



Policies & Procedures

EVERYTHING TM
WE DO HELPS YOU
LOVE LIFE
AND LIVE IT.

Policies & Procedures

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DEFINITIONS



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SECTION 1 – INTRODUCTION

1.1 POLICIES INCORPORATED INTO ASSOCIATE AGREEMENT

These Policies and Procedures, in their present form and as amended from time to time at USANA's discretion, are incorporated into the USANA Associate Agreement. It is the responsibility of each Associate to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies and Procedures. For the purposes of these policies the term Associate refers to all individuals who entered into an Associate Application and Agreement with USANA after February 2000 and all individuals who entered into a Distributor Application and Agreement before February 2000.

1.2 PURPOSE

The purpose of the Associate Agreement is:

- To have a binding Agreement between USANA and the Associate in relation to the Associate joining the USANA trading scheme.
- To set standards of acceptable business behaviour.
- To assist Associates in building and protecting their business.

1.3 CHANGES

The Company may from time to time amend the terms and conditions of the Associate Agreement, Policies and Procedures, Binary Compensation Plan, and Price List. Amendments shall be effective upon notification of the changes in official USANA publications distributed to all active Associates, provided that USANA shall give all active Associates at least sixty (60) days advance written notice of any change in the annual financial obligations of the Associate.

1.4 DELAYS

USANA shall not be responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control, such as strikes, labour difficulties, riots, war, fire, death, curtailment, or interruption of a source of supply, government decrees or orders, etc.

1.5 POLICIES AND PROVISIONS SEVERABLE

If any provision of the Associate Agreement as it currently exists or as may be amended is found to be invalid, illegal, or unenforceable for any reason, only the invalid provision will be severed from the Associate Agreement; the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, illegal, or unenforceable provision never comprised a part of the Associate Agreement.

1.6 TITLES NOT SUBSTANTIVE

The titles and headings to these Policies are for reference purposes only and do not constitute, and shall not be construed as, substantive terms of the Associate Agreement.

1.7 WAIVER

USANA never forfeits its right to require Associate compliance with the Associate Agreement or with applicable laws and regulations governing business conduct. Only in rare circumstances will a policy be waived, and such waivers will only be conveyed in writing by the Compliance Officer or an officer of the company. The waiver will apply only to that specific case.

SECTION 2 – BECOMING AN ASSOCIATE

2.1 REQUIREMENTS TO BECOME A USANA ASSOCIATE:

- Be over eighteen (18) years of age.
- Reside in a geographic area where USANA has been approved for business.
- Read the USANA Associate Application Form and Terms and Conditions, Policies and Procedures, and Binary Compensation Plan.
- Submit an original signed Associate Application and Agreement to USANA.
- Purchase a USANA Starter Kit for a nominal cost. The Associate may not pay or undertake to pay any sums exceeding 200 (including VAT) to USANA or any of its other Associates within seven (7) days of the date of signing the Associate Agreement.

2.2 STARTER KIT

No person is required to purchase USANA products to become an Associate. However, to familiarise new Associates with USANA products, services, sales techniques, sales aids, and other matters, USANA requires new Associates to purchase a Starter Kit.

2.3 IDENTIFICATION AND ASSOCIATE NUMBER

When USANA receives and accepts an Associate's original Application and Agreement, USANA will assign a unique Associate Number to that Associate. Associates must use their Associate Number whenever they call a USANA Distributor Services Representative or Order Express Representative to place orders and track commissions and bonuses.

2.4 ASSOCIATE BENEFITS

Once USANA signs an Associate's Application and Agreement, the benefits of the Binary Compensation Plan and the Associate Agreement are available to the new Associate. These benefits include the right to:

- Purchase USANA products and services at the Associate price;
- Participate in the USANA Binary Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Preferred Customers or Associates into the USANA business and thereby build a Downline Organisation and progress through the USANA Binary Compensation Plan;

- Receive USANA literature and other USANA communications;
- Participate in USANA-sponsored support, service, training, motivational, and recognition functions upon payment of appropriate charges, if applicable;
- Participate in promotional and incentive contests and programmes sponsored by USANA for its Associates.
- Associates who elect to become Distributors retail and sell the USANA products or services and profit from these sales through the Binary Compensation Plan.

2.5 RENEWAL OF DISTRIBUTORSHIP

USANA charges Associates an annual Distributorship renewal fee of £ 15 plus any applicable taxes. USANA will automatically charge the fee to the Associate's credit card or bank account on file with USANA on the anniversary date of the Associate's application. Associates without a credit card or bank account must renew by phone or mail. The annual renewal fee will:

- Automatically renew your subscription to USANA publications;
- Renew your Associate Agreement and maintain your line of sponsorship; and
- Continue your entitlement to participate in USANA's Binary Compensation Plan; purchase USANA products; enjoy USANA service support programmes; participate in company promotions, contests, and recognition; and attend company events.

SECTION 3 – OPERATING A USANA DISTRIBUTORSHIP

3.1 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any Associate's immediate relatives or household members engage in any activities which, if performed by the Associate, would violate any provision of the Associate Agreement, such activity will be deemed a violation by the Associate.

3.2 ADHERENCE TO THE USANA BINARY COMPENSATION PLAN

Associates must adhere to the terms of the USANA Binary Compensation Plan as set forth in official USANA literature. Associates shall not offer the USANA opportunity through, or in combination with, any other opportunity or unapproved method of marketing. Associates shall not require or encourage other current or prospective Preferred Customers or Associates to participate in USANA in any manner that varies from the programme as set forth in official USANA literature. Associates shall not require or encourage other current or prospective Preferred Customers or Associates to enter into any agreement, contract, or any arrangement other than USANA official agreements and contracts in order to become a USANA Associate. Similarly, Associates shall not require or encourage other current or prospective Preferred Customers or Associates to make

any purchase from, or payment to, any individual or other entity to participate in the USANA Binary Compensation Plan, other than those purchases or payments identified as recommended or required in official USANA literature.

3.3 ADVERTISING

3.3.1 In General

Associates must avoid all discourteous, deceptive, misleading, illegal, unethical, or immoral conduct or practises in their marketing and promotion of USANA, the USANA opportunity, the Binary Compensation Plan, and USANA's products. Where Associates use direct mail or telephone selling they will make use of the UK Mailing Preference Service and Telephone Preference Service.

In the exceptional event that an Associate who has achieved the rank of Gold Director or above wishes to create their own promotional and marketing materials, all such materials must be submitted to USANA for prior written approval before being used by the Associate in the promotion of their business. Upon receipt of the proposed promotional material, USANA will review the information to determine the appropriateness of the material's form and content. USANA's review of the proposed promotional material will be subject to a review fee. USANA will promptly notify the Gold or higher ranking Director in writing regarding the Company's decision to approve or disapprove the material for use in promoting and supporting his/her USANA business activities. Gold and higher ranking Directors may only use those sales, marketing, and support materials that USANA has expressly approved.

3.3.2 Television and Radio

Associates may not advertise on television and radio under policy 3.3.1 except with USANA's express prior written approval.

3.3.3 Media Inquiries

Associates must refer all media inquiries regarding USANA to the USANA Compliance Department. This will ensure that accurate and consistent information reaches the general public.

3.3.4 Trademarks and Copyrights

- An Associate may not use the USANA trademarks or trade names or corporate logos to promote their independent business. Rather, they must use the "Independent USANA Associates" logo to promote their business. A reproducible copy of the logo can be obtained from USANA.
- Associates may describe themselves as an "Independent USANA Associate, and distributor of USANA's products" in the business pages of the telephone directory.
- Associates should not answer the telephone in any manner that might indicate or suggest that the caller has reached a USANA corporate office.
- Associates may not record or reproduce materials from any USANA corporate function, event, speech, etc.
- Associates may not record, reproduce, or copy any

presentation or speech by any USANA spokesperson, representative, speaker, officer, director, or other Associates.

- Associates may not reproduce or copy any recording of a USANA-produced media presentation including audio tapes, videotapes, CDs, etc.
- Associates may not publish, or cause to be published, in any written or electronic media, the name, photograph or likeness, copyrighted materials, or property of individuals associated with USANA without express written authorisation from the individual and/or USANA.
- Associates may not publish, or cause to be published, in any written form or electronic media, the copyrighted materials or property of USANA, without prior express written authorisation from USANA.

3.3.5 Use of Associate Name, Likeness, and Image

Associate consents to USANA's use of his/her name, testimonial (or other statements about USANA, its products or opportunity in printed or recorded form, including translations, paraphrases, and electronic reproductions of the same), and image or likeness (as produced or recorded in photographic, digital, electronic, video, or film media) in connection with advertising, promoting, and publicising the USANA opportunity or products, or any USANA-related or sponsored events.

3.3.6 Social Media

Associates may use social networking sites (Facebook, Twitter, Instagram, etc.), to:

- Communicate involvement with USANA and other information about the company,
- Direct users to approved USANA web content, including an Associate's personal USANA webpage (PWP),
- Post approved USANA education tools and other approved content,
- Participate in the following business-building activities: promote upcoming meetings or events, advertise products by linking to your USANA shopping cart or any other USANA-approved material, and encourage viewers to contact them for more information about the products or business.

It is essential when promoting USANA on social media that USANA Associates abide by all policies relating to business and product claims. Please refer to sections 3.4.1, 3.4.2, and 5.1 for a reminder of these policies.

Associates must avoid posting anything profane, vulgar, libelous, threatening, etc. as determined by USANA, and they should adhere to the terms and conditions of the social sites on which they post. Associates are also prohibited from using USANA or trademarked names in the name of their Facebook page, Twitter handle, etc. USANA reserves the right to require an Associate to remove any post that it deems inappropriate.

For full details of USANA's advertising policy, including the policies that apply to websites, blogs, etc., please see section 3.3.1.

3.4 ASSOCIATE CLAIMS AND REPRESENTATIONS

3.4.1 Product Claims

USANA Associates may not make claims that USANA products have therapeutic or curative properties except those contained in official USANA literature. In particular, no Associates may make any claim that USANA products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only would such claims breach the Associate Agreement, but they also would breach the laws and regulations of the jurisdictions in which USANA operates.

3.4.2 Income Claims

Associates may not make income projections or claims or disclose their USANA income (including the showing of cheques, copies of cheques, or bank statements) when presenting or discussing the USANA opportunity or Binary Compensation Plan, except as set forth in official USANA literature.

3.5 COMMERCIAL OUTLETS

Associates who elect to be Distributors may display and retail USANA products in commercial outlets where professional services are the primary source of revenue and product sales are secondary. Approved service-oriented establishments may include (but are not limited to) health spas, beauty shops, and physicians' and chiropractors' offices. Unapproved retail-oriented establishments may include (but are not limited to) retail stores, Internet auction sites, and pharmacies. All other Associates may display USANA products in service-oriented establishments for the purpose of recruiting new Associates, however they do not have the right to retail USANA products. All Associates wishing to sell the USANA products in a retail premises must obtain the prior express written permission of USANA.

3.6 UNAUTHORISED RECRUITING

USANA Associates may participate in other direct selling or network marketing or multilevel marketing ventures (collectively, "multilevel marketing"), and Associates may engage in selling activities related to non-USANA products and services, if they desire to do so. Although an Associate may elect to participate in another multilevel marketing opportunity, he/she is prohibited from unauthorised recruiting activities, which include the following:

- Recruiting or enrolling USANA customers or Associates for other multilevel marketing business ventures, either directly or through a third party. This includes, but is not limited to, presenting or assisting in the presentation of other multilevel marketing business ventures to any USANA Preferred Customer or Associate, or implicitly or explicitly encouraging any USANA Preferred Customer or Associate to join other business ventures. It is a violation of this policy to recruit or enrol a USANA Preferred Customer or Associate for another multilevel marketing business, even if the Associate does not know that the prospect is also a USANA Preferred Customer or Associate.

- Producing any literature, tapes, or promotional material of any nature for another multilevel marketing business which is used by the Associate or any third person to recruit USANA Preferred Customers or Associates for that business venture.
- Selling, offering to sell, or promoting any competing products or services to USANA Preferred Customers or Associates. Any product or services in the same generic category as a USANA product or service is deemed to be competing, (e.g., Any dietary supplement is in the same generic category as USANA's dietary supplements and is, therefore, a competing product, regardless of differences in cost, quality, ingredients, or nutrient content).
- Offering USANA products or promoting the USANA Binary Compensation Plan in conjunction with any non-USANA business plan, opportunity, product, or incentive;
- Offering any non-USANA products or opportunities in conjunction with the offering of USANA products or business plan or at any USANA meeting, seminar, launch, convention, or other USANA function.
- Where a prospective Associate or Preferred Customer accompanies an Associate to a USANA meeting or function, no other USANA Associate may recruit the prospect to enrol in USANA or any other multilevel marketing business for a period of fourteen (14) days or unless and until the Associate who brought the prospect to the function advises the other USANA Associate that the prospect has elected not to enrol in USANA and that the Associate is no longer recruiting the prospect to enrol in USANA, whichever occurs first. USANA will immediately cancel the Distributorship of any Associate who violates this provision. Violations of this policy are especially detrimental to the growth and sales of other Associates' USANA businesses and to USANA's business.
- Where an Associate participates in other multilevel marketing ventures they may not participate in USANA's Leadership Bonus Programme.

3.6.1 Post-Cancellation Solicitation Prohibited

A former Associate shall not directly or through a third party solicit any USANA Associate or Preferred Customer to enrol in any direct sales, network marketing, or multilevel marketing programme or opportunity for a period of one (1) year after the cancellation of an individual or entity's Associate Agreement. This provision shall survive the expiration of the Associate's obligations to USANA, pursuant to the Associate Agreement.

3.6.2 Genealogy Reports

The USANA Genealogy Reports are confidential and contain proprietary business trade secrets. An Associate may not use the reports for any purpose other than for developing their USANA business. Where an Associate participates in other multilevel marketing ventures, he/she is not eligible to have access to Genealogy Reports. In any event Associates participating in other multilevel marketing ventures shall not use USANA's Genealogy Reports for anything other than their USANA business. The

Associate and USANA agree that, but for this agreement of confidentiality and nondisclosure, USANA would not provide Genealogy Reports to the Associate. During the term of the Associate Agreement and for a period of five (5) years after the termination or expiration of the Associate Agreement between Associate and USANA, for any reason whatsoever, an Associate shall not, on his/her own behalf or on behalf of any other person, partnership, association, corporation, or other entity:

- Disclose any information contained in the reports to any third party;
- Use the reports to compete with USANA; or
- Recruit or solicit any Associate or Preferred Customer listed on the reports to participate in other multilevel marketing ventures.

This provision shall survive the termination or expiration of this Agreement.

3.7 CORPORATION/PARTNERSHIPS

A corporation/partnership (collectively referred to in this section as an "Entity") may apply to be a USANA Associate by submitting its Certificate of Incorporation, Partnership Agreement, or trust documents (these documents are collectively referred to as the "Entity Documents") to USANA, along with a properly completed Corporation/Partnership DBA Registration. A Distributorship may change its status under the same sponsor from an individual to a partnership, corporation, or from one type of entity to another. To do so, the Associate(s) must provide the Entity Documents and submit a properly completed Associate Application and Agreement and Corporation/Partnership DBA Registration Form to USANA for approval. The Corporation/Partnership DBA registration Form must be signed by all of the shareholders, partners, or other individuals having an ownership interest in the business. Members of the Entity must accept joint and several liabilities for any indebtedness or other obligation to USANA. As set forth in Section 3.13, no individual may participate directly or indirectly in more than one Distributorship.

It is the responsibility of those persons involved in the Entity to conform to the laws of the jurisdiction in which their Entity is formed. USANA reserves the right to approve or disapprove any Associate Application and Agreement submitted by an Entity, as well as any Associate Application and Agreement submitted by any current Associate(s) for the formation of an Entity and limited liability purposes.

3.8 DECEPTIVE PRACTICES

Associates must fairly and truthfully explain the USANA products, opportunity, Binary Compensation Plan, and Policies and Procedures to prospective Associates. This includes:

- Being honest and thorough in presenting material from the USANA Binary Compensation Plan to all potential Associates;
- Making clear that income from the USANA Binary

Compensation Plan is based on product sales and not merely on sponsoring other Associates;

- Associates must not state or imply that earnings are easily or quickly achieved;
- Representing that past earnings in a given set of circumstances do not necessarily reflect future earnings;
- Not misrepresenting the amount of expenditure that an average Associate might incur in carrying on the business;
- Not misrepresenting the amount of time an average Associate would have to devote to the business to achieve the profit estimated, and not stating that profits or earnings are guaranteed for any individual Associate;
- Never stating or inferring that a Downline organisation will be built for anyone else;
- Never stating that profits or earnings are guaranteed for an individual Associate;
- Never stating that any consumer, business, or government agency has approved or endorsed the USANA products or its Binary Compensation Plan; and
- Never participating in downline purchasing (placing a sales order in a Business Centre other than where the sale was generated).

3.9 INDEPENDENT CONTRACTOR STATUS

Associates are independent contractors and are not purchasers of a franchise or business opportunity. The agreement between USANA and its Associates does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Associate. All Associates are responsible for paying their own income and national insurance taxes. Each Associate is encouraged to establish his/her own goals, hours, and methods of sale, so long as he/she complies with applicable laws and the terms and conditions of the Associate Agreement.

3.10 INSURANCE

3.10.1 Business Pursuits Coverage

You may obtain your own insurance coverage for your business activities.

3.10.2 Product Civil Liability Coverage

USANA maintains insurance to protect the Company and Associates against product liability claims. USANA's insurance policy contains a "Vendors Endorsement" which extends coverage to Independent Associates so long as they are marketing USANA products in accordance with applicable laws and regulations and the Associate Agreement. USANA's product liability policy does not extend coverage to claims that arise as a result of an Associate's misconduct in marketing the products (see also Section 3.14).

3.11 INTERNATIONAL

Associates may sell and promote USANA's products, opportunity, and services or recruit or enrol any potential

Associate or customer only in countries in which USANA is approved for business, as announced in official USANA communications. If an Associate desires to conduct business in an authorised country other than the one in which they are an Associate, he/she must comply with all the applicable laws and regulations for that country.

3.12 ADHERENCE TO LAWS AND ORDINANCES

You must obey all laws that apply to your business.

3.13 ONE DISTRIBUTORSHIP

An Associate may operate, receive income from, or have an ownership interest, legal or equitable, as a sole proprietorship, partner, or shareholder, in only one USANA Distributorship. Your spouse and dependent children may not own or operate separate Distributorships.

3.14 REPACKAGING AND RELABELLING PROHIBITED

Associates may not relabel or alter the labels on any USANA products, information, materials, or programmes in any way. Associates may not repackage or refill any USANA products. USANA products must be sold in their original containers only. Such relabeling or repackaging would violate governing laws, which could result in severe criminal penalties. Civil liability may also result when the persons using the products suffer any type of injury or their property is damaged as a consequence of the repackaging or relabeling of products.

3.15 SALE, TRANSFER, OR ASSIGNMENT OF DISTRIBUTORSHIP

An Associate may not sell, transfer, or assign their Distributorship rights, or any part of those rights, to any person or entity without USANA's prior express written approval. To obtain approval, you must:

- Be an Associate in good standing as determined by USANA in its sole discretion.
- Before any transfer will be approved by USANA, any debt obligations the selling Associate has with USANA must be satisfied.
- The selling Associate must not be in violation of any terms of the Associate Agreement or these Policies and Procedures, to transfer his/her Distributorship.
- The combining of Distributorships is not permitted. USANA will not approve the transfer of a Distributorship to any individual or Entity that is a current Associate or who has an ownership interest in any Distributorship. Similarly, USANA will not approve the transfer of a Distributorship to any individual or Entity that has previously had any ownership interest in, or operated, a USANA Distributorship.
- No individual Business Centres may be transferred separately from the Distributorship. If an Associate wishes to transfer his/her Distributorship, all Business Centres must be included in the transfer.

- The transferring Associate must notify the USANA Compliance Department of his/her intent to transfer the Distributorship by completing and submitting a signed Transfer of Distributorship and Associate Application Form. No changes in line of sponsorship can result from the transfer of a Distributorship.

3.16 SEPARATION OF A DISTRIBUTORSHIP

If Associates wish to dissolve their jointly held Distributorship, they must do so in such a way as to not disturb the income or interests of their Upline and Downline Organisations. Associates should consider the following when deciding whether or not to dissolve a jointly held Distributorship:

- If a jointly owned Distributorship is dissolved, any one of the joint owners may operate the Distributorship, but the other joint owners must relinquish their rights to, and interests in, the Distributorship.
- USANA cannot divide a Downline Organisation, nor can it split commission or bonus cheques between the joint owners.
- If a jointly owned Distributorship is dissolved, the individual(s) who relinquished ownership in the original Distributorship may apply as new Associates under any Sponsor but may not purchase or join an existing Distributorship.

3.17 SUCCESSION

If an Associate dies or becomes incapacitated, his/her rights to commissions, bonuses, and Downline Organisation, together with all Associate responsibilities, will pass to his/her successor(s). Upon death or incapacitation, the successor(s) must present the USANA Compliance Department with proof of death or incapacitation, along with proof of succession, such as a Grant of Probate or an Enduring Power of Attorney, and a properly completed Associate Application and Agreement. An Associate may inherit and retain another Distributorship even though they currently own a Distributorship.

3.18 TAXES

3.18.1 Income Taxes

Each Associate is responsible for paying income taxes and National Insurance on any income earned as an independent Associate. USANA will not give out personal tax advice. Please consult with your local tax professional.

3.19 TELEPHONE AND E-MAIL SOLICITATION

The use of any automated telephone solicitation equipment in connection with the marketing or promotion of USANA, its products, or the USANA opportunity is strictly prohibited. The use of "boiler-room" telemarketing operations to sell products or services over the telephone, or to recruit Associates, is strictly prohibited. Associates are also forbidden from sending unsolicited e-mail messages or "spamming" to sell products or to recruit Associates.

If an individual has told or requested that an Associate stop making telesales calls to their number, the Associate must comply with that request. Associates cannot make or

instigate the making of unsolicited telesales calls to any subscriber number listed on the Telephone Preference Service (TPS) register. All Associates must identify themselves when making any calls. If asked, an Associate must provide a valid business address or freephone telephone number at which they can be contacted.

An Associate must not send, or instigate the sending of, an unsolicited marketing fax to the line of an individual without that individual's prior consent. An Associate must not send or instigate the sending of an unsolicited marketing fax where an individual or corporation has asked the Associate not to fax to that number.

An Associate must not send, or instigate the sending of, an unsolicited marketing fax to any number listed on the Fax Preference Service (FPS) register. An Associate must provide on each fax that it sends details of the instigator of the fax (that is, that it is a USANA independent Associate and a valid business address or freephone telephone number at which it can be contacted).

Please note that the TPS and FPS registrations take 28 days to come into force. You are legally obliged to check the lists on a regular basis. You must keep records of consents and ensure that the databases you have for contacting individuals where individuals have not consented are kept separate.

3.20 TERRITORIES

There are no exclusive territories for marketing USANA products or services, nor shall any Associate imply or state that he/she has an exclusive territory to market USANA products or services. Do not sell or promote USANA products and do not recruit other Associates in countries where USANA is not officially open for business. To identify the countries where we are open for business please see USANA.com. When recruiting abroad in countries where USANA is open for business, please contact USANA to ensure that you are using the correct paperwork and contracts.

3.21 TRADE SHOWS AND EXPOSITIONS

Distributors may display and/or sell USANA products at trade shows and expositions, but may not display or sell USANA products at swap meets, garage sales, markets, farmers' markets, or car boot sales as these events are not conducive to the image USANA wishes to portray. Associates who have not elected to be Distributors may set up a display of USANA products at trade shows and expositions for the purpose of recruiting new Associates and Preferred Customers but may not sell USANA products. All literature displayed at the event must be official USANA literature and must clearly identify the individual(s) as Independent Associates.

3.22 TRANSFER OF SPONSORSHIP

3.22.1 Conflicting Enrolments

Every prospective Distributor has the ultimate right to choose his/her own Sponsor. As a general rule, the first

Distributor who does meaningful work with a prospective Distributor is considered to have first claim to sponsorship. Basic tenets of common sense and consideration should govern any dispute that may arise. In the event that a prospective Distributor, or any Distributor on behalf of a prospective Distributor, submits more than one Distributor Application and Agreement to USANA listing a different Sponsor on each, the Company will only consider valid the first Distributor Application and Agreement that it receives, accepts, and processes. If there is any question concerning the sponsorship of an Distributor, the final decision will be made by USANA.

3.22.2 Crossline Raiding

USANA will not permit any change in the line of sponsorship except in the following circumstances:

- Where an Associate has been fraudulently, unlawfully, or unethically induced into joining USANA.
- Where an incorrect placement was made due to an Associate error, a change in the line of sponsorship can be made to correct the error where a request for a change is made within 10 days of enrolment. If an Associate makes such a request, they must also submit the written consent of their Sponsor and that person's Sponsor along with the required placement change fee. If at the time of the request you have any downline organisation in place, no change will be permitted in the line of sponsorship. In the event that such a change is approved, commissions and bonuses earned will be adjusted accordingly. In no case will a change of placement be approved where a signed application has not been received by USANA.
- If an Associate terminates their Distributorship in writing they may rejoin under the Sponsor of their choice after a period of six (6) months. Following termination of the Distributorship, the Associate may participate as a Preferred Customer during the 6-month period. In the event the Associate terminates their Distributorship, they forfeit all rights, bonuses, and commissions under their previous line of sponsoring. An Associate may not avoid compliance with this policy through the use of DBAs, assumed names, corporations, partnerships, spouse names, national insurance numbers, employer identification numbers, fictitious ID numbers, etc.
- If an Associate has been "inactive" (i.e., no purchases or sales of USANA products or participation in any other form as an Associate) for a period of 12 successive months, an Associate may terminate their Distributorship in writing and rejoin immediately under the Sponsor of their choice.
- Crossline raiding is strictly prohibited. "Crossline raiding" is defined as the enrolment or attempted enrolment of an individual or Entity that already has a current Preferred Customer or Associate Agreement on file with USANA, or who has had such an agreement within the preceding six (6) calendar months within a different line of sponsorship. The use of trade names, DBAs, corporations, partnerships, spouse names,

national insurance numbers, or fictitious ID numbers to circumvent this policy is prohibited. Associates may not demean, discredit, or invalidate other USANA Associates in an attempt to entice another Associate to become part of the first Associate's Downline organisation.

SECTION 4 – RESPONSIBILITIES OF ASSOCIATES AND SPONSORS

4.1 ONGOING SUPERVISION, TRAINING, AND SALES

Any Associate who sponsors another Associate into USANA must train the new Associate in product knowledge, effective sales techniques, the Binary Compensation Plan, and the Policies and Procedures. Associates must also supervise and monitor Associates in their Downline Organisation to ensure they conduct business professionally and ethically, promote sales properly, and provide quality customer service. As an Associate progresses through the various levels of leadership, his/her responsibilities to train and motivate downline Associates will increase. All Associates will also fully explain and also highlight the onerous clauses of the Associate Agreement including the Terms and Conditions, Policies and Procedures, and Binary Compensation Plan to prospective new applicants wishing to become Associates.

4.2 NON-DISPARAGEMENT

In setting the proper example for their downline, Associates must not disparage other USANA Associates, USANA's Products, the Binary Compensation Plan, or the Company's employees. Such disparagement constitutes a material breach of these Policies and Procedures.

4.3 HOLDING APPLICATIONS OR ORDERS

All Associates must forward to USANA any forms and applications they receive from other Associates or applicant Associates, or Preferred Customers or applicant Preferred Customers, on the next business day after which the forms or applications are received.

4.4 REPORTING POLICY VIOLATIONS

Associates should report any observed violations of a policy violation to the USANA Compliance Department.

SECTION 5 – SALES REQUIREMENTS

5.1 PRODUCT SALES

The USANA Binary Compensation Plan is based upon the sale of USANA products and services to end consumers. Associates must fulfill specified personal and Downline Organisation sales requirements (as well as meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. The following sales requirements must be satisfied in order for Associates to be eligible for commissions:

- A minimum of seventy per cent (70%) of an Associate's orders must be for customers or end users. The sales volume of an Associate's personally enrolled Preferred Customers shall be included for the purposes of determining compliance with the per cent (70%) requirement. For those Associates who elect to be Distributors, the sales volume of the Distributor's retail sales will be included as well. Associates may not purchase additional product until at least seventy per cent (70%) of the previous order has been sold to End Consumers.
- Associates transact with or sell to at least five customers every four-week rolling period. For Associates who elect to be Distributors, these customers can be either Retail Customers, Preferred Customers, or any combination of the two. For all other Associates, these customers must be Preferred Customers.
- Associates who choose to be Distributors are required to furnish their Retail Customers with two (2) copies of the official USANA Retail Sales Receipt which specifies the date of sale, the amount of sale, the items purchased, the USANA satisfaction guarantee, and customer cancellation rights. Associates must retain all retail sales receipts for a period of two (2) years and furnish them to USANA at the Company's request. Records documenting the purchases of Associates' Preferred Customers will be maintained by USANA.

5.2 RETAIL CUSTOMER SALES

Associates may sell USANA Products at any price they choose.

5.3 EXCESSIVE PURCHASES OF INVENTORY PROHIBITED

USANA strictly prohibits the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions, bonuses, or advancement in the Binary Compensation Plan. Associates may not purchase more than they can reasonably resell or consume in any four-week rolling period, nor encourage others to do so. Associates are limited to an initial product purchase of 200 (including VAT) at wholesale. Associates may receive an exception to this rule if they have evidence that they hold retail orders exceeding the limit or submit an explanation justifying the need for inventory levels exceeding this limit.

Associates are not required to carry inventory of products or sales aids other than the initial Starter Kit. Associates who do so may find building a Downline Organisation somewhat easier because of the decreased response time in filling customer orders or in meeting a new Associate's needs. Each Associate must make his/her own decision with regard to these matters.

5.4 DEPOSITS

No monies should be paid to or accepted by Associates for a sale except at the time of product delivery.

SECTION 6 – BONUSES AND COMMISSIONS

6.1 BONUS AND COMMISSION CYCLES

USANA pays commissions weekly. An Associate must review his/her commissions and report any errors or discrepancies to USANA within thirty (30) days from the date of the commission cheque. Errors or discrepancies which are not brought to USANA's attention within the thirty-day period will be deemed waived by the Associate.

6.2 ADJUSTMENT OF BONUSES AND COMMISSIONS

Associates earn commissions and bonuses based on product sales to End Consumers. Accordingly, USANA will adjust commissions and bonuses earned from any sale when the Associate or any other End Consumer returns the sold product for a refund. USANA will deduct the sales volume attributable to the returned product from the Upline Associate's group volume within the first two (2) weeks after the refund is given.

6.3 LOSS OF RIGHTS TO COMMISSIONS

You must be an active Associate and in compliance with the terms of the Associate Agreement to qualify for commissions and bonuses.

6.4 UNCLAIMED COMMISSIONS AND CREDITS

Associates must deposit or cash commission and bonus cheques within six (6) months of their issue date. A cheque that remains uncashed after six months will be void. After a cheque has been voided, USANA will attempt to notify the Associate holding an uncashed cheque by sending written notices to his/her last known address, identifying the amount of the cheque, and advising the Associate that he/she can request that the cheque be reissued. There shall be a reasonable charge for reissuing a cheque and a fee for each notice sent to the Associate. These charges shall be deducted from the balance owed to the Associate.

Customers or Associates who have a credit on account must use their credit within six (6) months from the date on which the credit was issued. If credits have not been used within six (6) months, USANA shall attempt to notify the Associate or Customer by sending written notice to the last known address, advising the Associate or Customer of the credit.

SECTION 7 – PRODUCT GUARANTEES, RETURNS, AND INVENTORY REPURCHASE

7.1 PRODUCT EXCHANGE GUARANTEE

USANA warrants the quality of its products and shall exchange any defective product. Anyone returning a damaged or defective product is asked to complete the Associate Product Exchange or Return.

7.2 THIRTY (30) DAY RETURN POLICY

7.2.1 Retail Customers

USANA obligates its Associates to honor the Company's 100%, unconditional, 30-day, money-back guarantee to all Retail Customers. If for any reason a Retail Customer is dissatisfied with any USANA product, he/she may return the product to the Associates from whom the product was purchased within thirty (30) days from the date of the order for a replacement, exchange, or full refund of the purchase price. If the Retail Customer requests a refund, the Associates who sold the product to the Retail Customer must immediately refund the Retail Customer's purchase price. (Retail Customers must return merchandise to the Associates who sold it to them. USANA will not accept returned merchandise directly from Retail Customers.) The Associates, in turn, should complete a Dissatisfied Consumer Product Return and forward the form along with the original sales receipt and returned merchandise to USANA. USANA will then replace the returned merchandise with like product and ship it to the Associates. All Retail Customers must be provided with two copies of an official USANA sales receipt at the time of the sale. The back of the receipt provides the Retail Customer with written notice of his/her rights to cancel the sales agreement.

7.2.2 Preferred Customers

USANA offers Preferred Customers, and retail customers who order directly from an official USANA website, a 100%, 30-day, money back guarantee on their initial product order. If for any reason a Preferred Customer is dissatisfied with any USANA product, he/she may return that product to the Company within thirty (30) days for replacement, exchange, or full refund of the purchase price.

7.2.3 Associates

7.2.3.1 The Associate may cancel the Associate Agreement without penalty within fourteen (14) days of entering into the Agreement by giving written notice of cancellation to USANA at its address and:

- A. The Associate may require USANA to repay the Associate within fourteen (14) days any monies which the Associate has paid to or for the benefit of USANA or any of its other Associates in connection with the Associate's participation in this trading scheme or paid to any other Associate in accordance with the provisions of this trading scheme;
- B. The Associate may return to USANA's address any goods which the Associate has purchased under the trading scheme within such 14-day period and which remain unsold, provided that such unsold goods remain in the condition in which they were at the time of purchase, whether or not their external wrappings have been broken, and may recover those monies paid in respect of such goods; and
- C. The Associate may cancel any services which the Associate has ordered under the trading scheme within such 14-day period and may recover any monies paid in respect of such services, provided that such services have not been supplied to the Associate.

7.2.3.2 In order to recover any monies paid in accordance with the sub-clauses 7.2.3.1 (a) or (c) above, the Associate must give notice to USANA Health Sciences, 12 Highcroft, Woodthorpe, Nottingham NG3 5LP, United Kingdom or such other address as USANA may notify from time to time requesting the repayment of such monies (and if applicable, returning the Starter Kit purchased) to USANA's address within fourteen (14) days of entering into the Associate Agreement and USANA shall repay such monies as the Associate may be legally entitled to recover within a reasonable period of time.

7.2.3.3 In order to recover monies paid for goods under sub-clause 7.2.3.1 (b) above, the Associate must deliver the goods to USANA Health Sciences, 12 Highcroft, Woodthorpe, Nottingham NG3 5LP, United Kingdom or such other address as USANA may notify from time to time within fourteen (14) days of entering into the Associate Agreement. The Associate shall bear the cost of such delivery. The monies paid in respect of those goods is payable to the Associate on delivery of the goods, or forthwith if the goods have not yet been delivered to the Associate.

7.2.3.4 The Associate may terminate the Associate Agreement at any time without penalty by giving fourteen (14) days written notice of termination to USANA. If the Associate gives notice to terminate the Associate Agreement more than fourteen (14) days after the Associate entered into the Agreement, the Associate may return to USANA:

- A. Any goods which the Associate has purchased under the scheme within 90 days prior to such termination and which remain unsold and USANA will pay the Associate the price (inclusive of VAT) which the Associate paid for the goods less, where the condition of any such goods has deteriorated due to an act or default on the part of the Associate, and amount equal to the diminution in their value resulting from such deterioration and a reasonable handling charge (which may include the cost of repackaging returned goods for resale); and
- B. Any goods (including training and promotional manuals, business manuals, and kits) which the Associate has purchased under the scheme more than ninety (90) days but within one year prior to such termination and which remain unsold and USANA will pay the Associate an amount equal to one hundred per cent (100%) of the price (inclusive of VAT) which the Associate paid for the goods less an amount equal to (i) any commissions, bonuses, or other benefits (in cash or in kind) received by the Associate in respect of those goods (ii) any amounts due from the Associate to USANA on any account, and (iii) a reasonable handling charge; provided always that [1] the goods have not been purchased or acquired by the Associate in breach of the Associate Agreement, [2] the Associate returns the goods to USANA in an unused, commercially resalable condition not more than fourteen (14) days after the date of termination, and [3] USANA has not clearly informed the Associate that the goods were seasonal, discontinued, or special promotion products which were not required to the one year buy-back provisions under this Clause.

7.2.3.5 USANA may terminate the Associate Agreement at any time by giving written notice to the Associate. If USANA terminates the Associate Agreement the Associate may return to USANA:

- A. Any goods which the Associate has purchased under the scheme within 90 days prior to such termination and which remain unsold for a full refund of the price (inclusive of VAT) which the Associate has paid for them together with any costs incurred by the Associate for returning the goods to USANA. (The Associate must deliver the goods to USANA within 21 days of such termination. USANA will bear the cost of such delivery. The purchase price is payable to the Associate on delivery of the goods, or forthwith if the goods are already held by USANA.);
- B. Any goods (including training and promotional manuals, business manuals, and kits) which the Associate has purchased under the scheme more than ninety (90) days but within one year prior to such termination and which remain unsold and USANA will pay the Associate an amount equal to one hundred per cent (100%) of the price (inclusive of VAT) which the Associate paid for the goods less an amount equal to (i) any commissions, bonuses, or other benefits (in cash or in kind) received by the Associate in respect of those goods (ii) any amounts due from the Associate to USANA on any account, and (iii) a reasonable handling charge; provided always that [1] the goods have not been purchased or acquired by the Associate in breach of the Associate Agreement, [2] the Associate returns the goods to USANA in an unused, commercially resalable condition not more than fourteen (14) days after the date of termination, and [3] USANA has not clearly informed the Associate that the goods were seasonal, discontinued, or special promotion products which were not required to the one year buy-back provisions under this Clause.

7.2.3.6 If this agreement is terminated for any reason, the Associate will have the right to be released from all future contractual liabilities towards USANA in relation to this trading scheme, except:

- A. All liabilities relating to payments made to the Associate under contracts which the Associate has made as agent for USANA (if any);
- B. Any liability to pay the price of goods or services already supplied to the Associate by USANA where the Associate has not returned such goods to USANA in accordance with sub clauses 7.2.3.1 or 7.2.3.4; and
- C. The provisions of clauses in the Associate Agreement which relate to competition with the business of USANA after termination of this agreement and which shall remain in force after the date of termination.

7.2.3.7 On termination of the Associate Agreement for whatever reason, the Associate shall be entitled to retain any commission paid to the Associate in accordance with the Associate Agreement unless:

- A. The commission was paid in respect of goods returned to USANA (or goods returned to another Associate who paid the commission);
- B. USANA has refunded any monies due to the Associate

in accordance with sub-clauses 7.2.3.1 (b), 7.2.3.4 and/or 7.2.3.5 above; and

- C. Repayment of the commission is claimed within 120 days of the date of having been made, in which case the Associate shall repay such commission to USANA forthwith on demand or USANA may set off the amount of such commission against any other amounts due from it to the Associate.

7.2.3.8 Any notice given under this termination clause which is given by first class post to the address of the parties set out in the Associate Agreement or to such address as shall have been notified from time to time in writing by one party to the other shall result in the period of notice commencing to run from the day when such notice is posted. Subject to the Associate's own rights described in the Associate Agreement, if any downline Associate of the Associate returns any products to USANA and obtains a refund from USANA (whether or not such refund is legally required) the Associate will on demand pay to USANA any commissions or bonuses earned in relation to those products and USANA may set off any amounts due to it from the Associate against any sums due from it to the Associate.

7.3 PROCEDURES FOR ALL RETURNS AND REPURCHASES

To receive a refund, exchange, or replacement on product purchased, an Associate must:

- Obtain a Return Merchandise Authorisation Number (RMA#) from the Distributor Services Department. This number must accompany all returned products;
- Return the product with the original confirmation of order to USANA; and
- Use proper shipping carton(s) and packaging materials to return the product to USANA. The Associate is responsible for tracing the return shipment should that be necessary.

If a Distributor returns product from a Retail Customer, he/she must:

- Send the product to USANA within ten (10) days of the customer's return. The package must be accompanied by a completed Dissatisfied Consumer Product Return Form, a copy of the original sales receipt, and the unused portion in the original container. Return Address: 12 Highcroft, Woodthorpe, Nottingham, NG3 5LP, United Kingdom.

USANA is not liable for items lost in transit. This section does not apply to an Associate who is returning product to USANA on the termination of their Associate Agreement.

7.4 WARRANTIES, LIMITED LIABILITY, AND INDEMNITY

No Express or Implied Warranties

EXCEPT AS OTHERWISE EXPRESSLY STATED IN THESE POLICIES AND PROCEDURES AND IN THE ASSOCIATE AGREEMENT, USANA DOES NOT MAKE

ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, COMPATABILITY, OR USEFULNESS WITH RESPECT TO USANA'S PRODUCTS AND SERVICES, ITS WEBSITE OR INFORMATION CONTAINED ON THE WEBSITE, (COLLECTIVELY HEREAFTER, "SERVICE"). USANA SHALL NOT BE RESPONSIBLE FOR DELAYS OR FAILURES IN PERFORMANCE OF ITS OBLIGATIONS WHEN PERFORMANCE IS MADE COMMERCIALY IMPRACTICABLE DUE TO CIRCUMSTANCES BEYOND ITS REASONABLE CONTROL. THIS INCLUDES, WITHOUT LIMITATION, STRIKES, LABOUR DIFFICULTIES, RIOT, WAR, FIRE, DEATH, CURTAILMENT OF A PARTY'S SOURCE OF SUPPLY, OR GOVERNMENT DECREES OR ORDERS.

Limited Liability

NO WARRANTIES, EXPRESS OR IMPLIED, WHETHER BY STATUTE, CUSTOM, OR USAGE OR OTHERWISE ARE MADE IN RELATION TO ANY PRODUCTS, INFORMATION, OR THE PERFORMANCE MADE HEREUNDER. WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING, USANA EXPRESSLY EXCLUDES AND DISCLAIMS ANY WARRANTIES OF SATISFACTORY QUALITY AND FITNESS FOR PURPOSE AND ANY WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER, WHETHER BASED UPON CONTRACT, INDEMNITY, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY TYPE OF SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL LOSSES OR DAMAGES, OR FOR ANY LOSS OF PROFITS, BUSINESS, REVENUE, ANTICIPATED SAVINGS, GOODWILL, OR REPUTATION, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT INCLUDING IN RELATION TO THE USE OF THE USANA PRODUCTS (INCLUDING LOSSES OR DAMAGES SUFFERED AS A RESULT OF AN ACTION BROUGHT BY A THIRD PARTY) EVEN IF SUCH LOSS OR DAMAGE WAS REASONABLY FORESEEABLE.

UNDER NO CIRCUMSTANCES SHALL THE AGGREGATE LIABILITY OF USANA TO THE ASSOCIATE FOR ANY DIRECT LOSS OR DAMAGE UNDER THIS AGREEMENT HOWSOEVER CAUSED EXCEED THE PRICE FOR THE PRODUCTS PAID BY THE ASSOCIATE IN THE YEAR OF THE CLAIM.

THE AGGREGATE LIABILITY OF THE ASSOCIATE TO USANA FOR ANY DIRECT LOSS OR DAMAGE UNDER THIS AGREEMENT HOWSOEVER CAUSED EXCEED THE PRICE FOR THE PRODUCTS PAID BY THE ASSOCIATE IN THE YEAR OF THE CLAIM.

NOTHING IN THIS CLAUSE SHALL EXCLUDE EITHER PARTY'S LIABILITY IN RESPECT OF ANY PERSONAL INJURY OR DEATH.

Indeminty and Hold Harmless Agreement

IN THE CONDUCT OF THE ASSOCIATE'S BUSINESS, THE ASSOCIATE AGREES TO REFRAIN FROM ALL

CONDUCT THAT MIGHT BE HARMFUL TO THE REPUTATION OF USANA OR ITS PRODUCTS, INCLUDING BUT NOT LIMITED TO, CONDUCT INCONSISTENT WITH THE PUBLIC INTEREST OR CONDUCT THAT IS DECEPTIVE, MISLEADING, UNETHICAL, OR IMMORAL. THE ASSOCIATE AGREES TO HOLD HARMLESS AND INDEMNIFY USANA, ITS AFFILIATES, AGENTS, INDEPENDENT ASSOCIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS FOR ANY CLAIMS, DAMAGES, OR LIABILITIES (INCLUDING REASONABLE LEGAL FEES AND COSTS) ARISING OUT OF ITS BUSINESS PRACTICES, INCLUDING BREACH OF ANY OF USANA'S POLICIES AND PROCEDURES OR OTHER AGREEMENTS. THE ASSOCIATE ALSO SPECIFICALLY AUTHORISES USANA TO OFFSET ANY SUCH CLAIMS, COSTS, EXPENSES, DAMAGES, OR LIABILITIES AGAINST ANY AND COMMISSIONS PAYABLE TO THEM. THE ASSOCIATE ALSO AGREES TO INDEMNIFY AND HOLD HARMLESS USANA, ITS AFFILIATES, AGENTS, INDEPENDENT ASSOCIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS FROM ANY AND ALL LIABILITIES, CLAIMS, EXPENSES, AND DAMAGES, INCLUDING REASONABLE LEGAL FEES COSTS, ARISING OUT OF OR IN ANY WAY RELATED TO THE ASSOCIATE'S USE OF THIS SERVICE, PURCHASE, SALE OR INFORMATION REGARDING USANA PRODUCTS OR IN CONNECTION WITH THE ASSOCIATE'S ACCOUNT OR ANY OTHER PERSON'S USE OR ACCESS TO THIS SERVICE BY OR THROUGH THE ASSOCIATE'S PERMISSION, INCLUDING WITHOUT LIMITATION ANY CLAIMS OF LIBEL, DEFAMATION, VIOLATION OF RIGHTS OF PRIVACY OR PUBLICITY, TRESPASS, AND INFRINGEMENT OF INTELLECTUAL OR OTHER PROPRIETARY RIGHTS.

SECTION 8 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 DISPUTES BETWEEN ASSOCIATES

8.1.1 Grievances and Complaints

When an Associate has a grievance or complaint with another Associate regarding any practice or conduct in relation to their respective USANA businesses, the complaining Associate should first discuss the problem with the other Associate. If this does not resolve the problem, the complaining Associate should report the problem to his/her upline Gold Director to resolve the issue at a local level. If the matter cannot be resolved, it must be reported in writing to the USANA Compliance Department. The Compliance Department will review the complaint and make a final decision. The complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have first-hand knowledge of the improper conduct.

8.1.2 Compliance Department Review

Upon receipt of a written complaint, the USANA Compliance Department will investigate the matter, review the applicable policies, and render a decision on how the dispute shall be resolved. The Compliance Department may also issue disciplinary sanctions consistent with the provisions of Section 8.3.

8.2 DISCIPLINARY ACTIONS

Violation of any of the terms and conditions of the Associate Agreement, or any illegal, fraudulent, deceptive, or unethical business conduct by an Associate, may result, at USANA's discretion, in one or more of the following sanctions:

- A written warning, clarifying the meaning and application of a specific policy or procedure, and advising that a continued breach will result in further sanctions;
- Probation, which may include requiring an Associate to take remedial action and will include follow-up monitoring by USANA to ensure compliance with the Agreement;
- Withdrawal or denial of an award or recognition, or restricting participation in USANA-sponsored events for a specified period of time or until the Associate satisfies certain specified conditions;
- Suspension of certain privileges of distributorship, including but not limited to placing a product order, participating in USANA programmes, progressing in the Binary Compensation Plan, or participating as a Sponsor (including participating as an International Sponsor), for a specified period of time or until the Associate satisfies certain specified conditions;
- Withholding commissions or bonuses for a specified period of time or until the Associate satisfies certain specified conditions;
- Imposing fair and reasonable fines or other penalties in proportion to actual damages incurred by USANA and as permitted by law; and/or
- Terminating an Associate.

SECTION 9 – ORDERING

9.1 ORDERING METHODS

Associates may place orders by telephone, fax, mail, e-mail, through the Internet, or through the Autoship Programme. Call Customer Service for your Personal Identification Number (PIN) to order through the Internet.

When ordering by phone — be prepared to present all information requested on the Associate Product Order Form. Payments must be made by telegraphic transfer or credit card.

When ordering by fax — print information legibly on the order form and use the white copy to fax. Payments may be made by telegraphic transfer or credit card.

When ordering by mail — send completed order form with the payment to:

USANA Health Sciences
12 Hightcroft Woodthorpe Nottingham
NG 5LP
United Kingdom

Keep a copy of the order form for your records. Payment may be made by credit card, cheque, money order, or telegraphic transfer (Autoship Associates and Preferred Customers).

9.2 AUTOSHIP PROGRAMME

Associates and Preferred Customers in good standing may participate in the USANA Autoship Programme. An Associate may enrol in this programme at any time beginning eight (8) days after the Associate's initial enrolment as an independent USANA Associate, identifying the products they wish USANA to automatically send each four-week period. The credit card or bank account from which payment is authorised will be automatically charged the amount of the order plus applicable VAT and delivery costs. Associates must ensure that they have adequate funds in their account the week prior to the processing of their Autoship order.

- Once initiated, the program will remain in effect until a written cancellation is received at the USANA Corporate Office.
- Any changes or cancellation must be received in writing no later than the Tuesday of the week prior to the Autoship.
- Participation in the Autoship Programme is purely optional and does not relieve an Associate from compliance with the retail sales requirement or from compliance with the seventy per cent (70%) resale rule.

9.3 GENERAL ORDER POLICIES

On mail orders with invalid or incorrect payment, USANA will attempt to contact the Associate by telephone and/or mail to try to obtain payment. If these attempts are unsuccessful after five (5) working days, the order will be returned unprocessed. No cash on delivery order will be accepted. USANA maintains no minimum order requirements.

Orders for products and sales aids may be combined.

9.4 PURCHASING USANA PRODUCTS

Each Associate must purchase his/her products directly from USANA in order to receive the sales volume credits associated with that purchase.

9.5 BACK ORDER POLICY

As a general rule, USANA will not back order out-of-stock items. However, USANA may back order Autoship items, if necessary.

9.6 SHIPPING DISCREPANCIES

Failure to notify USANA of any shipping discrepancy or damage within thirty (30) days of shipment will cancel

an Associate's right to request a correction. Follow the procedure for correcting a shipping discrepancy outlined on the Associate Product Exchange or Return Form.

SECTION 10 – PAYMENT AND SHIPPING

10.1 METHODS OF PAYMENT

All forms and authorisations must be accompanied by the Associate's signature.

10.1.1 Personal Cheque or Bank Draft

Make payable to USANA for the full amount of your order, including VAT and delivery charges.

The cheque must not be postdated.

Any cheque or bank draft returned unpaid to USANA may immediately suspend payment privileges by personal cheque or bank draft. A £ 12 service fee will be charged to the Associate for the returned= cheque.

Failure to promptly honour a returned cheque is grounds for termination and may subject an Associate to legal action. Any uncollected amount may be deducted from future commissions.

USANA may choose to authorise your personal cheque through a cheque guarantee service. In the event the authorisation is attempted and denied by the service, the order will not be accepted.

10.1.2 Credit Cards

USANA accepts VISA, MasterCard, and American Express. In the event that the charge is declined, the order will not be accepted. Using someone else's credit card without their prior express, written permission is prohibited and may be grounds for involuntarily cancellation of a distributorship.

10.1.3 Debit Debit

The Direct Debit authorises USANA to draft an Associate's or Preferred Customer's account for the amount of the order. You must also complete the Direct Debit form and submit it to USANA along with a voided cheque.

10.2 RETURNED CHEQUE, INSUFFICIENT FUNDS, AND DECLINED CREDIT

All cheques and electronic funds transfers returned unpaid by the bank will incur a £12 charge, and personal cheques will not be accepted thereafter. Future orders must be accompanied by a bank draft. Any outstanding balance owed to USANA will be deducted from subsequent commission or bonus cheques. Failure to resolve any outstanding balance owed to USANA may result in the involuntary cancellation of distributorship and/or Associate Agreement.

10.3 DELIVERY AND RISK OF LOSS

USANA may deliver your products by common carrier. If USANA ships your products by common carrier, you agree to pay for freight, handling, and other pertinent shipping charges to cover the cost of shipping your products from USANA's warehouse to your shipping address. Delivery

of your products is complete when USANA delivers the products to the common carrier and title to the products and risk of their loss or damage in shipment pass to you at that time.

SECTION 11 – DISTRIBUTOR SERVICES

11.1 CHANGES TO THE DISTRIBUTORSHIP

11.1.1 In General

Each Associate must immediately notify USANA of all changes to the information contained on the Associate Application and Agreement. Associates may modify their existing Associate Agreement by submitting a written request, a properly executed Associate Application and Agreement, and appropriate supporting documentation.

11.1.2 Addition of Co-Applicants

When adding a co-applicant to an existing distributorship, USANA requires both a written request and a properly completed Associate Application and Agreement.

11.2 GENEALOGY REPORTS AND COMMISSION STATEMENTS

11.2.1 Genealogy Reports

Genealogy Reports are optional and may be ordered by calling 08-082344478 and having Management added to your Autoship. Reports may also be ordered by mail by filling out and submitting a Report/General Purpose Request form to USANA. When an Associate orders a Genealogy Report, USANA will deduct applicable processing charges from the Associate's commission earnings. Genealogy Reports contain confidential information which is proprietary to USANA Health Sciences, Inc. Refer to section 3.6.2 for restrictions on using these reports.

11.2.2 Commission Statements

Commission Statements are printed for all active Associates receiving a commission cheque and are mailed with the commissionn cheques. Commission Statements are not optional.

11.3 ERRORS OR QUESTIONS

In the event an Associate has questions about or believes that any errors have been made regarding commissions, bonuses, Genealogy Reports, orders, or charges, the Associate must notify USANA within thirty (30) days of the date of the purported error or incident in question. USANA will not be responsible for any error, omission, or problem not reported within thirty (30) days.

11.4 RESOLVING PROBLEMS

If you have any questions regarding shipments, orders, commissions and bonuses, or the Binary Compensation Plan, please write or call the Distributor Services Department.

SECTION 12 – INACTIVITY AND CANCELLATION POLICIES

12.1 INACTIVITY

Associates who do not meet the Personal Sales Volume requirements specified in the USANA Binary Compensation Plan for any four-week rolling period will not receive a commission for the sales generated through their Downline Organisation for that four-week rolling period.

12.2 TERMINATION BY USANA

An Associate's violation of any of the terms of the Associate Agreement, including any amendments which may be made by USANA in its sole discretion from time to time, constitutes a material breach of the Associate Agreement and may result, at USANA's option, in any of the Disciplinary action listed in Section 8.2, including termination of his/her distributorship.

When a distributorship is terminated, the Associate will be notified by recorded delivery at the address on file with USANA. Termination is effective on the date on which written notice is mailed via recorded delivery, return receipt requested, to the Associate's last known address or when the Associate receives actual notice of termination, whichever occurs first. In the event of such termination, the Associate must immediately cease to represent himself/herself as a USANA Associate.

An Associate whose Associate Agreement is terminated may reapply to become an Associate twelve (12) calendar months from the date of termination. Any such Associate wishing to reapply must submit a letter to the USANA Compliance Department setting forth the reasons why he/she believes USANA should allow him or her to operate a Distributorship. It is within USANA's sole discretion whether to permit such an individual to again operate a USANA business.

12.3 TERMINATION BY ASSOCIATE

An Associate may cancel his/her Agreement with USANA at any time and for any reason by providing written notice to USANA indicating his/her intent to discontinue his/her distributorship. The written notice must include the Associate's signature, printed name, address, and appropriate identification number.

12.4 EFFECT OF TERMINATION

Following an Associate's termination for whatever reason, such former Associate shall have no right, title, claim, or interest to the Downline Organisation which he/she operated or any bonus and/or commission from the sales generated by the organisation. The former Associate shall not hold himself or herself out as a USANA Associate, shall not have the right to sell USANA products or services, must remove any USANA sign from public view, and must discontinue using any other materials bearing any USANA logo, trademark, or service mark.

An Associate who terminates voluntarily will receive commissions and bonuses only for the last full calendar week prior to his/her termination. An Associate whose Agreement is terminated by USANA will receive

commissions and bonuses only for the last full calendar week prior to termination. If an investigation of the Associate's conduct results in termination by USANA, he/she shall not be entitled to recover withheld commissions and bonuses.

Upon request, an Associate who voluntarily terminates his/her Associate Agreement may become a Preferred Customer by submitting a Preferred Customer Agreement to USANA.

SECTION 13 – DEFINITIONS

DEFINITION OF TERMS

Active Associate—An Associate who satisfies the minimum Personal Sales Volume requirements as set forth in the USANA Binary Compensation Plan within the set period of four weeks.

Associate—An individual who has executed an Associate Application and Agreement. Associates are required to meet certain qualifications and are responsible for the training, motivation, support, and development of the Associates in their respective Downline Organisations. Associates are entitled to purchase USANA products at wholesale prices, enrol Preferred Customers and new Associates, sell USANA products to Retail Customers and take part in all Company Associate programmes.

Business Centre—The term "Business Centre" is defined in the USANA Binary Compensation Plan.

Commissionable Products—All USANA products on which commissions and bonuses are paid. Business Development Systems and sales aids are not commissionable products.

Company—The term "Company" as it is used throughout these Policies and Procedures, and in all USANA literature, means USANA Health Sciences, Inc.

Distributor—An individual who is an Associate and has all the privileges and duties of an Associate.

Associate Agreement—The term Associate Agreement, as used in the Policies and Procedures, refers to the Associate Application and Agreement, USANA's Policies and Procedures, and the Binary Compensation Plan.

Business Development System (BDS)—A selection of USANA training materials and business support literature that each new Associate purchases. The BDS is sold to Associates at USANA's cost.

Downline Leg—The individuals enrolled under one side of a Business Centre and their respective Downline Organisations represent one "leg" in your Downline Organisation.

End Consumer—A person who purchases USANA products for the purpose of personally consuming them.

Four-Week Rolling Period—The four pay periods (four Fridays) after an Associate places a product order of 100 points or more. If an Associate places an order on a Friday, the Friday on which the order is placed counts as the first of the four pay periods in the Associate's volume period.

Example: If an Associate places his/her order on Friday, September 14, 2012, the four-week rolling pay period

expires three Fridays later (Friday, October 5, 2012). To remain active, an Associate must place his/her next product order no later than Friday, October 12, 2012.

Example: If an Associate places his/her order on Friday, September 7, 2012, the four-week rolling pay period expires three Fridays later (Friday, September 28, 2012). To remain active, an Associate must place his/her next product order no later than Friday, October 5, 2012.

(See Four-Week Rolling Period Calendar for further clarification.)

The maintenance of an Associate's active status during a volume period is critical to the Associate's eligibility to earn bonuses and commissions.

Genealogy Report—A report generated by USANA that provides critical data relating to the identities of Associates and sales information of each Associate's Downline Organisation. This report contains confidential information. (See Section 3.6.2)

Group Sales Volume—The commissionable volume of USANA products generated by an Associate's Downline Organisation. Group Sales Volume does not include the Personal Sales Volume of the subject Associate. (Starter kits and sales aids have no Sales Volume.)

Left Side Group Sales Volume (GSV)—The commissionable volume of products sold in the left downline leg of a particular Business Centre.

Right Side Group Sales Volume (GSV)—The commissionable volume of product sold in the right downline leg of a particular Business Centre.

Immediate Household—An Associate, his or her spouse, and dependent children.

Leg— See "Downline Leg" above.

Level—The layers of downline Associates in a particular Associate's Downline Organisation. This term refers to the relationship of an Associate relative to a particular upline Associate, determined by the number of Associates between them who are related by sponsorship.

Downline Organisation—An Associate's Downline Organisation consists of all Preferred Customers and Associates below him/her.

Official USANA Material—Literature, audio or video, and other materials developed, printed, published, or distributed by USANA.

Personal Sales Volume (PSV)—The commissionable value of products purchased by an Associate.

Titled Associate—An Associate who has received commission and a title (i.e., Sharer or Believer for group volume sales.)

The Four-Week Rolling Period

When 100 Sales Volume points or more are produced, count five Fridays on the calendar to place your next order to remain qualified. (The Friday of the week you ordered is the 1st Friday.)

Autoship—To track when your Autoship will be processed, call Distributor Services for the number of your Autoship week. If your week is #3, for example, find the #3 on the calendar of the current month. Your Autoship will be processed on Monday of that week and every #3 week forward unless there is a cancellation. Credit Cards are billed and bank drafts are deposited the first part of the week your Autoship is scheduled. To qualify for 3 Business Centres — You must generate 450 points in sales volume within six Fridays. Start counting from the Friday of the week your application was received.



USANA

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