

# POLICIES & PROCEDURES

## PACIFIC REGION

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1. General Terms

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# **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 hard copy of the Brand Affiliate Agreement to the Company. You are not required to purchase any other Products or other materials to become a Brand Affiliate. You can have access to product information, the Policies and Procedures, the Sales Compensation Plan, the Company's guidelines, and other sales and training materials from the Company's website 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, 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 18 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 16 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. 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 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 Authorised 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, by adding the name on an Amended Brand Affiliate Agreement. 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 is the one that determines who your Sponsor is.

#### **1.9 Australian Business Number, New Zealand IRD Number and Goods and Services Tax.**

##### **AUSTRALIA**

If an applicant or Brand Affiliate Account is registered for the Australian Taxation System, it must:

1. provide the Company with its Australian Business Number (ABN). Please note that once your bonuses reach AU\$15,000 per financial year, the Company is legally required to deduct 47% Withholding Tax from your bonus payment, should you not provide us with an ABN. Details regarding applying for an ABN are available online at [business.gov.au](http://business.gov.au) under the 'taxation' link and
2. notify the Company if it is registered for Goods and Services Tax (GST). Please also note that if you are GST Registered either as a company or otherwise, please complete and submit a Recipient Created Tax Invoice (RCTI) Agreement in order to receive your commission. Please email [dsaustralia@nuskin.com](mailto:dsaustralia@nuskin.com) to request an RCTI Agreement or download one from the Library

section of 'Office'.

## **NEW ZEALAND**

If an applicant or Brand Affiliate Account is registered for the New Zealand taxation system, it must:

1. provide the Company with its IRD number; and
2. notify the Company if it is registered for Goods and Services Tax (GST).

With respect to income tax and withholding and reporting: The Company does not withhold upon, or report, Brand Affiliate income to the Inland Revenue Department (IRD) Pay-As-You-Earn (PAYE) system. It is your responsibility to disclose income from Company activities to the IRD. With respect to GST: GST registration is required where a Brand Affiliate's business turnover exceeds \$60,000. Total sales turnover includes gross receipts from Bonuses and commissions and gross receipts from activities that are not related to the Company. You may choose to register for GST where your sales turnover is less than \$60,000. You agree to accept a buyer created tax invoice from the Company in relation to Bonuses and commissions, and will not issue any separate GST invoice to the Company. If you are registered or required to be registered for GST, it is your responsibility to account for all GST for which you are liable in relation to the activities relating to the Company and otherwise comply with the New Zealand tax laws.

### **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
- b. listed as a member of a Business Entity does not necessarily grant you any legal right to do business;

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 Authorised Representative of the Business Entity and the Company may rely and act on any information provided by the Authorised Representative.

## **AUSTRALIA**

If a Business Entity does not have an Australian Business Number (ABN), it must provide the Company with its Australian Company Number (ACN) or Australian Registered Body Number (ARBN).

## **NEW ZEALAND**

If a Business Entity does not have an Inland Revenue Department Number (IRD Number), it must provide the Company with its New Zealand Company Number.

### **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 authorised 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**

Not Applicable

### **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 Compensation 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 you 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 and 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.

The Company's practices relating to personal information are set out in the Company's Privacy Notice which may be viewed on the Company's website at [nuskin.com.au](http://nuskin.com.au) (for Australia Brand Affiliates) or [nuskin.co.nz](http://nuskin.co.nz) (for New Zealand Brand Affiliates). The Privacy Notice sets out, among other matters, the types of personal information collected by the Company, the purposes for which the Company uses such personal information and how a Brand Affiliate can access and seek correction of the personal information held by the Company or make a complaint in respect of a breach of their privacy. The Company may review, update, amend or modify any provisions of the Privacy Notice from time to time. You are advised to check the Company's website regularly to ensure that you have read the most recent version of the Privacy Notice.

It is obligatory for you to provide certain personal information and relevant documents to the Company to enable the Company to

process such personal information for any of the purposes stated in the Privacy Notice (the "Purposes"). A failure to do so may result in the rejection of your Brand Affiliate Account application or result in the Company being unable to use, process or disclose your personal information for any of the Purposes.

## **2.2 Disclosure to Third Parties (including overseas recipients)**

All personal information provided by you or on your behalf:

- i. may be disclosed to and shared with any of the categories/classes of third parties mentioned in Section 2.4 of this Chapter; and
- ii. will be transferred to, held by and/or disclosed to overseas recipients, for example, the Company at its corporate headquarters in the United States, its regional headquarters, and/or its local affiliated companies in your Resident Market.

By signing the Brand Affiliate Agreement or continuing to act as a Brand Affiliate or purchase Products from the Company, you consent to and authorise the transfer of any and all of your personal information to one or more locations outside your Resident Market, if required or deemed necessary or desirable by the Company in connection with any of the Purposes. Please see the Privacy Notice on the Company's website for further information on disclosure to third parties.

## **2.3 Access and Correction**

You may contact the Company and make inquiries, and/or request, in writing, for access to or correction of, your personal information held by the Company or to limit the processing of your personal information. You may also make a complaint, in writing, relating to a breach of the Australian Privacy Act 1988, Australian Privacy Principles, or the New Zealand Privacy Act 2020 as the case may be, by writing to the Personal Data Protection Officer at the following address/email address:

### **For Australia Brand Affiliates Personal Data Protection Officer**

Postal Address: Nu Skin Enterprises Australia, Inc. PO Box 116, North Ryde BC, NSW 1670

Telephone No: (02) 9491 0900

Email address: [dsaustralia@nuskin.com](mailto:dsaustralia@nuskin.com)

### **For New Zealand Brand Affiliates Personal Data Protection Officer**

Postal Address: Nu Skin Enterprises New Zealand, Inc. PO Box 107145, Auckland Airport, Auckland, 2150

Telephone No: (09) 254 4180

Email address: [dsnewzealand@nuskin.com](mailto:dsnewzealand@nuskin.com)

The Company may charge a reasonable fee for responding to and carrying out your request unless your request is for correcting your personal information held by the Company. Any request for access or correction of your personal information is subject to the requirements, restrictions and provisions of the Australian Privacy Act 1988, Australian Privacy Principles, or the New Zealand Privacy Act 2020 as the case may be, and any regulations, orders, codes and the Company's rights thereunder.

## **2.4 Authorisation to Use Your Personal Information**

By providing the personal information and/or documents to the Company or continuing to act as a Brand Affiliate or purchase Products from the Company, you agree, consent and authorise the Company to:

A. collect, record and process (which includes verifying, holding, storing, organising, adapting, retrieving, altering, modifying, correcting, erasing, deleting and/or destroying) personal information and/or documents: (i) which you have provided or will be providing to the Company in connection with your application to become a Brand Affiliate, your Brand Affiliate Account and Team; and (ii.) that has been developed as a result of your activity as a Brand Affiliate.

B. transfer and/or disclose personal information and/or documents, which you have provided or will be providing to the Company in connection with your application to become a Brand Affiliate, your Brand Affiliate Account and Team and any of the other Purposes, and that have 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 and/or other party when the Company determines it is appropriate

or necessary to ensure proper upline support or for Brand Affiliate education purposes; (iii) any applicable regulatory, statutory, governmental or other relevant authorities, agencies or bodies and industry regulators, and any other person to whom the Company is compelled, required or permitted to do so by law, rules or regulations, legal process or litigation; (iv) a third party vendor or service provider if necessary to provide you with the Products that you have requested; (v) to a potential or actual purchaser in connection with any acquisition or proposed acquisition of the Company or any part of the Company or all or any part of its assets or liability or in connection with a merger; and (vi) to any agent, contractor, vendor, advisers, consultants or other third party (including but not limited to financial institutions, courier companies, printing companies) (whether in or outside your Resident Market) who provide administrative or other related services to the Company (such as warehousing and delivery, marketing and advertising, information technology and software development, website hosting and management, office services, legal, accounting, audit and other professional services).

In addition to those disclosures permitted by law, the Company may also disclose your personal information and/or documents to others if it has a good faith belief that it is required to do so by law or legal process, to respond to claims, or to protect the rights of the Company, if the Company reasonably believes that there is a serious threat to public health or public safety or to your life or health or to life or health of others. You may request the Company in writing, at the end of such period as the Company deems reasonable in the circumstances, to cease the disclosure of personal information that may be provided to your upline Brand Affiliates but without prejudice to the Company's rights hereunder or in any contract between you and the Company.

C. use your personal information and/or documents for Brand Affiliate recognition and the Company's Business Support Materials and Services unless you request in writing that the Company not do so.

D. collect, process, retain, use, disclose and share your personal information and/or documents for any of the Purposes, and you further agree that any other processing or disclosure of your personal information and/or documents will be governed by the Company's Privacy Notice, as it may be published and modified from time to time.

You shall promptly notify the Company of any incorrect or any change of personal information provided to the Company whenever such error or change comes to your knowledge. Where personal information about another person is provided by you, such as the contact details of referees or information about your sponsor, spouse or co-habitant, it is your obligation to notify that person and that, by your providing the personal information and/or documents of that person to the Company, you confirm and acknowledge that you have notified that person and that that person has appointed you to act on his/ her/its behalf and that you have obtained that person's consent and authorisation to your collecting, processing, using, sharing and disclosing on his/her/its behalf of his/her/its personal information (including the transfer of his/her/its personal information abroad). You agree and undertake to comply with the Australian Privacy Act 1988 and the Australian Privacy Principles (for Australia Brand Affiliates) or the New Zealand Privacy Act 2020 (for New Zealand Brand Affiliates) with respect to the treatment of such personal information and documents and shall further comply with such reasonable directives and/ or requests of the Company for the purposes of complying with the Australian Privacy Act 1988 and Australian Privacy Principles (for Australia Brand Affiliates) or the New Zealand Privacy Act 2020 (for New Zealand Brand Affiliates). The Company may also use your personal information and/or documents for promotional and marketing purposes including sending you advertising or marketing materials and conducting direct marketing in relation to the Products and services of the Company, promotional offers and charitable programs, co-branded products/services, and related products or services offered by the Company's business partners. You may, at any time, by notice in writing to the Company, require the Company at the end of such period as is reasonable in the circumstances to cease or not to begin processing your personal information for purposes of direct marketing.

## **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 on reasonable grounds that 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 at the Company's sole discretion.

b. You must submit a new Brand Affiliate Agreement, Business Entity Form or Joint Participation Form and tick the "Amended" box on the top right hand corner to change your Brand Affiliate Account information. Any amended Brand Affiliate Agreement must be signed by you. A Business Entity's amended Brand Affiliate Agreement must be signed by the Authorised Representative of the Business Entity. An amended Business Entity Form must be signed by the Authorised 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. All proposed amendments are subjected to the Company's

approval and you shall comply with the Company's requirements including but not limited to providing the relevant supporting documents as may be reasonably requested by the Company from time to time. Failure to comply with the Company's requirements may result in the Company refusing to accept any amendments.

### 3.2 Adding a New Participant

Subject to Section 1.7 of this Chapter 1, 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, or Amended Brand Affiliate Agreement and such application has been accepted by the Company. The Company may reject any such application in its sole discretion as it deems necessary or reasonable. 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, in its sole discretion, pursue any of the 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) if two Persons become Co-habitants who each had a Brand Affiliate Account prior to becoming Co-habitants, (iii) inheritance of a Brand Affiliate Account by an existing Brand Affiliate, or (iv) as otherwise approved in writing by the Company as it deems necessary or reasonable in its sole discretion.

### 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; (b) horizontal mergers with another Brand Affiliate Account, provided that (i) only one of the Brand Affiliate Accounts is a Brand Representative or above, and the other Brand Affiliate Account is not in requalification as provided in the Sales Compensation Plan, or has not been granted an exception to the requirements of the Contract or Sales Compensation Plan, and (ii) both Brand Affiliate Accounts have the same upline Sponsor; and (c) 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, as it deems necessary or reasonable, 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 or reasonable, 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 on reasonable grounds that the proposed transfer is not substantive and is being done to avoid the requirements of these Policies and Procedures. The Company will not recognise 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) 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 Directors or above will be responsible for operating this Brand Affiliate Account. As payment for their services, the upline Blue Diamond Directors or above will be entitled to a service fee. This fee will be a dollar amount equal to 15 percent of the Brand Affiliate Account's net Bonuses.

### **AUSTRALIA**

(a) Individuals. 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 recognised by the Company when a certified copy of the grant of probate or of Letters of Administration, depending on whether there is a will or not, and other legal documents addressing the transfer to a qualified transferee are 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 recognised by the Company when a certified copy of the grant of probate or of Letters of Administration, depending on whether there is a will or not, and other legal documents addressing the transfer to a qualified transferee are submitted to the Company.

## **NEW ZEALAND**

(d) Upon your death, your rights to commissions, Bonuses, and Team, together with all your responsibilities, shall pass to your designated beneficiary(s) upon the receipt of a written application by the Company, compliance with these Policies and Procedures, and approval by the Company. Appropriate legal preparation must be completed to ensure that the transfer meets the Company's requirements and applicable laws. Accordingly, you should consult a lawyer to assist you in the preparation of a will or trust. Whenever your Brand Affiliate Account is transferred by a will, other testamentary process, trust, court order or some other legal document, the designated beneficiary(s) acquires the right to collect all Bonuses and commissions of your Team, provided the minimum qualifications are met. The designated beneficiary(s) must (i) execute a Brand Affiliate Agreement, and (ii) comply with these Policies and Procedures.

(e) In order to effect the testamentary transfer of your Brand Affiliate Account, the successor must provide the following to the Company: (i) a certified copy of the death certificate; (ii) a certified copy of the probate or certified copy of the grant of the letters of administration if there is no will; (iii) written instructions from the executor/administrator with respect to the transfer/sale of business (stamp duty may be payable); (iv) an indemnity from the executor/administrator agreeing to indemnify and forever keep indemnified the Company, its directors, employees and officers from and against all claims, actions, proceedings, losses, demands, costs and expenses whatsoever which may be made or brought against them in respect of their compliance with such written instructions; and (v) a completed and executed Brand Affiliate Agreement.

### **4.3 Divorce**

**In the event of a divorce or the dissolution of a Co-habitant relationship, 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 PARTICIPANTS IN 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 or Co-habitants 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.**

### **4.4 Right to Terminate**

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

## **5. TERMINATING BRAND AFFILIATE ACCOUNT AND CONVERSION TO MEMBER ACCOUNT UNDER SALES COMPENSATION PLAN**

### **5.1 Terminating Brand Affiliate Account**

If you fail to meet the requirements for maintaining your Brand Affiliate status under the Sales Compensation Plan, the Company will terminate your Brand Affiliate Account at any time pursuant to the Sales Compensation Plan and will provide you with a prior warning notice before doing so (where practicable) and the Company will issue a notification to you after the termination. You should check your performance under the Sales Compensation Plan regularly through your online Nu Skin account.

### **5.2 Conversion to Member Account**

If you fail to meet the requirements for maintaining your Brand Affiliate status under the Sales Compensation Plan, unless your

Brand Affiliate Account is a Business Entity, after terminating your Brand Affiliate Account, the Company will convert your Brand Affiliate Account to a Member Account pursuant to the Sales Compensation Plan and will provide you with a prior warning notice before doing so (where practicable) and the Company will issue a notification to you after the conversion. You should check your performance under the Sales Compensation Plan regularly through your online Nu Skin account. In the event of such conversion:

- a. If before the conversion, the Brand Affiliate Account is registered under one individual's name and no one else has a Beneficial Interest in the same Brand Affiliate Account, then after the conversion, that individual will become the sole owner of the Member Account.
- b. If before the conversion, the Brand Affiliate Account is registered under one individual's name and such individual's spouse/cohabitant has a Beneficial Interest in such individual's Brand Affiliate Account, then after the conversion, the individual to whom the Brand Affiliate Account was registered will become the sole owner of the Member Account, and such individual's spouse or cohabitant will only have the right to purchase Products from the Company under the Member Account as permitted by the owner of such Member Account. The sole owner of the Member Account shall be solely responsible for all the activities (including any purchases made by such individual's spouse/cohabitant) conducted under the Member Account.
- c. If before the conversion, the Brand Affiliate Account is registered with the Joint Participation Form, then after the conversion, the Principal Brand Affiliate of the Brand Affiliate Account will become the sole owner of the Member Account, and the Additional Participants will only have the right to purchase Products from the Company under the Member Account as permitted by the owner of such Member Account. The sole owner of the Member Account shall be solely responsible for all the activities (including any purchases made by such Additional Participants) conducted under the Member Account.

If you do not wish to be the sole owner of the Member Account after the conversion or do not agree to the terms and conditions of the Member Agreement which can be found at [https://www.nuskin.com/content/nuskin/en\\_AU/corporate/legal/downloads.html](https://www.nuskin.com/content/nuskin/en_AU/corporate/legal/downloads.html) (for Australia) or [https://www.nuskin.com/content/nuskin/en\\_NZ/corporate/legal/downloads.html](https://www.nuskin.com/content/nuskin/en_NZ/corporate/legal/downloads.html) (for New Zealand), you may terminate your Member Account at any time by giving us a written notice.

## Chapter 2 | Operating Your Business

### 1. BUSINESS ETHICS

#### 1.2 DSA Code of Practice

The Company is a member of the Direct Selling Association (DSA) in Australia and New Zealand and abides by the Code of Practice of Direct Selling Australia and the Code of Practice of the Direct Selling Association of New Zealand. Along with the ethical guidelines of this Section, you must comply with the Code of Practice of Direct Selling Australia or the Direct Selling Association of New Zealand, as applicable, in your business operations. The Code of Practice for Australia can be found at [directselling.org.au](http://directselling.org.au) (Australia) and the Code of Practice for New Zealand can be found at [dsanz.co.nz](http://dsanz.co.nz) (New Zealand).

#### 1.3 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 organisation. 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.

#### 1.4 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.

### **1.5 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.

### **1.6 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 favours, or other physical, verbal, or visual behaviour of a sexual nature, with another Brand Affiliate, Company's employee or customer.

### **1.7 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.

### **1.8 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 anticorruption are complex, you should consult with your own legal counsel regarding questions relating to compliance with the FCPA or anti-corruption laws.

### **1.9 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, on reasonable grounds, determine what actions may be considered detrimental and take action against you according to Chapter 6.

### **1.10 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, any insurance premiums and superannuation contributions, and, if required, obtain an Australian Business Number (ABN) in Australia or an Inland Revenue Department Number (IRD Number) in New Zealand, as may be applicable, and register for Goods and Services Tax (GST);
- are responsible for all costs of your business including, but not limited to, any costs incurred as a result of employing
- any employees (including but not limited to any salaries or wages and entitlements such as superannuation contributions, the payment of overtime, annual leave and personal leave), 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 in Australia or for tax purposes in New Zealand (as applicable).

### **2.2 Taxes**

You must pay any self-employment taxes required by federal, state, and 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, trade marks, trade names or Products;
- register URLs using the Company names, trade marks 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.

You must indemnify the Company for all costs and attorney's 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, trade marks, 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 in any way including 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 the Company or its Product centres. There is no minimum order; however, shipping and handling costs may vary depending on the amount of Products ordered or how the products were 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 from the local warehouse.

#### **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 until they are paid in full. Payment must be made by, credit card, cash (Sydney DSC Only), direct debit (AU only) or such other method as may be accepted by the Company in its sole discretion.

#### **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. Sales Volume is credited when Company credit is used.

#### **3.6 Pricing Changes**

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 returned cheque or 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 may 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 Nu Skin Subscription Program**

The Nu Skin Subscription Program ("Subscription Program") is an optional program available in some Authorised Markets. The Subscription Program allows you to place a standing order with the Company that will be conveniently shipped to you on a recurring

basis and charged to your credit card on a recurring basis. The terms and conditions of the Subscription Program are found on the Company's website. The Company may terminate (i) the Subscription Program at any time, and (ii) your right to participate in the Subscription Program as described in the terms and conditions of the Subscription Program if (A) the credit card or bank authorisation provided for the Subscription Program expires, is cancelled or otherwise terminated, (B) you violate the terms and conditions of this Contract and/or the terms of the Subscription Program, which violation will be processed according to these Policies and Procedures, or (C) your Brand Affiliate Account is terminated in accordance with the Brand Affiliate Agreement and these Policies and Procedures. You may cancel your Subscription Program order with written notice as described in the terms and conditions of the Subscription 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 will refund to you 90 percent of the price, plus applicable, prepaid taxes, less applicable Bonuses, on unopened and resalable Products and Business Support Material sold by the Company to you. For the avoidance of doubt, Products shall not be considered "resalable", if returned after the Products' commercially reasonable usable or shelf life period has

passed; nor shall Products be considered "resalable" if the Company clearly discloses to you prior to purchase that the Products are seasonal, discontinued, or special promotion Products and are not subject to this section 4.1. In order to obtain your refund, you must return Products or Business Support Material within 12 months of the order date. You may only return the Products or Business Support Material you personally purchased from the Company. The Company does not refund the original shipping costs on Products or Business Support Material 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 to the Company at the time you request a refund. You may also return individual Products that are purchased as part of a kit or package. The form of the refund will be based on the original form of payment such as credit card charge. 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. If you purchased Business Support Materials and Services 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) Subscription Services. Generally, subscription services that are billed by the Company on a month-to-month basis may be cancelled by the Company at any time, subject to Section 3.10 of this Chapter 2, unless the terms of the applicable contract provide otherwise. Subscription services that are cancelled within one week of the last billing date will receive a 100% refund or credit for the month that has been paid for and cancelled. Subscriptions services that are cancelled more than one week after the last billing date will not be eligible for a refund. Annual subscription services may be cancelled by the Company at any time, pursuant to Section 3.10 of this Chapter 2. Refunds for annual subscription services will be prorated based on the number of full months remaining on the annual subscription.

(c) For the avoidance of doubt, where a Brand Affiliate acquires Products from the Company for the purpose of resale (ie. for



the purposes of a business), all conditions, guarantees and warranties that are not expressly set out in the Contract, including those set out in the Consumer Guarantees Act 1993 (in the case of New Zealand) and the United Nations Convention on Contracts for the International Sale of Goods 1980 (with the exception of the Sale of Goods Act 1908 (NZ)) are excluded from the Contract to the fullest extent permitted by law. IF THE CONDITIONS, GUARANTEES AND WARRANTIES IN THE CONSUMER GUARANTEES ACT 1993 CANNOT BE EXCLUDED FROM THE CONTRACT, NOTHING IN THIS CONTRACT MODIFIES, EXCLUDES OR NEGATES THE PROVISIONS OF THE CONSUMER GUARANTEES ACT 1993.

#### **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, (ii) substitute products of similar kind, quality and price, subject to your acceptance, or (iii) a full refund of the purchase price. The refund of Products pursuant to this Section 4.2 may affect your eligibility to receive Bonuses and your pin level, and if Bonuses have already been paid on returned Products, then the Company may recoup your Bonuses as set forth below in Section 6.9 of this Chapter 2.

#### **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 receive approval for the return in the form of a Return Merchandise Authorisation (“RMA”) number before you ship the return to the Company. This approval must be obtained either by telephone or in writing, and the actual return shipment must be accompanied by the RMA number (Shipping Inquiries at 1300 NUSKIN/1300 687546 (Australia) or 0800 NUSKIN/0800 687546 (New Zealand));
- (b) The Company will provide you with the correct procedures and location for returning the Products. The Company will not refund the original shipping costs on Products that you return. All return shipping costs must be paid by you;
- (c) Products sent to the Company without an RMA number will not qualify for a refund or exchange and will be returned to you at your expense; and,
- (d) Procedures may vary in jurisdictions where different requirements are imposed by law.

## **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 authorised 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 Purchase Agreements**



Addendum C sets out further detail concerning the requirements for Purchase Agreements.

#### **AUSTRALIA**

You must keep a copy of all Purchase Agreements for your records for at least five years.

#### **NEW ZEALAND**

You must provide Purchase Agreement to your retail customers in accordance with the following requirements:

(a) You must provide the customer with two copies of the completed Purchase Agreement at the time of the sale. All blanks in the section referring to the 10 day refund policy on the back of the receipt must be completed. The Purchase Agreement 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, the date of the tenth business day after sale, your name, business address, and business telephone number.

(b) You must keep a copy of the Purchase Agreement for your records. You must keep copies of all Purchase Agreements on file for at least four years.

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

#### **AUSTRALIA**

Addendum C sets out further details concerning the requirements of customer refunds and exchanges for your retail customers.

#### **NEW ZEALAND**

You must offer a ten 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 retail customer, less shipping and handling expenses (if applicable). The only requirement is that the retail customer must request the refund within 10 business days of the date of purchase and return the unused portion of the Product(s) to you. You must make a refund to the retail customer for returned Product(s) within 10 days of the retail customer's request. The Company encourages you to honour your retail customers' requests for refunds or Product exchanges, even if made more than ten days after the date of sale.

#### **BOTH AUSTRALIA AND NEW ZEALAND**

(a) If your retail customer purchases a Product directly from the Company, then unless otherwise required by applicable law or a specific Product guarantee, the Company will provide your retail customer with (i) a 100% refund on the returned Product, if the Product is returned within 30 days from the purchase date, and regardless of whether the Product has been used, is re-stockable or re-saleable; and (ii) a Product exchange if the Product was incorrectly sent or is defective as provided in Section 4.2 of this Chapter 2. For the avoidance of doubt, shipping and handling charges incurred by the retail customer when the Products were purchased will not be refunded.

(b) 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, and, unless otherwise required by applicable law, the Company will only provide a replacement Product to you up to 90 days following the refund, provided that the unused portion of the Product and the Purchase Agreement is returned to the Company within 30 days following the refund. The Company encourages you to honour your retail customer's request for refunds irrespective of when they are made.

(c) 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 unless otherwise required by applicable law, the Company will only replace the exchanged Product to you up to 90 days following the Product exchange, provided that the unused portion of the Product and the Purchase Agreement is returned to the Company within 30 days following the exchange.

The terms set out in this Section 5.4 are in addition to the remedies to which retail customers are entitled under the Australian law (including those under the Australian Consumer Law) and New Zealand law (including those under the Consumer Guarantees Act 1993 (NZ)). Nothing in this Section 5.4 is designed to exclude, restrict or modify those consumer remedies. If you are in New Zealand and have purchased a Product from the Company for personal consumption, you will also be entitled the consumer remedies under the Consumer Guarantees Act 1993. Please refer to Addendum C for details about the Australia Door-to Door Sales and Consumer Guarantees that are specific to Australia and New Zealand.

## **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 at least 30 days' prior notice. If you do not agree with the amendments to the Sales Compensation Plan, you may terminate your Brand Affiliate Account by providing your termination

notice to the Company before the effective date of the amendments to the Sales Compensation Plan. A current copy of the Sales Compensation Plan may be found at [nuskin.com.au](http://nuskin.com.au) (Australia) or [nuskin.co.nz](http://nuskin.co.nz) (New Zealand).

### **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 fulfilment 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 at least 30 days' prior notice. If you do not agree with the amendments by the Company, you may terminate your Brand Affiliate Account by providing your termination notice to the Company before the effective date of the amendments to the Sales Compensation Plan;
- 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. Subject to (f) below, the Company will pay Bonuses once the aggregate accrued monthly Bonuses are equal to AU\$15 net or NZ\$15 net, as applicable.
- f. The Company has no obligation to pay you Bonuses if it has not received valid and current financial institution account information from you (for an account which is not inactive or dormant) to allow the Company to pay Bonuses to your financial institution account successfully. Accordingly, you have no right to claim or receive these Bonuses which are held in your Nu Skin account but cannot be paid to you for this reason (until you provide us with valid and current bank account details).

### **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 5 different customers and comply with our Policies and Procedures and guidelines. You must retain documentation of retail sales for at least five years in the case of Australia, and at least four years in the case of New Zealand, 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 Affiliates' compliance with this Section. In order to protect you and the Company, you must obtain the written consent of your retail customers regarding the potential disclosure to the Company of their personal information that may be obtained as the result of a retail sale. The purposes of the disclosure may include: (i) retail sales verification in accordance with these Policies and Procedures or an associated investigation, and (ii) collection of aggregated general data about retail sales and the Company's customer base; and (iii) disclosure to third parties if the Company has a good faith belief that it is required to do so by law or legal process, to respond to claims, or to protect the rights of the Company or if the Company reasonably believes there is a serious threat to public health or public safety or to your life or health or life or health of others. It is suggested that you procure such a written consent on your Retail Order and Receipt Form.

### **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, the 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 Representatives pin levels, or any other activity that violates 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 (where it has reasonable grounds to do so).

#### **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 90 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 90 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, and such claim is a result of or arises directly or indirectly from your violation of 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 conditional upon you allowing the Company to assume the sole defence of the claim.

#### **7.3 Indemnification by You**

You agree to indemnify the Company from any claim by a third party for a defective Product or for injury from use of a Product that arises directly or indirectly from you having

- (a) violated the Contract; or
- (b) repackaged, altered or misused the Product; or
- (c) 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 for your Resident Market.

## **8. SALES TAX**

#### **8.1 Company Collection of Goods and Services Tax (GST)**

The Company provides the service of collecting goods and services tax (GST) at the time of your purchase and remitting it to the Australian Taxation Office (in the case of Australia) or the Inland Revenue Department (in the case of New Zealand).

## 8.2 Exemption from Company Collection of State Sales Tax

Not Applicable

# 9. ASSOCIATING OTHER TEAMS 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 organisation or individual, whether religious, political, business, or social, or that implies any association between the Company and any other organisation. Company and Brand Affiliate meetings, calls or any other functions may not be used as a forum to promote or express personal beliefs, other Teams, companies, events, or individuals.

## Chapter 3 | Advertising

### 1. BUSINESS SUPPORT MATERIALS AND TRADE MARK USE

#### 1.1 Use of Business Support Materials

Subject to the exception in Section 4 of this Chapter regarding Blue Diamond Director 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 Authorised Market.

#### 1.2 Use of Trade Marks and Copyrights

(a) Use of Company Trade Marks and Copyrights. The Company's trade marks and copyrights are valuable assets of the Company and the Company strictly regulates the use of these trade marks 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 trade marks, copyrights and other intellectual property rights, registered or otherwise, in any form except as specifically authorised by these Policies and Procedures or as otherwise approved in writing by the Company. The Company may prohibit the use of the Company's trade marks 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, trade marks, copyrights and other intellectual property rights, in any form, except as specifically authorised 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 Authorised 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. Additionally, Nu Skin products are not an alternative or substitute for cosmetic or medical procedures performed by a professional and should not be compared to products or surgical procedures like Botox, collagen fillers, laser resurfacing, or the like. Any such representations, claims or comparisons by you may result in your personal liability.

### **2.3 Approved Claims**

The majority of products sold by the Company are cosmetics, but some may be therapeutic goods regulated by the Therapeutic Goods Administration (TGA) in Australia and the Ministry of Health in New Zealand. The TGA and Ministry of Health regulate and oversee the sale of therapeutic products to assure their safety and proper representation to the public in Australia and New Zealand respectively.

While the Company makes every effort to achieve full compliance with complicated and periodically amended cosmetic, food, import, trade, and therapeutic goods regulations, no Brand Affiliate should claim or imply that any product of the Company is approved by the TGA (Australia), Ministry of Health (New Zealand) or any other government body or otherwise make any therapeutic or medical claim unless the product has been registered/approved by such governmental body. Any claims made by Brand Affiliates in respect of products listed by the TGA must be restricted to those claims which the listing permits. Compliance with applicable laws does not imply government approval of the Company's products.

### **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.

### **2.6 Testimonials**

Testimonials must disclose important facts that are relevant to consumers making a buying decision. You must thoroughly familiarise yourself with and follow the Product Testimonial Guidelines published in your market whenever sharing your experience with any Product. Furthermore, you must know and comply with all the current rules and conditions that the Company has published in the Product Testimonial Guidelines found on your market's website at [nuskin.com](http://nuskin.com).

In Australia, under the Therapeutic Goods Advertising Code 2021 (including its amendments made from time to time) ("Therapeutic Goods Advertising Code"), Brand Affiliates cannot make testimonials in respect of therapeutic goods because testimonials for therapeutic goods cannot be made by persons who have any involvement in the production, sale, supply or marketing of the goods. If Brand Affiliates would like to share a product testimonial made by a member of their immediate family, they must disclose that relationship and ensure that such family member does not receive any valuable consideration in exchange for making the testimonial. The Therapeutic Goods Advertising Code defines a testimonial as a statement about a therapeutic good made by a person that claims to have used that good. Moreover current or former health practitioners, health professionals or medical researchers (whether or not Brand Affiliates, Members or Customers), are not permitted to make endorsements or testimonials for any therapeutic goods. Brand Affiliates in Australia are solely responsible for learning about and complying with the Therapeutic Goods Advertising Code. Failure to comply with the Therapeutic Goods Advertising Code may result in penalties or even imprisonment for those involved.

## **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, misleading, deceptive or exaggerated, including income guarantees of any kind. You may not exhibit actual or facsimile Bonus cheques 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, must comply with these Policies and Procedures, adhere to the Code of Ethics or Practices of your local Direct Selling Association, and comply with applicable local laws;
- (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 Director Business Support Materials;
- (c) The compensation claim must be stated in a monthly or annual amount;
- (d) You must simultaneously disclose in immediate proximity to the compensation claim, an earnings potential qualifier specifically created by the Company for use in the Authorised Market in which you make the claim;
- (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;
- (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; and
- (h) Where a testimonial of a Brand Affiliate in your immediate upline or Team is used, it must be an accurate representation of the outcome for that Brand Affiliate. It must be made clear to the audience that the testimonial relates only to the outcome for that particular Brand Affiliate, and should not be considered a guarantee that the same outcome will be achieved by all.

## **4. BLUE DIAMOND DIRECTOR PRODUCED BUSINESS SUPPORT MATERIALS**

### **4.1 Blue Diamond Director 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 Diamond Directors may produce, utilise and distribute their own Business Support Materials and Services. Blue Diamond Directors 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 Director Business Support Materials and Services may only be used in the specific Authorised Markets in which they have been registered. For purposes of this Chapter 3, Blue Diamond Directors are those Brand Affiliates that: (i) currently enjoy active status as a Blue Diamond Director, (ii) have been a Blue Diamond Director 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 Diamond Directors to produce, utilise and distribute Blue Diamond Director Business Support Materials and Services for use by other Brand Affiliates, you need to be aware that these Blue Diamond Director Business Support Materials and Services are independently produced by Blue Diamond Directors and are not produced, endorsed, recommended or approved by the Company. If you elect to purchase or use Blue Diamond Director 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 Director 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 Director 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 Director 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**

This Section 4.3 applies to you if you are a Blue Diamond Director. A Blue Diamond Director must execute and submit to the Company a License Agreement prior to producing any Blue Diamond Director 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 Director Business Support Materials and Services. The License Agreement grants you the right to use certain Company trade marks 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 utilise the Company's trade marks.

#### **4.4 Registration of Blue Diamond Director Business Support Materials and Services.**

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

#### **4.5 Sales by Blue Diamond Directors; Purpose**

Blue Diamond Directors who sell Blue Diamond Director 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 Director 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 Teams**

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

## **5. MASS MEDIA; GENERAL ADVERTISING**

#### **5.1 Promotions Utilising 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 authorised, 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 authorised by the Company to speak on its behalf. All media contacts or inquiries should be immediately referred to the Company by calling 02 9491 0900 (Australia) or 09 254 4180 (New Zealand).

### **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 Ruby Partner-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 “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 Director 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, mass emailed or mass faxed, placed on parked cars, put in mail boxes, or disseminated by any other nonpersonal contact means. Every Brand Affiliate must comply with the Australian Spam Act 2003 or the New Zealand Unsolicited Electronic Messages Act 2007, where applicable, at all times.

## **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 Personalised 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**

In general 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. However, upon the prior written approval of the Company, which will not be unreasonably withheld, a Brand Representative level Brand Affiliate may rent a booth or set up an exhibit at a Company approved trade show or convention (“Convention”). If you are a Brand Representative level Brand Affiliate who wants to set up a booth or exhibit at a Convention you must comply with the following requirements:

- (a) The Convention theme must be directly related to the Company business;
- (b) At least four weeks prior to the Convention, you must submit to the Company a proposal regarding the Convention and obtain prior written approval from the Company;
- (c) You may only use Company-produced Advertising Materials. The purchase of a Company produced independent Brand Affiliate banner, to display in the booth, is required;

(d) You may not reference the Company in any form of Advertising Material that implies that the Company is participating in the Convention. Instead, any Company-approved advertisement or promotional material must make specific reference to you as an independent Brand Representatives level Brand Affiliate of the Company, including any maps or listings prepared by the sponsor of the Convention;

(e) You may not use the Convention to promote any product, service, or business opportunity other than the Company's business opportunity and Products;

(f) During the Convention you must personally comply with the Policies and Procedures and you are responsible for (i) the actions of every individual who works in the booth at the Convention, (ii) all material distributed at the Convention, and (iii) all other aspects of participation in the Convention; and

(g) In addition to the other remedies provided in the Policies and Procedures, the Company reserves the right to deny future Convention participation on reasonable grounds, including any policy violation at a Convention.

### **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 pre-screening 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 centres.

### **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 authorised 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. 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 utilise the Internet as follows:

(a) You are allowed to utilise 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 trade marks 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, Instagram, X (previously known as “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 Director 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 Diamond Directors may maintain an Internet Marketing Site. The Company has the right to make the determination on reasonable grounds, whether your use of the Internet is permitted under this section or whether such use is a prohibited Internet Marketing Site. 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 Diamond Directors:** 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 Director 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 Diamond Directors:** 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 utilises the Company’s trade marks, would be considered an Internet Marketing Site, and would be a violation of policy for non- Blue Diamond Directors. 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 trade mark or slogan, or utilises marketing content, would be an Internet Marketing Site, and would be a violation of policy for non- Blue Diamond Directors. 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 Director 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 Diamond Directors (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 Director Business Support Materials and Services, Blue Diamond Director 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 Director Internet Marketing Site and received a Notice of Registration for such Blue Diamond Director Internet Marketing Site;
- (b) You must notify the Company immediately if posting any information on the Blue Diamond Director 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 Director Internet Marketing Site;
- (d) Any income claims posted on a Blue Diamond Director Internet Marketing Site must comply with all rules regarding earning claims under Section 3 of this Chapter 3 of the Policies and Procedures;
- (e) Your Blue Diamond Director Internet Marketing Site 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 Director Internet Marketing Site; and

(f) If the Company notifies you to remove or delete any information from your Blue Diamond Director 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 Director Internet Marketing Site until such changes have been made.

#### **7.4 Additional Restrictions on Internet Use**

All Brand Affiliate websites, whether Blue Diamond Director 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 My Site;
- (b) You may not include any Company or third party intellectual property or proprietary information in the unique domain names/URL or metatags 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, Instagram, YouTube, X (previously known as "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., trade marks, 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.
- (g) You must comply with the Australian Spam Act 2003 and Australian Privacy Act 1988, or New Zealand Unsolicited Electronic Messages Act 2007 and New Zealand Privacy Act 2020, where applicable, at all times.

#### **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 authorisation 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 Diamond Directors may post Company produced audio and video presentations, specifically authorised by the Company for internet posting by Blue Diamond Directors, on their Blue Diamond Director 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**

You may sell Company Products on the internet, in accordance with the Social Sharing Guidelines, to support person to person sharing and selling. You must follow the current Social Sharing Guidelines (which may change from time to time) published by the Company when engaging in internet selling. You must know and comply with all the current rules and conditions that the Company has published in the Social Sharing Guidelines (found on your market's website at nuskin.com).

#### **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 honour this request immediately. In Australia, the

Australian Communication and Media Authority operates a “do not call” register and has in place the Telecommunications (Telemarketing and Research Calls) Industry Standard 2017. In New Zealand, the New Zealand Marketing Association operates a “do not mail” register and has in place the New Zealand Marketing Association Telemarketing Code of Practice (available on the website marketing.org.nz). Every Brand Affiliate must comply with the above regulations as applicable.

## **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 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. In Australia, the Australian Communication and Media Authority operates a “do not call” register and has in place the Telecommunications (Telemarketing and Research Calls) Industry Standard 2017. In New Zealand, the New Zealand Marketing Association operates a “do not call” register and has in place the New Zealand Marketing Association Telemarketing Code of Practice (available on the website marketing.org.nz). Every Brand Affiliate must comply with the above regulations as applicable.

### **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 may refer 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 organisational 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 Authorised Market. If the market is an Unopened Market, then you are limited to providing business cards and conducting, organising 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 authorised 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 Authorised Market or by using Brand Affiliate Agreement forms from an Authorised Market, unless the citizen or resident of the Unopened Market has, at the time of sign up, permanent residence and the legal authorisation to work in the Authorised Market. It is the Sponsor's responsibility to ensure compliance with residency and work authorisation requirements. Membership or participation in, or ownership of a corporation, partnership or other legal entity in an Authorised Market does not by itself fulfil the residency or legal authorisation to work requirements. If a Participant in a Brand Affiliate Account fails to provide verification of residency and work authorisation 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 Authorised Market with Attendees from an Unopened Market**

If you have a meeting in an Authorised 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 Authorised Market that is not your Resident Market, you must comply with all applicable laws of that specific Authorised Market, including but not limited to, all immigration, visa, and registration requirements. In addition, prior to conducting any Business Activity in an Authorised 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 authorisation as an International Sponsor in any Authorised Market as it



deems necessary or reasonable. When you enter into an International Sponsor Agreement; the Company grants to you the right to

### **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 Authorised 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 to 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 authorised 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 that person 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 (other than the 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 Section 2.1 survive for a period of one year from the date of your resignation, termination, transfer or any other change in the 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 Partner or higher, is being compensated, publicly recognised and otherwise promoted by the Company as a key Brand Representative. As a Brand Affiliate with a Ruby Partner or higher pin level, you are reasonably expected to exclusively sell Company Products, train Brand Affiliates in your Team, and promote the Company's business. Therefore, as a condition to receiving ongoing Leading Bonus compensation on Brand Representatives levels 3 through 6 on your Team, and recognition as a Ruby Partner-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 Partner 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 Representatives Leading Bonuses on Brand Representatives 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 Representatives 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, 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;
- 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 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 Contract.

#### **2.4 Confidentiality of Brand Affiliate 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 their 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.

#### **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, UNLESS OTHERWISE PROVIDED FOR IN THESE POLICIES AND PROCEDURES. ALLEGED VIOLATIONS WILL BE REFERRED TO AS "DISPUTES," WHICH IS FURTHER DEFINED IN SECTION 3 OF CHAPTER 7.

## 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 (subject to consent from those individuals, should this be required by the applicable privacy laws, including without limitation the Privacy Act 2020 in New Zealand), 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 any 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 is issued (where it has reasonable grounds to do so).

(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**

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. 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 Compliance Appeals Committee will review 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 Compliance Appeals Committee 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 Compliance Appeals Committee has made a final decision, it will send you written notice and you will have 60 days from the date of the Compliance Appeals Committee decision to request arbitration of the Compliance Appeals Committee decision.

### **3.6 Company Actions for Breach of Contract**

Once the Company determines on reasonable grounds 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 (in the circumstances), 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 recognised 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 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 recognised 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;

(l) 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 Contract (including Section 3.1 of Chapter 1, Sections 2.2, 2.5 of Chapter 5 and 3.7 of this Chapter 6); and (iii) 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/or 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

EXCEPT AS MAY OTHERWISE BE PROVIDED IN THESE POLICIES AND PROCEDURES, 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.

## 3. DEFINITION OF A DISPUTE ETC.

A **“Dispute”** means, any and all past, present or future claims, disputes, controversy, causes of action or complaints, whether based in contract, tort, statute, law, product liability, equity, or otherwise, (i) arising out of or related to the Contract, or the breach, termination or invalidity thereof, (ii) between other Brand Affiliates and you arising out of or related to a Brand Affiliate Account or our business relationships as independent contractors of NSI, (iii) between Nu Skin and you, (iv) related to Nu Skin or its past or present affiliated entities, their owners, directors, officers, employees, investors, or vendors, (v) related to the Nu Skin Products, (vi) regarding Nu Skin’s resolution of any other matter that affects or concerns your Brand Affiliate Account, or that arises out of or is related to Nu Skin’s business, including your disagreement with Nu Skin’s disciplinary actions or interpretation of the Contract.

Below is applicable to Australian Brand Affiliates:

**“Australian Brand Affiliate”** means, in the case of an individual, a person who is a legal resident or citizen of Australia and has a legal right to do business in Australia, and in the case of a Business Entity, a corporation, partnership, limited liability company, trust, or other form of business organization legally formed in and under the laws of Australia.

**“Australian Dispute”** means any Dispute:

- (a) between two or more Australian Brand Affiliates; or
- (b) between Nu Skin and an Australian Brand Affiliate, that is not an “International Dispute (AU)” as defined below.

**“International Dispute (AU)”** means any Dispute between:

- (a) Brand Affiliates where any of the Brand Affiliates is not an Australian Brand Affiliate; or
- (b) Nu Skin and any Brand Affiliate if:
  - (i) such Brand Affiliate has signed an International Sponsor Agreement, which permits a Brand Affiliate to conduct activities outside of Australia and at the time of the Dispute had Brand Affiliate(s) and/or Member(s) and/or retail customer(s) outside of Australia registered under the organization of such Brand Affiliate, or (ii) the Dispute involves activity occurring outside of Australia; or (iii) the Dispute involves the rights or interests of another Brand Affiliate who is not an Australian Brand Affiliate.

Below is applicable to New Zealand Brand Affiliates:

**“New Zealand Brand Affiliate”** means, in the case of an individual, a person who is a legal resident or citizen of New Zealand and has a legal right to do business in New Zealand, and in the case of a Business Entity, a corporation, partnership, limited liability company, trust, or other form of business organization legally formed in and under the laws of New Zealand.

**“New Zealand Dispute”** means any Dispute:

- (a) between two or more New Zealand Brand Affiliates; or
- (b) between Nu Skin and a New Zealand Brand Affiliate, that is not an “International Dispute (NZ)” as defined below.

**“International Dispute (NZ)”** means any Dispute between:

- (a) Brand Affiliates where any of the Brand Affiliates is not a New Zealand Brand Affiliate; or
- (b) Nu Skin and any Brand Affiliate if:

(i) such Brand Affiliate has signed an International Sponsor Agreement, which permits a Brand Affiliate to conduct activities outside of New Zealand and at the time of the Dispute had Brand Affiliate(s) and/or Member(s) and/or retail customer(s) outside of New Zealand registered under the organization of such Brand Affiliate, or (ii) the Dispute involves activity occurring outside of New Zealand; or (iii) the Dispute involves the rights or interests of another Brand Affiliate who is not a New Zealand Brand Affiliate.

## 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:

(a) if you are an Australian Brand Affiliate, in Sydney, Australia (for Australian Disputes) or in Salt Lake City, Utah in the United States (for International Disputes (AU)), at the offices of the Company's outside counsel.

(b) if you are a New Zealand Brand Affiliate, in Auckland, New Zealand (for New Zealand Disputes), or in Salt Lake City, Utah in the United States (for International Disputes (NZ)), 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 the parties do not all agree to the mediation, or the Dispute is not fully resolved at 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 Compliance Appeals Committee 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 Compliance Appeals Committee's decision, any Participant, who is not satisfied with the CRC's decision, will notify, in writing, all the other Participants in the Compliance Appeals Committee 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 Compliance Appeals Committee 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. If you are an Australian Brand Affiliate:

(a) in respect of an Australian Dispute, if the Participants are unable to agree to an arbitrator, an arbitrator will be appointed by the Australian Centre for International Commercial Arbitration ("ACICA"). the arbitration will be held in Sydney, Australia, in the offices of Nu Skin's outside counsel or at such other place as the parties to the Australian Dispute may agree and the arbitration will be conducted in accordance with the Arbitration Rules of the ACICA;

(b) in respect of an International Dispute (AU), the arbitration will be held in Salt Lake City, Utah, in the offices of Nu Skin's outside counsel or at such other place as the parties to the International Dispute (AU) may agree and the arbitration will be conducted in accordance with the Utah Uniform Arbitration Act.

If you are a New Zealand Brand Affiliate:



(a) in respect of a New Zealand Dispute, if the Participants are unable to agree to an arbitrator, an arbitrator will be appointed by the New Zealand International Arbitration Centre (“**NZIAC**”). the arbitration will be held in Auckland, New Zealand, in the offices of Nu Skin’s outside counsel or at such other place as the parties to the New Zealand Dispute may agree and the arbitration will be conducted in accordance with the Arbitration Rules of the NZIAC.

(b) in respect of an International Dispute (NZ), the arbitration will be held in Salt Lake City, Utah, in the offices of Nu Skin’s outside counsel or at such other place as the parties to the International Dispute (NZ) may agree and the arbitration will be conducted in accordance with the Utah Uniform Arbitration Act.

## **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 the Dispute between the Participants in the arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court of competent jurisdiction in the county and state of Utah in the United States (in respect of an International Dispute (AU) or an International Dispute (NZ)), in Sydney, Australia (in respect of an Australian Dispute), or in Auckland, New Zealand (in respect of a New Zealand Dispute). 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 authorised 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 BRAND AFFILIATE 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 precedent 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**

### **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 written agreements between the parties. The Contract invalidates all prior notes,

memoranda, demonstrations 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.

### **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**

a) If you are an Australian Brand Affiliate, in respect of an Australian Dispute, the Contract shall be governed by and construed, with respect to its validity and performance of obligations thereunder, in accordance with the laws in force in New South Wales, Australia; and in respect of an International Dispute (AU), the Contract shall be governed by and construed, with respect to its validity and performance of obligations thereunder, in accordance with the laws of the State of Utah.

b) If you are a New Zealand Brand Affiliate, in respect of a New Zealand Dispute, the Contract shall be governed by and construed, with respect to its validity and performance of obligations thereunder, in accordance with the laws in force in New Zealand; and in respect of an International Dispute (NZ), the Contract shall be governed by and construed, with respect to its validity and performance of obligations thereunder, in accordance with the laws of the State of Utah.

### **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 email or sent by first class, certified (or registered) or express mail, postage prepaid. Unless otherwise provided in the Contract, notices will be deemed given (a) when delivered personally, (b) when transmitted by email, (i) if to Nu Skin, to the Nu Skin email addresses provided in these Policies and Procedures or elsewhere in the Contract for such notice or other communication; and (ii) if to the Brand Affiliate, to the Brand Affiliate's email address as recorded in the Brand Affiliate's profile on Nu Skin's systems, or (c) when transmitted by mail: (i) to Nu Skin, five calendar days after the date of mailing to the address of Nu Skin's headquarters at 75 West Center Street, Provo, Utah 84601; and (ii) if to the Brand Affiliate, five calendar days after the date of mailing to the Brand Affiliate's address as provided in the Brand Affiliate's profile on Nu Skin's systems.

### **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 DEFINED 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 Personalised Advertising Material.

### **Application for Registration**

Defined in Section 7.3(a) of Chapter 3.

### **Authorised Market**

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

### **Authorised Representative**

The designated agent of the Business Entity, formally authorised by the Participants of the Brand Affiliate Account under a Business Entity to sign contracts on behalf of the Business Entity.

### **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.

### **Blue Diamond Director Internet Marketing Site**

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

### **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 authorised 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 Organisation**

Any organisation 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 purchasing Products from or returning Products to the Company, sponsoring 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 Brand Affiliate 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 organisation legally formed under the laws of the jurisdiction in which it was organised.

## **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 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.

## **Co-habitant**

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

## **Company**

Nu Skin International, Inc., and its affiliated entities including Nu Skin Enterprises Australia, Inc. and Nu Skin Enterprises New Zealand, Inc.

## **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, non public 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. For the avoidance of doubt, personal information and contact details (including, but not limited to, email addresses and telephone numbers) of customers and Brand Affiliates disclosed to you in any form (including, but not limited to, hard copies, electronic or digital media) are Confidential Information.

## **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, 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.

## **CRC**

Compliance Review Committee whose duties are described in Chapter 6.

**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, in whole or in part, 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.

**International Sponsor**

A Brand Affiliate in good standing, authorised under an International Sponsor Agreement to act as a Sponsor in an Authorised 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 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 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 Director that governs the Blue Diamond Director's right to use certain Company trademarks and trade names in Blue Diamond Director Business Support Materials and Services and on the internet.

**Member**

A non-Brand Affiliate who is registered by a Brand Affiliate and can purchase Nu Skin Products at the Member price. A Member is not authorised to register Brand Affiliates or resell Products.

**Member Account**

The Member account created when an individual enters a contractual relationship with the Company for being a Member.

**Member Agreement**

The Member agreement that governs the contractual relationship between a Member with the Company

**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 Brand Affiliates and/or the Company in any form (including, but not limited to, hard copies, electronic or digital media) regarding the Brand Affiliates and customers of the Brand Affiliates and/or the Company.

**Non-Resident Market**

An Authorised Market other than your Resident Market.

## **Notice of Registration**

The notice issued by the Company to a Blue Diamond Director upon acceptance of the Application for Registration for the location of any Blue Diamond Director Internet Marketing Site and the associated Blue Diamond Director Business Support Materials and Services.

## **Participant**

A Brand Affiliate who is authorised to engage in Business Activities for and to have a Beneficial Interest in a Brand Affiliate Account owned by another Person. Each Participant is required to have agreed to the terms of a Brand Affiliate Agreement and to be bound by the terms and conditions of the Contract.

## **Person**

An individual or Business Entity.

## **Personalised 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 Authorised Markets.

## **Purchase Agreement**

The Purchase Agreement that must be submitted by the Brand Affiliate to their retail customers in accordance with the requirements set out in Section 5.3 of Chapter 2.

## **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 permanent 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 organisation, 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 authorisation to conduct business in the Resident Market, and whose market's Brand Affiliate Agreement you have executed.

## **Sales Compensation Plan**

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

## **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.

## **Sponsor**

A Brand Affiliate Account under which another Brand Affiliate Account is originally placed after they have 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 organisation of a particular



Brand Affiliate.

**Unopened Market**

Any market that is not an Authorised Market.

**URL**

A Uniform Resource Locator or web address.

## **ADDENDUM B**

# **POLICIES FOR BLUE DIAMOND DIRECTOR BUSINESS SUPPORT MATERIALS AND SERVICES**

## **1. BLUE DIAMOND DIRECTOR BUSINESS SUPPORT MATERIALS**

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

Blue Diamond Director 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 Director Business Support Materials. The registration of your Blue Diamond Director Business Support Materials is for tracking purposes only, and the Company has no obligation for ensuring that your Blue Diamond Director 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 Director Business Support Materials.

### **1.2 Identification of Publisher**

Blue Diamond Director 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 Director publishing the Blue Diamond Director Business Support Material. For example: “This was produced by John Doe, an Independent Brand Affiliate of Nu Skin International, Inc., 7777 Lexington Avenue, North Ryde, NSW”. You may not state, suggest, or imply that the Blue Diamond Director Business Support Materials were produced, approved, endorsed, offered, or recommended by the Company.

### **1.3 Use of Company-Produced Content**

Blue Diamond Director 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 Director Business Support Materials, and (ii) the Authorised Market you intend to use such materials. The use of any Company trade marks, trade names, slogans, or copyrighted materials and any Company-produced content in Blue Diamond Director Business Support Materials must comply with the terms set forth in the License 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 DIRECTOR PRODUCED BUSINESS SUPPORT**

# MATERIALS AND SERVICES

## 2.1 Registration Required Prior to Sale

You must register the Blue Diamond Director Business Support Materials and Services with the Company and receive a Notice of Registration in accordance with the provisions of Section 4 of Chapter 3 prior to selling them to other Brand Affiliates.

## 2.2 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 centre for you. The Company recommends that Blue Diamond Director Business Support Materials and Services generally should be sold at cost, and must, in any event, be sold at reasonable prices. Consistent with this principle, you also may not offer any incentives to other Brand Affiliates in connection with any sale of Blue Diamond Director 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 Director Business Support Materials and Services to other Brand Affiliates or customers or for referring a potential purchaser of Blue Diamond Director Support Materials and Services to you.

## 2.3 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:

- the Company or Blue Diamond Director Business Support Materials and Services are required or necessary to join or succeed in the business;
- the Company or Blue Diamond Director Business Support Materials and Services are required or necessary to receive upline support and training;
- the Blue Diamond Director 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 Director Business Support Materials and Services.

You may not sell any Company or Blue Diamond Director 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 Refund Policy

In connection with the sale of Blue Diamond Director Business Support Materials and Services, you must offer the same refund 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 Director Business Support Materials and Services within 12 months of the order date.

## 2.5 Disclosure Statement

You must provide a Business Support Materials Disclosure Statement to a Brand Affiliate before the first sale of Blue Diamond Director 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 Director Business Support Materials and Services.

## 2.6 Receipt

You must provide a receipt for all purchases of Blue Diamond Director Business Support Materials and Services. The receipt must comply with Section 5.3 of Chapter 2 and also include the following disclosure: "You are not required to purchase any Blue Diamond Director Business Support Materials and Services in order to become a Nu Skin Brand Affiliate. These Blue Diamond Director

Business Support Materials and 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 Blue Diamond Director Business Support 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 Blue Diamond Director Business Support Materials and Services, you may obtain a refund only from the independent Brand Affiliate who sold you the Blue Diamond Director Business Support Material and Services. You may cancel your purchase at any time prior to midnight of the seventh (Australia) or 10th (New Zealand) business day after the date of your purchase for a full refund of the purchase price. After the seventh (Australia) or 10th (New Zealand) day, you are entitled to a refund of 90 percent of the purchase price if you return any unopened and resalable Blue Diamond Director Business Support Materials and Services to the Brand Affiliate at the address listed on this receipt within 12 months of the date of purchase." In the event that you provide Blue Diamond Director Business Support Materials and Services on a subscription basis or other method in which the Brand Affiliate does not have to affirmatively request each purchase (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 Director Business Support Materials and Services and the performance of any Blue Diamond Director Business Support Materials and 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 Director 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 Director Business Support Materials and Services are neither legal advice from the Company nor a representation in any form that the materials and/or services comply with all applicable laws.

## **2.8 Affordability**

You must ensure that the quantity and cost of any Blue Diamond Director 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 the Company or the Blue Diamond Director Business Support Materials and Services.

## **2.9 No Selling Activity at Corporate Events**

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

## **2.10 Websites**

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 Director 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 Director 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 Director 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 one year thereafter, you will not, in any manner, directly or indirectly, recruit, solicit, or sponsor any Brand Affiliate (including any who purchase Blue Diamond Director 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.

(c) However, sections 2.11(a) and (b) of this Addendum B do not limit your rights under section 2.1(a) of Chapter 5 of the Policies and Procedures concerning the sale of Third-Party Products and Services where you have a pre-existing business relationship with a Brand Affiliate prior to one of you becoming a Brand Affiliate.

## **2.12 Records**

You must maintain accurate and complete records with respect to any sales of Blue Diamond Director Business Support Materials and Services, including financial records documenting production costs and profits generated from the sale of the Blue Diamond Director 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 Director 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 DIRECTOR BUSINESS SUPPORT MATERIALS AND SERVICES**

## **3.1 Application for Registration**

(a) In order to register Blue Diamond Director Business Support Materials and Services, you must file an Application for Registration with the Company together with a copy of the proposed Blue Diamond Director 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 Director 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 Director Business Support Materials and Services will be treated as an addendum to the current Application of Registration on file with the Company. The Company reserves the right to require a new Application for Registration to be submitted and a Notice of Registration issued in respect of the addendums. 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 Director Business Support Materials and Services or with the submission of any new Blue Diamond Director 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 Director 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 cause the Company to require you to destroy such copies, pay for the reprint of the Blue Diamond Director Business Support Materials, or otherwise incur unnecessary or duplicative expenses which will not be reimbursed by the Company.

## **3.2 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 Director 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 Director 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 Director Business Support Materials and Services. Based upon any such review, the Company may require you to make modifications to the Blue Diamond Director 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 Director Business Support Materials and Services and may no longer use, offer, sell or perform any Blue Diamond Director 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 Director 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 on reasonable grounds and has no obligation to issue a Notice of Registration for an Application for Registration and may refuse to issue a Notice of Registration on reasonable grounds. In such event, you may not use, offer, sell, or perform the Blue Diamond Director 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 Director Business Support Materials and Services. The materials you wish to renew will be submitted as part of your fresh 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 Director 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 on reasonable grounds. If the Notice of Registration is revoked, then you must immediately cease using or distributing the specified Blue Diamond Director 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 Director Business Support Materials and Services that are the subject of the revoked Notice of Registration.

## **ADDENDUM C**

### **AUSTRALIAN AND NEW ZEALAND DOOR-TO- DOOR SALES AND CONSUMER GUARANTEES**

**The following is a brief overview of the national door-to-door sales laws in Australia and New Zealand. This is not a comprehensive discussion of the laws, and does not include local, or district councils, state, region or territorial laws. You are solely responsible to**

learn and comply with any and all applicable laws in the jurisdiction that you do business, including but not limited, to door-to-door sales laws.

# AUSTRALIA

## I. Unsolicited Consumer Agreements (“UCA”)

The Australian Consumer Law (ACL) is a single consumer law largely modeled on the consumer protection provisions of the former Trade Practices Act and “best practice” under current State and Territory regulations that have been in place for over 30 years. The ACL retained and expanded upon existing State/Territory regulation of door-to-door selling and ‘non-store’ selling. The ACL has been created in order to protect consumers from unscrupulous practices. This type of regulation is not unique to Australia. Similar guidelines have been in place in Markets like Malaysia, Indonesia, Korea and European Union Markets for years. Direct Selling continues to thrive in these highly regulated markets. The ACL commenced on 1st January 2011 (with point of sale requirements in effect since July 2011). We would like to make you aware of the relevant provisions of the ACL that became fully effective on 1st January 2012 that regulate how you, as Nu Skin Brand Affiliates may conduct your business, when approaching and selling to retail customers and Members in an unsolicited manner. While the ACL may slightly change the way you approach retail customers or Members, it should not affect your business in a big way as approximately 95% of our sales in Nu Skin Australia will not fall under the concept of an unsolicited consumer agreement.

Specifically, the “unsolicited consumer agreement” regulations may impact not only how you approach potential customers, but when you may approach them, when you may supply the goods purchased and when you may accept payment for the products. Therefore, when doing the Nu Skin business you will need to consider two critical questions:

- 1) Will your contact with or sale to a customer result in an unsolicited consumer agreement (“UCA”)? If not, then the unsolicited selling provisions do not apply (see below for details).
- 2) If the sale IS unsolicited, is it regulated? If it is not regulated, then the unsolicited selling provisions do not apply. If it is regulated, then the transaction must comply with the ACL’s unsolicited selling provisions as outlined below.

### EXCEPTIONS TO THE ACL

The ACL regulations regarding unsolicited consumer agreements contain several exceptions that may make the law inapplicable to you. The unsolicited consumer agreement requirements do NOT apply to the following selling arrangements between you and a customer:

- the sale is made to a Brand Affiliate for the purpose of resale;
- all discussions preceding the sale take place wholly at Nu Skin’s corporate premises, at the Brand Affiliate’s business or trade premises [if the Brand Affiliate is making a retail sale] or online;
- your approach to the consumer resulted from an invitation from the consumer;
- the value of the single transaction is less than \$100;
- the sale of products is the result of a ‘party’ where you invited the customer to the party (there must be 3 or more invited people, however only 1 need attend) and you identified to the potential customer the purpose of the ‘party’. Please note that a ‘party’ can include any meeting, Business Opportunity Meeting (BOM) or an actual party plan event;
- your customer has enrolled in the Automatic Delivery Rewards (Subscription) program and products are shipped monthly from Nu Skin directly to your customer;

- you have previously entered into an unsolicited consumer agreement with your customer and the products have been supplied, and within three months of the supply of the products, your customer orders more products of the same kind, and the total amount of all the additional products to be supplied is less than \$500.

## COMPLIANCE REQUIREMENTS FOR REGULATED UNSOLICITED CONSUMER AGREEMENTS

If your approach, sale or presentation does NOT fall within any of the exceptions described above, then the selling arrangement does constitute an unsolicited consumer agreement and you are subject to the following requirements:

- **Required use of a Purchase Agreement, as provided by Nu Skin on our website.** You must provide the customer with a completed copy of the Purchase Agreement (which has been signed by the customer) and keep an identical copy for your records. The customer may cancel the agreement either orally or in writing.
- **Restricted calling hours**
  - Unless consent has been given by the customer, you cannot telephone or visit a customer for the purposes of discussing the business opportunity or product sales on Sundays and public holidays or outside the hours of 9:00 AM and 6:00 PM on weekdays, and 9:00 AM and 5:00 PM on Saturdays (Please note that regardless of whether the selling arrangement is an “unsolicited sales agreement” under ACL, you must also comply with Telecommunications (Telemarketing and Research Calls) Industry Standard 2017.)
- **Disclosure requirements when you contact a customer (“Disclosure Requirements at Contact”)**
  - Prior to presenting the business opportunity or discussing the products, you must disclose to the person your identity, your address (a P.O. Box is not allowed), and the purpose of your contact, i.e., the Nu Skin opportunity and/or products; and
  - You must disclose that you are required to leave their premises or presence immediately upon request.
- **You must leave the premises immediately upon request and not contact the potential customer to negotiate an unsolicited consumer agreement for at least 30 days after the request.**
- Disclosure requirements before you execute an unsolicited consumer agreement (“Disclosure Requirements at Execution”)
  - You must disclose information to the customer about the cooling off period (note that these details are included on the Purchase Agreement supplied by Nu Skin).
- **The customer has 10 business days to terminate the Purchase Agreement commencing from the first business day after the Purchase Agreement is signed or delivered to them.**
- **The customer has three months to terminate the Purchase Agreement if you do not provide the Disclosure Requirements at Contact which are described above or if you call on a customer outside the permitted hours without their consent.**
- **The customer has six months to terminate the Purchase Agreement if you do not provide the Disclosure Requirements at Execution described above or do not use the approved Purchase Agreement;** if you accept or require payment during the 10 business day cooling-off period; or if you supply products during the 10 business day cooling-off period if the value of the Purchase Agreement is more than \$500.
- **Prohibition on the supply of products or services valued at \$500 or more for 14 days (i.e. during the 10 business day cooling-off period).**
- **Prohibition on the acceptance of payment for products and services for 14 days (i.e. during the 10 business days cooling-off period).**

There is no doubt that the ACL adds additional requirements to the way you do business if you do not fall within one of the exceptions outlined above. However, most of the new requirements are simply legislation by the Australian Government that parrots the current ethical and business practices of the Australian Direct Selling Association and by Nu Skin Policies and Procedures. Thank you for your efforts to continue to promote your business ethically and with utmost integrity. Remember that this is a brief summary of the ACL. For



more specific information and to read the Australian Consumer Law in full, please visit the following web site [consumerlaw.gov.au](http://consumerlaw.gov.au).

## II. Consumer Guarantees

The ACL also provides consumers with certain “consumer guarantees”. These guarantees cannot be excluded, restricted or modified from the sale of goods to consumers. You are solely responsible for becoming familiar and complying with the consumer guarantees found within ACL if you conduct your Nu Skin business in Australia.

You are solely responsible for becoming familiar and complying with the ACL. To the fullest extent permitted by law, you release and indemnify Nu Skin from any liability arising from your failure to comply with any provision of the ACL.

Under the ACL, you as supplier are deemed to make the following guarantees to the consumer:

- You have the right to sell the goods.
- The consumer has a right to undisturbed possession of the goods (in other words, no one will try to repossess or take back the goods from the consumer).
- The goods will be free of security interests (in other words, the goods are free of any hidden securities or charges).
- The goods will be of an acceptable quality (“acceptable quality” means that the goods must be fit for the purpose commonly acquired, acceptable in appearance and finish, free from defects, safe and durable).
- The goods will be fit for any purpose which is disclosed to you by the consumer or fit for purposes which you represent the goods are reasonably fit.
- Goods supplied by description will match their description.
- The goods supplied will correspond with any sample or demonstration product.
- The goods will comply with any express warranties given in relation to them.

Under the ACL, there is a distinction between a “major failure” and a “non-major failure” of goods. A failure of the goods is a “major failure” if:

- a reasonable consumer would not have bought the goods if they had known about the problem;
- the goods are significantly different from the description, sample or demonstration model shown to the consumer;
- the goods are substantially unfit for their normal purpose and cannot easily be made fit, within a reasonable time; or
- the goods are unsafe.

When there is a “major failure” in the goods, the consumer can elect to (i) reject the goods and choose a refund or a replacement; or (ii) take an action against the supplier to recover compensation for any reduction in the value of the goods below the price paid by the consumer for the goods. Additionally, a consumer may take an action against the supplier for any reasonably foreseeable loss or damage arising from the major failure in the goods. When the failure in the goods is not a “major failure”, the supplier can choose between providing a repair or offering the consumer a replacement or a refund. For these purposes “consumer” means the retail customer and any person the retail customer has given the goods to as a gift. Where you replace faulty products, the replacement products will also be subject to the guarantees contained in the ACL.

## NEW ZEALAND

### I. Door-to-Door Sales

**A. DSANZ Code of Practice.** As a member of the Direct Selling Association of New Zealand (DSANZ), Nu Skin Enterprises New

Zealand Inc (Nu Skin) must comply, and must ensure that its Brand Affiliates comply, with the DSANZ Code of Practice. Under the DSANZ Code of Practice, you must offer a 10 day, money-back guarantee to your retail customers. This means that a customer may, for any reason, request that the consumer's agreement to purchase the products with you (Purchase) is cancelled and that the consumer be given a full refund of the purchase price. The only conditions are that the customer must request the refund within ten days of Purchase and must return the unused portion of product. You must make the refund within 10 days of the customer's request. You must provide the customer two copies of the completed Purchase Agreement at the time of the sale. All blanks in the section stating the ten-day refund policy must be completed.

If the customer prefers, you may make a product exchange instead of a refund. Nu Skin, as a member of the DSANZ, encourages you to honour a request for a refund or product exchange even if it is made more than 10 days after purchase.

## **B. Uninvited Direct Sales.**

The Uninvited Direct Sales ("UDS") provisions in the Fair Trading Act 1986 are an updated take on the provisions in the now-repealed Door to Door Sales Act 1967. The UDS provisions came into effect on 17 June 2014. They set out requirements that must be complied with by persons making uninvited direct sales, in addition to the DSANZ requirements set out above.

We would like to help you be aware of the relevant UDS provisions that regulate how you, as Nu Skin Brand Affiliates, may conduct your business, when approaching and selling to retail customers and potential Brand Affiliates in an uninvited manner. While the UDS provisions may slightly change the way you approach retail customers or potential Brand Affiliates, it should not affect your business in a significant way as you might find that many of your sale of Nu Skin products are unlikely to fall under the concept of an uninvited direct sale.

Specifically, the UDS provisions may impact not only how you approach potential customers, but when you may approach them, when you may supply the goods purchased and when you may accept payment for the products. Therefore, when conducting the Nu Skin business you will need to consider one critical question:

### **Will your contact with or sale to a customer result in an "Uninvited Direct Sale Agreement"?**

If the answer is no, then the UDS provisions do not apply (see below for details).

If the answer is yes, then the agreement must comply with the UDS provisions as outlined below.

### **What is an "Uninvited Direct Sale Agreement"?**

An "Uninvited Direct Sales Agreement" means an agreement for selling Nu Skin products to a customer for personal consumption, in circumstances where:

- the agreement is concluded from negotiations that occurred between you and the customer, in each other's presence,
- at the customer's workplace, home, or by telephone; and
- the customer did not invite you to that place, or make that phone call, for the purposes of entering into negotiations for the sale of the Nu Skin product(s) that the sale agreement covers; and
- the price to be paid or payable by the customer under the agreement is more than \$100, or the price cannot be ascertained at the time of sale.

Based on the above requirements, the UDS provisions are NOT likely to apply to the following selling arrangements between you and a customer:

- the sale is made to a Brand Affiliate for the purpose of resale; or
- all discussions preceding the sale take place wholly at Nu Skin's corporate premises, at your business or trade premises, or online;
- your approach to the customer resulted from an invitation from that customer (excluding where the customer has provided their contact details to you for another purpose, or for the sale of another product); or

- the value of the single sale transaction is less than \$100, or the value of the sale transaction is uncertain at the time of supply; or
- you have previously entered into an “uninvited direct sales agreement” with the customer and the customer is simply renewing the agreement for the same products.

#### **Compliance requirements for uninvited direct sales – for goods paid by cash or credit card**

If your approach, sale or presentation does NOT fall within any of the situations described above, then the selling arrangement is likely to constitute an “uninvited direct sale agreement” and you are subject to the following requirements:

- **Required use of a Purchase Agreement, as provided by Nu Skin on our website. The Purchase Agreement must include:**
  - on the front page of the agreement:
  - a clear description of the goods being supplied;
  - a summary of the customer’s right of cancellation (as described below, and including how the notice of cancellation can be communicated);
  - your details (ie name, street address, telephone number and email address); and
  - the customer’s name and street address;
  - the total price to be paid under the agreement or, if the total price cannot be ascertained at the time the agreement is entered into, the method by which the total price will be calculated; and
  - the date of the agreement. (together the “Disclosure Requirements”).
- **You must provide the customer with a completed copy of the Purchase Agreement (which has been signed by the customer) at the time of signing and keep an identical copy for your records. If you make the agreement over the telephone then you must ensure that the customer receives a hard copy of the agreement within 5 working days of the agreement signed.**
- **Verbal disclosure before you execute an uninvited direct sale agreement:**
  - You must verbally disclose to the customer before executing a Purchase Agreement that there is a cooling off period during which the customer may cancel the agreement (note that these details are included on the Purchase Agreement):
  - The customer has 5 business days to terminate the Purchase Agreement commencing from the date the Purchase Agreement is received by them.
  - The customer can terminate the Purchase Agreement at any time if you do not provide the Disclosure Requirements described above or do not use the approved Purchase Agreement.
- **If the customer does terminate an agreement, you must immediately repay all money that the customer has already paid under the agreement and arrange to collect any goods that you have already supplied to the customer (at your own expense).**

While some of the above requirements may seem daunting, most of them are simply replicating in statutory form the existing requirements and practices of the Direct Selling Association of New Zealand and Nu Skin’s own Policies and Procedures.

Thank you for your efforts to continue to promote your business ethically and with utmost integrity. Remember that this is a brief summary of the UDS provisions. For more specific information and to read the UDS provisions in full, please visit the following website: [www.legislation.govt.nz](http://www.legislation.govt.nz) and see sections 36K to 36S of the Fair Trading Act, or seek legal advice.

#### **Compliance requirements for uninvited direct sales – for goods sold on credit**

For goods sold under a “uninvited direct sale agreement” (see above), but under a credit arrangement where the total price for the goods is to be paid after 2 months from the day the contract is made, you must not use the Purchase Agreement. In addition to the requirements under the UDS provisions, such credit sales are subject to the requirements of the Credit Contracts and Consumer Finance Act 2003, and you are responsible, as the supplier of the goods, to ensure all relevant statutory requirements are met. For more specific information, please visit the following website: [www.legislation.govt.nz](http://www.legislation.govt.nz) and read the Credit Contracts and Consumer Finance Act 2003, or seek legal advice.

### **C. Consumer Guarantees Act (“CGA”)**

Under the CGA, you, as a supplier of the goods, are deemed to give certain guarantees of products. Broadly the guarantees include guarantees of: title; fitness for purpose; quality; correspondence with a description or sample; delivery; and reasonable price (if not otherwise specified). You must not make any representation about any product or give any express guarantee or make any representation that a product is fit for any purpose or use other than as set out in Nu Skin’s promotional material for that product. Failure to comply with this policy could lead to a breach of the CGA or the Fair Trading Act 1986. If you become aware that a consumer intends to use a product for a purpose other than that set out in Nu Skin’s promotional material for that product, you must make the consumer aware that neither Nu Skin nor you guarantees that the product is fit for that purpose or use. If you choose to sell product which is damaged or defective, you must draw the damage or defect to the purchaser’s attention before making the sale. You must always fill in the retail price on the Purchase Agreement, otherwise a “reasonable” price will be deemed to apply and the consumer may apply to a Disputes Tribunal or Court to have a “reasonable” price determined. Where there is a failure to comply with the guarantees set out in the CGA or any express guarantee given to the consumer, the consumer can require you to remedy the failure. Nu Skin encourages you to comply with any request to remedy a failure to comply with a guarantee under Act. Usually you will achieve this by replacing or repairing the product.

If the consumer requests that a product be repaired and this not reasonably practicable, Nu Skin recommends that you, at the consumer’s option, either replace the product with a product of identical type or give a cash refund of the purchase moneys paid. Where the consumer returns a product and does not wish to receive a replacement product, the consumer is entitled to a cash refund of the purchase monies paid. The consumer is not obliged to accept a credit voucher or other arrangement instead of cash. The consumer is entitled to return goods for failure to comply with the guarantees contained in the CGA within a “reasonable time”. A “reasonable time” will depend on the type of goods, their use, the length of time for which it is reasonable that they be used and the amount of use which is reasonable that they be put to before a defect becomes apparent. Nu Skin believes that in most cases and for most of its current products, a “reasonable time” will be within the 90 day return period which Nu Skin currently offers to Brand Affiliates. However there may be circumstances when more than 90 days is a “reasonable time” and in each case you should comply with the CGA. You should seek the counsel of a solicitor to ensure you comply with the Act and provide the remedies required by the CGA, as well as exercising your own commercial judgment.

### **D. Nu Skin’s Policies**

Nu Skin supports these policies by providing replacement products up to 90 days following the refund or product exchange with a customer. To receive replacement products, the unused portion of product and the Purchase Agreement must be returned to Nu Skin New Zealand within 30 days following the refund or exchange. Nu Skin will instruct you on the correct procedure and provide authorisation for returning the products to Nu Skin. For every purchase, regardless of the amount, the customer must receive the first and second copies of the Purchase Agreement. The first copy is the customer’s receipt of the purchase. The customer is to sign and date a copy and return it to you if a refund is requested. Another copy is your receipt of the purchase. You should keep copies of all Purchase Agreements on file. The 10-day money-back guarantee is printed on the Purchase Agreement. The Purchase Agreement should be completed and include the date of the sale, the date of the 10th day after the sale, your name, business address, and business telephone number, the items ordered, the amount of the sale, and the customer’s name, address, and telephone number. Nu Skin Brand Affiliates are independent entrepreneurs and are responsible for establishing their own retail prices for products which are sold to retail customers. You are solely responsible to learn and comply with any and all applicable laws in the jurisdiction you do business, including but not limited to, the door-to-door sales laws and consumer guarantee laws.

## **II. NZ Consumer Guarantees**

The supply of products to consumers is subject to the CGA. You are solely responsible for becoming familiar and complying with the CGA and any similar laws in the jurisdiction(s) in which you conduct your Nu Skin business. The Purchase Agreement provided by Nu Skin to you attempts to comply with the CGA requirements in New Zealand but should not be relied upon without the advice and counsel of a solicitor. You release Nu Skin from any obligation to ensure or assist with compliance, as well as from any liability arising from your failure to comply. To the extent permitted by law, you indemnify Nu Skin from any liability arising from your failure to comply with the CGA.

Generally, under the CGA, suppliers of products to consumers are deemed to guarantee:

- the supplier has the right to sell the goods;
- the goods are free from any undisclosed security;
- the consumer has the right to undistributed possession;
- the goods are of “acceptable quality”;
- the goods are reasonably fit for the purpose specified by the consumer or represented by the supplier;
- where goods are sold by description or by reference to a sample, the goods correspond to the description or correspond to the quality of the sample (as the case may be) and the consumer will have a reasonable opportunity to compare the goods to the same; and
- where the supplier is responsible for delivering, or for arranging for the delivery of, goods to a consumer, the goods will be received by the consumer at the agreed time, or, if no time has been agreed, within a reasonable time; and
- where the price of the goods is not specified, the consumer is not liable to pay more than a reasonable price for the goods.

“Acceptable quality” means that the goods are reasonably:

- fit for the purpose for which goods of that type are supplied;
- acceptable in appearance and finish;
- free from defects;
- safe; and
- durable.

If you, as supplier of the goods, fail to comply with a guarantee:

- if the failure can be remedied, the consumer may require the failure to be remedied within a reasonable time;
- if you fail to remedy after being required to do so, the consumer can have the failure remedied elsewhere and recover all reasonable costs incurred from you;
- if a failure cannot be remedied or is a substantial failure, the consumer can reject the goods or obtain damages; and
- in each case, the consumer may obtain additional damages for loss suffered as a consequence of the failure to comply with the guarantee.

For these purposes “consumer” means the retail customer and any person the retail customer has given the goods to as a gift. Where you replace defective products, the replacement products will be subject to the guarantees contained in the CGA. It is an offence under the Fair Trading Act to attempt to contract out of the CGA, unless the contracting out is in respect of the goods which a consumer acquires for the purpose of a business. **Fines of up to NZ\$200,000 for an individual and up to NZ\$600,000 for a company may be imposed for any breach of this provision.**

