to use mailers, Company websites, or other normal channels of communications with Distributors.

## Section 29: Successors and Claims

The Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

## Section 30: Litigation and Claims

- A. In order to protect the Company, its assets, and its reputation from claims or disputes created by outside (non-Distributor) third parties, the Company requires the following: if any Distributor is charged with any infringement of any proprietary right of any outside third party (who is not a Distributor) arising from any of the Company's proprietary assets, or if the Distributor becomes the subject of any claim or suit related to that Distributor's business-related conduct or any other action that directly or indirectly negatively affects or puts the Company, its reputation, or any of its tangible or intangible assets at risk, the affected Distributor shall immediately notify the Company. The Company may, at its own expense and upon reasonable notice, take whatever action it deems necessary (including, but not limited to, controlling any litigation or settlement discussion related thereto) to protect itself, its reputation, and its tangible and intangible property. The Distributor shall take no action related to that claim and suit, unless the Company consents, which consent shall not unreasonably be withheld.
- B. The Company and the Distributor agree that mandatory and binding arbitration is the sole means to resolve disputes which arbitration shall be final and non-appealable. In order to expedite the prompt resolution of any disputes with the Company or between Distributors, which may arise under the Contract, the Company has instituted a Mediation/Arbitration policy. This policy deals with the disposition of disputes arising out of the independent contractor relationship between the Company and its independent contractors and/or disputes arising out of the relationship between the Company's independent contractors themselves. Distributor complaints are first handled by the Distributor Conduct Review Committee as described by Section 6 of these Policies and Procedures. The Mediation/Arbitration policy will also apply in the event a Distributor disagrees with any disciplinary action or interpretation of the Contract by the Company. The Mediation/Arbitration policy is mandatory and binding for resolving Distributor disputes as of April 1, 1994. The complete Mediation/Arbitration policy is available upon request from the Legal Department to parties who are involved in a controversy as defined above.

## Section 31: Headings

The headings in the Contract are for convenience of reference only and shall not limit or otherwise affect any of the terms or provisions of the Contract.

## Section 32: Repealed

(Not Applicable)



## Section 33: International Business

- A. Prior to the official opening of an Authorized Country, permissible Distributor activity in an unopened country is limited to providing business cards and conducting, organizing or participating in meetings where the number of attendees at any given meeting, including the Distributor, does not exceed five. Participants in such meetings must be personal acquaintances of the Distributor or personal acquaintances of the Distributor's personal acquaintances in attendance at the meeting. All cold calling techniques (soliciting persons who are not prior personal acquaintances of the contacting Distributor) are strictly prohibited in unopened countries. The Company has limited retail store and direct selling operations in China. Any Distributor Activity in China must be in strict accordance with written company guidelines. Contact the company for further information with regard to permissible China activities. Prohibited. Distributor conduct, prior to the Company's official opening of a market includes but is not limited to:
1. importing or facilitating the importation of, selling, gifting, or distributing in any manner, Company products, services, or product samples except as authorized by the company in accordance with local laws or customary practices;
  2. placing any type of advertisement or distributing any promotional materials regarding the Company, its products or the opportunity, except for the Company Approved Sales Aids (See Sections 1 and 21) specifically authorized for distribution in unopened countries as designated by the Company;
  3. soliciting or negotiating any agreement for the purpose of committing a citizen or resident of an unopened country to the opportunity, a specific Sponsor or specific line of sponsorship. Furthermore, Distributors may not sign up citizens or residents of unopened countries in an Authorized Country or by using Distributor Agreement forms from an Authorized Country, unless the citizen or resident of the unopened country has, at the time of sign up, permanent residence and the legal authorization to work in the Authorized Country. It is the sponsoring Distributor's responsibility to ensure compliance with residency and work authorization requirements. Membership or participation in, or ownership of a corporation, partnership or other legal entity in an Authorized Country does not by itself fulfill the residency or legal authorization to work requirements. If a participant to a Distributorship fails to provide verification of residency and work authorization when requested by the Company, the Company may, at its election, declare a Distributor Agreement void from its inception;
  4. accepting money or other consideration, or being involved in any financial transaction with any potential Distributor either personally or through an agent, for purposes relating to Company products or the opportunity, including renting, leasing or purchasing facilities for the purpose of promoting or conducting Company-related business;
  5. conducting, organizing, or participating in meetings in an Authorized Country with citizens or residents from an unopened country where any activities

- prohibited by Section 33 take place. In conducting meetings in an Authorized Country with citizens or residents from an unopened country, the same guidelines must be followed as if the meeting were being held in an unopened country except for the limitation on the number of participants; or
6. promoting, facilitating or conducting any type of activity which exceeds the limitations set forth in these Policies and Procedures or which the Company, in its sole discretion, deems to be contradictory to the Company's business or ethical interests in international expansion.
- B. China activities, including all meetings, are limited to those authorized by the Company under its retail store operations and specific policies governing distributor conduct in China. Participants in any meeting held in China must be personal acquaintances of the distributor who organized the meeting or personal acquaintances of those at the meeting. The meetings must be held in a home or other public establishment and not in a hotel room. All cold-calling techniques (soliciting non-personal acquaintances) are strictly prohibited in China.
- C. The Company reserves the right to designate certain countries wherein all pre-marketing conduct is expressly prohibited. It is the responsibility of each Distributor, prior to each instance of conducting pre-market opening activities in an unopened market, to verify through current contact with the Company that the country in which she plans to conduct those activities is not a prohibited country. A Distributor may obtain a list of prohibited countries and Company Approved Sales Aid materials to distribute in other unopened countries by calling the Company at 1-800-800-0260.
- D. In Authorized Countries, all international Distributor activity must be in strict accordance with the policies of the country. International Distributors must notify the office of the Authorized Country of their intended activities and must ensure that their business activities fully comply with country specific restrictions.
- E. In addition to other remedies allowed by the Contract, a Distributor, who fails to comply with any provision of Section 33, may be prohibited from participating in the affected international market for a period deemed appropriate by the Company. This prohibition could include, but is not limited to the following: the Distributor may have no right to international distribution/sponsorship rights in the affected international market; the Distributor and the Distributor's upline may not be entitled to Bonuses generated by the Distributor and the Distributor's Downline Organization in the respective international market. The Company, at its sole discretion and for the purpose of promoting ongoing support of new Distributors by upline Executive Distributors, may consider paying the fourth, fifth, and sixth generation Breakaway Bonuses on the Personal Sales Volume generated by the Distributor or the

Distributor's Downline in the affected international market. In addition, in all markets, for a period of up to one year, the Distributor may not be entitled to privileges traditionally afforded Distributors such as recognition at corporate events or in corporate literature, and receipt of new Distributor packets prior to the official opening of any new market.

- F. A Distributor who has been unable to participate in a market because of non-compliance with Section 33 of these Policies and Procedures, must petition the Company in writing for written permission to participate in the market after the period of prohibition has passed.
- G. The provisions of Section 33 do not waive the Company's rights as set forth elsewhere in these Policies and Procedures or in the Contract.

### Section 34: Preferred Customer Program

- A. The Preferred Customer Program ("PC Program") is an optional program for Distributors and their customers. The PC Program allows a Preferred Customer ("PC") to purchase products from an Affiliate in Singapore ("Nu Skin Singapore") at distributor wholesale price or ARO price (if the PC joins the ARO program). To participate in this PC Program, a PC needs to fill out the PC Program Application. He/she will purchase a PC Welcome Package from Nu Skin Singapore.

The provisions of this Section 34 relate only to the PC Program. They do not replace, supplement or modify the Policies and Procedures comprising part of the Distributor's Contract with Nu Skin International.

#### B. Definitions

1. Preferred Customer Identification Number ("PC ID"): the number assigned by Nu Skin Singapore to each retail customers using the PC Program. This number is printed on the front of the PC Application form. PC is a retail customer and is not a Distributor of Nu Skin International or its Affiliate. He/she may not sponsor Distributors or other PCs and is not entitled to receive commission on any products purchased by himself/herself or any third party.
2. "Personal Contact": Individual contact with a potential or actual retail customer which includes an introduction and explanation of how to use the Nu Skin products, a detailed explanation of the PC Program and on-going individual customer service.
3. Preferred Customer Program or PC Program: a program which allows a Distributor's customer to order and purchase products directly with Nu Skin



Singapore by quoting the PC ID. Orders may be placed via walk-in or fax at Nu Skin Singapore Showcase.

#### C. Responsibilities for Participation:

- 1) Prior to introducing a PC, a participating Distributor must have personal contact with the potential PC to promote and introduce the PC Program and the products.
- 2) Each Distributor is responsible for providing on-going customer service to each potential and actual PC he or she refers to the program by a) ensuring customer attention and satisfaction; b) providing product orientation; c) explaining the product exchange and refund policy.
- 3) Should a PC determine he/she wants to discontinue the PC Program, he/she may do so at any time and for any reason. A PC may change his/her sponsor Distributor provided that he/she has been inactive and has no product purchases for at least two (2) months immediately prior to his/her application for change of sponsorship.
- 4) A PC may apply for distributorship with Nu Skin International under the same sponsor Distributor; if a PC wants to apply for the distributorship under a different sponsor Distributor, he/she must have been inactive and have no product purchases for at least two (2) months immediately prior to his/her distributorship application.

#### D. Sales Volume

- 1) Purchase orders placed by a linked PC will be counted towards the Group Sales Volume (level one) of the sponsor Distributor for commission calculation purposes.

#### E. Product Exchange and Refund Policy

- 1) If a PC is not completely satisfied with the product he/she purchased from Nu Skin Singapore, a PC may return the products purchased for a 100% refund or exchange within seven (7) business days (excluding Saturdays, Sundays and all public holidays) of purchase, provided the product is reasonably sound, unopened, unaltered, resalable and restockable.
- 2) Distributor must explain to the PC the product exchange and refund policies stated here.
- 3) The Company reserves the right to back out and recoup commissions earned by Distributor on returned products ordered through the PC Program from the

future commissions payable to the Distributor. In the event Distributor makes misleading or unauthorized representations concerning products, product sales or the Nu Skin business, the Company reserves the right to back out commissions paid under the terms of the Distributor Policies and Procedures.

#### F. Program Restrictions

- 1) No Distributor may be linked to any PC in the PC Program without personal contact.
- 2) The Company reserves the right to suspend or terminate Distributor's participation into the PC Program, to retain commissions and/or Group Sales Volume credits for reasons including but not limited to the following:
  - a. Sales activities that does not include personal contact;
  - b. Unauthorized use of the PC ID number or credit card without prior written approval;
  - c. Failure to abide by the applicable refund policies;
  - d. Any material breach of the terms herein;
  - e. Misuse or abuse of the PC Program;
  - f. Suspension or termination of the Distributor's distributorship with Nu Skin International;
  - g. Violation of any applicable law, statute or other regulation; or
  - h. Violation of any material term in any agreement with Nu Skin International or any of its Affiliates.

#### G. Uncollected Products

1) The PC acknowledges that administrative time and costs will be incurred by Nu Skin Singapore to retain products purchased but remain uncollected by and/or undelivered to him/her. Accordingly, PC agrees that IN THE EVENT THAT:-

(i) when collection is to be made by PC and he/she fails or neglects to collect any products purchased from Nu Skin Singapore within seven (7) days from the date of purchase, Nu Skin Singapore will deliver the purchased products to the address as provided by the PC at reasonable delivery charges and if such products cannot be successfully delivered to the PC and he/she fails or neglects for whatsoever reason to collect the products from Nu Skin Singapore within six (6) months from the date of purchase; or

(ii) where the PC has requested Nu Skin Singapore and Nu Skin Singapore has agreed to deliver any products to him/her but Nu Skin Singapore is unable to deliver such products to him/her due to an incorrect or incomplete delivery address or the unavailability of the named recipient at the address as provided by him/her, and



he/she fails or neglects to collect the products from Nu Skin Singapore within six (6) months from the date of purchase,

THEN upon the expiry of the aforesaid period of six (6) months, he/she shall be deemed to have irrevocably and unconditionally, (a) surrendered all rights, title and interest in and to such products or to a refund of the purchase price or any part thereof; and (b) authorized Nu Skin Singapore and Nu Skin Singapore shall be entitled at its absolute discretion, without any liability or further reference, notice or account to PC, to dispose of or deal with any such products in any manner as Nu Skin Singapore deems fit or expedient, including without limitation the donation of such products and/or goods exchanged therefore for charitable and/or humanitarian purposes.