



NU SKIN®  
DISCOVER THE BEST YOU™

POLICIES AND PROCEDURES  
THAILAND



# Table of Contents

Chapter 1	<b>Your Brand Affiliate Account</b>	1
1	Becoming a Brand Affiliate	1
1.1	Applying to Become a Brand Affiliate	1
1.2	One Individual per Brand Affiliate Account	1
1.3	Age Requirements	1
1.4	Minors	1
1.5	Legal Residency	2
1.6	Former Brand Affiliates	2
1.7	Spouses and Co-habitants	2
1.8	Acceptance of your Brand Affiliate Agreement	2
1.9	Tax Payer Identification Number	2
1.10	Business Entities	3
1.10	A Brand Affiliate Account with Joint Participation	3
1.11	Changing to a Business Entity	4
1.12	Temporary Accounts	4
1.13	Mandatory Training	4
2	Personal Information	4
2.1	Collection of Personal Information	4
2.2	Authorization to Use Your Personal Information	5
3	Maintaining Your Brand Affiliate Account	5
3.1	Keeping your Brand Affiliate Agreement, Business Entity Form and Joint Participation Form current	5
3.2	Adding a New Participant	6
3.3	Starting a Brand Affiliate Account under a New Sponsor	6
3.4	One Brand Affiliate Account per Individual	6
3.5	Acquisition of Beneficial Interest in and Merger of Brand Affiliate Accounts	6
4	Transferring and Terminating your Brand Affiliate Account	7
4.1	Transferring Brand Affiliate Accounts	7
4.2	Transfers Upon Death	8
4.3	Divorce	8
4.4	Right to Terminate	9

Chapter 2	Operating Your Business	10
1	Business Ethics	10
1.1	DSA Code of Ethics	10
1.2	Purpose of Your Business	10
1.3	General Ethics	10
1.4	Non Disparagement	11
1.5	Harassment	11
1.6	No Contact of Vendors or Scientific Advisory Board Members	11
1.7	Anti-Corruption	11
1.8	Maintaining the Company's Reputation	11
1.9	Records Review	11
2	Independent Contractor	12
2.1	Brand Affiliates are Independent Contractors	12
2.2	Taxes	12
2.3	No Authority to Act on Behalf of Company	12
2.4	Designation as Employer Prohibited	13
3	Ordering Products or Services	13
3.1	Ordering	13
3.2	Transfer of Title	13
3.3	Inventory and the 80 Percent Rule	13
3.4	Methods of Ordering	13
3.5	Issuing Credits	13
3.6	Pricing Changes	13
3.7	Submitting Orders in the Name of Another Brand Affiliate	13
3.8	Payments without Sufficient Funds	14
3.9	Use of another Individual's Credit Card	14
3.10	Automatic Re-Ordering Program	14
3.11	Retailing of Products	14

4	Product Refunds and Exchanges	14
4.1	Refund Policy	14
4.2	Exchange Policy for Products Purchased Directly from the Company	15
4.3	Procedures for Obtaining a Refund or Exchange	15
5	Retail Sales and Customer Returns	16
5.1	Retail Sales	16
5.2	No Wholesaling of Products	16
5.3	Retail Sales Receipts	16
5.4	Money-back Guarantees, Customer Refunds, and Exchanges for your Retail Customers	
6	Sales Compensation Plan	17
6.1	Sales Compensation Plan	17
6.2	Exceptions to Sales Compensation Plan	18
6.3	No Compensation for Sponsoring	18
6.4	No Guaranteed Income	18
6.5	Manipulation of Sales Compensation Plan	18
6.6	Bonuses	18
6.7	Required Retail Sales; Retail Sales Verification	19
6.8	Timing	19
6.9	Bonus Recovery	19
6.10	Payment Corrections	20
7	Product Liability Claims and Indemnification	20
7.1	Indemnification	20
7.2	Requirements for Indemnification	20
7.3	Indemnification by You	20
8	Sales Tax	21
9	Associating Other Organizations with the Company	21

Chapter 3	Advertising	20
1	Business Support Materials and Trademark Use	20
1.1	Use of Business Support Materials	20
1.2	Use of Trademarks and Copyrights	20
2	Product Claims	20
2.1	General Limitation	20
2.2	No Medical Claims	20
2.3	No FDA Approved Claims	21
2.4	Before and After Photographs	21
2.5	Modifications to Product Packaging	21
3	Income Claims	21
3.1	No Misleading Income Claims	21
3.2	Requirements for Lifestyle and Income Claims	21
4	Blue Diamond Produced Business Support Materials	22
4.1	Blue Diamond Business Support Materials	22
4.2	No Endorsement or Approval by Company	22
4.3	License Agreement for Business Support Materials	22
4.4	Registration of Blue Diamond Business Support Materials and Services	23
4.5	Sales by Blue Diamonds; Purpose	23
4.6	Brand Affiliate Organizations	23
5	Mass Media; General Advertising	23
5.1	Promotions Utilizing Mass Media Prohibited	23
5.2	Media Interviews	23
5.3	Phone Book Advertising	24
5.4	Distributing Promotional Materials	24
6	Retail Store, Trade Show, and Service Establishment Sales Policy	24
6.1	Retail Stores	24
6.2	Trade Show Booths	24
6.3	Service Establishments	25
6.4	The Company's Right of Final Determination	25

7 Internet	25
7.1 Use of the Internet in Brand Affiliate Business	25
7.2 Permitted Internet Activities	25
7.3 Blue Diamond Internet Marketing Site	27
7.4 Additional Restrictions on Internet Use	27
7.5 Internet Video and Audio	28
7.6 Internet Selling	28
7.7 Spam	28
8 Lead Generation Services; No Speaking Fees	29
8.1 Lead Generation Services	29
8.2 No Speaking Fees; Meetings	29
9 No Recording of Company Events or Employees	29

Chapter 4	<b>Sponsoring</b>	33
1	Becoming a Sponsor	33
1.1	Requirements	33
1.2	The Placement of New Brand Affiliates	33
1.3	Business Portfolio	33
1.4	Distribution of Company Leads	33
2	Responsibilities of a Sponsor	33
2.1	Training of Your Team	33
2.2	Line Switching	34
2.3	No Purchase of Products or Business Support Materials and Services Required	34
2.4	Correct Information on Company Forms	34
2.5	Your Team's Communication with the Company	34
3	International Business	35
3.1	International Business	35
3.2	Meetings in an Authorized Market with Attendees from an Unopened Market	35
3.3	The International Sponsor Agreement	36
3.4	Mainland China	36
3.5	Express Prohibition of Pre-Marketing in Certain Markets	36
3.6	Remedies	36
3.7	Petition for Permission to Participate	36
3.8	No Waiver	37

Chapter 5	<b>Restrictive Covenants</b>	38
1	Ownership of Network	38
2	Restrictive Covenants	38
2.1	Non-Solicitation	38
2.2	Exclusivity	39
2.3	Confidential Information	40
2.4	Confidentiality of Brand Affiliate Account Information	40
2.5	Non-Disparagement	41
2.6	Remedies	41
2.7	Enforceability	41

Chapter 6 Enforcement of Contract	42
1 The Contract	42
2 Acts of Participants in a Brand Affiliate Account	42
3 Procedures for Investigation, Discipline and Termination	42
3.1 Reports of Alleged Violations	42
3.2 Time Limit for Reports of Violations	42
3.3 Balance of Rights of Privacy	42
3.4 Procedure	43
3.5 Compliance Appeals Committee (CAC)	43
3.6 Company Actions for Breach of Contract	44
3.7 Immediate Action	44
3.8 Remedies	45
3.9 Termination of Your Contract	45

Chapter 7	Arbitration	46
1	What is Mandatory Arbitration	46
2	Arbitration is Mandatory and Binding as to all Disputes	46
3	Definition of a Dispute	46
4	Mediation	46
5	Request for Arbitration	47
6	Arbitration Procedure	47
6.1	Rules of Arbitration; Location	47
6.2	Discovery	47
6.3	Date of Arbitration	47
6.4	Language	47
6.5	No Class Actions	47
6.6	Permitted Attendees	48
6.7	Fees and Expenses of Arbitrator	48
6.8	Awards	48
6.9	Confidentiality	48
6.10	Enforcement of Award; Injunctive Relief	48
6.11	Survival	49
7	Third Party Claims	49

## Chapter 8    **General Terms**

1	General Terms	46
1.1	Contract Changes	46
1.2	Waivers and Exceptions	46
1.3	Integrated Contract	46
1.4	Severability	46
1.5	Governing Law/Jurisdiction	47
1.6	Notices	47
1.7	Successors and Claims	47
1.8	Headings	47
1.9	Internal References	47
1.10	Plurality and Gender	47
1.11	Translations	48

Addendum A - Glossary of Defined Terms	49
--	----

Addendum B	57
------------	----

# Chapter 1 Your Brand Affiliate Account

## 1 Becoming a Brand Affiliate

### 1.1 Applying to Become a Brand Affiliate

You may apply to become a Brand Affiliate by completing, signing, and returning an online or hardcopy Brand Affiliate Agreement to the Company. You are not required to purchase any Products or materials to become a Brand Affiliate. You can have access to a Business Portfolio from the Company's website, which contains the Policies and Procedures, the Sales Compensation Plan, a Brand Affiliate Agreement, a Business Entity Form, a Joint Participation Form and other sales and demonstration materials to assist you in starting and conducting your independent business.

### 1.2 One Individual per Brand Affiliate Account

Only one individual may apply for a Brand Affiliate Account and submit a Brand Affiliate Agreement to the Company. If the individual also wants to include a spouse or Co-habitant on the Brand Affiliate Agreement, then the spouse or Co-habitant may also be included on the Brand Affiliate Agreement. Except for the addition of spouses or Co-habitants or as otherwise provided in a specific Authorized Market, if more than one Person wants to participate in a Brand Affiliate Account, then the Persons must apply either as a Business Entity or as a Brand Affiliate Account with joint participation as set forth in Sections 1.10 and 1.10A of this Chapter 1 respectively.

### 1.3 Age Requirements

You must be at least 20 years old to become a Brand Affiliate unless you qualify for the limited exception set forth in Section 1.4 below for certain minors.

### 1.4 Minors

If you are a minor who is at least 18 years old but under 20 years old, you may become a Brand Affiliate if you submit a hard copy Brand Affiliate Agreement signed by you and by your parent or legal guardian to indicate your parents or legal guardian's consent to you becoming a Brand Affiliate. Your parent or legal guardian will be required to supervise your activities.

If your parent or legal guardian is a Brand Affiliate, then

- your Brand Affiliate Account is considered a second account separate from your parent or legal guardian's account;
- your parent or legal guardian must be your Sponsor; and
- your parent or legal guardian cannot have any Beneficial Interest in your Brand Affiliate Account.

### 1.5 Legal Residency

Your Brand Affiliate Agreement must be filed and your Brand Affiliate Account maintained in the market where you are a legal resident or citizen and where you have a legal right to do the business. If you are unable to prove your legal residency, citizenship, or legal right to do business in the market where you have filed your Brand Affiliate Agreement, the Company may declare your Brand Affiliate Agreement void from its inception. You may only file to be a Brand Affiliate in an Authorized Market.

## 1.6 Former Brand Affiliates

If you have been a Brand Affiliate you may only apply to become a new Brand Affiliate under your original Sponsor unless you meet the criteria in Section 3.3 of this Chapter 1 for signing up under a new Sponsor.

## 1.7 Spouses and Co-habitants

If the spouse or Co-habitant of a Brand Affiliate wants to become a Brand Affiliate, the spouse or Co-habitant must be added to the Brand Affiliate Account previously formed by the other spouse or Co-habitant. If the spouse or Co-habitant of a former Brand Affiliate wants to become a Brand Affiliate, then the spouse or Co-habitant must apply to become a Brand Affiliate under the Sponsor of the spouse's or Co-habitant's former Brand Affiliate Account unless the applicable inactive period regarding Business Activity of the former Brand Affiliate has lapsed as set forth in Section 3.3 of this Chapter 1.

## 1.8 Acceptance of your Brand Affiliate Agreement

The Company reserves the right to reject any application for a Brand Affiliate Account at its own discretion. You become an approved Brand Affiliate upon the acceptance and processing of your Brand Affiliate Agreement by the Company. In the event the Company gets more than one Brand Affiliate Agreement from an applicant, the first Brand Affiliate Agreement received at the corporate office in the United States is the one that determines who your Sponsor is.

## 1.9 Tax Payer Identification Number

You will be required to provide the Company with your tax identification number before you are eligible to receive a Bonus, or when otherwise required by the Company for tax or other purposes. This requirement also applies to spouses and Co-habitants who sign the Brand Affiliate Agreement. In the event you sign up using a Business Entity, you must provide the tax identification number for the Business Entity and for each Participant in the Business Entity (including but not limited to any shareholder, director, officer, member and partner of the Business Entity where applicable). The Company may also place a sales order or Bonus hold on your account until you provide your tax identification and your tax identification number has been verified.

## 1.10 Business Entities

A Business Entity may apply to become a Brand Affiliate by completing, signing, and returning a Business Entity Form, signed by all the Participants, together with a Brand Affiliate Agreement. In addition, the following other requirements apply to Business Entities:

- (a) Each Participant must be a citizen or legal resident and have the legal right to do business in the market where the Business Entity's Brand Affiliate Agreement has been filed, and must be able to provide proof of such. If the Business Entity is unable to provide this proof upon the Company's request, the Company may declare the Brand Affiliate Agreement void from its inception. You should be aware that merely being listed as a member of a Business Entity does not necessarily grant you any legal right to do business;

- (b) Bonuses will be issued in the name of the Business Entity. The Company will not have any liability to you if the Business Entity or any Participant in the Business Entity fails to allocate and pay any portion of the Bonuses received by the Business Entity among the multiple Participants in the Business Entity, or for any incorrect allocation and payment; and
- (c) One Participant will be designated as the Authorized Representative of the Business Entity and the Company may rely and act on any information provided by the Authorized Representative.

### 1.10 A Brand Affiliate Account with Joint Participation

You may apply to add some other individual(s) as Additional Participant(s) to jointly participate in your Brand Affiliate Account by completing, signing, and returning a Joint Participation Form, signed by you as the Principal Brand Affiliate and each of the Additional Participants, together with a Brand Affiliate Agreement. In addition, the following other requirements apply to a Brand Affiliate Account with joint participation:

- (a) Each of the Additional Participants must be a citizen or legal resident and has the legal right to do business in the market where the Principal Brand Affiliate has filed his Brand Affiliate Agreement, and must be able to provide proof of such. Each of the Participants should be aware that merely being listed as an Additional Participant in your Brand Affiliate Account does not necessarily grant any legal right for that Participant to do business;
- (b) The Principal Brand Affiliate is the sole individual authorized to take any action on behalf of the Brand Affiliate Account with respect to the Brand Affiliate Agreement (including the execution of any such agreements) or any other matter relating to the Company, and that the Company shall be entitled to rely on the authority and instructions of the Principal Brand Affiliate with respect to all matters pertaining to the Brand Affiliate Agreement (including amounts payable as Bonuses thereunder) or the Company;
- (c) Each of the Additional Participants is jointly liable for the acts and omissions of any of the Participants in connection with the Brand Affiliate Account, and the Company may take action against the Brand Affiliate Account for a violation of the Policies and Procedures by any of the Participants; and
- (d) All Bonuses and other benefits generated by or attributable to the Brand Affiliate Account (including through the efforts of the Additional Participants) shall be paid or provided directly to the Principal Brand Affiliate and none of the Additional Participants, whether individually or collectively, shall have any claim against the Company with respect to such Bonuses or other benefits.

### 1.11 Changing to a Business Entity

If you want to change the form of your Brand Affiliate Account from an individual to a Business Entity, you may do so at any time. This change is subject to any applicable legal requirements and requires the completion and delivery of a Business Entity Form to the Company.

### 1.12 Temporary Accounts

When you apply through Company website or facsimile to the Company a temporary account will be established. You may operate a temporary account for up to 60 days. When you have set up a temporary account you are bound by all the provisions of the Contract. You may apply to make a temporary account permanent by submitting the Brand Affiliate Agreement to the Company. If any temporary account is not made permanent within 60 days, sales order and Bonus holds may be placed on the account. If any temporary account is not made permanent within 90 days, it may be terminated.

### 1.13 Mandatory Training

When you sign up to become a Brand Affiliate, submit a Letter of Intent (LOI), or at other stages of your Nu Skin business, the Company may require that you complete specific training or educational courses regarding the Sales Performance Plan, the Policies & Procedures, and/or other relevant topics. Such trainings and courses will be provided by the Company at no cost to you, and will not be unreasonable in length or content. If you fail to complete a training or course that has been designated as mandatory by the Company, the Company may elect to suspend your right to receive awards in accordance with Section 3.6 (e) of Chapter 6 of these policies.

## 2 Personal Information

### 2.1 Collection of Personal Information

The Company is aware of and responsive to your concerns regarding how information about you is collected, used and shared as a result of your becoming a Brand Affiliate. The Company respects your privacy and is committed to protecting the privacy of Brand Affiliates. The Company collects from you and holds certain personal information about you in order to provide you with support, the benefits of being a Brand Affiliate, and communicating with you regarding (i) Products and promotional offers, (ii) your Brand Affiliate Account and Teams, (iii) Bonuses, and (iv) other relevant business issues. All information submitted by you will be held by the Company at its corporate headquarters in the United States, its regional headquarters, and/or its local affiliated companies in your Resident Market. You have the right to access and verify your personal information held by the Company by contacting the call center for your Resident Market.

### 2.2 Authorization to Use Your Personal Information

You authorize the Company to:

- (a) transfer and disclose personal and/or confidential information, (a) which you have provided to the Company in connection with your Brand Affiliate Account and Team, or (b) that has been developed as a result of your activity as a Brand Affiliate, to (i) its parent and affiliated companies wherever located, (ii) your upline Brand Affiliates when the Company determines it is appropriate, and (iii) applicable government agencies or regulatory bodies if required by law. No transfer and disclosure of such

The refund policy under this Section 4.1(a) may not apply to product promotion. In such case, specific prior notification will be given.

information is deemed to constitute any wrongful act against you. You will have the option to withhold the transfer of certain information that may be provided to your upline Brand Affiliates.

- (b) use your personal information for Brand Affiliate recognition and the Company's Business Support Materials and Services unless you request in writing that the Company not to do so.
- (c) use your personal information described above, and you further agree that any other disclosure of your personal information will be governed by Company's Privacy Policy, as it may be published and modified from time to time.

## 3 Maintaining Your Brand Affiliate Account

### 3.1 Keeping your Brand Affiliate Agreement, Business Entity Form and Joint Participation Form current

- (a) As a Brand Affiliate, it is your duty to keep the information contained in your Brand Affiliate Agreement, Business Entity Form or Joint Participation Form current and accurate. You must immediately inform the Company of any changes affecting the accuracy of information contained in these documents. The Company may terminate a Brand Affiliate Account or declare a Brand Affiliate Agreement void from its inception if the Company determines false or inaccurate information was provided. If you fail to update your Brand Affiliate Agreement, Business Entity Form or Joint Participation Form, holds may be placed on your account or other disciplinary action may be taken, including termination.
- (b) You must submit a new Brand Affiliate Agreement, Business Entity Form or Joint Participation Form with "Amended" written across the top to change your Brand Affiliate Account information. Any amended Agreement must be signed by you. A Business Entity's amended Brand Affiliate Agreement must be signed by the Authorized Representative of the Business Entity. An amended Business Entity Form must be signed by the Authorized Representative and all new Participants of the Business Entity. The amended Brand Affiliate Agreement of a Brand Affiliate Account with joint participation must be signed by the Principal Brand Affiliate. An amended Joint Participation Form must be signed by all Participants in the Brand Affiliate Account. The Company may charge a fee for processing changes to the Brand Affiliate Agreement, Business Entity Form or Joint Participation Form. The Company may refuse to accept any amendments.

### 3.2 Adding a New Participant

You may not allow a Person to engage in any Business Activity for, or have a Beneficial Interest in, your Brand Affiliate Account, unless your Brand Affiliate Account is a Business Entity or is a Brand Affiliate Account with joint participation and that Person has applied to become a Participant and such application has been accepted by the Company. The Company may reject any such application in its sole discretion. If the Company rejects the application, the Person may not participate in the Brand Affiliate Account.

### 3.3 Starting a Brand Affiliate Account under a New Sponsor

If you are a former Brand Affiliate, you may establish a new Brand Affiliate Account under a new Sponsor only if you have not engaged in any Business Activity (whether for your Brand Affiliate Account or the Brand Affiliate Account of another Person) for the indicated inactive period:

Account type during the 24 months preceding the most recent Business Activity	Inactive Period
If you ever achieved Brand Representative or higher	12 months
Brand Affiliate only	6 months

When the Company concludes that an inappropriate Sponsor change has occurred or has been solicited, the second-in-time Brand Affiliate Account may be returned to and be merged with the first-in-time Brand Affiliate Account and the Company may pursue other remedies listed in Chapter 6.

### 3.4 One Brand Affiliate Account per Individual

You are not allowed to have a Beneficial Interest in more than one Brand Affiliate Account except as follows: (i) marriage of two Brand Affiliates who each had a Brand Affiliate Account prior to the marriage, (ii) inheritance of a Brand Affiliate Account by an existing Brand Affiliate, or (iii) as otherwise approved in writing by the Company.

### 3.5 Acquisition of Beneficial Interest in and Merger of Brand Affiliate Accounts

- (a) Overview. Occasionally, a Brand Affiliate wishes to form a partnership with another existing Brand Affiliate and merge the two Brand Affiliate Accounts or acquire a Beneficial Interest in a Brand Affiliate Account. Except as provided in this Section 3.5, the formation of a partnership between Brand Affiliates, the merger of Brand Affiliate Accounts, or the acquisition of a Beneficial Interest in a Brand Affiliate Account by a Brand Affiliate who has engaged in any Business Activity, is prohibited.
- (b) Acquisition of Beneficial Interest. Except for those circumstances that may be approved by the Company in its sole discretion, if you have engaged in any Business Activity, you may not, at any time, acquire a Beneficial Interest in a pre-existing Brand Affiliate Account under a different Sponsor (whether by purchase, merger, partnership, or otherwise) unless (i) you have terminated your Brand Affiliate Account and had no Business Activity for the applicable inactive period described in Section 3.3 of this Chapter 1, and (ii) the Brand Affiliate Agreement for the Brand Affiliate Account in which you want to acquire a Beneficial Interest was submitted to the Company after the applicable inactive period for your Business Activity as described in (i) above. The prohibitions of this Subsection (b) supersede the provisions of subsection (c) of this Section 3.5.

- (c) Merger. The Company may, in its sole discretion, consider mergers of Brand Affiliate Accounts in the following limited cases: (a) vertical mergers with (i) your immediate upline Sponsor, or (ii) a Brand Affiliate that is on your first level; and (b) any other merger as may be approved by the Company in its sole discretion.
- (d) Company Review and Additional Requirements. In any case involving the proposed formation of a partnership, mergers, or acquisitions of a Beneficial Interest, the Company will, in its sole discretion, decide whether to approve a requested exception to these Policies and Procedures. During its review the Company may impose additional requirements that it deems necessary, including upline notifications and/or approvals.

## 4 Transferring and Terminating your Brand Affiliate Account

### 4.1 Transferring Brand Affiliate Accounts

You may not transfer your Brand Affiliate Account or any rights therein, unless you have received the prior written consent of the Company, which will not be unreasonably withheld. The Company will not consent to any proposed transfer if it determines that the proposed transfer is not substantive and is being done to avoid the requirements of these Policies and Procedures. The Company will not recognize any assignment, and the transferee will have no rights until the transfer has been approved by the Company. Any exceptions and waivers the Company has made to the Contract for the benefit of a Brand Affiliate Account will terminate upon the transfer unless otherwise provided in a written agreement by the Company.

### 4.2 Transfers Upon Death

- (a) Individuals. If you are an individual, upon your death, your Brand Affiliate Account may be passed on to your heirs, or other beneficiaries whether by will, intestate succession, or otherwise. The transfer will be recognized by the Company when a court order or proper legal document addressing the transfer to a qualified transferee is submitted to the Company. The Company encourages you to make appropriate arrangements in consultation with an estate-planning attorney for the transfer of your Brand Affiliate Account.
- (b) Participant in a Business Entity. If you are a Participant in a Business Entity, upon your death your interest in the Brand Affiliate Account will be transferred according to the Business Entity's legal documents and applicable law governing the transfer, provided that all Persons of the transferee are qualified to hold an interest in a Brand Affiliate Account under these Policies and Procedures. The transfer of your interest will be recognized by the Company when a court order or proper legal documents addressing the transfer to a qualified transferee are submitted to the Company.

- (c) During any time that a Brand Affiliate Account may be temporarily without an owner, or a gap in ownership occurs due to probate or other court procedures, the upline Blue Diamond or above will be responsible for operating this Brand Affiliate Account. As payment for their services, the upline Blue Diamond or above will be entitled to a service fee. This fee will be an amount equal to 15 percent of the Brand Affiliate Account's net Bonuses, which the Company will deduct from the Brand Affiliate Account's net Bonuses.

### 4.3 Divorce

In the event of a divorce, the Company will neither determine the division of nor divide a Brand Affiliate Account or a Team. Generally, the Company will not divide Bonuses or other rewards. The Company may, however, in its sole discretion, on a case-by-case basis, divide Bonuses on a simple, fixed-percentage basis, pursuant to a court order or the written consent of both parties. IF THE COMPANY AGREES TO DIVIDE BONUSES ON A SIMPLE, FIXED PERCENTAGE BASIS, THE PARTIES TO THE BRAND AFFILIATE ACCOUNT AGREE TO HOLD THE COMPANY HARMLESS FROM ANY AND ALL LIABILITIES, LOSSES, COSTS, DAMAGES, JUDGMENTS, OR EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES, RESULTING OR ARISING FROM, DIRECTLY OR INDIRECTLY, ANY ACTS OR OMISSIONS BY COMPANY IN DIVIDING THE BONUSES. The Company has the right to withhold Bonuses in the event of a dispute among spouses regarding a Brand Affiliate Account. The Company may charge a fee to Brand Affiliates each month as payment for its services in dividing Bonus payments.

### 4.3 Right to Terminate

You may terminate your Brand Affiliate Account at any time. Please see Section 3.9 of Chapter 6 for details.

# Chapter 2 Operating Your Business

## 1 Business Ethics

### 1.1 DSA Code of Ethics

The Company is a member of the Direct Selling Association (DSA) in the United States and in many markets around the world and abides by the DSA Code of Ethics. Along with the ethical guidelines of this Section, you are encouraged to comply with the DSA Code of Ethics in your business operations. The DSA Code of Ethics can be found at [www.dsa.org](http://www.dsa.org).

### 1.2 Purpose of Your Business

The primary purpose of your business and the Company is to sell high quality Products to retail customers. As part of this process you may sponsor other Brand Affiliates in the business to build your sales organization. However, the recruitment of other Brand Affiliates is not your primary focus, but rather an integral part of your fundamental obligation to sell Products and increase the sales of Products to retail customers by your Team.

### 1.3 General Ethics

You must operate your Brand Affiliate Account in an ethical, professional, and courteous manner. This means, among other things, the following:

- You must comply with the Contract and with applicable law.
- You must operate your Brand Affiliate Account honestly.
- You should indicate to prospective customers and Brand Affiliates who you are, why you have contacted them, and what Products you are selling.
- You may not make false or misleading claims about potential earnings under the Sales Compensation Plan or about the benefits of using the Company's Products.
- You may not pressure any Brand Affiliates or prospective Brand Affiliates to operate in a financially irresponsible way, including, but not limited to, pressuring them to buy more Products or Business Support Materials and Services than they can reasonably use or sell, or to maintain specific inventory requirements.
- You must not encourage or recommend that Brand Affiliates or prospective Brand Affiliates incur debt in order to participate in the business.
- You must explain how to return Products or cancel an order.
- You must not represent to prospective Brand Affiliates that they are required to purchase Products or Product packages to become Brand Affiliates or to become Brand Representatives. Prospective Brand Affiliates must be informed that they may purchase Products individually and not in Product packages.

## 1.4 Non Disparagement

You may not make any misleading, unfair, inaccurate, or disparaging comparisons, claims, representations, or statements about:

- the Company;
- its Products, or commercial activities;
- other Persons;
- other companies (including competitors); or
- other companies' products, services, or commercial activities.

## 1.5 Harassment

You must operate your Brand Affiliate Account in a manner that is free of harassment, intimidation, threats, and abuse. Harassment of any kind will not be tolerated, including, but not limited to, race, religion, physical and verbal abuse, or soliciting, encouraging, or consummating any inappropriate or unwelcome written, verbal, electronic or physical relationships, sexual advances, requests for sexual favors, or other physical, verbal, or visual behavior of a sexual nature, with another Brand Affiliate, Company employee or customer.

## 1.6 No Contact of Vendors or Scientific Advisory Board Members

You may not contact, either directly or indirectly, the Company's vendors, suppliers, scientific advisory board members, basic research partners, universities, or any other advisors or consultants of the Company without the prior written consent of the Company.

## 1.7 Anti-Corruption

You must comply with all anti-corruption laws, including the Foreign Corrupt Practices Act ("FCPA"), in the markets in which the Company does business. The FCPA requires that you never directly or indirectly (i.e. through an agent) make a payment or gift with the purpose of influencing the acts or decisions of foreign officials. There are some limited exceptions to this rule. Because the rules and exceptions relating to anti-corruption are complex, you should consult with your own legal counsel regarding questions relating to compliance with the FCPA or anti-corruption laws. For additional information please refer to the Company's Anti-Corruption Policy in the Corporate Governance section of the Investors link on the Nu Skin Enterprises, Inc. website at [www.nuskinenterprises.com/](http://www.nuskinenterprises.com/)

## 1.8 Maintaining the Company's Reputation

You will not act in any way, including your actions outside the scope of your Brand Affiliate Account, which could be considered detrimental to the business or reputation of the Company or its Brand Affiliates. The Company has the right to, in its sole discretion, determine what actions may be considered detrimental and take action against you according to Chapter 6.

## 1.9 Records Review

As a condition to participating as a Brand Affiliate, you grant the Company the right to review any records related to your Brand Affiliate Account in order to investigate whether you have been operating your Brand Affiliate Account in compliance with these Policies and Procedures. The Company may request to review your Brand Affiliate Account records at any time and for any reason. You must comply with any request to review your Brand Affiliate Account records by promptly and completely making your true records available for review by the Company.

# 2 Independent Contractor

## 2.1 Brand Affiliates are Independent Contractors

You are an independent contractor. You are not an agent, employee, officer, partner, member, or joint-venturer with the Company, and you may not represent yourself as such. You agree that as an independent contractor, you:

- are responsible for your own business decisions and must determine in your sole discretion, when you will work and the number of hours you will work;
- will be paid Bonuses based on sales and not the number of hours you work;
- are subject to entrepreneurial risk and responsible for all losses that you incur as a Brand Affiliate;
- must pay your own license fees and any insurance premiums or the like (if applicable);
- are responsible for all costs of your business including, but not limited to, travel, entertainment, office, clerical, legal, equipment, accounting, and general expenses without advances, reimbursement, or guarantee from the Company; and
- will not be treated as an employee for federal or state tax purposes. You may receive a withholding Income Tax Certificate reflecting Bonuses that the Company has paid you.

## 2.2 Taxes

You must pay any personal income tax required by local laws, statutes and regulations.

## 2.3 No Authority to Act on Behalf of Company

You have no authority to act on behalf of the Company. This includes, but is not limited to, any attempt to:

- register or reserve Company names, trademarks, trade names or Products;
  - register URLs using the Company names, trademarks or trade names;
  - register or secure approval for Products or business practices; or
  - establish business or governmental contacts of any kind on the Company's behalf.
- (b) The refund policy under this Section 4.1(a) specific prior notification will be given.

You must 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 that you improperly act on behalf of the Company. You must immediately assign to the Company any registration of Company names, trademarks, trade names, Products, or URLs registered or reserved in violation of this Section without the Company's reimbursement of any costs you incurred.

## 2.4 Designation as Employer Prohibited

You may not identify the Company as your employer on loan applications, government forms, employment verification requests, applications for unemployment compensation or any other form or document.

# 3 Ordering Products or Services

## 3.1 Ordering

You may order Products directly from Nu Skin Enterprises (Thailand) Limited. There is no minimum order; however, shipping and handling costs may vary depending on the amount of Products ordered.

## 3.2 Transfer of Title

Title to and risk of loss for any Products you order transfers to you when the Products are shipped or collected.

## 3.3 Inventory and the 80 Percent Rule

As a Brand Affiliate you have no specific inventory requirements. You must use your own judgment in determining inventory needs based upon reasonably projected retail sales and personal use. You are prohibited from ordering more than a reasonable amount of inventory. By placing an order, you certify that you have sold or consumed at least 80 percent of your total inventory from previous orders.

## 3.4 Methods of Ordering

The Company does not accept orders on credit. Orders will not be shipped or allowed to be collected until they are paid in full. Payment must be made by credit card, cash, direct debit or such other method as may be accepted by the Company.

## 3.5 Issuing Credits

A Company credit may be issued in instances of overpayment, Product exchanges, or in other circumstances when an order cannot be completely filled. v. Sales Volume is credited when the Company credit is used.

## 3.6 Pricing Changes

not apply to product promotions. In such case,

The Company maintains the right to change Product prices without prior notice.

### 3.7 Submitting Orders in the Name of Another Brand Affiliate

You are prohibited from submitting orders in the name of another Brand Affiliate without the other Brand Affiliate's prior written approval. You must provide a copy of written approvals to the Company upon request.

### 3.8 Payments without Sufficient Funds

If any credit card payment is reversed, you must immediately make payment to the Company for the full amount of the reversed credit card payment. If you fail to promptly make such payment you are in breach of the Contract.

### 3.9 Use of another Individual's Credit Card

You should not use another individual's credit card to order Products or the Company's Business Support Materials and Services without the individual's prior written approval. You must provide a copy of written approvals to the Company upon request.

### 3.10 Automatic Re-Ordering Program

The Automatic Re-Ordering Program ("ARO Program") is an optional program available in some Authorized Markets. The ARO Program allows you to place a standing order with the Company that will be conveniently shipped to you on a monthly basis and charged to your credit card, savings account, or on a recurring, monthly basis. The terms and conditions of the ARO Program are found on the Automatic Re-Ordering Program Enrollment Agreement and the Company's website. The Company may terminate (i) the ARO Program at any time and for any reason, and (ii) your right to participate in the ARO Program as described in the terms and conditions of the ARO Program. You may cancel your monthly ARO Program order with one-month prior written notice as described in the terms and conditions of the ARO Program.

### 3.11 Retailing of Products

- (a) You may only resell Products in your Resident Market. The Products you resell must also be purchased from the Company in your Resident Market, and you may not resell Products in your Resident Market that you acquire from the Company in a Non-Resident Market.
- (b) When you execute your Brand Affiliate Agreement incorporated with an International Sponsor Agreement, you are granted the right to purchase Products in a Non-Resident Market. You may only purchase Products in a Non-Resident Market for personal use or to demonstrate the Products for potential new Brand Affiliates. You cannot resell Products in a Non-Resident Market. You may be subject to additional requirements for a specific market.

## 4 Product Refunds and Exchanges

### 4.1 Refund Policy

- (a) Unless otherwise required by applicable law, the Company after deducting an administrative fee equivalent to 10% of the price, will refund to you ninety percent (90%) of the price, less applicable Bonuses plus any prepaid applicable VAT on unopened and resalable Products and Business Support Materials produced and sold by the Company that are returned within (i) twelve (12) months in the case of Nu Skin personal care products and Pharmanex products; or (ii) 30 days in the case of Business Support Materials, of the order date. Refund shall be made by the Company within 15 days from your request. The Company does not refund the original shipping costs on Products that you return. In order for the Company to correctly back out the applicable Bonuses on returned Products, you must keep the sales order number from the invoice. You must provide the sales order number and the original invoice to the Company at the time you request a refund. The form of the refund will be based on the original form of payment such as a bank transfer or a credit card charge. Instead of a refund, the Company may choose other alternatives such as a Product credit. The return of Products may affect your eligibility to receive Bonuses and your pin level, and if Bonuses have already been paid on the returned Products, then the Company will recoup your Bonuses as set forth below in Section 6.9 of this Chapter 2. The Company does not provide refunds for Products or Business Support Materials and Services purchased from another Brand Affiliate. You must seek a refund directly from the Brand Affiliate who sold you such Products or Business Support Materials and Services.
- (b) The refund policy under this Section 4.1(a) may not apply to product promotion. In such case, specific prior notification will be given.

### 4.2 Exchange Policy for Products Purchased Directly from the Company

Unless otherwise required by applicable law, the Company will exchange Products purchased directly from the Company that were incorrectly sent, or are defective, if you notify the Company within 30 days of the date of purchase. If an exchange is not feasible, the Company may issue (i) a Company credit for the amount of the exchanged Products, which may be used to purchase other Products, or (ii) a full refund of the purchase price.

### 4.3 Procedures for Obtaining a Refund or Exchange

You must comply with the following procedures to obtain a refund or exchange:

- (a) You must ship or return the Products together with the original invoice and the sales order number to the Company before you obtain approval for the return in the form of a Return Merchandise Authorization ("RMA") number. (Refund or Exchange Inquiries at 02-791-8530);
- (b) The Company will not refund the original shipping costs on Products that you return. All return shipping costs (if any) must be paid by you; and
- (c) Procedures may vary in jurisdictions where different requirements are imposed by law.

#### 4.4 Policy for Uncollected Products

You acknowledge that administrative time and costs will be incurred by the Company to retain Product and/or Business Support Materials purchased but remain uncollected by and/or undelivered to you.

Accordingly, you agree that IN THE EVENT THAT:-

- 1) when collection is to be made by you and you fail or neglect to collect any Products and/or Business Support Materials purchased from the Company within seven (7) days from the date of purchase, the Company will deliver the purchased Products and/or Business Support Materials to the address as provided by you at reasonable delivery charges and if such Products and/or Business Support Materials cannot be successfully delivered to you and you fail or neglect for whatsoever reason to collect the Products and/or Business Support Materials from the Company within three (3) months from the date of purchase; or
- 2) where you have requested the Company and the Company has agreed to deliver any Products and/or Business Support Materials to you but the Company is unable to deliver such Products and/or Business Support Materials to you due to an incorrect or incomplete delivery address or the unavailability of the named recipient at the address as provided by you, and you fail or neglect to collect the Products and/or Business Support Materials from the Company within three
- (3) months from the date of purchase,

THEN upon the expiry of the aforesaid period of three (3) months, the Company shall cancel your order of such Products and/or Business Support Materials and refund to you the amount paid for such Product and/or Business Support Materials in accordance with Section 4.1 of Chapter 2. If Bonuses have already been paid on such Products, then the Company will recoup your Bonuses as set forth in Section 6.9 of Chapter 2.

## 5 Retail Sales and Customer Returns

### 5.1 Retail Sales

Products purchased from the Company may only be sold to retail customers, used for Product demonstrations, or for your own personal use. You are authorized to resell Products you purchase from the Company to retail customers. You may establish your own retail prices for Products and may keep all of the profits you earn from retailing the Products to your retail customers.

The Company has established suggested retail prices for Products based on competitive pricing in each market. Maintaining retail pricing for non-Brand Affiliates helps to preserve the value of the Company's Products and business opportunity.

## 5.2 No Wholesaling of Products

You may not sell or distribute Products to Persons who intend to resell the Products, or have resold Products in the past. You are prohibited from selling to Persons, either directly or indirectly, who ultimately (i) resell the Products through a retail store, (ii) resell the Products over the Internet, regardless of the form of Internet distribution channel, unless it has been approved by the Company in writing, (iii) import the Products into an Unopened Market, or (iv) use any other method of distribution that violates the primary purpose of your direct selling business and that of the Company. You must take reasonable steps to ensure that Persons who purchase Products from you do not intend to violate this Section 5.2.

## 5.3 Retail Sales Receipts

You must provide Retail Sales Receipts to your customers in accordance with the following requirements:

- (a) You 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 back of the receipt must be completed. The Retail Sales Receipt should be completed and include the items ordered, the amount of the sale, and the customer's name, address, telephone number, the date of the sale, your name, business address, business telephone number, information on the method of delivery, time, place, method of payment, products return arrangements, products warranty and replacement in case of defective products.
- (b) You must keep a copy of the Retail Sales Receipt for your records. You must keep copies of all Retail Sales Receipts on file for at least four years.

## 5.4 Money-back Guarantees, Customer Refunds, and Exchanges for your Retail Customers

- (a) You must offer a seven-day money-back guarantee to your retail customers. This means that you 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 must request the refund within seven business days of purchase and return the unused portion of Product. You must make a refund for returned Products within 15 days of the customer's request.
- (b) (Not applicable)
- (c) If your retail customer purchases a Product directly from you, and your retail customer returns the Product to you for a refund, then you are responsible for, and must provide the retail customer with, a refund without any reimbursement from the Company. The Company encourages you to honor your retail customer's request for refunds even if made more than seven business days after the date of sale.
- (d) If your retail customer purchases a Product directly from you, and your retail customer returns the Product to you for a Product exchange, then you are responsible for the Product exchange, and the

Company will only replace the exchanged Product if returned within 30 days from the date of the retail sale and the Product is defective.

## 6 Sales Compensation Plan

### 6.1 Sales Compensation Plan

A complete copy of the Sales Compensation Plan has been provided to you. The Sales Compensation Plan is a part of the Contract, and you are bound to its terms. The Sales Compensation Plan may be changed by the Company at any time with 30 days prior notice. A current copy of the Sales Compensation Plan may be found at [www.nuskin.com](http://www.nuskin.com) in the My Office section.

### 6.2 Exceptions to Sales Compensation Plan

The Company, in its sole discretion, has the right to hold, maintain, or promote a Brand Affiliate to any pin level in the Sales Compensation Plan without regard to fulfillment of pin level requirements, or waive any other obligation or requirement of the Sales Compensation Plan. Unless otherwise agreed in writing by the Company, the Company may terminate any exception granted pursuant to this Section 6.2 of this Chapter 2 at any time and for any reason.

### 6.3 No Compensation for Sponsoring

You do not receive any compensation for sponsoring other Brand Affiliates. Your level of compensation will be based on your hard work, your sale of Products, and the sales of your Team.

### 6.4 No Guaranteed Income

You are neither guaranteed a specific income nor assured any level of profit or success. Generating meaningful compensation as a Brand Affiliate requires considerable time, effort, and commitment to the business. You should operate your Brand Affiliate Account in a financially responsible and businesslike manner—you should not (i) incur debt to purchase Products or Business Support Materials and Services, (ii) quit your current employment until you are confident that you can afford to do so, and (iii) incur expenses that exceed the amount of your Bonuses. This is not a “get rich quick” program. Your profit comes only through the successful sale of Products and the sales of other Brand Affiliates within your Team.

### 6.5 Manipulation of Sales Compensation Plan

Maintaining the integrity of the Sales Compensation Plan is of vital importance to the Company. You must abide by the terms and conditions of the Sales Compensation Plan and you may not, in any form, use false identification numbers, false names, false Brand Affiliate Accounts, buy additional Product to maintain a pin level, warehouse Products, or use any other form of manipulation that violates the terms and conditions of the Sales Compensation Plan or its spirit and intent.

## 6.6 Bonuses

In addition to the retail profits you can earn from your resale of Products, you can also receive a Bonus under the Sales Compensation Plan, subject to the following:

- (a) You may not receive any Bonuses if you are in violation of the Contract;
- (b) The requirements for receiving a Bonus and the terms for determining the amount of the Bonus may be changed by the Company at any time upon 30 days prior notice;
- (c) Bonuses may be paid by wire transfer or any other method chosen by the Company;
- (d) No interest accrues on Bonuses when the payment of such has been delayed by the Company for any reason; and
- (e) The Company will pay no Bonuses until the aggregate accrued monthly Bonuses are equal to 10 US dollars (or the equivalent amount in local currency). If your Brand Affiliate Account is terminated, any unpaid accrued Bonuses under the 10 US dollar minimum (or the equivalent amount in local currency) will be forfeited.

## 6.7 Required Retail Sales; Retail Sales Verification

You are not eligible to receive a Bonus in any month unless you have completed verified sales to five different customers and comply with our Policies and Procedures and guidelines. You must retain documentation of retail sales for at least four years to verify that you have met these retail sales requirements. You must make this documentation available to the Company at the Company's request. If you cannot document the required retail sales you are in breach of the Contract. The Company may recover all Bonuses paid for orders in any month for which you cannot provide retail sales documentation. The Company regularly audits Brand Affiliate compliance with this Section.

## 6.8 Timing

An order for Products is included in the Bonus and Brand Representative qualification computations for a given period only if received by the Company on or before the last business day of that period. If the Company places Products on backorder, Sales Volume for those Products will only be included in the Bonus and Brand Representative qualification computations in the period the Products are shipped.

## 6.9 Bonus Recovery

- (a) In addition to any other recovery rights provided in these Policies and Procedures, the Company has the right to require you to repay any Bonuses paid to you:
  - (i) on Products returned under the Company's refund policy;

- (ii) on Products returned in relation to any incident of Brand Affiliate misconduct;
  - (iii) that were mistakenly paid by the Company; or
  - (iv) in the event you violate the provisions of Section 6.5 of this Chapter 2, in addition to any other remedies available to the Company, the Company shall have the right to adjust your pin level and recalculate your Bonuses for the period in which such activities occurred by disregarding the volume from Products that were returned, that were purchased in order to maintain Brand Representative pin levels, or any other activity that violate Section 6.5 of this Chapter 2. You must repay any Bonuses that were paid to you in excess of the adjusted Bonus that is calculated by the Company as set forth above.
- (b) If you are obligated to repay any Bonuses to the Company, the Company will have the right to recover such amount by (i) requiring a direct payment of the amount from you, or (ii) withholding the amount from your present or future Bonus payments.
  - (c) Extension of the Company's refund policy, whether required by applicable law, or instances in which Brand Affiliate misconduct, misrepresentation, or other extenuating circumstances necessitates a Company refund in excess of its stated refund policy, will be considered on a case-by-case basis. In the event the Company is required to make a refund that exceeds the terms of its refund policy, the Company may recoup Bonuses paid to you on those Products as well.

### 6.10 Payment Corrections

It is your duty to make sure that the Bonuses paid to you are correct. If you discover an error in your payment you must notify the Company within 60 days after the receipt of your Bonus. If you fail to notify the Company of any errors or disputes with respect to a Bonus payment within this 60 day period, you will be deemed to have accepted the payment as full and complete payment of any Bonuses earned during such Bonus period and you will have no further right to dispute the Bonus payment or seek payment of any additional Bonus.

## 7 Product Liability Claims and Indemnification

### 7.1 Indemnification

In the event of a product liability claim brought against you by a third party for a defective Product or for injury from use of a Product, the Company will indemnify and defend you from such claims, subject to the limitations described in Section 7.2 of this Chapter 2.

### 7.2 Requirements for Indemnification

In order to be indemnified, you must notify the Company of the claim in writing within 10 days of your receiving notice of the claim. The Company has no obligation to indemnify you if you have (a) violated the Contract; (b) repackaged, altered or misused the Product, or made claims or given instructions about the Product's safety, uses or benefits which are not included in the Company's current approved literature, warnings, or Product labels; or (c) settled or attempted to settle a claim without the Company's written approval. In addition, indemnification is conditioned upon you allowing the Company to assume the sole defense of the claim.

### 7.3 Indemnification by You

You agree to indemnify the Company from any claim by a third party that arises directly or indirectly because you have (a) violated the Contract; or (b) repackaged, altered or misused the Product, or made claims or given instructions about the Product's safety, uses or benefits which are not included in the Company's current approved literature, warnings, or Product labels.

## 8 Sales Tax

Where possible, the Company will collect the applicable sales tax at the time of the purchase and will remit the tax collected to the appropriate taxing authority. The amount of sales tax is based upon the product's predetermined retail price or discounted price and is calculated at the appropriate local or federal tax rate. In some areas, sales tax is also required to be charged on shipping costs.

## 9 Associating Other Organizations with the Company

The Company's business opportunity is not based on race, gender, beliefs, or political affiliations. When you are training your Team, selling Products or promoting the business opportunity, you may not promote, advocate, sell, or include literature, books, or other material that promotes any other organization or individual, whether religious, political, business, or social, or that implies any association between the Company and any other organization. Company and Brand Affiliate meetings, calls or any other functions may not be used as a forum to promote or express personal beliefs, other organizations, companies, events, or individuals.

# Chapter 3 Advertising

## 1 Business Support Materials and Trademark Use

### 1.1 Use of Business Support Materials

Subject to the exception in Section 4 of this Chapter regarding Blue Diamond Business Support Materials, you may only use Business Support Materials that have been produced and distributed by the Company for the promotion of the business, the Products and the Sales Compensation Plan, and you may not prepare or use your own Business Support Materials. In addition, because laws and regulations differ from market to market, you may only use Business Support Materials that have been specifically approved for use in that Authorized Market.

### 1.2 Use of Trademarks and Copyrights

- (a) Use of Company Trademarks and Copyrights. The Company's trademarks and copyrights are valuable assets of the Company and the Company strictly regulates the use of these trademarks and copyrights to ensure that they do not lose their value to the Company or its Brand Affiliates. You may not use the Company's trademarks, copyrights and other intellectual property rights, registered or otherwise, in any form except as specifically authorized by these Policies and Procedures or as otherwise approved in writing by the Company. The Company may prohibit the use of the Company's trademarks or copyrights in any Business Support Materials or other medium.
- (b) Damages. You are liable to the Company for any damages arising out of your misuse of the Company's trade names, trademarks, copyrights and other intellectual property rights, in any form except as specifically authorized by these Policies and Procedures or as otherwise approved in writing by the Company.

## 2 Product Claims

### 2.1 General Limitation

You may only make the specific Product related claims and representations published in the Company's Business Support Materials, and Company literature, and that have been approved by the Company for use in Business Support Materials in the Authorized Market where you are making the claims.

### 2.2 No Medical Claims

You may not make medical claims, or state or imply that any Product is formulated, designed or approved by the Company or any regulatory authority to treat any disease or medical condition. These representations imply that the Products are drugs rather than cosmetics or nutritionals. You also may not compare Products

to drugs, or make drug or medical claims. Any such representations, claims or comparisons by you may result in your personal liability.

### 2.3 No FDA Approved Claims

(Not Applicable)

### 2.4 Before and After Photographs

Only those pictures and videos that have been approved by the Company may be used to demonstrate Product benefits.

### 2.5 Modifications to Product Packaging

You may not modify any packaging, labels, literature or instructions for use for any Product. You may not give instructions to use a Product in any way not described in the Company's current approved literature. Any such modifications or instructions by you may result in your personal liability.

## 3 Income Claims

### 3.1 No Misleading Income Claims

It is important that all Brand Affiliates are fully informed and have realistic expectations concerning the income opportunity associated with being a Brand Affiliate. To help make sure all Brand Affiliates have realistic expectations, you must comply with the provisions of this Section 3 in all aspects of your business activities. Most importantly, you may not make any claims, specific or implied, regarding the income opportunity that are false or misleading, including income guarantees of any kind. You may not exhibit actual or facsimile Bonus checks or other Bonus payment records.

### 3.2 Requirements for Lifestyle and Income Claims

You may only make lifestyle claims (e.g., my Nu Skin business allowed me to buy a boat, quit my job, purchase a new home, etc.) or claims regarding the level of Bonuses or income associated with your Nu Skin business if the following conditions are met:

- (a) The information must be accurate and not misleading;
- (b) The information must be based on your experience and actual compensation level, or the experience and income level of Brand Affiliates in your immediate upline or Brand Affiliates on your Team, or be consistent with information in Company or Blue Diamond Business Support Materials;
- (c) The compensation claim must be stated in a monthly or annual amount and the actual percentage of Brand Affiliates earning that amount;
- (d) You must simultaneously disclose in immediate proximity to the compensation claim, the most recent Brand Affiliate Compensation Summary;

- (e) You may not make any claim regarding the amount of time required to reach specific compensation levels without prior written approval from the Company;
- (f) If you make claims regarding “income” or “profit” rather than “bonuses” or “compensation” you must either net out the expenses you incurred in generating such income or disclose the amount of expenses that you incurred in generating such income; and
- (g) If you make claims regarding Bonus levels you must note that such amounts are gross amounts before the deduction of expenses associated with doing the business.

## 4 Blue Diamond Produced Business Support Materials

### 4.1 Blue Diamond Business Support Materials

In order to protect the integrity of the Network and to ensure that Business Support Materials and Services are only produced, utilized and distributed by Brand Affiliates with significant experience and knowledge relating to the Company and its Products, only Blue Diamonds may produce, utilize and distribute their own Business Support Materials and Services. Blue Diamonds may produce Business Support Materials and Services for their own use and for use by other Brand Affiliates only if they comply with the terms of these Policies and Procedures, including, without limitation, the provisions of Sections 2, 3, 4.3, and 4.4 of this Chapter 3 and Addendum B. Blue Diamond Business Support Materials and Services may only be used in the specific Authorized Markets in which they have been registered. For purposes of this Chapter 3, Blue Diamonds are those Brand Affiliates that: (i) currently enjoy active status as a Blue Diamond, (ii) have been a Blue Diamond for a minimum of three months, and (iii) are not in material breach of the Contract.

### 4.2 No Endorsement or Approval by Company

Although the Company allows Blue Diamonds to produce, utilize and distribute Blue Diamond Business Support Materials and Services for use by other Brand Affiliates, you need to be aware that these Blue Diamond Business Support Materials and Services are independently produced by Blue Diamonds and are not produced, endorsed, recommended or approved by the Company. If you elect to purchase or use Blue Diamond Business Support Materials and Services, the Company (i) has no responsibility or obligation to you regarding refunds and exchanges, and (ii) does not guarantee that the Blue Diamond Business Support Materials and Services comply with all applicable laws and regulatory requirements. Moreover, the purchase of such materials is not required and there can be no guarantee that such Blue Diamond Business Support Materials and Services will contribute meaningfully to your business. You should evaluate the purchase of Business Support Materials carefully. You should not spend more on such Blue Diamond Business Support Materials and Services than can be supported by your current level of Bonuses under the Sales Compensation Plan.

### 4.3 License Agreement for Business Support Materials

A Blue Diamond must execute and submit to the Company a License Agreement prior to producing any Blue Diamond Business Support Materials and Services. The License Agreement is for a term of two-years and must be renewed if you want to continue to produce and use your Blue Diamond Business Support Materials and Services. The License Agreement grants you the right to use certain Company trademarks and trade names, and sets forth the terms and conditions you must agree to abide by in order to produce Business Support Materials and Services and utilize the Company's trademarks.

### 4.4 Registration of Blue Diamond Business Support Materials and Services

Prior to using or distributing any Blue Diamond Business Support Materials and Services, a Blue Diamond must register such Blue Diamond Business Support Materials and Services with the Company and receive a Notice of Registration from the Company with respect to such Blue Diamond Business Support Materials and Services as set forth in Addendum B to these Policies.

### 4.5 Sales by Blue Diamonds; Purpose

Blue Diamonds who sell Blue Diamond Business Support Materials and Services to other Brand Affiliates must comply with these Policies and Procedures and the provisions of Addendum B to these Policies and Procedures. Blue Diamond Business Support Materials and Services may be sold only for the purpose of promoting Products and the Company's business and for assisting, training, and motivating other Brand Affiliates in their promotion of the Products and the Company's business.

### 4.6 Brand Affiliate Organizations

Brand Affiliate Organizations offering formal materials, training, website subscriptions, Business Support Materials and Services, or other business promotion tools may only be formed by Blue Diamonds. Brand Affiliate Organizations must comply with the Company's written guidelines governing the operation of a Brand Affiliate Organization. The Blue Diamond, who is the primary organizer of the Brand Affiliate Organization, (i) must notify the Company in writing of the formation of a Brand Affiliate Organization, and (ii) is responsible for ensuring the Brand Affiliate Organization's compliance with the guidelines.

## 5 Mass Media; General Advertising

### 5.1 Promotions Utilizing Mass Media Prohibited

You may not use any form of media or other mass communication advertising to promote the Products, including mass communication advertising on the Internet. This includes news stories or promotional pieces on TV shows, newscasts, entertainment shows, internet ads, etc. Products may be promoted only by personal contact or by literature produced and distributed by the Company or by Brand Affiliates in accordance with these Policies and Procedures. You may place generic opportunity advertisements in jurisdictions allowing that type of advertisement, but only in accordance with the Policies and Procedures of the Company.

### 5.2 Media Interviews

You may not promote the Products 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 Company. This includes private, paid membership, or “closed group” publications. You may not speak to the media on the Company’s behalf, and may not represent that you have been authorized by the Company to speak on its behalf. All media contacts or inquiries should be immediately referred to the Company by calling 02-791-8500.

### 5.3 Phone Book Advertising

In order to advertise in the yellow pages or list your name in the white pages of a locally circulated directory in your area or via an internet telephone directory, you must have previously attained and currently enjoy active status as a -level or above, at the time the agreement for that listing is signed.

- In the white pages the advertisement is to be limited to two lines containing the words “Pharmanex (or “Nu Skin”) Independent Brand Affiliate, John Doe (your name),” and a telephone number. Neither bold print nor display advertisements are allowed. The advertisement must be in the Brand Affiliate’s name only.
- In the yellow pages, the advertisement must be placed under the category of “Nutrition” or another Company approved category.

### 5.4 Distributing Promotional Materials

All promotional materials, including, but not limited to, flyers, business cards, and Blue Diamond Business Support Materials registered in accordance with Addendum B of these Policies and Procedures, may be distributed through personal contact only. Promotional material may not be posted in public places, mass mailed or faxed, placed on parked cars, put in mail boxes, or disseminated by any other non-personal contact means.

## 6 Retail Store, Trade Show, and Service Establishment Sales Policy

### 6.1 Retail Stores

You may not sell Products and/or promote the Company's business opportunity through retail stores such as health food stores, grocery stores, and other such establishments. You are also prohibited from selling to any Person who will ultimately sell the Products through retail stores as set forth in Section 5.2 of Chapter 2. You may, with the prior consent of a retail establishment, place Company-produced Advertising Material and/or Personalized Advertising Material within the establishment. However, all Advertising Material must be contained within one Company-produced brochure holder. Furthermore, the brochure holder and Advertising Material must not be visible to the general public in a manner as to attract the general public into the retail establishment.

### 6.2 Trade Show Booths

You may not sell any Products of the Company or promote the Company's opportunity at flea markets, swap meets, bazaars, supermarkets, exercise clubs, athletic leagues and games, malls or any other similar gatherings where the opportunity or Products may be displayed.

### 6.3 Service Establishments

If you own or are employed by a service-related establishment you may provide the Company's Products to customers through this establishment as long as you are providing proper prescreening and ongoing support to your customers as called for by the Contract. In any event, no Product banners, or other Advertising Material may be displayed visibly to the general public in a manner as to attract the general public into the establishment to purchase Products.

- (a) A 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.
- (b) Brand Affiliates may only sell Products through service-related 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 barber shops, beauty salons, nail boutiques, or tanning centers.

### 6.4 The Company's Right of Final Determination

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.

## 7 Internet

### 7.1 Use of the Internet in Brand Affiliate Business

You may use the Internet to promote the Company, including its Products, only if such use is specifically authorized by Sections 7.2 or 7.3 of these Policies and Procedures and is in compliance with all of the provisions of these Policies and Procedures including Sections 2, 3, 4 and 5 of this Chapter 3, as well as the written guidelines for internet use established by the Company. All other uses of the Internet to promote the Company or its Products or its Sales Compensation Plan are prohibited.

### 7.2 Permitted Internet Activities

All Brand Affiliates may utilize the Internet as follows:

- (a) You are allowed to utilize Company produced Brand Affiliate websites.
- (b) You may use generic (i) business opportunity websites, (ii) splash pages, or (iii) social media with links to Company websites. 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. They also must not contain any false or misleading information.
- (c) You may use the internet, including social networking sites, blogs, social media and applications, and other sites that have content that is based on user participation and user generated content, forums, message boards, blogs, wikis and podcasts (e.g., Facebook, Twitter, Flickr etc.) to (1) communicate preliminary information about the Company or your involvement with the Company, (2) direct users to a Company Internet Marketing Site or a registered Blue Diamond Internet Marketing Site and (3) post Company produced Business Support Materials that have been approved by the Company for posting on personal blogs or social networking sites; provided, however, that such communication and use must be (i) incidental to the primary use of such forum, site, blog, board, wiki or podcast or other form of internet use, and (ii) may not be an Internet Marketing Site. As set forth in Section 7.3 of this Chapter, only Blue Diamonds may maintain an Internet Marketing Site. The Company has the right to make the determination, in its sole discretion, whether your use of the Internet is permitted under this section or whether such use is a prohibited Internet Marketing Site. Additionally, you must comply with Company published guidelines governing use of the Internet. These guidelines may change from time to time and it is your responsibility to know the current guidelines and comply with them. In case of a violation, in addition to taking disciplinary action against you in accordance with Chapter 6 of these Policies and Procedures, the Company may require you to immediately remove any information or marketing site that is in violation of Company policies.

#### Examples of Permitted Uses by Non-Blue Diamonds

If you maintain a personal Facebook page where you post a variety of information, you could post information that that you are a Nu Skin Brand Affiliate, information about Nu Skin events you have participated in, and preliminary information about Nu Skin, and direct readers to a Company Internet Marketing Site or an approved Blue Diamond Internet Marketing Site for more information.

If you maintain a personal blog or social network site, you may blog in a particular post that you are a Nu Skin Brand Affiliate and that others can sign up as Brand Affiliates, and to contact you if they are interested in discussing the business with you.

#### Examples of Non-Permitted Uses by Non-Blue Diamonds

A Facebook page that is primarily devoted to Nu Skin, that includes posted marketing materials such as videos or before and after photos, or if it is a fan page or similar page that utilizes the Company's trademarks, would be considered an Internet Marketing Site, and would be a violation of policy for non-Blue Diamonds.

A blog or social network site that is primarily about the Products or opportunity, i.e., that is the focus of your postings and discussions, that is titled with a Nu Skin trademark or slogan, or utilizes marketing content, would be an Internet Marketing Site, and would be a violation of policy for non-Blue Diamonds.

The foregoing examples are provided for illustration purposes only, and are not intended as an exhaustive list of permitted or non-permitted uses of the Internet or the conditions or factors the Company will consider in determining whether any particular use of the internet is an Internet Marketing Site.

### 7.3 Blue Diamond Internet Marketing Site

In order to protect the integrity of the Network and to ensure that marketing content on the internet is only created and posted by Brand Affiliates with significant experience and knowledge relating to the Company and its Products, only Blue Diamonds (as defined in Section 4.1 of this Chapter 3) may create or maintain an Internet Marketing Site. Such Internet Marketing Sites shall be considered Business Support Materials and Services and shall be subject to Sections 4 and 5 of this Chapter 3. In addition to the requirements set forth in Section 4 of these Policies and Procedures with respect to Blue Diamond Business Support Materials and Services, Blue Diamond Internet Marketing Sites are subject to the following rules:

- (a) You must have submitted an Application for Registration for the location of any Blue Diamond Internet Marketing Site and received a Notice of Registration for such Blue Diamond Internet Marketing Site;
- (b) You must notify the Company immediately if posting any information on the Blue Diamond

Internet Marketing Site that relates to the Company, its Products, or the opportunity/Sales Compensation Plan that has not been previously registered with the Company;

- (c) Downloadable materials such as PDFs, videos, pictures, PowerPoint presentations and other files are considered separate Business Support Materials and you must register them with the Company and receive a Notice of Registration before posting them on your Blue Diamond Internet Marketing Site;
- (d) Any income claims posted on a Blue Diamond Internet Marketing Site must include the most recent version of the Company's Brand Affiliate compensation summary, and must comply with all rules regarding earning claims under Section 3 of this Chapter 3 of the Policies and Procedures;
- (e) Your Blue Diamond Internet Marketing Sites may not contain more than fifty (50) pages, in the aggregate, without the written consent of the Company. You must provide the Company with any usernames or passwords as may be necessary to access all portions of the Blue Diamond Internet Marketing Site; and
- (f) If the Company notifies you to remove or delete any information from your Blue Diamond Internet Marketing Site, or to make any modifications or add additional information such as income disclaimers, you must make the requested changes within 24 hours (or a shorter period as the Company may require in its sole discretion) or shut down the Blue Diamond Internet Marketing Site until such changes have been made.

#### 7.4 Additional Restrictions on Internet Use

All Brand Affiliate websites, whether Blue Diamond Internet Marketing Sites or Company produced Brand Affiliate websites, and any other form of internet use allowed by these Policies and Procedures, including internet video and audio, social media, and other sites that have content based on user participation and user generated content must comply with the following rules:

- (a) You may not use or distribute replicating websites except Company produced replicating web sites such as NSE Dreams;
- (b) You may not include any Company or third party intellectual property or proprietary information in the unique domain names/URL or meta-tags of your websites, on or in any other form of internet use, including but not limited to, tags, links, blog names, social networking sites, social media and applications, and other sites that have content based on user participation and user generated content, forums, message boards, blogs, wikis and podcasts (e.g., Facebook, YouTube, Twitter, Wikipedia, Flickr), or as "wallpaper;"

- (c) You may not register your website(s) with search engines or web directories using any Company or third-party owned intellectual property or any proprietary information (e.g., trademarks, trade names, trade secrets, and copyrighted material) without written permission from the owner;
- (d) You may not use sponsored links or pay for placement advertising with internet search engines and web directories;
- (e) You may promote your websites or pages through one-on-one personal contact only; and
- (f) You may provide links to your website or pages only from other websites that have been registered with the Company.

## 7.5 Internet Video and Audio

You are prohibited from posting any video or audio content created by, produced by, belonging to or relating to (i) the Company, its Products, Sales Compensation Plan or Brand Affiliates, or (ii) you or any third party, on any website unless you have received prior written authorization from the Company or such posting is specifically permitted by this Section 7.5 of this Chapter 3. This prohibition includes, but is not limited to, video or audio recordings of Company personnel or Company or Brand Affiliate sponsored events, meetings, training, or sales presentations. As an exception to this rule, Blue Diamonds may post Company produced audio and video presentations, specifically authorized by the Company for internet posting by Blue Diamonds, on their Internet Marketing Sites as well as audio and video presentations that have been registered with the Company and for which a Notice of Registration has been issued.

## 7.6 Internet Selling

Products may be sold on the internet only through Company websites and may not be sold through Brand Affiliate websites of any kind or any other form of internet use, including internet video and audio, social networking sites, social media and applications, and other sites that have content based on user participation and user generated content, forums, message boards, blogs, wikis and podcasts (e.g., Facebook, YouTube, Twitter, Wikipedia, Flickr). Blue Diamond Internet Marketing Sites may link to Company websites. This prohibition on internet selling includes, but is not limited to, internet auction and classified advertising websites such as ebay.com or craigslist.org.

## 7.7 Spam

You must comply with all laws regarding the sending of email messages and it is your duty to become and remain informed about the requirements of these laws. You are prohibited from sending unsolicited email regarding your website or Brand Affiliate Account to individuals who have not specifically requested information regarding the Company's business opportunity or Products. In the event an individual who has formerly agreed to receive email information concerning the business opportunity and/or Products later requests that you cease sending the individual email, you must honor this request immediately.

## 8 Lead Generation Services; No Speaking Fees

### 8.1 Lead Generation Services

Before you sell, purchase, or use any lead in the promotion of the business, you must verify that the lead has been properly obtained and is legal for use in the area where you are contacting the identified lead. This includes but is not limited to ensuring the lead's compliance with "Do Not Call" lists (if applicable) in the country, market, region, or state where the lead's address is located. Any violation of laws related to leads is the sole responsibility of the persons providing and contacting the leads. The person committing the violation must indemnify the Company for any costs or damages arising from regulatory or personal challenges to the use of the lead.

### 8.2 No Speaking Fees; Meetings

You may not charge a fee to speak at any Brand Affiliate meeting. However, you may be reimbursed for your reasonable out-of-pocket expenses (e.g., travel, hotel, meals) that you incur in attending and speaking at a meeting. In the event you are putting on a meeting or other function, you may charge a fee to Brand Affiliates attending the meeting or other function, but such fee must not be more than is necessary to cover the costs of such meeting or other function.

## 9 No Recording of Company Events or Employees

You may record any Company sponsored event, or any speech or other presentation made by an employee or other representative of the Company at any meeting, event or otherwise if it is only for your own private use, and is not posted, distributed, copied or broadcast in any format or media, and is not shown to any other Brand Affiliates, prospective Brand Affiliates or customers regardless of the setting. Except for recordings for private use as described in this Section 9, you may not record any Company sponsored event, record any speech or other presentation made by an employee or other representative of the Company at any meeting, event, or otherwise without the prior written consent of the Company.

# Chapter 4 Sponsoring

## 1 Becoming a Sponsor

### 1.1 Requirements

You may only act as a Sponsor if you meet all the requirements and accept all the responsibilities described in the Contract.

### 1.2 The Placement of New Brand Affiliates

You may refer Persons to become Brand Affiliates of the Company by having them submit a Brand Affiliate Agreement to the Company. Upon acceptance by the Company of the Brand Affiliate Agreement form, applicants are placed directly below the Sponsor listed on the Brand Affiliate Agreement. Although a newly sponsored Brand Affiliate may be referred to as part of your Team, this does not create in you any form of ownership interest in that Brand Affiliate Account or with respect to any information regarding that Brand Affiliate Account. All Brand Affiliates are part of the Network, and the Network and any information regarding the Network are an asset that is owned solely by the Company and not the Sponsor.

### 1.3 Business Portfolio

Not Applicable.

### 1.4 Distribution of Company Leads

When the Company receives inquiries from individuals concerning the Company's Products or business opportunity, the Company refers these individuals to Brand Affiliates according to its discretion.

## 2 Responsibilities of a Sponsor

### 2.1 Training of Your Team

You must supervise, train, support, and have on-going communication with (i) any Brand Affiliate that you sponsor, and (ii) your Team in a manner consistent with the terms of the Contract. Your responsibilities include, but are not limited to:

- (a) Provide regular retail sales and organizational training, guidance, and encouragement to your Team;
- (b) Exercise your best efforts to make sure that all Brand Affiliates in your Team properly understand and comply with the terms and conditions of the Contract and applicable national and local laws, ordinances, and regulations;

- (c) Intervene in any disputes arising between a customer and any of your Team and attempt to resolve the disputes promptly and amicably;
- (d) Maintain contact with your Team and be available to answer questions;
- (e) Provide training to ensure that the Product sales and opportunity meetings conducted by your Team are conducted in accordance with the Contract, current Company literature, and in accordance with any applicable laws, ordinances, and regulations;
- (f) Monitor the activities of those you personally sponsor and those in your Team and work in good faith with the Company to prevent the violation of these Policies and Procedures and manipulation of the Sales Compensation Plan;
- (g) Supervise and assist your Team's efforts to sell the Company's Products to retail customers; and
- (h) Cooperate with the Company regarding investigations of your Team, and, upon request from the Company, provide all relevant information pertaining to any investigation.

## 2.2 Line Switching

You may not encourage, entice, or otherwise assist another Brand Affiliate to transfer to a different Sponsor. To do so constitutes an unwarranted and unreasonable interference with the contractual relationship between the Company and its Brand Affiliates. This prohibition includes, but is not limited to, offering financial or other tangible incentives for another Brand Affiliate to terminate an existing Brand Affiliate Account and then re-sign under a different Sponsor. You agree that a violation of this rule inflicts irreparable harm on the Company and agree that injunctive relief is an appropriate remedy to prevent that harm. The Company may also impose penalties on any Brand Affiliate Account that solicits or entices an existing Brand Affiliate to change lines of sponsorship.

## 2.3 No Purchase of Products or Business Support Materials and Services Required

You may not require any Brand Affiliate or prospective Brand Affiliate to purchase any Products or any Business Support Materials and Services, or imply that any such purchase is required.

## 2.4 Correct Information on Company Forms

You may not encourage or assist any Brand Affiliate or prospective Brand Affiliate to provide false or inaccurate information in their Brand Affiliate Agreement or any other Company form.

## 2.5 Your Team's Communication with the Company

You may not discourage, attempt to prevent or prevent, for any reason, any Brand Affiliate from directly contacting the Company, or the Company from directly contacting any Brand Affiliate. It is your duty to facilitate communication between any Brand Affiliate in your Team and the Company at the request of a Brand Affiliate in your Team or at the request of the Company.

# 3 International Business

## 3.1 International Business

Subject to the Contract, you may conduct business activity as a Brand Affiliate in any Authorized Market. If the market is an Unopened Market, then you are limited to providing business cards and conducting, organizing or participating in meetings where the number of attendees at any given meeting, including you, does not exceed five. You may not use flyers, cold calling, mass emailing, advertising or mass soliciting of any kind in order to promote attendance at these meetings. In Unopened Markets you may not:

- (a) Import or facilitate the importation of, sell, gift, or distribute in any manner, Company Products or Product samples;
- (b) Place any type of advertisement or distribute any promotional materials regarding the Company, its Products or the opportunity, except for any Company Approved Business Support Materials that the Company may have specifically authorized for distribution in a designated Unopened Market;
- (c) Solicit or negotiate any agreement for the purpose of committing a citizen or resident of an Unopened Market to the opportunity, a specific Sponsor or specific line of sponsorship. Furthermore, Brand Affiliates may not sign up citizens or residents of Unopened Markets in an Authorized Market or by using Brand Affiliate Agreement forms from an Authorized Market, unless the citizen or resident of the Unopened Market has, at the time of sign up, permanent residence and the legal authorization to work in the Authorized Market. It is the Sponsor'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 Market does not by itself fulfill the residency or legal authorization to work requirements. If a Participant in a Brand Affiliate Account fails to provide verification of residency and work authorization when requested by the Company, the Company may, at its election, declare a Brand Affiliate Agreement void from its inception;
- (d) Accept money or other consideration, or be involved in any financial transaction with any prospective Brand Affiliate either personally or through an agent, for purposes relating to the Company's Products or the opportunity, including renting, leasing or purchasing facilities for the purpose of promoting or conducting Company-related business, or

- (e) Promote, facilitate or conduct 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.

### 3.2 Meetings in an Authorized Market with Attendees from an Unopened Market

If you have a meeting in an Authorized Market with people who are visiting from an Unopened Market, those people visiting from the Unopened Market are subject to all the restrictions that arise out of their residence or citizenship in an Unopened Market. This means, among other things, that they may not submit a Brand Affiliate Agreement to become Brand Affiliates or purchase Product for import (including for personal use).

### 3.3 The International Sponsor Agreement

If you wish to conduct business in an Authorized Market that is not your Resident Market, you must comply with all applicable laws of that specific Authorized Market, including but not limited to, all immigration, visa, and registration requirements. In addition, prior to conducting any Business Activity in an Authorized Market that is not your Resident Market, you must sign an International Sponsor Agreement if you did not already sign one when you submitted your Brand Affiliate Agreement. The Company, in its sole discretion, reserves the right to reject or revoke your authorization as an International Sponsor in any Authorized Market. When you sign an International Sponsor Agreement; the Company grants to you the right to sponsor new Brand Affiliates in an Authorized Market other than your Resident Market. The International Sponsor Agreement does not grant to you the right to market Products in any Authorized Market other than your Resident Market.

### 3.4 Mainland China

The Company's business model in Mainland China is different from the business model used in any other market. Mainland China is not an Authorized Market and before conducting business there you must know and comply with all the current rules and conditions that the Company has in place for operating in Mainland China.

### 3.5 Express Prohibition of Pre-Marketing in Certain Markets

The Company reserves the right to designate certain markets wherein all pre-marketing conduct is expressly prohibited. It is your responsibility, prior to each instance of conducting pre-market opening activities in an Unopened Market, to verify through current contact with the Company that the market in which you plan to conduct those activities is not a prohibited market.

### 3.6 Remedies

In addition to other remedies allowed by the Contract, if you fail to comply with any provision of Section 3 in this Chapter 4, you may be prohibited from participating in the affected international market for a period deemed appropriate by the Company and may be subject to the remedies set forth in Chapter 6. This prohibition could include, but is not limited to the following: restricting your right to sponsor new Brand Affiliates in the affected international market; prohibiting the payment of Bonuses to you and your upline on volume you have generated by

your Team in the respective international market. In all markets, for a period of up to one year, you may not be entitled to privileges traditionally afforded Brand Affiliates such as recognition at corporate events or in corporate literature.

### 3.7 Petition for Permission to Participate

If you have been unable to participate in a market because of non-compliance with Section 3 of this Chapter 4, you must petition the Company in writing for written permission to participate in the market after the period of prohibition has passed.

### 3.8 No Waiver

The provisions of Section 3 of this Chapter 4 do not waive the Company's rights as set forth elsewhere in these Policies and Procedures or in the Contract.

# Chapter 5 Restrictive Covenants

## 1 Ownership of Network

You acknowledge and agree that: (i) the Network is protected as a valuable, proprietary, trade secret asset that is owned by the Company; (ii) the Network has been developed for the exclusive benefit of the Company and Brand Affiliates as they promote authorized business activities and Products of the Company through the Network; (iii) the protection of the Network is fundamental to the ongoing success of both the Company and its Brand Affiliates; and (iv) a violation of your obligations under this Chapter 5 inflicts irreparable harm to the Network, to the Company and to fellow Brand Affiliates. Based on the foregoing, you agree that the breach of your obligations under Chapter 5 of these Policies and Procedures would constitute an unwarranted and unreasonable interference with the contractual relationship between the Company, its Brand Affiliates and customers, and damage the competitive business interest and integrity of the Company and Network.

## 2 Restrictive Covenants

### 2.1 Non-Solicitation

- (a) **Sale of Third-Party Products and Services.** You may not, in any manner, directly or indirectly, promote, market or sell the products or services of another Business Entity or Individual to the Network unless you have a pre-existing business relationship with that Brand Affiliate prior to one of you becoming a Brand Affiliate. For example, if you own a hair salon, and as a Brand Affiliate you sponsor one of your customers, who then becomes a Brand Affiliate, then you may continue selling your customer your services and hair products from your salon. Notwithstanding the foregoing, you may not offer third-party products, services or opportunities in conjunction with the sale of Products, or package third-party products, services or opportunities with Products, or offer or promote third-party products, services or opportunities at Company or Brand Affiliate meetings, calls or any other Company-related functions without the prior written consent of the Company.
- (b) **Recruit to another Direct Sales Company.** You may not, in any manner, directly or indirectly, recruit, solicit, or sponsor any Brand Affiliate or customer, to (i) form a relationship with, (ii) promote, sell or purchase the products or services of, (iii) participate as a salesperson of, (iv) or otherwise associate with, a Direct Sales Company, or encourage any Brand Affiliate or customer to do so or to terminate their relationship with the Company.

- (c) Survival of Obligation. Your obligations under this Subsection survive for a period of two years from the date of your resignation, termination, transfer or other change in ownership status of your Brand Affiliate Account.
- (d) Injunctive Relief. In addition to other compensatory damage awards to the Company, temporary and permanent injunctive relief is an appropriate remedy to prevent further damage to the Network and the Company.

## 2.2 Exclusivity

- (a) You acknowledge and agree that a Brand Affiliate or Brand Affiliate Account, and any Person who has a Beneficial Interest in the Brand Affiliate Account (including spouses and Co-habitants), which has achieved the pin level of Ruby or higher, is being compensated, publicly recognized and otherwise promoted by the Company as a key Brand Representative. As a Brand Affiliate with a Ruby or higher pin level, you are reasonably expected to exclusively sell Company Products, train Brand Affiliates on your Team, and promote the Company's business. Therefore, as a condition to receiving ongoing Leading Bonus compensation on Brand Representative Levels 3 through 6 on your Team, and recognition as a Ruby-level or higher at Company events, you may not be engaged in any Business Development Activity for any other Direct Sales Company.
- (b) If you engage in Business Development Activity for any other Direct Sales Company while you are a Brand Affiliate with a pin level of Ruby or higher, then your Brand Affiliate Account will not be eligible to receive any Brand Representative Leading Bonus on levels 3 to 6 on your Team during any period in which you, your spouse, your Co-habitant, or any Person with a Beneficial Interest in your Brand Affiliate Account, (i) engage in any Business Development Activity, or (ii) maintain a Beneficial Interest in any form with respect to such Direct Sales Company, regardless of the number of Brand Representatives on your first level or other qualifications for payment on levels 3 to 6.
- (c) Within 5 business days of the first engagement in any Business Development Activity for any other Direct Sales Company, you agree to notify the Company that you, your spouse, your Co-habitant, or any Person with a Beneficial Interest in your Brand Affiliate Account, is engaged in such Business Development Activity. You further agree that upon engaging in such Business Development Activity, you will no longer be eligible to receive Brand Representative Leading Bonuses on Brand Representative Levels 3 through 6 as set forth in the preceding paragraph. You further agree that you (i) will be liable to refund to the Company any such Brand Representative Leading Bonuses paid to you during any period following your engagement in any such Business Development Activity whether or not you provide the notice to the Company as required by this paragraph (c), and (ii) the Company will have the right to recover any such amount by offsetting such liability against any other Bonuses, past, present or future, that may

be payable to you under the Sales Compensation Plan. Failure to notify the Company of your engagement in any Business Development Activity for any other Direct Sales Company will be considered a violation of these Policies and Procedures and may result in other action being taken by the Company, including termination of your Brand Affiliate Account.

## 2.3 Confidential Information

As a result of your position as a Brand Affiliate, you have access to Confidential Information that you acknowledge to be proprietary, highly sensitive and valuable to the Company's business, which information is available to you solely and exclusively for purposes of furthering the sale of Company Products and prospecting, training and sponsoring third parties who wish to become Brand Affiliates, and to further build and promote your business. You and the Company agree and acknowledge that, but for your agreement of confidentiality and nondisclosure, the Company would not make Confidential Information available to you. During any term of the Brand Affiliate Agreement, and for a period of four years after the termination or expiration of the Brand Affiliate Agreement, you will not, for any reason, on your own behalf, or on behalf of any other Person:

- Disclose any Confidential Information related to or contained in the Network to any third party directly or indirectly;
- Disclose, directly or indirectly, the password or other access code to the Network;
- Use the Confidential Information to compete with the Company, or for any purpose other than promoting the Company;
- Solicit any Brand Affiliate or customer of the Company or of the Network, or in any manner attempt to influence or induce any Brand Affiliate or customer of the Company, to alter their business relationship with the Company;
- Use or disclose to any Person any Confidential Information related to or contained in the Network that was obtained while your Brand Affiliate Agreement was in effect; or
- Recruit or attempt to recruit an existing Brand Affiliate for another Direct Sales Company.

Upon non-renewal, resignation or termination of your Brand Affiliate Account, you will promptly destroy or return to the Company all Confidential Information. The obligations of this Section 2.3 will survive the termination or expiration of the Brand Affiliate Agreement.

## 2.4 Confidentiality of Brand Affiliate Account Information

As a result of your position as a Brand Affiliate, you may, at the sole discretion of the Company, be provided access to information about other Brand Affiliate Accounts and their Teams for the sole purpose of allowing you to provide business support to these Brand Affiliate Accounts and their Teams. This information is highly confidential and you may not disclose information about a Brand Affiliate Account and his Team to other Brand Affiliates or to any other party. By accessing such information, you expressly agree to these restrictions and acknowledge that, but for your agreement of confidentiality and nondisclosure, the Company would not make such information about other Brand Affiliate Accounts and their Teams available to you.

## 2.5 Non-Disparagement

In consideration of the Company's recognition, Bonuses, and other compensation that you receive as a Brand Affiliate, you will not disparage the Company, or any other company or person, including but not limited to other Brand Affiliates, the Company's Products, the Sales Compensation Plan, the Policies and Procedures or Company employees. Disparagement may result in termination of your Brand Affiliate Account.

## 2.6 Remedies

You acknowledge that the Company would suffer irreparable harm as a result of any unauthorized disclosure or use of Confidential Information, including the Network, or recruiting current Brand Affiliates for another Direct Sales Company in violation of Section 2.1 of this Chapter 5, and that monetary damages are insufficient to compensate the Company for such harm. Therefore, if you are in breach of any of the requirements of this Chapter 5, the Company is entitled to an injunction or temporary restraining order without prior notice to you, restraining any unauthorized disclosure or use of Confidential Information, which relief may be in addition to any other available legal remedy, including damages. In any such action, if the Company prevails, you agree that you will reimburse the Company for its costs and reasonable attorneys' fees incurred in connection with taking the necessary legal action. As to the Company, you waive all bonding requirements otherwise applicable to a temporary restraining order and/or Injunction.

## 2.7 Enforceability

In the event that any provision of this Chapter 5 should ever be deemed or adjudged by a court of competent jurisdiction or an arbitrator with proper jurisdiction, to exceed the limitations permitted by applicable law, then the remaining provisions will nevertheless be valid and enforceable to the maximum extent allowable as determined by such court or arbitrator, and such provisions will be reformed to the maximum allowable limitations as determined by such court or arbitrator. The remainder of the prohibitions and protections in this Chapter 5 will remain in full force and effect.

# Chapter 6 Enforcement of Contract

## 1 The Contract

You agree that the relationship between you and the Company is based entirely on the written Contract. The Contract may be amended by the Company as provided in these Policies and Procedures. You may not amend the Contract unless the amendment is in writing and signed by you and the Company. Neither you nor the Company may claim that the Contract (i) has been altered or amended by any practice or course of dealing or course of action, (ii) has been modified or amended verbally by an officer or employee of the Company, or (iii) that there is a quasi-contract or an implied in fact contract between you and the Company.

## 2 Acts of Participants in a Brand Affiliate Account

The acts of any Participant, spouse, partner or agent of a Brand Affiliate will be considered to be the acts of the Brand Affiliate Account and subject to the terms and conditions of the Contract.

## 3 Procedures for Investigation, Discipline and Termination

### 3.1 Reports of Alleged Violations

All reports of violations must be in writing and sent to the attention of the Company's Compliance Review Committee (CRC) by an individual who has personal knowledge of the alleged violation. The Company may also investigate an alleged violation of which it becomes aware of through its own independent resources or internal investigations. The Company may take action on its internal investigations at any time and is not bound by the time limits set forth in Section 3.2 of this Chapter 6.

### 3.2 Time Limit for Reports of Violations

IN ORDER TO PREVENT STALE CLAIMS FROM DISRUPTING THE BUSINESS ACTIVITIES OF BRAND AFFILIATE ACCOUNTS AND THE COMPANY, THE COMPANY WILL NOT TAKE ACTION ON ANY ALLEGED VIOLATION OF THE TERMS AND CONDITIONS OF THE CONTRACT NOT SUBMITTED IN WRITING TO THE COMPANY'S CRC, WITHIN TWO YEARS OF THE FIRST OCCURRENCE OF THE ALLEGED VIOLATION. ALLEGED VIOLATIONS WILL BE REFERRED TO AS "DISPUTES," WHICH IS FURTHER DEFINED IN THE GLOSSARY OF DEFINED TERMS IN ADDENDUM A.

### 3.3 Balance of Rights of Privacy

The Company's investigative procedures and Dispute resolution process is intended to balance your rights of privacy and the rights of other Brand Affiliates and the rights of the Company. Therefore, until the Dispute has been submitted to arbitration, all information and evidence received by the Company will be released only to you and other Brand Affiliates involved in the Dispute as the Company deems necessary. Before releasing any information, the Company will consider (i) the complexity of the Dispute; (ii) the duty to balance privacy rights and disclosure obligations. If the Dispute is referred to arbitration, all information and evidence will be made available in accordance with the rules and procedures for arbitration of Disputes described in Chapter 7.

### 3.4 Procedure

Your rights under the Contract depend on you meeting all of your obligations under the Contract. If the Company determines that you have breached the terms of the Contract, then based on the nature of the Dispute, the Company, in its sole discretion, may proceed as follows: (i) immediately terminate your Brand Affiliate Account or take any other appropriate action as provided in Section 3.7 of this Chapter 6; (ii) proceed directly to arbitration in accordance with Chapter 7, or (iii) process the alleged Dispute according to the following procedures:

- (a) **Written Notice.** You will receive written notice from the Company that you are or may be in violation of the Contract.
- (b) **Responses and Company Prohibitions.** You will have 10 business days from the date of the written notice during which you may present in writing all the information that you consider relevant to the alleged Dispute. You may provide information about individuals that have relevant information, together with their names and addresses, other appropriate contact information, and copies of all relevant documents. If you fail to respond to the written notice or fail to provide all relevant facts and information, the Company may take action that it deems appropriate. The Company has the right to prohibit the activities of your Brand Affiliate Account (placing Product orders, sponsoring, receiving Bonuses, etc.) from the time the written notice is sent to you until a final decision issued.
- (c) **CRC.** The Company will review any information submitted by you within the 10-day period or by collateral sources and any information that the Company has independently discovered. The CRC will make a final decision regarding the Dispute and the action that the Company will take, if any, and will send you a copy of the decision of the CRC. The Company may, at its sole option, send a copy of the decision of the CRC to other interested parties.

### 3.5 Compliance Appeals Committee (CAC)

If the Company takes immediate action as provided in Section 3.7 of this Chapter 6, or the CRC has issued a decision regarding the Dispute, then you will have 10 business days from the date of the written notice to submit in writing your appeal to the CAC. Your written notice should include a description of your objection to the Company's immediate action or the CRC decision. Within 90 days of receipt of your written notice, the CAC will re-

view your appeal and provide written notice (i) of its final decision, (ii) that its review will require additional time, or (iii) that the matter should proceed directly to arbitration under Chapter 7. If the CAC has decided that the matter should proceed directly to arbitration, and you do not desire to participate in the arbitration, then you will still be bound by the decision in the arbitration. When the CAC has made a final decision, it will send you written notice and you will have 60 days from the date of the CAC decision to request arbitration of the CAC decision.

### 3.6 Company Actions for Breach of Contract

Once the Company determines that a breach of the Contract has occurred, the Company may, in its sole discretion, terminate your Contract. In addition to, or in lieu of terminating your Contract, the Company may take any other action it deems appropriate, including any or all of the following:

- (a) Notify you in writing of the Company's concerns and of the Company's intent to discontinue your rights under the Contract if your non-performance continues;
- (b) Suspend your rights under the Contract;
- (c) Monitor your future performance over a specified period of time;
- (d) Identify specific actions you must take to correct your non-performance and require you to provide the Company with a written description of what you intend to do to meet your Contractual obligations;
- (e) Stop performing the Company's obligations under the Contract and suspend your privileges under the Contract, including, without limitation, terminating or suspending your right to receive awards, terminating your right to be recognized at corporate events or in corporate media (publications, videos, etc.), terminating your right to participate in Company sponsored events or Brand Affiliate sponsored events, terminating your right to place orders for Company Products, terminating your right to receive promotions within the Sales Compensation Plan, or terminating your right to participate as an International Sponsor; reducing your pin title and terminating your right to receive Bonuses on volumes on one or more levels of your Team; terminating your status or eligibility to be recognized and compensated as a "Brand Representative" under the Sales Compensation Plan;
- (f) Reduce the payment of all or any part of your Bonuses you have earned from sales made by you or all or any part of your Team;
- (g) Reassign all or part of your Team to a different Sponsor;
- (h) Recover from your Brand Affiliate Account any damages caused by the breach;
- (i) Take any action that the Company deems appropriate to protect the Company and its Network; and
- (j) Seek injunctive relief or any other remedies available by law.

### 3.7 Immediate Action

If the Company determines, in its sole discretion, that a Dispute requires immediate action, or the Company has previously notified you that it will take immediate action for violations or actions similar to those described in such notice, then the Company may take any immediate action or remedy that it deems appropriate, including termination of your Brand Affiliate Account, or your right to receive any Bonuses. The Company will provide you with written notice of its action. You will have 10 business days to appeal the Company's action as provided in this Chapter 6.

### 3.8 Remedies

The Company reserves the right, at its sole discretion, to exercise any remedy available to it. Any failure or delay by the Company in exercising such remedies will not operate as a waiver of such remedies.

### 3.9 Termination of Your Contract

- (a) Subject to the conditions of this Section 3.9 of Chapter 6, (i) you may terminate your Brand Affiliate Account at any time by providing the Company with a signed written notice of termination; (ii) the Company may terminate your Brand Affiliate Account as provided in this Chapter 6; and (c) the Company may terminate your Brand Affiliate Account without notice if you have not engaged in any Business Activity on your account for a period of 12 or more consecutive months.
- (b) If you terminate your Brand Affiliate Account, then termination becomes effective on whichever is later: (i) the date the Company receives your written notice of termination, or (ii) the date specified in your written notice.
- (c) Termination of your Brand Affiliate Account results in the loss of all rights and benefits as a Brand Affiliate, including the permanent loss of your Team. After your Brand Affiliate Account has been terminated, whether by you or the Company, you may apply to become a Brand Affiliate again by submitting to the Company a new Brand Affiliate Agreement. The requirement that you must submit a new Brand Affiliate Agreement is mandatory regardless of whether you are applying to be a Brand Affiliate under your former Sponsor or a new Sponsor.
- (d) Upon termination of a Brand Affiliate Account for whatever reason, if there is any pending investigation of, and/or unresolved legal issue related to the Brand Affiliate Account, which includes any alleged breach or actual breach of the Contract, then the Team may not roll up until all pending investigations and/or legal issues have been resolved by the Company and all penalties have been fully satisfied.
- (e) The obligations of the Contract described in Chapter 5 will survive the cancellation, termination or expiration of the Contract. Any other provisions, or parts thereof, which, by their nature, should survive cancellation, termination, or expiration will also survive.

# Chapter 7 Arbitration

## 1 What is Mandatory Arbitration

In order to expedite the resolution of all Disputes, the Company has instituted a mandatory arbitration procedure. Arbitration is the referral of a Dispute to an impartial third party selected by you, the Company and any other Brand Affiliates involved in the Dispute. An arbitrator acts as a judge, listens to the parties' evidence, and renders a binding decision. The arbitrator's decision is a judgment that is enforceable in a court of law. The object of arbitration is the final disposition of differences of the parties in a faster, less expensive, and perhaps less formal manner than is available in ordinary court proceedings.

## 2 Arbitration is Mandatory and Binding as to all Disputes

YOU AND THE COMPANY AGREE THAT MANDATORY AND BINDING ARBITRATION IS THE SOLE MEANS TO RESOLVE ANY AND ALL DISPUTES. YOU WAIVE ALL RIGHTS TO JURY OR COURT TRIALS TO RESOLVE A DISPUTE. THE ARBITRATION IS FINAL AND THE DECISION CANNOT BE APPEALED. UTAH WILL BE THE EXCLUSIVE VENUE FOR ARBITRATION OF ALL DISPUTES.

## 3 Denition of a Dispute

A "Dispute" means "ANY AND ALL PAST, PRESENT OR FUTURE CLAIMS, DISPUTES, CAUSES OF ACTION OR COMPLAINTS, WHETHER BASED IN CONTRACT, TORT, STATUTE, LAW, PRODUCT LIABILITY, EQUITY, OR ANY OTHER CAUSE OF ACTION, (I) ARISING UNDER OR RELATED TO THIS CONTRACT, (II) BETWEEN YOU AND OTHER BRAND AFFILIATES ARISING OUT OF OR RELATED TO A BRAND AFFILIATE ACCOUNT, OR YOUR BUSINESS RELATIONSHIPS AS INDEPENDENT CONTRACTORS OF THE COMPANY, (III) BETWEEN YOU AND THE COMPANY, (IV) RELATED TO THE COMPANY OR ITS PAST OR PRESENT AFFILIATED ENTITIES, THEIR OWNERS, DIRECTORS, OFFICERS, EMPLOYEES, INVESTORS, OR VENDORS, (V) RELATED TO THE PRODUCTS, (VI) REGARDING THE COMPANY'S RESOLUTION OF ANY OTHER MATTER THAT IMPACTS YOUR BRAND AFFILIATE ACCOUNT, OR THAT ARISES OUT OF OR IS RELATED TO THE COMPANY'S BUSINESS, INCLUDING YOUR DISAGREEMENT WITH THE COMPANY'S DISCIPLINARY ACTIONS OR INTERPRETATION OF THE CONTRACT."

## 4 Mediation

Mediation is a process whereby a neutral third party attempts to resolve a Dispute between contending parties. The object of the mediator is to increase the parties' mutual understanding of the Dispute and persuade them to adjust their positions towards each other and hopefully reconcile the Dispute. If all the parties that participated in the CRC proceeding agree to mediation, then the Company will facilitate a mediation that will be held in Salt Lake City, Utah at the offices of the Company's outside counsel. The mediation will be conducted in the English language. All fees and costs of the mediation will be borne equally by the parties in the mediation. If not all the parties agree to the mediation, then the Dispute will be submitted to arbitration as provided in this Chapter 7.

## 5 Request for Arbitration

For easy reference, all parties that participated in the CAC proceeding, and that will participate in the arbitration, including the Company, may be referred to as "Participants" in this Chapter 7. Within 60 days from the date of the CAC's decision, any Participant, who is not satisfied with the CRC's decision, will notify, in writing, all the other Participants in the CAC proceeding that the Participant requests that the Dispute be referred to arbitration before a neutral third party arbitrator ("Petition for Arbitration"). Failure to submit a timely Petition for Arbitration will constitute acceptance of the CAC decision and the Participant agrees to abide by the terms of the decision. Within a reasonable time after receipt of the Petition for Arbitration, the Company, through its outside counsel, will contact all the Participants regarding an arbitration date and provide a list of potential arbitrators.

## 6 Arbitration Procedure

### 6.1 Rules of Arbitration; Location

The arbitration will be conducted by a professional arbitrator that has been agreed to by the Participants. The arbitration will be conducted in accordance with the Utah Uniform Arbitration Act. The arbitration will be held in Salt Lake City, Utah in the offices of the Company's outside counsel.

### 6.2 Discovery

The arbitrator will have the discretion to order a pre-arbitration exchange of information by the Participants, including but not limited to, production of requested documents, exchange of summaries of testimony of proposed witnesses, and the depositions of witnesses and the Participants. Additionally, subject to the approval of the selected arbitrator, the Participants may submit a pre-arbitration brief outlining the legal causes of action and factual background.

### 6.3 Date of Arbitration

Unless all the Participants agree to extend the date of the arbitration, the arbitration will take place no later than six months after the date of the Petition for Arbitration.

## 6.4 Language

The arbitration will be conducted in the English language, but at the request and expense of the requesting Participant, documents and testimonies will be translated into the requesting Participant's preferred language.

## 6.5 No Class Actions

No Dispute will be adjudicated, in arbitration or any other judicial proceeding, as a class action.

## 6.6 Permitted Attendees

Each Participant in the arbitration is limited to the attendance of the Participant, those individuals appearing on the Participant's Brand Affiliate Agreement, and no more than two attorneys per Participant.

## 6.7 Fees and Expenses of Arbitrator

All fees and expenses of the arbitrator will be borne equally by the Participants in the arbitration.

## 6.8 Awards

- (a) The arbitration will be final and binding. It will be a full resolution of all claims and disputes between the Participants in the arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court within the state of Utah. All upline Brand Affiliates and Teams of the Participants will be bound by the final arbitration award.
- (b) Any award by the arbitrator will be in writing and based on the application of the strict rules of law to the facts before the arbitrator. The arbitrator is authorized to award a Participant any sums that are deemed proper for the time, expense, and trouble of arbitration including arbitration fees and attorney's fees. Punitive damages, however, will not be allowed in any Dispute. NEITHER ANY PARTICIPANT NOR THE COMPANY, NOR ANY OF THE COMPANY'S RELATED ENTITIES, OFFICERS, DIRECTORS, EMPLOYEES, INVESTORS, OR VENDORS, WILL HAVE ANY LIABILITY FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, INCLUDING LOSS OF FUTURE REVENUE OR INCOME, OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY RELATING TO THE BREACH OR ALLEGED BREACH OF THE CONTRACT OR FOR ANY ACT, OMISSION, OR OTHER CONDUCT ARISING OUT OF THE PARTICIPANT'S STATUS AS AN INDEPENDENT CONTRACTOR AND DISTRIBUTOR OF THE COMPANY'S PRODUCTS.

## 6.9 Confidentiality

All arbitration proceedings will be closed to the public and confidential. Except as may be required by law and the Company's use of an arbitrator's award as precedence for deciding future Disputes, neither a Participant nor the arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all the Participants.

### 6.10 Enforcement of Award; Injunctive Relief

Notwithstanding this arbitration policy, any Participant may apply to a court of competent jurisdiction in the county and state of Utah in the United States, or in any other jurisdiction as necessary (i) to enforce an arbitration award or the injunctive relief granted by an arbitrator, or (ii) to seek a temporary restraining order, preliminary injunction, or other injunctive relief before, during the pendency of, or after a decision in any arbitration proceeding. The institution of any action in a court for equitable relief, or to enforce an arbitration award or order, will not constitute a waiver of the obligation of any Participant to submit any Dispute to arbitration.

### 6.11 Survival

Your agreement to arbitrate will survive any termination or expiration of the Contract or any other agreements between you and the Company.

## 7 Third Party Claims

In order to protect the Company, its assets, and its reputation from claims or disputes created by outside (non-Brand Affiliate) third parties, the Company requires the following: if any Brand Affiliate is charged with any infringement of any proprietary right of any outside third party (who is not a Brand Affiliate) arising from any of the Company's proprietary assets, or if the Brand Affiliate becomes the subject of any claim or suit related to that Brand Affiliate'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 Brand Affiliate will 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 Brand Affiliate will take no action related to that claim and suit, unless the Company consents, which consent will not unreasonably be withheld.

# Chapter 8 General Terms

## 1 General Terms

### 1.1 Contract Changes

The Company expressly reserves the right to make any modifications to the Contract upon 30 days notice by publication on the Company's websites, normal channels of communication with Brand Affiliates, or as provided in Section 1.6 of this Chapter 8. You agree that 30 days after such notice, any modification becomes effective and is automatically incorporated into the Contract between you and the Company as an effective and binding provision. By continuing to act as a Brand Affiliate, engaging in any Business Activity, or accepting any Bonus after the modifications have become effective, you acknowledge acceptance of the new Contract terms.

### 1.2 Waivers and Exceptions

The Company reserves the right, in its sole discretion, to waive a breach of, or make an exception to, any provision of the Contract. Any waiver by the Company of a breach of any provision of the Contract or any exception made by the Company of any provision of the Contract must be in writing and will not be construed as a waiver of any subsequent or additional breach or an exception for any other Person. Any right or prerogative of the Company under the Contract may be exercised at the Company's sole discretion. Any exception made by the Company, or any failure or delay by the Company in exercising any right or prerogative under the Contract will not operate as a future exception or waiver of that right or prerogative.

### 1.3 Integrated Contract

The Contract is the final expression of the understanding and agreement between you and the Company 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.

Should any discrepancy exist between the terms of the Contract and verbal representations made to you by any Company employee or another Brand Affiliate, the express written terms and requirements of the Contract will prevail.

### 1.4 Severability

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.

## 1.5 Governing Law/Jurisdiction

Utah will be the exclusive venue for arbitration or any other resolution of any Disputes. The place of origin of the Contract is the State of Utah, USA, and the Contract will be governed by, construed in accordance with, and interpreted pursuant to the laws of the State of Utah, USA, without giving effect to its rules regarding choice of laws. The exclusive venue for any and all Disputes, including the validity of provisions regarding arbitration, place of venue, and jurisdiction, will be in Salt Lake County, Utah. You consent to the personal jurisdiction of any court within the State of Utah and waive any objection to improper venue.

## 1.6 Notices

Unless otherwise provided in the Contract, any notice or other communications requested or permitted to be given under the Contract will be in writing and will 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 will 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 at 75 West Center Street, Provo, Utah or to the Brand Affiliate's address as provided on the Brand Affiliate Agreement, unless notice of an address change has been received by the Company.

## 1.7 Successors and Claims

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

## 1.8 Headings

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

## 1.9 Internal References

All references to Sections or Chapters herein refer to Sections or Chapters of these Policies and Procedures unless otherwise indicated.

## 1.10 Plurality and Gender

All words will be deemed to include the plural as well as the singular and to include all genders.

## 1.11 Translations

In the event that any discrepancies exist between the English version of the Contract and any translation thereof, the English version will be controlling.

# Addendum A - Glossary of Denied Terms

## Advertising Material

Any electronic, printed, oral presentation or other material used in the offer or sale of Products, recruitment of prospective Brand Affiliates, or training of Brand Affiliates, which makes reference to the Company, the Products, the Sales Compensation Plan, or the trade names or logos, and may include Personalized Advertising Material.

## Authorized Market

Any market designated in writing by the Company as officially opened for business for all Brand Affiliates.

## Beneficial Interest

As to Brand Affiliate Accounts:

Any interest whatsoever, whether it is direct or indirect, including but not limited to any ownership interest, rights to present or future benefits, financial or otherwise, rights to go on Company sponsored trips and other events, rights to purchase Products at member prices, recognition of any type or other tangible or intangible benefits associated with a Brand Affiliate Account.

An individual has a Beneficial Interest in the Brand Affiliate Account of a spouse or Co-habitant.

If a Person is or should be listed on the Business Entity Form of a Business Entity he is considered to have a Beneficial Interest in such Business Entity's Brand Affiliate Account. Any individual with a Beneficial Interest in a Business Entity will be deemed to have Beneficial Interest in the Brand Affiliate Account.

If a Person is or should be listed as an Additional Participant in a Joint Participation Form, he is considered to have a Beneficial Interest in such Brand Affiliate Account.

As to a Direct Sales Company:

Any interest whatsoever, whether it is direct or indirect, including but not limited to any ownership interest, rights to present or future benefits, financial or otherwise, rights to go on Direct Sales Company sponsored trips and other events, rights to purchase the products of a Direct Sales Company at wholesale prices, recognition of any type or other tangible or intangible benefits associated with a distributorship of a Direct Sales Company. An individual has a Beneficial Interest in a Direct Sales Company distributorship of (i) a spouse or Co-habitant, or (ii) a Business Entity if the individual has a Beneficial Interest in the Business Entity; or (iii) any other person if the individual shares in the benefits (financial or otherwise) of the distributorship of such other person.

## Bonus

Compensation paid by the Company to a Brand Affiliate based on the volume of Products sold by a Brand Affiliate, his Team, and Brand Representatives upon meeting all requirements as set forth in the Sales Compensation Plan. Bonus pay periods are calculated on a calendar-month basis.

## Brand Affiliate

An independent contractor authorized by the Company under the Contract to purchase and retail Products, recruit other Brand Affiliates, and receive Bonuses in accordance with the requirements of the Sales Compensation Plan. A Brand Affiliate's relationship to the Company is governed by the Contract.

## Brand Affiliate Account

The Brand Affiliate account created when either an individual or a Business Entity enters into a contractual relationship with the Company.

## Brand Affiliate Agreement

The Brand Affiliate application and agreement, and if applicable, the Business Entity Form or the Joint Participation Form, that must be completed and submitted to the Company in order to apply to become a Brand Affiliate.

## Brand Affiliate Organization

Any organization established by a Brand Affiliate that offers sales support, motivational or training material, website subscriptions, Business Support Materials and Services, training courses, recognition events, leads or other business promotion tools to a specific group of affiliated Brand Affiliates.

## Brand Representative

A Brand Affiliate who has completed the formal qualification process outlined in the Sales Compensation Plan to become a Brand Representative. Brand Representatives move from their Sponsor's Group and their sales volume does not count towards their Sponsor's volume totals or maintenance requirements but the Sponsor continues to receive Leading Bonuses on the Group as defined in the Sales Compensation Plan.

## Business Activity

Any activity that benefits, promotes or assists the business of a Brand Affiliate Account, including signing a Brand Affiliate Agreement, purchasing Products from or returning Products to the Company, sponsoring and/or recruiting new Brand Affiliates, use of credit cards, shipping services, or any other activities that the Company, in its sole discretion, determines to be a material promotion of the Company's business.

## Business Development Activity

Any activity that benefits, promotes, assists, or supports in any way the business, development, sales, or sponsorship of another Direct Sales Company, including but not limited to, selling products or services, promoting

the business opportunity, appearing on behalf of the Direct Sales Company or one of its representatives, allowing your name to be used to market the Direct Sales Company, its products, services or opportunity, sponsoring or recruiting on behalf of the Direct Sales Company, acting as a member of the board of directors, as an officer, or a representative or distributor of the Direct Sales Company, an ownership interest, or any other beneficial interest, whether the interest is direct or indirect.

### Business Entity

Any business entity such as a corporation, partnership, limited liability company, trust, or other form of business organization legally formed under the laws of the jurisdiction in which it was organized.

### Business Entity Form

A supplemental document considered part of the Brand Affiliate Agreement. The Business Entity Form must be completed and signed by a Business Entity applying to become a Brand Affiliate, as well as each Participant in the Business Entity. The Business Entity Form must list all Persons who are partners, shareholders, principals, officers, directors, members or anyone else with a Beneficial Interest in the Business Entity.

### Business Portfolio

The Business Portfolio contains the Policies and Procedures, the Sales Compensation Plan, a Brand Affiliate Agreement, a Business Entity Form, a Joint Participation Form and other sales and demonstration materials to assist a Brand Affiliate in starting and conducting their independent business.

### Business Support Materials

Any electronic, printed, audio or video presentation or other material used in the offer or sale of Products, recruitment of prospective Brand Affiliates or training of Brand Affiliates, which makes reference to the Company, its Products, the Sales Compensation Plan or its trade names.

### Business Support Materials and Services

This term is used to refer to Business Support Materials and Business Support Services together.

### Business Support Services

Any services or business tools supporting the offer or sale of the Company's Products, recruitment of prospective Brand Affiliates, or the training of Brand Affiliates.

### CAC

Compliance Appeals Committee whose duties are described in Chapter 6.

## CRC

Compliance Review Committee whose duties are described in Chapter 6.

## Co-habitant

A person who is living with a Brand Affiliate as if a spouse of the Brand Affiliate, but is not legally married.

## Commissionable Sales Value (CSV)

Commissionable Sales Value is the commissionable value of Products purchased from the Company. CSV is the basis for calculating sales compensation and is based on the local currency of the market in which the Product is sold. CSV is equal to the Member Price of a Product minus any adjustments (which may include applicable taxes, Sharing Bonus, or discounts).

## Company

Nu Skin International, Inc. and its affiliated entities, including Nu Skin Enterprises (Thailand) Limited.

## Company Approved Business Support Materials

Marketing materials designated in writing by the Company as approved for use in specific markets.

## Confidential Information

All private, confidential and/or proprietary information disclosed to or discovered by you regarding the Company including, without limitation, intellectual property rights, trade secrets, the Network, personal information, sales volumes and genealogy, manuals, protocols, policies, procedures, marketing, and strategic information, computer software, training materials, nonpublic financial information, and any copies, notes or abstracts of any such information, or any other information that the Company considers proprietary, highly sensitive, or valuable to its business.

## Contract

The agreement between a Brand Affiliate and the Company composed of the following: these Policies and Procedures, the Sales Compensation Plan, Brand Affiliate Agreement, Business Entity Form, Joint Participation Form, supplemental services, International Sponsor Agreement, Product Purchase Agreement, Arbitration Agreement, and other international agreements (collectively, the "Contract"). The Contract is the complete and only agreement between the Company and a Brand Affiliate.

## Direct Sales Company

A company that uses a sales force of independent contractors who sell products and services and that compensates the independent contractors through a single-level or multi-level compensation plan for (i) their own sales, and/or (ii) the sales of other independent contractors who have signed up under the independent contractors to distribute the same products and services.

## Dispute

Defined in Section 3 of Chapter 7.

## Blue Diamond Internet Marketing Site

A website that is (i) owned, operated, or containing material provided by a Brand Affiliate whose current pin title is a Blue Diamond or higher, and (ii) properly registered with the Company and subject to a current Notice of Registration.

## Sales Volume

Sales Volume refers to a point value system that we use to compare the relative value of Products across various currencies and markets. Each Product is assigned a specific amount of points of Sales Volume.

## International Sponsor

A Brand Affiliate in good standing, authorized under an International Sponsor Agreement to act as a Sponsor in an Authorized Market outside the market, territory, or other political jurisdiction in which that Brand Affiliate first established a Brand Affiliate Account with the Company.

## Internet Marketing Site

An “Internet Marketing Site” is any a location on the Web that is (a) used primarily (or to which a significant portion is used) to post or communicate information about the Company, its Products, or the Sales Compensation Plan/income opportunity, or (b) that contains “internet marketing materials.” Internet marketing materials shall mean marketing materials concerning the Company, its Products, or the Sales Compensation Plan/income opportunity that have not been produced by the Company and approved for posting on personal blogs, facebook pages and social networking sites.

## Joint Participation Form

A supplemental document considered part of the Brand Affiliate Agreement. The Joint Participation Form must be completed and signed by the individual applying to become a Brand Affiliate, as well as each of the other individuals who wishes to join as Participant to the Brand Affiliate Account. The Joint Participation Form must list all Participants to the Brand Affiliate Account with joint participation.

## License Agreement

The agreement between the Company and a Blue Diamond that governs the Blue Diamond’s right to use certain Company trademarks and trade names in Blue Diamond Business Support Materials and Services and on the internet.

## Network

The Brand Affiliate and customer network of the Company and all compilations of various lists describing that network or members thereof, including but not limited to, any and all contact or personal information collected by the Company regarding the Brand Affiliates and customers.

## Non-Resident Market

An Authorized Market other than your Resident Market.

## Participant

Any Person who has a Beneficial Interest in a Business Entity or Brand Affiliate Account.

## Person

An individual or Business Entity.

## Personalized Advertising Material

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 Brand Affiliate's name, address, telephone number and other personal contact information.

## Policies and Procedures

The policies governing how a Brand Affiliate is to conduct his business as set forth in this document (including Supplemental Policies) and defining the rights and relationships of the parties.

## Products

The products and services of the Company that are sold through local affiliates in the individual Authorized Markets.

## Resident Market

If you are an individual, then it is the market, territory, or other political jurisdiction in which you are a citizen or a lawful resident and whose market's Brand Affiliate Agreement you have executed. If you are a Business Entity, such as a corporation, partnership, limited liability company, or any other form of business organization, then it is the market, territory, or other political jurisdiction in which you are legally formed under the laws of your Resident Market, and each member of the Business Entity has proper legal authorization to conduct business in the Resident Market, and whose market's Brand Affiliate Agreement you have executed.

## Sales Compensation Plan

The specific plan utilized by the Company that outlines the details and requirements of the compensation structure for Brand Affiliates.

### Sponsor

A Brand Affiliate Account under which another Brand Affiliate Account is originally placed after it has applied to become a Brand Affiliate.

### Team

A group of Brand Affiliates either directly sponsored or linked in a direct chain of sponsorship in the sales organization of a particular Brand Affiliate.

### Unopened Market

Any market that is not an Authorized Market.

### URL

A Uniform Resource Locator or web address.

# Addendum B

## Policies for Blue Diamond Business Support Materials and Services

### 1 Blue Diamond Business Support Materials

#### 1.1 Compliance with Law and Policies and Procedures

Blue Diamond Business Support Materials must comply with these Policies and Procedures and with all applicable laws and regulations, including any intellectual property rights of other Persons. You bear full responsibility for the content of your Blue Diamond Business Support Materials. The registration of your Blue Diamond Business Support Materials is for tracking purposes only, and the Company has no obligation for ensuring that your Blue Diamond Business Support Materials comply with applicable laws and regulations. The registration process is not legal advice from the Company and you are strongly advised to seek the advice of independent legal counsel with regard to the legality and regulatory compliance of your Blue Diamond Business Support Materials.

#### 1.2 Identification of Publisher

Blue Diamond Business Support Materials must prominently indicate (a) that the materials are “Independent Brand Affiliate Produced,” and such other designation as may be required by the Company to identify the materials as Brand Affiliate-produced, and (b) the name and address of the Blue Diamond publishing the Blue Diamond Business Support Material. For example: “This was produced by John Doe, an independent Brand Affiliate of Nu Skin International, Inc. at [address]”. You may not state, suggest, or imply that the Blue Diamond Business Support Materials were produced, approved, endorsed, offered, or recommended by the Company.

#### 1.3 Use of Company-Produced Content

Blue Diamond Business Support Materials may use Company-produced content such as pictures, videos, and descriptions of Products and the Sales Compensation Plan that have been designated by the Company as available for use in (i) Blue Diamond Business Support Materials, and (ii) the Authorized Market you intend to use such materials. The use of any Company trademarks, trade names, slogans, or copyrighted materials and any Company-produced content in Blue Diamond Business Support Materials must comply with the terms set forth in the Licence Agreement. If you use Company-produced content, you must not alter the content and must clearly designate the Company’s copyright in such content. The Company reserves the right to revoke the right to use any Company-produced materials at any time in its sole discretion.

## 2 Sale of Blue Diamond Produced Business Support Materials and Services

### 1.1 Registration Required Prior to Sale

You must register the Blue Diamond Business Support Materials and Services with the Company and receive a Notice of Registration in accordance with the provisions of Section 6 of this Chapter 3 prior to selling them to other Brand Affiliates.

### 1.2 Primary Focus is Selling Products

Your principal business focus must always be on the sale of Products for consumption. The sale of Business Support Materials and Services must not become a material profit center for you. The Company recommends that Blue Diamond Business Support Materials and Services generally should be sold at cost, and must, in any event, be sold at reasonable prices. Consistent with this principal, you also may not offer any incentives to other Brand Affiliates in connection with any sale of Blue Diamond Business Support Materials and Services to other Brand Affiliates and customers. For example, you cannot offer to pay a Bonus, directly or indirectly, to a Brand Affiliate for selling Blue Diamond Business Support Materials and Services to other Brand Affiliates or customers or for referring a potential purchaser of Blue Diamond Support Materials and Services to you.

### 1.3 No Required Purchases; No Sale to Prospective Brand Affiliates

You may not require any prospective Brand Affiliate to purchase Business Support Materials and Services as a precondition to signing up as a Brand Affiliate. You also may not state, suggest, or imply that

- Company or Blue Diamond Business Support Materials and Services are required or necessary to join or succeed in the business;
- Company or Blue Diamond Business Support Materials and Services are required or necessary to receive upline support and training;
- the Blue Diamond Business Support Materials and Services were produced by the Company or are being offered or sold by the Company; or
- the Company approves, endorses, or recommends the Blue Diamond Business Support Materials and Services.

You may not sell any Company or Blue Diamond Business Support Materials and Services to a prospective Brand Affiliate before the prospective Brand Affiliate has submitted an application to become a Brand Affiliate to the Company.

## 2.4 Return Policy

In connection with the sale of Blue Diamond Business Support Materials and Services, you must offer the same return policy that is offered by the Company for its Business Support Materials. You must refund 90 percent of the purchase price of any unopened and resalable Blue Diamond Business Support Materials and Services for a period of 30 days. Refund should be made within 15 days upon request from your purchaser.

## 2.5 Disclosure Statement

You must provide a Business Support Materials Disclosure Statement to a Brand Affiliate before the first sale of Blue Diamond Business Support Materials and Services to that Brand Affiliate. You may obtain a copy of the required Disclosure Statement from the My Office website. You should regularly check the website to ensure you have the most recent version of the Disclosure Statement. Delivery of a receipt in compliance with Section 2.6 below will satisfy the obligation set forth in this Section 2.5 if such receipt is delivered simultaneously with the purchase of the Blue Diamond Business Support Materials and Services.

## 2.6 Receipt

You must provide a receipt for all purchases of Blue Diamond Business Support Materials and Services. The receipt must comply with Section 6.3 of Chapter 2 and also include the following disclosure:

You are not required to purchase any business support materials or services in order to become a Nu Skin Brand Affiliate.

“These business support materials or services are produced and distributed by an independent Brand Affiliate of Nu Skin International, Inc. and not by Nu Skin International, Inc. Although some Brand Affiliates may have found these products and services to be helpful in their Nu Skin business, they are not required in order to be a Brand Affiliate and no success is guaranteed because you purchase them. Your refusal to purchase these items will not affect your upline’s responsibility to provide you with training and support. Nu Skin International, Inc. does not approve, endorse, recommend or support these materials and services. Your expenditures on these items should be reasonable and the amount you spend should be in relation to your business and sales volume.

In the event you desire to return the business support materials or services, you may obtain a refund only from the independent Brand Affiliate who sold you the business support materials or services. You are entitled to a refund of 90 percent of the purchase price if you return any unopened and resalable business support materials or services to the seller at the address listed on this receipt within 30 days of the date of purchase. Refund will be made within 15 days upon your request.”

In the event that you provide Blue Diamond Business Support Materials and Services on a subscription basis or other method in which the Brand Affiliate does not have to affirmatively request

(e.g., a monthly web access fee), then you must include the following sentence in the receipt described above for the initial subscription or order and any subsequent receipts: “You may terminate your [order/subscription, etc.] at any time by providing written or electronic notice to [insert name and contact information(including e-mail)].”

## 2.7 Compliance with Laws

The sale of Blue Diamond Business Support Materials and Services and the performance of any Blue Diamond Business Support Services must comply with these Policies and Procedures and with all applicable laws and regulations, including but not limited to laws related to consumer privacy, data protection, do not call regulations, anti-spam regulations, and any related consumer protection laws. You bear full responsibility for ensuring that you comply with all applicable laws and you will be liable to the Company in the event the Company incurs any liability as a result of your non-compliance. You are encouraged to consult with your own legal counsel regarding your compliance with these laws and regulations. While the Company may review Blue Diamond Business Support Materials and Services and may request modifications to such materials, the Company’s review of, and its permission to sell, such Blue Diamond Business Support Materials and Services are neither legal advice from the Company nor a representation in any form that the materials comply with all applicable laws.

## 2.8 Affordability

You must ensure that the quantity and cost of any Blue Diamond Business Support Materials and Services that you sell to another Brand Affiliate is reasonably related to the sales volume and Bonus level of that Brand Affiliate. You may not encourage a Brand Affiliate to go into debt to purchase either Company or Blue Diamond Business Support Materials and Services.

## 2.9 No Selling Activity at Corporate Events

You may not display, promote, or sell any Blue Diamond Business Support Materials and Services at meetings or events sponsored and conducted, in whole or in part, by the Company.

## 2.10 Web Sites

Although you may allow other Brand Affiliates to use your website and assess a reasonable charge to cover your costs for providing the service; you may not sell replicating or template websites to other Brand Affiliates without the prior written approval of the Company.

## 2.11 Company Retained Rights; Restrictive Covenants

- (a) Your right to sell Blue Diamond Business Support Materials and Services to other Brand Affiliates is conditioned upon your agreement that all information relating to Brand Affiliates who purchase the Blue Diamond Business Support Materials and Services remains the property of the Company, including their contact information. You agree that in the event you terminate your Brand Affiliate Account that you will: (i) immediately return to the Company, or destroy, all such information and any copies thereof; and (ii) not utilize this information for any purpose.

- (b) In consideration of the Company allowing you to market and sell Blue Diamond Business Support Materials and Services to its Brand Affiliates you hereby agree that during the period in which you are a Brand Affiliate and for a period of two years thereafter, you will not, in any manner, directly or indirectly, recruit, solicit, or sponsor any Brand Affiliate (including any who purchase Blue Diamond Business Support Materials and Services from you), to (i) form a relationship with, (ii) promote, sell or purchase the products or services of, (iii) participate as a salesperson of, (iv) or otherwise associate with, a Direct Sales Company, or encourage any Brand Affiliate or customer to do so or to terminate their relationship with the Company. This obligation survives the termination of the Contract.

## 2.10 Records

You must maintain accurate and complete records with respect to any sales of Blue Diamond Business Support Materials and Services, including financial records documenting production costs and profits generated from the sale of the Blue Diamond Business Support Materials and Services. At the request of the Company, you must make these records available for review by the Company to confirm whether you have been complying with these Policies and Procedures with respect to the sale of any Blue Diamond Business Support Materials and Services. You must comply with any request to review your Brand Affiliate Account records promptly and completely.

# 3 Registration of Blue Diamond Business Support Materials and Services

## 3.1 Application for Registration

- (a) In order to register Blue Diamond Business Support Materials and Services, you must file an Application for Registration with the Company together with a copy of the proposed Blue Diamond Business Support Materials and Services with supporting documentation. The Application for Registration contains additional terms and conditions that governs your production and distribution of your Blue Diamond Business Support Materials and Services. A Notice of Registration issued pursuant to an Application for Registration will expire two years from the date of issuance. Until its expiration, any additional proposed Blue Diamond Business Support Materials and Services will be treated as an addendum to the current Application of Registration on file with the Company. Upon expiration of a Notice of Registration, you must submit a new Application for Registration for the continued use of any previously submitted Blue Diamond Business Support Materials and Services or with the submission of any new Blue Diamond Business Support Materials and Services.
- (b) The Application for Registration may be obtained from the My Office website or by calling Brand Affiliate Compliance or your Account Manager. The Company could require you to make changes to your proposed Blue Diamond Business Support Materials and Services, so you should not produce

multiple copies of the materials or incur other significant costs until you have received a Notice of Registration from the Company. Failure to do so may require you to destroy such copies, pay for the reprint the Blue Diamond Business Support Materials, or otherwise incur unnecessary or duplicative expenses which will not be reimbursed by the Company.

### 2.10 Additional Documentation; Right of Review; Modifications

Upon receipt of an Application for Registration, the Company will review the application and related submissions and provide you with any required modifications to the Blue Diamond Business Support Materials and Services that it deems appropriate in its sole discretion. The Company may ask for additional documentation, support, and legal opinions as it determines to be appropriate. The Company also has the right to review your Blue Diamond Business Support Materials and Services at any time, including additional reviews after the issuance of a Notice of Registration. You must provide the Company with any passwords or IDs as may be necessary for the Company to review the Blue Diamond Business Support Materials and Services. Based upon any such review, the Company may require you to make modifications to the Blue Diamond Business Support Material and Services as the Company determines appropriate in its sole discretion. If the Company notifies you of any required modifications, you must promptly make such changes to the Blue Diamond Business Support Materials and Services and may no longer use, offer, sell or perform any Blue Diamond Business Support Materials and Services that have not been modified in accordance with the instructions of the Company.

### 3.3 Application Fees

The Company may impose a reasonable fee for registering Blue Diamond Business Support Materials and Services.

### 3.4 Notice of Registration

Following a review of the Application for Registration, the Company will decide whether to issue a Notice of Registration with respect to the Brand Affiliate Business Support Materials and Services covered by the application. The Company has the right to make this decision in its sole discretion and has no obligation to issue a Notice of Registration for an Application for Registration and may refuse to issue a Notice of Registration in its sole discretion. In such event, you may not use, offer, sell, or perform the Blue Diamond Business Support Materials and Services covered by the Application for Registration. In the event the Company decides to issue a Notice of Registration, it will deliver the Notice of Registration to you at the address indicated on the application.

### 3.5 Renewal of Registration; Revocation

- (a) The Notice of Registration will indicate the date on which such Notice of Registration expires. You may not continue to use, offer, sell or perform any Business Support Materials and Services for which the Notice of Registration has expired unless you have re-submitted the materials for registration with the Company and have received a new Notice of Registration from the Company for such Blue Diamond Business Support Materials and Services. The materials you wish to renew will be submitted as part of your current Application for Registration that is on file with the Company and handled in accordance with the same procedure. If your Application of Registration has expired, then you must file a new Application for Registration together with any Blue Diamond Business Support Materials and Services that you wish to renew.
  
- (b) Notwithstanding anything to the contrary in these Policies and Procedures, the Company reserves the right to terminate and revoke any Notice of Registration at any time in its sole discretion. If the Notice of Registration is revoked, then you must immediately cease using or distributing the specified Blue Diamond Business Support Materials and Services. The Company is not liable for and will not reimburse you for any costs incurred by you for the production of your Blue Diamond Business Support Materials and Services that are the subject of the revoked Notice of Registration.