



**USANA**

**AUSTRALIA / NEW ZEALAND  
TERMS & POLICIES**

Effective Date: January 27, 2020

THE  
**HEALTHIEST**  
**FAMILY**  
ON EARTH™

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# BINARY COMPENSATION PLAN

# POLICIES & PROCEDURES

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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. They are the terms and conditions of the Associate's contract with USANA. 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. You must also comply with the description of the Binary Compensation Plan and honour all applicable laws in the country in which you operate your USANA business.

The words "company" and "USANA", when used in these documents, refer to USANA Australia Pty Ltd and USANA Health Sciences (NZ) Corporation in each of the Australian and New Zealand markets respectively, and the term "Distributor" means "Associate". An Associate is an independent contractor, not an employee of USANA.

### 1.2 PURPOSE

The purpose of the Associate Agreement is:

- To define the relationship between USANA and the Independent Associate;
- 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, Compensation Plan and Price List. Amendments shall be effective upon notification of the changes in official USANA publications distributed to all active Associates.

### 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 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 at least the age of majority in your country of residence;
- Reside in a geographic area where USANA has been approved for business;
- Provide USANA with a current and correct correspondence address and phone number where Associate can be reached;
- Read the USANA Policies and Procedures and Binary Compensation Plan;
- Submit an original signed Associate Application and Agreement to USANA; and
- Purchase a USANA Starter Kit (BDS) for a nominal cost (unless prohibited by law).
- Comply with all immigration laws governing business operations and earning an income if not a citizen of Australia or New Zealand.
- As an independent contractor, assume all appropriate responsibilities for accounting for income tax, GST, insurances and the like in respect of the Associateship.
- USANA reserves the right to accept or reject any application for any reason.
- If USANA determines that the Associate Application and Agreement contains inaccurate or false contact or other information, it may immediately terminate a Distributorship or declare the Associate Application and Agreement null and void from its beginning. Further, it is the obligation of the Associate to report to the Company on an ongoing basis any changes which affect the accuracy of the Associate Application and Agreement.

### 2.2 STARTER KIT (BDS)

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 (BDS) except where prohibited by law. USANA will repurchase any resaleable Starter Kits (BDS) from Associates who terminate their Associate Agreement within thirty (30) days.

### 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 Associate Services Representative to place orders and track commissions and bonuses.

## 2.4 TEMPORARY ENROLMENT

After signing the Associate Application and Agreement, an Associate applicant may enrol by telephone or over the Internet to receive a temporary Associate Number and temporary authorisation for a new Associateship while the written application is enroute to USANA. The applicant must provide USANA with all the necessary information to complete the Associate Application and Agreement. The applicant may order a Starter Kit (BDS) at that time using a valid credit card.

The new Associate's temporary Associate Number and authorisation will be valid for twenty-one (21) days, pending USANA's receipt of the Associate's original Application and Agreement. USANA reserves the right to remove an Associateship from its system or stop payment of commissions earned if the Application and Agreement has not been received or digitally signed within the 21 day temporary enrolment time period. Once USANA receives the original Associate Application and Agreement, USANA will assign a permanent Associate Number to the Associate and extend the initial Associateship authorisation period to one full year.

## 2.5 ASSOCIATE BENEFITS

Once USANA accepts 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 team 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 programs sponsored by USANA for its Associates.
- Associates may retail USANA products or services and profit from these sales.
- An Associate's continuation of an Associateship or acceptance of earnings pursuant to the Compensation Plan or acceptance of any other benefits under the Application and Associate Agreement constitutes acceptance of the Application and Associate Agreement and these Policies and Procedures any and all amendments thereto.

## 2.6 RENEWAL OF ASSOCIATESHIP

USANA charges Associates an annual Associateship renewal fee of AU\$33.00 or NZ\$38.00 including applicable taxes. USANA will automatically charge the fee to the Associate's credit card or nominated bank account on file for Auto Order with USANA on the anniversary date of the Associate's application. Associates without a credit card or nominated bank account on file with

USANA must renew by mailing a cheque or money order to USANA. The annual renewal fee will:

- Automatically renew your subscription to USANA publications;
- Renew your Associate Agreement (signifying your acceptance of and promise to adhere to the most current version of the Policies and Procedures as amended from time to time at USANA's discretion) and maintain your line of sponsorship; and
- 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 programs; participate in company promotions, contests, and recognition; and attend Company events.

# SECTION 3 - OPERATING A USANA ASSOCIATESHIP

## 3.1 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member of an Associate's immediate household (an Associate's spouse or dependents) engages in any activity 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 program as set forth in official USANA literature. Associates shall not require or encourage other current or prospective Preferred Customers or Associates to execute any agreement or contract other than official USANA 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 practices in their marketing and promotion of USANA, the USANA opportunity, the Binary Compensation Plan, and USANA's products.

Only those Associates who have achieved the rank of Gold Director or higher may produce individual sales, marketing, and support materials to market or promote USANA, the USANA opportunity, the Binary Compensation Plan, USANA's products, or their USANA businesses. All other Associates may only use sales aids and support materials produced or currently approved by USANA. Sales, marketing, and support

materials include, but are not limited to, training and recruiting information, brochures, flyers, pamphlets, posters, postcards, letters, classified advertisements, etc. promoting USANA's products and programs, as well as e-mail messages, voice mail message recordings, Internet Web sites and social media sites used to publicise USANA, its products, services, or Binary Compensation Plan.

Any Associate who has achieved the rank of Gold Director or above who desires to create his/her own promotional and marketing materials must submit a copy of the proposed materials to USANA for review and approval before he/she may use the information to promote his/her business or the USANA opportunity. 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. Such materials may not be offered for sale at a profit for an Associate. It is the Associate's responsibility to ensure that previously approved promotional material remains current and up-to-date. USANA further reserves the right to rescind approval for any promotional materials, and Associates waive all claims for damages or remuneration arising from or relating to such rescission.

### 3.3.2 Television and Radio

Associates may not advertise on television and radio under policy 3.3.1 except with USANA's express 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 directly or indirectly use the USANA trademark or trade name or corporate logo to promote their independent business. Rather, they must use the "Independent USANA Associates" logo to promote their business, including in business listings. A reproducible copy of the logo can be obtained from USANA.
- Associates may describe themselves as an "Independent USANA Associate" 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 directly or indirectly record or reproduce materials from any USANA corporate function, event, speech, etc.
- Associates may not directly or indirectly record, reproduce, or copy any presentation or speech by any USANA spokesperson, representative, speaker, officer, director, or other Associates.
- Associates may not directly or indirectly reproduce or copy any recording of a USANA-produced media presentation including audio recordings, video recordings, CDs, DVDs etc.

- Associates may not directly or indirectly 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 directly or indirectly publish, or cause to be published, in any written form or electronic media, the copyrighted materials or property of USANA, without express written authorisation from USANA.
- Associates may not directly or indirectly use or attempt to register or sell any of USANA's trade names, trademarks, service names, service marks, product names, or any derivative thereof, for any internet domain name or email address.

### 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 Advertised Price

Associates may not create their own marketing or advertising material offering any USANA products at a price less than the current Preferred price plus shipping and applicable taxes.

### 3.3.7 Social Media

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

1. Communicate involvement with USANA and other information about the company,
2. Direct users to approved USANA web content, including an Associate's personal USANA webpage (PWP),
3. Post approved USANA education tools and other approved content,
4. 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, and 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 Associate may make any claim 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 are such claims violative of the Associate Agreement, they also violate the laws and regulations of Australia, New Zealand, and other jurisdictions. Associates must adhere to the following guidelines when advertising Products registered with the Australian Therapeutic Goods Administration (TGA).

The advertisement must:

- Not promote a therapeutic product for any use other than that listed in the ARTG entry
- Support safe and proper use of products
- Not directly or indirectly lead people to delay necessary medical attention
- Not encourage inappropriate or excessive product use
- Not contain claims of exaggerated or misleading properties
- Not be misleading about side-effects or possible harm

Associates are prohibited from making personal testimonials, or using testimonials from other Associates, about TGA registered products. A personal testimonial is made when an individual has used a therapeutic good and testifies as to the outcomes they experienced from the use of the product. Testimonials from customers may be used if the customer is not involved in the selling or manufacturing of the product, and whose identity is first verified.

Associates may endorse TGA registered products, meaning a claim can be made about the Product's benefits (provided no claim is made about personal use of the product).

#### 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.

#### 3.4.3 Indemnification

An Associate is fully responsible for all of his or her verbal and/or written statements made regarding the products, services, and the Binary Compensation Plan that are not expressly contained in official Company materials, and the Associate agrees to indemnify USANA against any claims, damages, or other expenses, including attorneys' fees, arising from any representations or actions made by the Associate that are outside the scope of the Agreement. The provisions of this section survive the termination of the Agreement.

### 3.5 COMMERCIAL OUTLETS

Associates 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 (i.e.: eBay), and pharmacies. It is a violation of this policy to knowingly be part of any scheme whereby an Associate provides product to a third party who then offers the product for resale in any unapproved retail-oriented establishment. Associates are contracted to sell products directly to end consumers, not wholesale them to third party retail outlets.

### 3.6 UNAUTHORISED RECRUITING

As an independent contractor, 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. However, Associates are 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 individual is also a USANA Preferred Customer or Associate;
- Producing any literature, recordings, or promotional material of any nature for another multi-level marketing business or appearing in, being referenced in, or allowing the Associate's name or likeness to be featured or referenced in any promotional, recruiting or solicitation materials for another multi-level marketing company;
- 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; or
- 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 individual to the function advises the other USANA Associate that the individual has elected not to enrol in USANA and that the Associate is no longer recruiting the individual to enrol in USANA, whichever occurs first. USANA will immediately cancel

the Associateship 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, directly or indirectly, in any way including but not limited to the operation of, enrolment as an Associate in, receipt of compensation from, or having an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in any other multilevel marketing venture they may not participate in USANA's Leadership or Elite Bonus Programs. An Associate who accepts Leader Bonus or Elite Bonus while participating in another multilevel marketing venture is in material breach of this Agreement regardless of the Associate's intent or purpose of such participation.
- An Associate who participates in any way in another multilevel marketing venture is not eligible to have access to confidential customer information, including but not limited to the customer lists included in the Business Accelerator Suite.

### 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 program 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 Team Genealogy Reports

The USANA Team 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 Team Genealogy Reports. The Associate and USANA agree that, but for this agreement of confidentiality and nondisclosure, USANA would not provide Team Genealogy Reports to the Associate. During any 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, AND TRUSTS

A corporation, partnership, or trust (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 Form. An Associateship may change its status under the same sponsor from an individual to a partnership, corporation, or trust, or from one type of entity to another. To do so, the Associate(s) must provide the entity documents and a properly completed Associate Application and Agreement and the appropriate registration form. The Corporation, Partnership DBA Registration Form must be signed by all of the directors, shareholders, partners, trustees, or other individuals having ownership interest in the business. Members of the entity are jointly and severally liable for any indebtedness or other obligations to USANA. As set forth in Section 3.13, no individual may participate directly or indirectly in more than one Associateship.

It is the responsibility of those persons involved in the Entity to conform to the laws of the state in which their Entity is formed. USANA reserves the right to approve or disapprove any Associate Application and Agreement submitted by an Entity. For the purpose of recognition and rewards, USANA will only recognise a maximum of two persons in the Entity. The Entity must nominate each year, at its Associateship renewal time, the two nominees who may be the recipients of any recognition, rewards, trips, and the like which the entity becomes entitled to participate in.

### 3.8 PERSONAL DATA AND RIGHT OF PRIVACY

#### 3.8.1 Personal Information

From time to time it will be necessary for you to provide USANA with personal information, including but not limited to your individual and/or business name, address, telephone number, tax identification number, credit card number and bank account number, for purposes related to your distributorship or your application to become a USANA Associate. These purposes may include:

- Processing your Associate Application;
- Processing, fulfilling, and notifying you of your product order status;
- Developing Team Genealogy Reports or other related business reports;
- Providing Associate services such as planning and facilitating Associate meetings and training;
- Administering Associate benefits;
- Developing and implementing policies, marketing plans, and strategies;
- Publishing personal information in USANA newsletters, promotional materials, and company and intra-group communications;
- Providing references;
- Complying with applicable laws and assisting with any governmental or police investigation; and
- Other purposes directly relating to any of the above.

#### 3.8.2 Communicating Personal Information to Third Parties

Where permitted by the provisions of applicable law, USANA may provide your personal information to the following third parties:



- Employees, directors, and managers of USANA and its local and foreign associated/affiliated companies;
- Any agent, contractor, supplier, vendor, or other third party who provides administrative, advertising, printing, or other services to USANA or its affiliated companies, including, but not limited to, distribution centres, external auditors, medical practitioners, trustees, insurance companies, actuaries, and any consultant/agent appointed by USANA or its affiliated companies to plan, provide, and/or administer Associate benefits;
- Sponsors and senior team business leaders who may need access to team Associate personal information in order to monitor sales activity and business development in their personal sales groups. However, USANA does not share credit card information with any third party without your permission or unless required by law or valid court order;
- Persons or organisations seeking references.

### 3.8.3 Associate Access to Personal Information

You have the right to request and obtain from USANA the personal information USANA has on file about you and correct any data that is inaccurate (unless an exception applies). You may also request USANA to inform you of the type of personal information maintained by USANA. Requests for access to and correction of personal data, information about USANA's policies and practices regarding personal data, or complaints relating to the use of your personal data should be addressed in writing to Customer Service.

## 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 employment taxes. Associates will not be treated as employees for any purpose including, but not limited to, workers compensation, superannuation, or insurance. 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 insurance coverage for your business activities.

### 3.10.2 Product 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 3.4).

### 3.10.3 Assumption of Risks

An Associate understands that while travelling to or from Company-related meetings, events, activities, workshops, retreats, or

gatherings, he/she does so as a part of his/her own independent business and not in any manner as an employee, agent, or functionary of the Company, notwithstanding the fact that his/her attendance may be based in whole or in part by invitation from, or agreement with, the Company to attend. He/she assumes all risk and responsibility for such travel.

## 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 including, but not limited to, selling only those products that are specifically designed, formulated, and approved for that particular market. For example, US labeled product may only be sold in the US; Australian labeled product may only be sold in Australia.

## 3.12 ADHERENCE TO LAWS AND ORDINANCES

You must obey all laws that apply to your business.

## 3.13 ONE ASSOCIATESHIP

An Associate may operate, receive compensation from, or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one USANA Associateship. However, notwithstanding this rule, your spouse may become an Associate and operate a second Associateship as long as your spouse's Associateship is placed below one of your business centres and not in a different sales team. The second business must be a bona fide independent business that is operated by the person listed on the agreement and not by the owner of the first business.

## 3.14 REPACKAGING AND RELABELLING PROHIBITED

Associates may not relabel or alter the labels on any USANA products, information, materials, or programs in any way. Associates may not repackage or refill any USANA products. USANA products must be sold in their original containers only. Such relabelling 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 relabelling of products.

## 3.15 SALE, TRANSFER, OR ASSIGNMENT OF ASSOCIATESHIP

An Associate may not sell, transfer, or assign their Associateship rights to any person or entity without USANA's 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 transferring Associate must be in good standing and not in violation of any of the terms of the Associate Agreement or these Policies and Procedures, to transfer his/her Associateship.

- The combining of Associateships is not permitted. USANA will not approve the transfer of an Associateship to any individual or Entity that is a current Associate or who has an ownership interest in any Associateship. Similarly, USANA will not approve the transfer of an Associateship to any individual or Entity that has previously had any ownership interest in, or operated, a USANA Associateship.
- No individual Business Centres may be transferred separately from the Associateship. If an Associate wishes to transfer his/her Associateship, 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 Associateship by completing and submitting a signed Transfer of Distributorship and Associate Application Form. No changes in the team of sponsorship can result from the transfer of an Associateship.
- The transferee must be eligible to become a USANA Associate and be acceptable to USANA in every respect.

### 3.16 SEPARATION OF AN ASSOCIATESHIP

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

- If a jointly owned Associateship is dissolved, anyone of the joint owners may operate the Associateship, but the other joint owners must relinquish their rights to, and interests in, the Associateship.
- USANA cannot divide a team of enrolled Associates, nor can it split commission or bonus cheques between the joint owners.
- If a jointly owned Associateship is dissolved, the individual(s) who relinquished ownership in the original Associateship may apply as new Associates only after waiting six months. This policy does not include the dissolution of a husband and wife's distributorship. In the case of divorce with a jointly held Associateship between a husband and wife, the party relinquishing his or her rights to the distributorship may immediately enrol under any Sponsor of his/her choice.

### 3.17 SUCCESSION

If an Associate dies or becomes incapacitated, his/her rights to commissions, bonuses, and enrolled team, 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. You may inherit and retain another Associateship even though you currently own or operate an Associateship. A non-Associate who acquires an Associateship through succession must purchase a current BDS. In the case of intestacy, USANA will deem the Associateship non-transferable if it is not contacted by an authorised representative of the estate or the heirs, devisees, successor trustees, personal representative, or executor of the decedent within six (6) months of the Associate's death.

### 3.18 TAXES

USANA Associates must comply with all relevant taxation legislation. Associates should seek professional advice from their own accountant or tax advisor as to how to keep proper business records and account for GST and other tax aspects of their independent business. Associates' USANA income may be subject to income tax and so must be properly accounted for in annual income tax returns. Associates conducting their USANA business in a business-like manner may also be entitled to deduct certain expenses incurred in earning their USANA income. Such expenses should be properly recorded and evidenced with receipts.

### 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. USANA does not send "spam" (unsolicited commercial electronic communications in the form of e-mail, text, SMS/instant message) to our Distributors or customers, and we prohibit our Distributors from using spam to market and sell our products or recruit other Distributors. As such, we require our Distributors to comply with the following rules when using electronic communications to market and promote the USANA opportunity and our products:

- You may send commercial electronic communications ONLY to (i) recipients with whom you have an existing business, family, or personal relationship; or (ii) business referrals, but only if you have a business, family or personal relationship with the person making the referral and the person making the referral has a business, family or personal relationship with the person being referred to you.
- Any commercial electronic communication you send must include: (i) a clear and accurate subject header, (ii) accurate sender contact details (name, a mailing address, phone number and e-mail address), (iii) in the case of a referral, the name of the person who provided you with the referral, and (iv) a functional "opt-out" or unsubscribe feature.

### 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.

### 3.21 TRADE SHOWS AND EXPOSITIONS

Associates 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, flea markets, or farmers' markets as these events are not conducive to the image USANA wishes to portray. USANA cannot supply inventory on consignment to Associates operating stands at such events. 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 Associate has the ultimate right to choose his/her own Sponsor. As a general rule, the first Associate who does meaningful work with a prospective Associate 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 Associate or any Associate on behalf of a prospective Associate, submits more than one Associate Application and Agreement to USANA, listing a different Sponsor on each, the Company will only consider valid the first Associate Application and Agreement that it receives, accepts, and processes. If there is any question concerning the sponsorship of an Associate, the final decision will be made by USANA.

### 3.22.2 Placement Changes

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

- Where an Associate has been fraudulently or unethically induced into joining USANA.
- Where an incorrect placement was made due to an Associate error, a change in the team of sponsorship can be made to correct the error where a request for a change is made within 10 days of enrolment. If you make such a request, you must also submit the written consent of your Sponsor along with the required placement change fee. If at the time of the request you have any recruited Associates in place, no change will be permitted in the team 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 you terminate your Associateship in writing you may rejoin under the Sponsor of your choice after a period of six (6) months. Following termination of your Associateship, you may participate as a Preferred Customer during the six (6) month period. In the event you terminate your Associateship, you forfeit all rights, bonuses, and commissions under your previous line of sponsoring. You may not avoid compliance with this policy through the use of DBAs, assumed names, corporations, partnerships, trusts, spouse names, fictitious ID numbers, etc.
- If you have been “inactive” (i.e., no purchases or sales of USANA products or participation in any other form as an Associate) for a period of twelve (12) successive months, you may terminate your Associateship in writing and rejoin immediately under the Sponsor of your choice.

### 3.22.3 Cross-team Raiding

Cross-team raiding is strictly prohibited. “Cross-team 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 team of sponsorship. The use of trade names, DBA's, corporations, partnerships, trusts, spouse names, social insurance numbers, social security numbers, employer identification 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 team.

### 3.23 Deceptive Practices and Detrimental Conduct

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;
- Making estimates of profit that are based on reasonable predictions for what an average Associate would achieve in normal circumstances;
- 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 you will build a team for anyone else;
- Never stating that profits or earnings are guaranteed for an individual Associate; and
- Never stating that any consumer, business, or government agency has approved or endorsed the USANA products or its Binary Compensation Plan.
- Never participating in team purchasing (placing a sales order in a Business Centre other than where the sale was generated).
- Manipulation of the Compensation Plan is not permitted and may result in disciplinary action. Manipulation of the Compensation Plan includes, but is not limited to, an Associate purchasing, to qualify for various ranks or commissions, large quantities of product that are not sold through the direct marketing channel, placing orders in other distributorships in his/her team, and any other actions that may violate state, federal or foreign anti-pyramid scheme laws. Such manipulations may, in the discretion of the USANA result in the suspension of commissions and termination of the Distributorship.
- If any conduct by an Associate is determined by USANA to be injurious, disruptive, or harmful to USANA or to other Associates, USANA may take appropriate action against the Associate as set forth in Section 8.3.

## 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 recruited team 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 recruited Associates will increase. When sponsoring or enrolling a new Associate, it is the responsibility

of the sponsoring Associate to ensure that the applicant is provided with, or has online access to the most current version of these Policies and Procedures and the USANA Compensation Plan prior to their execution of the Associate Agreement.

#### 4.2 NON-DISPARAGEMENT

In setting the proper example for their recruited team members, 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 signed.

#### 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 fulfil specified personal and team 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 percent (70%) of an Associate's orders must be for personal consumption and/or sold to other 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 70% requirement. Associates may not purchase additional product until at least seventy percent (70%) of the previous order has been personally consumed or sold to end consumers.
- Associates must develop or service at least five (5) customers every four-week rolling period. These customers can be either Retail Customers, Preferred Customers or any combination of the two.
- Associates are required to furnish their Retail Customers with a receipt which specifies the date of sale, the amount of sale, the items purchased, and the USANA satisfaction guarantee. 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.

All Associates must provide their Retail Customers with an official USANA sales receipt. These receipts outline the Customer Refund Warranty for USANA products, as well as any consumer

protection rights.

#### 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 not required to carry inventory of products or sales aids other than the initial BDS/Starter Kit. Associates who do so may find building a team 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 ten (10) days from the date of the commission statement being received. Errors or discrepancies which are not brought to USANA's attention within the 10 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 sponsor 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

Associates who provide USANA with incomplete or invalid bank account information will have their commission and bonus retained as a credit. Any unclaimed credit will be held in trust for 6 years, during which time USANA may periodically notify the Associates in writing of their credit balance.

### 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 must complete the Associate Product Exchange or Return Form.



- Product exchanges made for the purpose of favourable gain though maximising commissions or manipulating the compensation plan (as evidenced though patterns observed outside of the average Associate pattern of exchanges) will not be honoured and are considered a material breach of the Associate Agreement.

## 7.2 THIRTY (30) DAY RETURN POLICY

### 7.2.1 Retail Customers

USANA obligates its Associates to honour 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 purchase 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 Customer Product Return Form and forward the form along with the original sales receipt and returned merchandise to USANA within ten (10) days of the Customer's return. USANA will then replace the returned merchandise with like product and ship it to the Associates. All Retail Customers must be provided with a copy of an official USANA sales receipt at the time of the sale.

### 7.2.2 Preferred Customers

USANA offers Preferred Customers and Retail Customers who order directly from an official USANA Web site a 100%, thirty (30) day, money back guarantee on their initial product order less shipping and handling fees. 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. If a Preferred Customer returns merchandise equal to, or exceeding 100 Sales Volume Points, this will be deemed a Voluntary Cancellation. For all other returns, the Company shall repurchase the inventory pursuant to the terms of Section 7.3. Moreover, the Company will adjust the appropriate Associates' Sales Volume pursuant to Section 6.2.

### 7.2.3 Associates

If an Associate elects to cancel his/her Associateship during the thirty (30) day period immediately following his/her enrolment, USANA will refund 100% of the price of the Starter Kit (BDS) and all products purchased as part of the Associate's initial order (excluding shipping). The cancelling Associate must return the products and the entire Starter Kit (BDS) to USANA, shipping prepaid, along with a letter explaining that he/she wishes to terminate his/her Associateship and receive a refund. After the first order, refunds for returned products, Starter Kits, and sales aids are made pursuant to section 7.3.

If an Associate returns his/her BDS and/or merchandise equal to, or exceeding 100 Sales Volume points, for a refund, the return constitutes a Voluntary Cancellation of his/her Associate Agreement. Moreover, the Company will adjust the appropriate Associates' Sales Volume pursuant to Section 6.2.

## 7.3 ALL OTHER RETURNS

After the initial order, an Associate may return to USANA products, including promotional materials and sales aids, purchased within the past twelve (12) months for a refund of one hundred percent (100%) of the purchase price (less handling and delivery charges) if the merchandise is in resalable condition, unless otherwise required by law. Note that merchandise is NOT resalable if it is not listed in the current USANA price list or there are less than three (3) months shelf life remaining (by reference to the expiry date).

Returns that result in refunds in excess of 100 points will result in the termination of the Associates or Preferred Customer Agreement. Moreover, USANA may deduct from the amount of the refund any commissions or bonuses the Associate may have received as a result of the products that he/she is returning.

## 7.4 PROCEDURES FOR ALL RETURNS AND REPURCHASES

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

- Obtain a Return Number (RTN#) from the Customer Service Department. This number must accompany all returned products;
- Return the product with the original confirmation of order to USANA;
- Use proper shipping carton(s) and packaging materials to return the product to USANA. The Associate is responsible for tracing their return shipment should that be necessary.
- If an Associate 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 Customer Product Return Form, a copy of the original sales receipt, and the unused portion in the original container.
  - Only the Preferred Customer or Associate who ordered the product from USANA may return it.
- USANA is not liable for items lost in transit.

## 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 relationship 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 team 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. At its sole election, USANA may place the Associateship on hold during the investigation. Should USANA place an Associateship on hold during an investigation and after the investigation is closed the results of the investigation show that the Associate was not in violation of the Associate Agreement, USANA will promptly pay the Associate commissions generated during the time the Associateship was on hold. The Compliance Department may also issue disciplinary sanctions consistent with the provisions of Section 8.3.

## 8.2 DISPUTES BETWEEN USANA AND ASSOCIATES

### 8.2.1 Mediation and Arbitration

All unresolved disputes and claims relating to USANA, its Binary Compensation Plan, its Products, the rights and obligations of its Associates and USANA, or any other claim or cause of action relating to product purchase(s) or performance, either of an Associate or of USANA under the Associate Agreement, shall first be put before a mediator acceptable to both parties for resolution. Each party shall bear its own costs in the mediation.

Should mediation fail to resolve the dispute then it shall be put before arbitration in either Sydney, Australia or Auckland, New Zealand (as is appropriate). Each party to the arbitration shall be responsible for their own costs, including legal and filing fees. This agreement to mediate and, failing mediation, arbitrate, will survive any cancellation or expiration of the Associate Agreement.

Nothing in these Policies and Procedures shall prevent USANA from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction, permanent injunction, or other available relief to safeguard and protect USANA's interest prior to, during, or following the filing of any arbitration or other proceeding, or pending the rendering of a decision or award in connection with any arbitration or other proceeding.

The existence of any Associate claim or cause of action against USANA does not preclude USANA from enforcing the Associate's covenants and agreements contained in the Associate Agreement.

### 8.2.2 Jurisdiction, Venue, and Choice of Law

The exclusive jurisdiction and venue for all disputes, claims, and actions relating to the Associate Agreement or the interpretation thereof, or any dispute, claim, or action between the parties hereto shall be a court of competent jurisdiction in Sydney, New South Wales, Australia, unless the laws of the jurisdiction in which the Associate resides expressly require otherwise. By signing the Associate Application and Agreement, all Associates consent to jurisdiction within this forum. The law of the Australia shall govern disputes relating to the Associate Agreement.

## 8.3 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 Associateship, including but not limited to placing a product order, participating in USANA programs, 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 Associateship.

## SECTION 9 – ORDERING

### 9.1 ORDERING METHODS

Associates may place orders by telephone, fax, mail, e-mail, through the Internet, or through the Auto Order Program. 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 Electronic Funds Transfer (Australia only, excluding initial orders) or credit card.

When ordering by fax — print information legibly on the order form and fax. Payments may be made by Electronic Funds Transfer (Australia only, excluding initial orders) or credit card.

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

**USANA Australia Pty Ltd**  
**3 Hudson Avenue Castle Hill NSW 2154**

or

**USANA Health Sciences (NZ) Corporation**  
**Level 1, 93 Ascot Avenue, Greenlane, Auckland 1051**

Keep a copy of the order form for your records. Payment may be made by credit card, bank cheque, money order, Electronic Funds Transfer (Australia only, excluding initial orders), or personal cheque (personal cheques will not be accepted on an Associate's or Preferred Customer's initial order).

### 9.2 AUTO ORDER PROGRAM

Associates and Preferred Customers in good standing may participate in the USANA Auto Order Program. An Associate may enrol in this program through their Associate Application and Agreement or by completing an Associate Auto Order Agreement, identifying the products you wish USANA to automatically send to you each four-week rolling period. The credit card or bank account from which you authorise payment will be automatically charged



the amount of the order plus applicable shipping. Associates must ensure that they have adequate funds in their account by the Wednesday the week prior to the processing of their Auto Order.

### 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 C.O.D. orders 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 Auto Order items, if necessary.

### 9.6 SHIPPING DISCREPANCIES AND DAMAGE CLAIMS

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 or damage claim as 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 Bank Cheque or Money Order

Make payable to USANA for the full amount of your order, including shipping and handling charges. Associates will be charged an administration and bank fee for any cheque that is returned unpaid. This will be in addition to any charge made by the Associate's bank.

#### 10.1.2 Personal Cheque

USANA does not accept personal cheques as payment for first, initial orders.

Same conditions as Bank Cheque or Money Order. However, the cheque must not be stale or post-dated.

Any cheque or Electronic Funds Transfer returned unpaid to USANA may immediately suspend payment privileges by personal cheque or Electronic Funds Transfer. Failure to promptly resolve a returned cheque may result in termination. 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.

#### 10.1.3 Credit Cards

USANA accepts VISA, MasterCard, Diners Club, 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 express, written permission is prohibited and may be grounds for involuntarily cancellation of an Associateship.

### 10.1.4 Electronic Funds Transfer Payment Program

The Electronic Funds Transfer Program authorises USANA to draft against an Associate's or Preferred Customer's bank account for the amount of the order (excluding initial orders). In New Zealand, the Electronic Funds Transfer Program is only available for Auto Orders. To participate in this program, please complete the AutoPay Agreement Form and post an original copy to the company. This facility takes ten (10) days to clear through the banks.

### 10.2 RETURNED CHEQUES, INSUFFICIENT FUNDS, AND DECLINED CREDIT

All cheques and electronic funds transfers returned unpaid by the bank will incur a charge made up of recovery of the bank's charge and a handling fee. All future orders from that Associate must be accompanied by a money order or bank cheque. Any outstanding balance owed to USANA will be deducted from subsequent commission or bonus. Failure to resolve any outstanding balance owed to USANA may result in the involuntary cancellation of Associateship.

### 10.3 AUTO ORDER PROGRAM

- 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 Wednesday of the week prior to the Auto Order.
- Participation in the Auto Order Program is purely optional and does not relieve an Associate from compliance with the retail sales requirement or from compliance with the seventy percent (70%) resale rule.

## SECTION 11 – ASSOCIATE SERVICES

### 11.1 CHANGES TO THE ASSOCIATESHIP

#### 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 Associateship, USANA requires both a written request and a properly completed Associate Application and Agreement containing the applicant's and co-applicant's signatures. The modifications permitted within the scope of this paragraph do not include a change of sponsorship.

Only individuals who have previously never operated or had ownership interest in a USANA Associateship are eligible to be added to an existing Associateship as co-applicant.

### 11.2 TEAM GENEALOGY REPORTS AND COMMISSION STATEMENTS

### 11.2.1 Team Genealogy Reports

Team Genealogy Reports are optional and may be ordered by having Business Accelerator Suite added to your Auto Order. Team Genealogy Reports contain trade secret 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/Tax Invoices

Commission Statements/Tax Invoices are generated for all active Associates receiving a commission. Commission Statements/Tax Invoices 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, Team 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 USANA Customer Service team.

## 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 and will lose accumulated Sales Volume for the sales generated through their recruited team for that four-week rolling period.

### 12.2 INVOLUNTARY CANCELLATION

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 Actions listed in Section 8.3, including cancellation of his/her Associateship. Involuntary Cancellation of an Associateship will result in the Associate's loss of all rights to his/her recruited team and any bonuses and commissions generated thereby. An Associate whose Agreement is involuntarily cancelled shall receive commissions and bonuses only for the last full calendar week prior to termination.

When an Associateship is involuntarily cancelled, the Associate will be notified by certified mail at the address on file with the Company. Cancellation is effective on the date on which written notice is mailed via certified mail, return receipt requested, to the Associate's last known address or when the Associate receives actual notice of cancellation, whichever occurs first. In the event of such Involuntary Cancellation, the Associate must immediately cease representing himself/herself as a USANA Associate.

The Associate may appeal the termination to the USANA Compliance Department. The Associate's appeal must be in writing and must be received by the company within fifteen (15) calendar days of the date of USANA's cancellation letter. If USANA does not receive the appeal within the fifteen-day period, the

cancellation will be final. The Associate must submit all supporting documentation with his/her appeal correspondence. The written appeal will be reviewed by the Compliance Department. If the Associate files a timely appeal of termination, the Compliance Department will review and reconsider the termination, consider any other appropriate action, and notify the Associate in writing of its decision. This decision of the Compliance Department will be final.

An Associate whose Associate Agreement is involuntarily cancelled may reapply to become an Associate twelve (12) calendar months from the date of cancellation. 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 an Associateship. It is within USANA's sole discretion whether to permit such an individual to again operate a USANA business.

### 12.3 WRITTEN CANCELLATION

An Associate or a Preferred Customer 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 Associateship or Preferred Customer status. The written notice must include the Associate's or Preferred Customer's signature, printed name, address, and appropriate identification number.

### 12.4 EFFECT OF CANCELLATION

Following an Associate's voluntary or involuntary cancellation, such former Associate shall have no right, title, claim, or interest to the recruited team which he/she operated or any bonus and/or commission from the sales generated by the team. Following an Associate's voluntary or involuntary cancellation, 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 is voluntarily cancelled will receive commissions and bonuses only for the last full calendar week prior to his/her cancellation. An Associate whose Agreement is involuntarily cancelled will receive commissions and bonuses only for the last full calendar week prior to cancellation, unless monies were withheld by the Company during an investigation period. If an investigation of the Associate's conduct results in his/her involuntary cancellation, he/she shall not be entitled to recover withheld commissions and bonuses.

Upon request, an Associate who voluntarily cancels 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.

**Associate** — An individual who has executed an Associate Application and Agreement which has been accepted by USANA. Associates are required to meet certain qualifications and are responsible for the training, motivation, support, and development

of the Associates in their respective recruited teams. Associates are entitled to purchase USANA products at Preferred Pricing, enrol Preferred Customers and new Associates, and take part in all Company Associate programs.

**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.

**Auto Order** — To track when your Auto Order will be processed, call Customer Service for the number of your Auto Order week. If your week is # 3, for example, find the # 3 on the calendar of the current month. Your Auto Order will be processed on Sunday of that week and every # 3 week forward unless there is a cancellation. Credit Cards are billed on the Sunday at the beginning of the week your Auto Order is scheduled. Nominated bank accounts are billed on the Wednesday prior to the week your Auto Order is scheduled.

**"Business Centre"** is defined in the USANA 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. (referred to as a Starter Kit in these Policies and Procedures).

**Cancellation** — Termination of an individual's Associate Agreement or Preferred Customer Agreement. Cancellation may be either voluntary or involuntary.

**Involuntary Cancellation** — The termination of an Associate or Preferred Customer Agreement which is initiated by USANA.

**Voluntary Cancellation** — The termination of an Associate or Preferred Customer Agreement instituted by the Associate or Preferred Customer who elects to discontinue his/her affiliation with USANA for any reason.

**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 Australia Pty Ltd and USANA New Zealand Health Sciences (NZ) Corporation.

**Distributor** — See "Associate".

**Team Side** — The individuals enrolled under one side of a Business Centre and their respective recruited Team represent one "side" in your recruited Team.

**Team or Recruited Team** — An Associate's recruited Team consists of all Preferred Customers and Associates below him/her.

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

**Four-Week Rolling Period** — The four (4) 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 (4) Fridays in the Associate's volume period.

(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.

When 100 Sales Volume Points or more are produced, count five (5) Fridays on the calendar to place your next order to remain qualified. (The Friday of the week you ordered is the 1st Friday.)

**Genealogy Report** — A report generated by USANA that provides critical data relating to the identities of Associates and sales information of each Associate's recruited Team. This report contains proprietary trade secret information. (See Section 3.6.2).

**Group Sales Volume** — The commissionable volume of USANA products generated by an Associate's recruited Team. Group Sales Volume does not include the Personal Sales Volume of the subject Associate. (The BDS and sales aids have no Sales Volume.)

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

**Right Side Group Sales Volume (GSV)** — The commissionable volume of products sold in the right side of a particular Business Centre.

**Immediate Household** — An Associate, his or her spouse or defacto, and dependants.

**Side** — See "Team Side".

**Level** — The layers of team Associates in a particular Associate's team or recruited Team. This term refers to the relationship of an Associate relative to a particular senior team Associate, determined by the number of Associates between them who are related by sponsorship.

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

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

**Preferred Customer** — A person who has executed a USANA Preferred Customer Agreement. Preferred Customers are not authorised to resell USANA products or participate in the USANA Binary Compensation Plan.

**Resaleable** — Goods shall be deemed "resaleable" if each of the following elements is satisfied:

- They are unopened and unused;
- Packaging and labelling has not been altered or damaged;
- The product and packaging are in a condition which permits the Company to sell the merchandise at full Preferred Pricing;
- Products are returned to USANA within twelve (12) months from

**USANA Australia Pty Ltd** 3 Hudson Avenue, Castle Hill, NSW 2154 AUSTRALIA

**USANA Health Sciences (NZ) Corporation** Level 1, 93 Ascot Avenue, Greenlane, Auckland 1051 NEW ZEALAND

- the date of the original order;
- The product expiry date is at least three (3) months away;
- The product contains current USANA labelling; and
- The product is listed in the current USANA price list.

Retail Customer — A person who orders USANA products through a USANA Associate for consumption.

Sponsor — An Associate who enrolls a new Associate or Preferred Customer and is listed as the Sponsor on the Associate Application and Agreement. As the term implies, the Sponsor has a responsibility to assist those he/she brings into the business.

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

Senior team Associate or Sponsor — The term refers to the Associate or Associates above a particular Associate in a sponsorship line to the company. Conversely stated, it is the line of Sponsors that links any particular Associate to the Company.

## NOT FOR RESALE PRODUCT PURCHASES

In general, USANA Associates may only purchase products that are available for resale in their home country. However, USANA does allow most Associates to make limited purchases for personal use from a market other than their country of residence.

Since June 1, 2013, the following policy had been instituted regarding product purchases outside of an Associate's home market:

1. You may purchase products from another country for personal use, but only those that are unavailable in your home market. Products with an equivalent or substitute in your home market will not be available for order.
2. Orders placed outside your home market are limited to a total of 200 Sales Volume Points every four-week cycle.
3. Only product orders placed from your home market will count toward Personal Sales Volume to open or qualify a Business Centre for commissions.
4. MyHealthPak™ orders and special instances identified by USANA are exempt from this policy.

# BINARY COMPENSATION PLAN

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USANA is dedicated to helping you get the most out of life—and this includes giving you the opportunity to create your own engaging, sustainable, and ultimately financially successful USANA business. Our compensation plan reflects this dedication, as it gives every Independent USANA Associate the best opportunity for direct-selling success—a plan that establishes a departure from the traditional multi-level marketing requirements of heavy sponsoring and large group volumes.

The USANA Binary Compensation Plan eliminates many of the pitfalls that plague traditional direct-selling plans. Here are some of the benefits of USANA's unique Binary Compensation Plan:

- By building a team of Associates and developing a strong base of customers, you can begin to realise financial success.
- There is no limit to the depth from which you can earn commissions.
- Commissions are paid weekly.
- Team members are incentivised to help you build a successful team.
- Success among Associates is widespread and evenly distributed; the plan is fair to everyone involved.

## AREAS OF INCOME

There are seven ways to earn income with the USANA Binary Compensation Plan:

- Retail Sales
- Weekly Commissions
- Lifetime Matching Bonus
- Incentives
- Leadership Bonus
- Elite Bonus
- Celavive Bonus

## RETAIL SALES

Associates are distributors of USANA products. This means you can purchase products at our special Preferred Price, and when you sell these products to your customers at retail price, you earn an immediate profit. The difference between what you pay for the product and the price at which you sell the product is your retail profit. The importance of selling cannot be overemphasised. It is the best way for you and your new team members to earn immediate income while building a long-term base of satisfied customers for your business. In fact, many of your best Associates will likely come from the ranks of your retail customers.

## WEEKLY COMMISSIONS

With USANA's Binary Compensation Plan, you build your business by placing team members on both the left and right side of your Business Centre. Each product has a point value, and the points from product sales will begin to flow up through your business when you and your team members purchase product for personal use and to re-sell to customers. The points accumulated by your team are known as Group Sales Volume, and you'll receive weekly commissions based on where the **Group Sales Volume** on the left side of your business matches the Group Sales Volume on the right. Unlike other compensation plans, extra volume (up to 5,000 points per side) will rollover into the next commission period.

## LIFETIME MATCHING BONUS

You can begin receiving Lifetime Matching Bonus when you and your new team members each reach a certain PaceSetter status within your first eight weeks as an Associate. (To learn more about the PaceSetter program, go to [www.USANA.com/hub](http://www.USANA.com/hub), click on "Training," and then select "PaceSetter Program" from the Tutorials column.)

Lifetime Matching Bonus will pay you up to a 15-percent match on the base commissions of your



new Associate for the life of his or her USANA business.\* And here's the best part—you can receive a bonus for each qualifying Associate you personally sponsor, putting you on the pathway to residual income.

*\*As long as you are commission qualified and in compliance with the Associate Agreement. Please see official rules on [www.USANA.com/hub](http://www.USANA.com/hub).*

## INCENTIVES

No matter your rank, you can be rewarded with luxury travel, prizes, and even extra cash when you participate in USANA's generous incentive programs.

## LEADERSHIP BONUS

A portion of USANA's total Group Sales Volume is divided among qualifying Associates. This incredible bonus — more than \$14 million in 2012 — is typically paid weekly to leaders who have reached a certain rank, continue to sponsor new Associates, and have built large businesses. Your portion of this bonus depends on your rank, the size of your business, and the volume your business generates over a specific period of time.

## ELITE BONUS

Every three months, over \$1 million US is divided among USANA's top 60 income earners.\* The Elite Bonus is a percentage of USANA's total Group Sales Volume for the quarter, distributed among five different tiers of qualifying Associates, and is a powerful way to increase your earning potential.

*\*Actual payout amounts vary each quarter*

## BEFORE YOU BEGIN

Before you begin building a business, you'll need to fill out the proper paperwork. First, complete and sign an Associate Application and Agreement form. Then, submit the original to USANA's Customer Service team with appropriate payment for a Business Development System (BDS). You may also submit this information electronically through Online Enrolment. Once we've received and processed your application, you may begin building a USANA business by sponsoring other people as Associates or Preferred Customers. USANA Associates may immediately begin purchasing products at Preferred Pricing for their personal

consumption and have the added benefit of being allowed to re-sell products purchased at Preferred Pricing for a retail profit.

## GETTING STARTED

When you purchase products—both for your personal use and to re-sell to retail customers—you'll begin to accumulate points from each product. You'll need to generate a certain number of points each month to keep your business active—this is Personal Sales Volume.

But don't worry, you're not alone. USANA's Binary Compensation Plan is built to help you succeed, and it centres around teamwork. The points your team members accumulate individually are pooled together into Group Sales Volume. It's your Group Sales Volume—the amount of points your team accumulates together—that determine the size of your commissions.

## STEP 1

### Open Your Business Centre(s)

The Binary Compensation plan is centered around **Business Centres**. A Business Centre is the hub of your business-building activity, through which your product purchases, volume, and sales accumulate; it's similar to opening a store for your business. To begin, you can choose to build your team around one or three Business Centres, based on whether you'd like to start a small business or a large business—it's up to you.

### Opening One Business Centre

To open one Business Centre and begin earning commissions, you'll need to generate 200 points in Personal Sales Volume. You can generate the required volume through a single order for your personal use and/or for your customers, or it can be accumulated through many orders—just remember, your Business Centre won't open until you generate enough Personal Sales Volume. The name of your first Business Centre is BC1.

### Opening Three Business Centres

To open three Business Centres (BC1, BC2, and BC3), you must generate 400 points in Personal Sales Volume within your first six Fridays as a new Associate. Failure to generate the required volume will result in the loss of your second and third Business Centres (BC2, BC3). If your initial product purchase is equal to



at least 400 points, your order will be automatically distributed among the three Business Centres, with 200 points in Personal Sales Volume placed in Business Centre 1, 100 points placed in Business Centre 2, and 100 points placed in Business Centre 3. This means you will immediately begin with 100 points in both the left and right sides of Business Centre 1, so you'll already be that much closer to getting your first commission payment. This is one of the benefits of opening three Business Centres.

## STEP 2

### Sign Up for Auto Order

Before you sell USANA's top-rated products, you really should use them yourself. And although this step isn't required, it's important to become a product of the product—there's no easier way to do that than by setting up an Auto Order.

Available to Associates and Preferred Customers, an Auto Order is a reoccurring shipment sent directly to you on a regular basis. The products you order, and the frequency with which they ship, are all up to you. It's the perfect way to keep on top of your product supplies and will help you maintain consistency in your own daily product regimen, and it can also help increase your earning potential by ensuring you have minimal inventory from which to re-sell to your retail customers. Best of all, you will receive an additional 10 percent off the already reduced Preferred Price on qualifying products purchased through Auto Order.

To take advantage of this program, simply complete an Auto Order form or fill out an order on [www.USANA.com/hub](http://www.USANA.com/hub) and specify the products and sales tools you would like to automatically receive every four weeks. We'll make sure your order is filled and shipped directly to your home or place of business. Place your Auto Order today!

**Please note:** You must cancel your participation in the Auto Order program if you do not sell or personally consume at least 70 percent of your purchased products.

## STEP 3

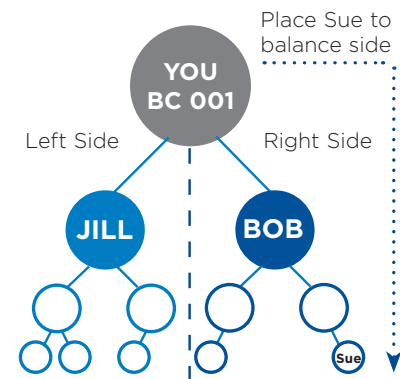
### Begin to Build

Whether you decide to open one Business Centre or three Business Centres, the most important step is to get started.

## Building with One Business Centre

You can start building your business by finding new customers. You'll also need to sponsor two new Associates to join your team (for example, Jill and Bob in Figure A). These new team members will form the left and right sides of your Business Centre, and as the three of you find new customers and sponsor new team members, your Business Centre will begin to grow.

Figure A



For example, suppose you sponsored a third new Associate named Sue. You must place Sue in an open position somewhere in your team, so you place her on the right side of your Business Centre under Bob. Not only will you benefit from the volume Sue generates as she builds her own business, but Bob will benefit from her efforts as well. The cooperative structure of USANA's unique Binary Compensation Plan allows you and your team members to build successful businesses by working together.

How do I add a new member to my team?

*Placement must be identified on the Associate Application and Agreement, so you will need to work with your new team member as he or she fills out this form. If you are the sponsor, then be sure to record your own Associate number in the section titled "Your Sponsor Information." Next to this section is "Your Placement Information," where you will indicate the Associate number of the person your new team member will be placed directly under. You will also need to indicate the Business Centre and side where you will be placing your new Associate. For example, if you were sponsoring Sue Smith—your new Associate—and placing her directly under you on the right side of*

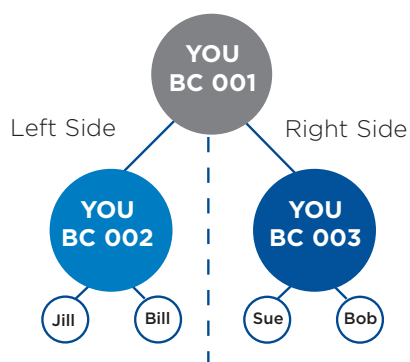
your Business Centre 1, then under “Your Placement Information” you would write down your Associate number, BC1 (or 001) in the Business Centre field, and then check the box that says “Right Side.”

**Note:** Be absolutely certain to fill out the placement information correctly. The Home Office cannot change the placement of new team members once they have been entered into the system.

## Building with Three Business Centres

Beginning a USANA business with three Business Centres is essentially the same as beginning with one, only now you have two Business Centres in which to place new team members (see Figure B).

Figure B



Once you have opened all three of your Business Centres, you may begin building BC2 and BC3 in the same way you would build BC1 had you started with just one Business Centre. You can place four new team members in the open positions directly below your second and third Business Centres, and you can also continue to generate volume through personal sales. The advantage of having three Business Centres is that you will build your team under two Business Centres, but get paid on three. In other words, you will build your business by adding new team members to BC2 and BC3, but you will receive commissions based on all three of your Business Centres as the Group Sales Volume from BC2 and BC3 roll up to BC1. Confused? Keep reading. It'll make sense in a minute.

## EARNING COMMISSIONS FROM YOUR BUSINESS CENTRE(S)

As your team begins to grow, Group Sales Volume will accumulate. Group Sales Volume is a collection of

the Personal Sales Volume points you and your team members earn individually in a single Business Centre. (Note: Group Sales Volume doesn't include Personal Sales Volume from your BC1. These points are required on a monthly basis to keep all of your Business Centres active, and while they count toward your sponsor's Group Sales Volume, these points do not count toward your own. However, in the case of three Business Centres, Personal Sales Volume points from your BC2 and BC3 will roll up to your BC1 to count toward your BC1 Group Sales Volume.) Once everyone's Personal Sales Volume points are pooled together into Group Sales Volume, you will begin to earn commissions.

**Note:** To receive commissions from Group Sales Volume, you must be an active USANA Associate generating sales totalling 100 points in Personal Sales Volume in your BC1 every four-week rolling cycle (or 200 points to receive commissions from multiple Business Centres), and each side of your Business Centre(s) must generate a cumulative minimum of Group Sales Volume points. You must also meet the sales requirements stipulated in your Associate Agreement.

USANA's Binary Compensation Plan is all about symmetry and teamwork, which means it's important that the volume on the left side of your Business Centre comes as close as possible to matching the volume on the right side of your Business Centre. The side of your Business Centre generating fewer points in Group Sales Volume is called your small side, which means it's the side of your business that needs to be built in order to help the two sides match. Either side of a Business Centre can be your small side, and they can switch back and forth as you build your business.

## CALCULATING COMMISSIONS

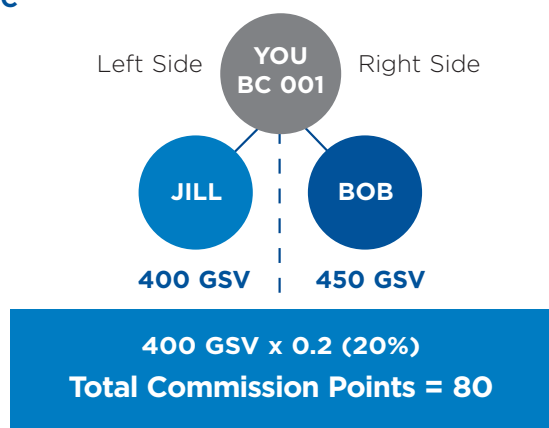
Commissions are awarded in **Commission Volume Points**, which are converted to your local currency.

To calculate your commissions, simply find where the Group Sales Volume on the left side of your Business Centre matches the Group Sales Volume on the right side, and multiply it by 20 percent (or 0.2). Or in other words, take the Group Sales Volume on your small side and multiply it by 20 percent. To receive a commission payment, each side of your Business Centre must reach a minimum of 125 points in Group Sales Volume. When you do, you'll earn 25 Commission Volume

Points, which will be converted to your local currency and paid to you!

Let's look at an example: Suppose you chose to build a business with one Business Centre (see Figure C). In a single week, the left side of your Business Centre accumulated sales that total 400 Group Sales Volume points, and the right side had 450. First, we have to make sure you've reached a minimum of 125 Group Sales Volume on each side. Since you have, we can calculate your commissions by multiplying the Group Sales Volume on your small side by 20 percent. In this case, your small side is your left side. 400 Group Sales Volume Points X 20% (0.2) = 80 Commission Volume Points. This will be converted into your country's currency and paid to you.

**Figure C**



Remember, in calculating commissions we don't count levels, we only count point volume. For example, if Jill and everyone under her generated 2,100 points in Group Sales Volume (left side) and Bob and everyone under him generated 2,100 points in Group Sales Volume (right side) during a single week, you would earn 420 Commission Volume Points, regardless of the level in your team at which this volume occurred. If your goal is to earn 1,000 Commission Volume Points a week, you will need to build a Business Centre where both the left and right sides generate 5,000 points per week in Group Sales Volume.

At USANA, commissions are calculated and paid weekly, so you are rewarded for your success almost immediately. In most direct-selling plans, commissions are calculated monthly and usually not paid until the

latter part of the following month. This means people often wait almost two months to be paid for volume generated in the first part of each month. This single feature of the USANA Binary Compensation Plan will do wonders to keep your team members motivated and working toward continued success.

## **INCOME COMPARISON: ONE BUSINESS CENTRE VS. THREE BUSINESS CENTRES**

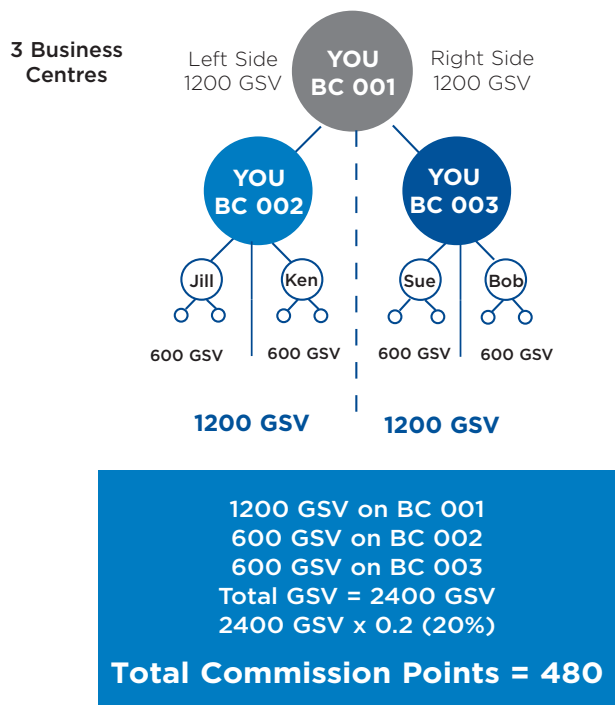
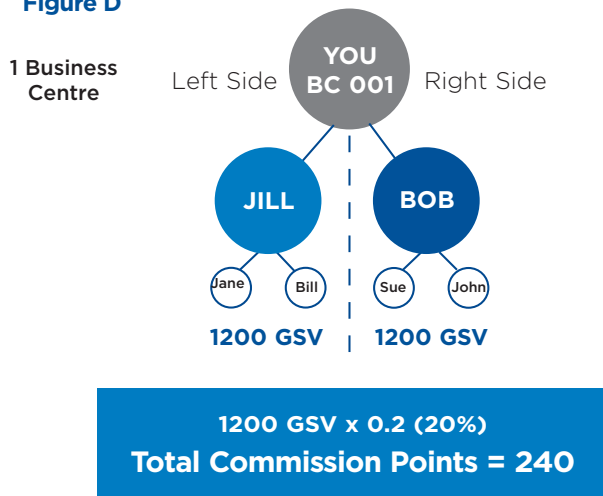
Assume that each Business Centre (including your own) in Figure D is active and commission qualified for the current week. In the top example of Figure D, you have one Business Centre. You and your team members have worked together and generated 1,200 points in Group Sales Volume on both the left and right sides of your Business Centre. Since both sides match, commissions will be calculated by multiplying 1,200 points by 20 percent: this equals 240 Commission Volume Points, which will be converted into your country's currency and paid to you.

To find your total weekly commissions with three Business Centres (bottom example of Figure D), simply add the Group Sales Volume from each Business Centre and then multiply the total by 20 percent. In this example, your second and third Business Centres (BC2, BC3) each have 600 points in Group Sales Volume on the left side and 600 points on the right. Because the points on both sides of BC2 match, there isn't really a small side—we'll take 600 points and add it to our column on the right. We'll follow the same steps for BC3, which means we'll add another 600 points in Group Sales Volume to the column on the right. But we're not done—now we need to include the volume for your first Business Centre as well. Because BC2 and BC3 are located under your BC1, the total group volume from your second and third Business Centres roll up into your first. This is what makes building with three Business Centres so powerful—you're essentially getting paid twice.

Remember, the total Group Sales Volume on the left side of your first Business Centre includes all of the group volume from BC2 (a total of 1,200 points). The group volume on the right side (flowing up through BC3) also has 1,200 points. Since both sides of BC1 match, we can simply take 1,200 points and add it to the column on the right as well.

Now, we add the Group Sales Volume points from each Business Centre and multiply the total number by 20 percent —this comes to a total of 480 Commission Volume Points for the week. Compare this to the 240 CVP you would get for having the same group volume with only one Business Centre, and you can easily see the difference.

**Figure D**



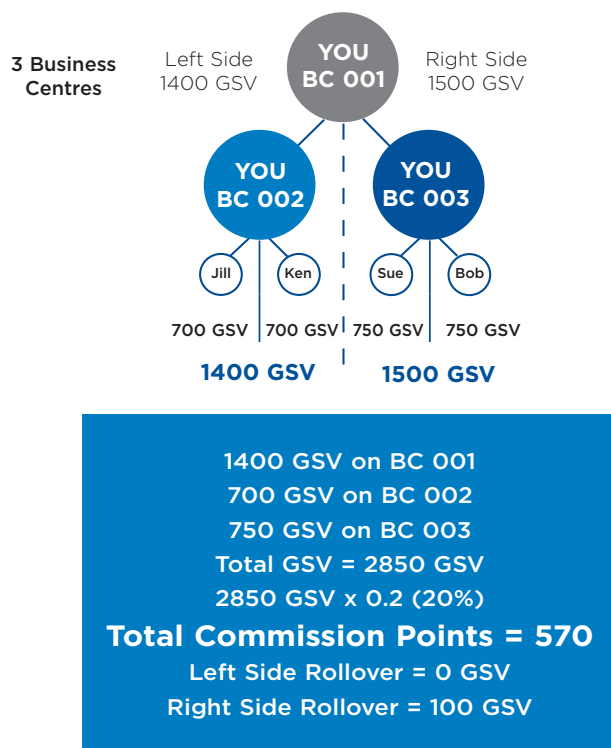
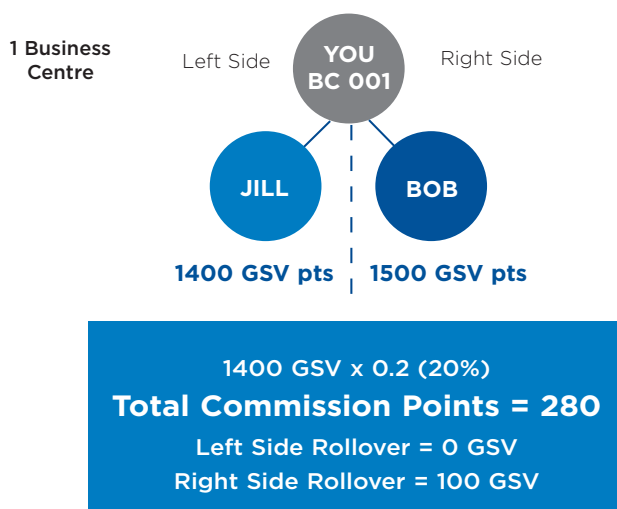
## ROLLOVER VOLUME

The Group Sales Volume on the left and right sides of your Business Centres aren't always going to match, but that's okay. Any extra Group Sales Volume (up to 5,000 points on each side) will rollover into the next commission period.

Assume that each Business Centre (including your own) in Figure E is active and commission qualified for the current week. In the top example of Figure E, you have one Business Centre. You and your team have generated a total of 1,400 Group Sales Volume points on the left side, and 1,500 Group Sales Volume points on the right. The left side is currently your small side and you will be paid commissions for the volume on that side. This means you will be paid for 1,400 points on each side, which equals 280 Commission Volume Points (1,400 X 20% = 280). Since you received commissions for all of the points on your left side, that side will carry 0 rollover points in the next commission period. But there are still 100 points remaining on the right side of your Business Centre, which will rollover into the next commission period (and each subsequent commission period, until those points are matched with at least 125 points from the left side).

In the bottom example of Figure E, the left and right sides of BC2 match at 700 Group Sales Volume points, and the left and right sides of BC3 match at 750. Group volume from both Business Centres roll up to BC1, but the volume on each side of that Business Centre doesn't match. The small side of BC1 is on the left with 1,400 points, so that's the number we'll add to our Group Sales Volume column. Now we can add all of the group volume and then multiply the total by 20 percent, which equals 570 Commission Volume Points. In this situation, the left side of BC1 would have 0 points rollover into the next commission period, while 100 points would rollover on the right.

**Figure E**



## KEEPING YOUR BUSINESS CENTRE(S) ACTIVE

To receive commissions in the USANA Binary Compensation Plan, you must keep your Business Centre(s) active by achieving a minimum Personal Sales Volume requirement. To keep one Business Centre active, you must achieve at least 100 points in Personal Sales Volume during each four-week rolling period. To keep two or more Business Centres active,

you must achieve at least 200 Personal Sales Volume points during each four-week rolling period.

**IMPORTANT:** If you begin your business with three Business Centres, you are not required to achieve 200 points in Personal Sales Volume from the very beginning. Even though you have three Business Centres, you may choose to concentrate on building BC1 early on. Therefore, you can qualify for commissions from this Business Centre with 100 points in Personal Sales Volume. As soon as you want to start qualifying for commissions on your second and third Business Centres, you can do so by upgrading your Personal Sales Volume to 200 points for each four-week rolling period. Understand, however, that volume in your second and third Business Centres will not begin to accumulate until you have qualified to receive commissions on three centres with 200 points in Personal Sales Volume.

It is also important to understand that your first 200 points in Personal Sales Volume during any given four-week rolling period will be placed in your first Business Centre (BC1). If, at any time, you allow your Business Centre(s) to become inactive, all volume within each of your Business Centres will be erased, and the volume will begin at 0 points when the Business Centres are reactivated. Remember that your sales requirements must be met at all times in order to qualify for commissions.

## FOUR-WEEK ROLLING PERIOD

A four-week rolling period equals four pay periods (four Fridays) after you place a product order of 100 points or more.

## AUTO ORDERS: SAVE MONEY, SAVE TIME

Find convenience and ease of mind by purchasing product through Auto Orders. In addition, Auto Orders qualify for 10 percent off the Preferred Price, so you'll save money and potentially increase your retail profits. To receive the additional savings, you'll need to set up an Auto Order in advance and allow it to process automatically as a weekend-processed order. In addition, only products that generate points qualify for the discount—products like logo merchandise or sales tools generate point values (or volume) of zero, which means they do not qualify for Auto Order savings.



## PREFERRED CUSTOMERS

Another way to accumulate Group Sales Volume is by adding Preferred Customers to the left and right sides of your Business Centres. Preferred Customers are able to order products at our Preferred Pricing (and even qualify for additional savings by ordering products through Auto Order), but they do not earn commissions. Although you do not earn retail commissions from Preferred Customers, their orders do earn you points, which are added to your total Group Sales Volume for the Business Centre in which they have been placed.

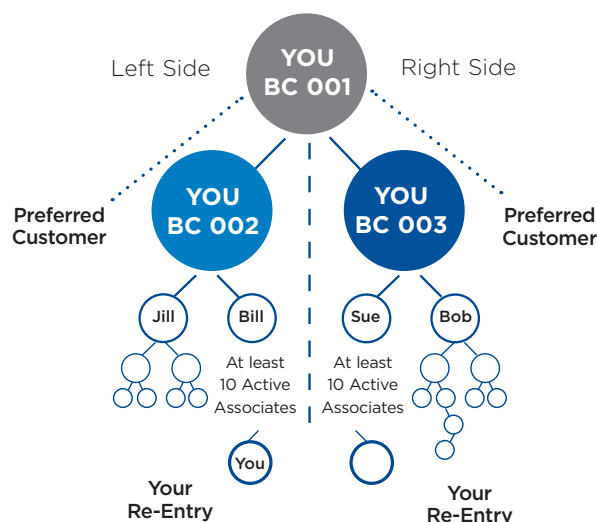
## OPEN ADDITIONAL BUSINESS CENTRES

When you maximise a Business Centre (by generating 5,000 points in Group Sales Volume on both the left and right sides of the Business Centre), you will be issued an electronic Additional Business Centre Certificate. You can receive a total of up to two certificates to open Additional Business Centres for each existing Business Centre you have maxed. With this certificate, you may open a new Business Centre at the bottom of your team structure. This allows you to help others in your team by being involved at a deeper level. Once you establish where you want to open your Additional Business Centre (see Figure F), the next step is to send a written request to Customer Service with information about where you would like the new Business Centre to be placed. Your written request must be attached to a product order form. Additional Business Centre Certificates will not expire. Your first two Additional Business Centres may be placed at the bottom of any side in your team structure, however, future Additional Business Centres must be placed at least 10 active Associates' BC1 Business Centres away from any of your previously existing Business Centres.

For purposes of placing Additional Business Centres, an active Associate is defined as an Associate that is qualified to earn commissions. You can then open the new Business Centre by generating 200 points in Personal Sales Volume, as indicated in Step 1 (this must be in addition to the 100 or 200 Personal Sales Volume points required to keep your existing Business Centres active during the four-week rolling period). Once you have opened your new Business Centre, you can keep it and all other Business Centres active during each four-week rolling period by generating 200 points in Personal Sales Volume. Regardless of the number of Business Centres you have, your personal volume

requirement will never exceed 200 points. Once you open a new Business Centre, you may begin building a team under it. When you have achieved 5,000 Group Sales Volume points on each side of your new Business Centre in a single commission period, you will receive a new Additional Business Centre Certificate to open yet another Business Centre. Because you can receive up to two Additional Business Centre Certificates for each of your original Business Centres, as well as two Additional Business Centre Certificates for each new Business Centre, there truly is no limit to the number of Business Centres you can have in your team structure. Because sales in each new Business Centre will generate commissions not only for itself, but also for all the Business Centres you may have above it in your team structure, developing new Business Centres will strengthen your entire team.

Figure F



## MOVING AN ADDITIONAL BUSINESS CENTRE

Once an Additional Business Centre has been placed, it may not normally be moved. However, USANA reserves the right to allow placement changes as long as the new Business Centre has had no activity (either Group Sales Volume or Personal Sales Volume) within the last six months and all other rules for the placement of a Business Centre are followed. Any such request must be in writing and can only be approved by the Compliance Committee.







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