

USANA®



Policies & Procedures

Policies & Procedures

SECTION 1	5		
INTRODUCTION	5		
1.1 Policies Incorporated into Distributor Agreement	5		
1.2 Purpose	5		
1.3 Changes	5		
1.4 Delays	5		
1.5 Policies and Provisions Severable	5		
1.6 Titles Not Substantive	5		
1.7 Waiver	5		
1.8 No Reliance	5		
SECTION 2	5		
BECOMING A DISTRIBUTOR	5		
2.1 Requirements to Become a USANA Distributor	5		
2.2 Business Development System (BDS) / Starter Kit	6		
2.3 Identification and Distributor Number	6		
2.4 Temporary Enrolment	6		
2.5 Distributor Benefits	6		
2.6 Renewal of Distributorship	6		
SECTION 3	7		
OPERATING A USANA DISTRIBUTORSHIP	7		
3.1 Actions of Household Members or Affiliated Individuals	7		
3.2 Adherence to the USANA Binary Compensation Plan	7		
3.3 Advertising	7		
3.3.1 In General	7		
3.3.2 Television and Radio	7		
3.3.3 Media Inquiries	7		
3.3.4 Trademarks and Copyrights	7		
3.3.5 Use of Distributor Name, Likeness, and Image	8		
3.3.6 Advertised Price	8		
3.3.7 Social Media	8		
3.4 Distributor Claims and Representations	8		
3.4.1 Product Claims	8		
3.4.2 Income Claims	8		
3.4.3 Indemnification	8		
3.5 Commercial Outlets	8		
3.6 Unauthorised Recruiting	9		
3.6.1 Post-Cancellation Solicitation Prohibited	9		
3.6.2 Genealogy Reports	9		
		3.7	Corporation, Partnerships, and Trusts
		3.8	Personal Data and Right of Privacy
		3.8.1	Personal Information
		3.8.2	Communicating Personal Information to Third Parties
		3.8.3	Distributor Access to Personal Information
		3.9	Independent Contractor Status
		3.10	Insurance
		3.10.1	Business Pursuits Coverage
		3.10.2	Product Civil Liability Coverage
		3.10.3	Assumptions of Risks
		3.11	International
		3.12	Adherence to Laws and Ordinances
		3.13	One Distributorship
		3.14	Repackaging and Relabelling Prohibited
		3.15	Sale, Transfer, or Assignment of Distributorship
		3.16	Separation of a Distributorship
		3.17	Succession
		3.18	Taxes
		3.18.1	Income Taxes
		3.18.2	VAT
		3.19	Telephone and E-Mail Solicitation
		3.20	Territories
		3.21	Trade Shows and Expositions
		3.22	Transfer of Sponsorship
		3.22.1	Conflicting Enrolments
		3.22.2	Placement Changes
		3.22.3	Crossline Raiding
		3.23	Deceptive Practices and Detrimental Conduct
		SECTION 4	14
		RESPONSIBILITIES OF DISTRIBUTORS AND SPONSORS	14
		4.1	Ongoing Supervision, Training, and Sales
		4.2	Non-disparagement
		4.3	Holding Applications or Orders
		4.4	Reporting Policy Violations

SECTION 5	14
SALES REQUIREMENTS	14
5.1 Product Sales.....	14
5.2 Retail Customer Sales.....	14
5.3 Excessive Purchases of Inventory Prohibited.....	14
5.4 Deposits.....	14
SECTION 6	14
BONUSES AND COMMISSIONS	14
6.1 Bonus and Commission Cycles.....	14
6.2 Adjustment of Bonuses and Commissions.....	14
6.3 Loss of Rights to Commissions	15
6.4 Unclaimed Commissions and Credits	15
6.5 Stopped Payments, Voided Cheques, and Re-issued Payments	15
SECTION 7	15
PRODUCT GUARANTEES, RETURNS, AND INVENTORY REPURCHASE	15
7.1 Product Exchange.....	15
7.2 Thirty (30) Day Return Policy	15
7.2.1 Retail Customers.....	15
7.2.2 Preferred Customers.....	15
7.2.3 Distributors	15
7.3 All Other Returns.....	15
7.4 Procedures for All Returns and Repurchases.....	16
SECTION 8	16
DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS	16
8.1 Disputes Between Distributors	16
8.1.1 Grievances and Complaints	16
8.1.2 Compliance Department Review.....	16
8.2 Jurisdiction, Venue, and Choice of Law for Disputes between USANA and Distributors.....	16
8.3 Disciplinary Actions.....	16
SECTION 9	16
ORDERING	16
9.1 Ordering Methods	16
9.2 Auto Order Programme	17
9.3 General Order Policies	17
9.4 Purchasing USANA Products	17
9.5 Back Order Policy.....	17
9.6 Shipping Discrepancies.....	17

SECTION 10	17
PAYMENT AND SHIPPING	17
10.1 Methods of Payment	17
10.1.1 Personal Cheques.....	17
10.1.2 Credit Cards	17
10.1.3 Electronic Bank Draft Payment Programme	18
10.2 Auto Order Programme	18
SECTION 11	18
DISTRIBUTOR SERVICES	18
11.1 Changes to the Distributorship	18
11.1.1 In General.....	18
11.1.2 Addition of Co-Applicants	18
11.2 Genealogy Reports and Commission Statements	18
11.2.1 Genealogy Reports.....	18
11.2.2 Earnings Statements	18
11.3 Errors or Questions.....	18
11.4 Resolving Problems	18
SECTION 12	18
INACTIVITY AND CANCELLATION POLICIES	18
12.1 Inactivity.....	18
12.2 Involuntarily Cancellation	18
12.3 Written Cancellation	19
12.4 Effect of Cancellation	19
SECTION 13	19
DEFINITIONS	19



USANA
THE CELLULAR NUTRITION COMPANY

© Copyright 2017 USANA Health Sciences, Inc.
USANA Distributors are hereby granted permission
to reproduce any article that appears in this piece
for personal use, provided the article is reprinted in its entirety
and the reprint bears the following notice: "Reprinted with
the permission of USANA Health Sciences, Inc.,
Salt Lake City, UT 84120 U.S.A."

SECTION 1 – INTRODUCTION

1.1 POLICIES INCORPORATED INTO DISTRIBUTOR 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 Distributor Agreement. It is the responsibility of each Distributor to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies and Procedures. For the purposes of these policies the term Distributor refers to all individuals who signed a Distributor Application.

1.2 PURPOSE

The purpose of the Distributor Agreement is:

- To define the relationship between USANA and the Independent Distributor;
- To set standards of acceptable business behaviour;
- To assist Distributor in building and protecting their business.

1.3 CHANGES

Price changes are effective immediately once posted on USANA's website.

USANA may from time to time amend items including, but not limited to: the terms and conditions of the Distributor Agreement, Policies and Procedures, Compensation Plan, and pricelist. Any amendment to the Agreement enters into force 30 days after its communication to active Distributors through official publication. These communications may be made online, on USANA's website, by email, message boards or in general through any USANA publication.

In case of disagreement with changes to the Agreement, the Distributor must notify USANA in writing 15 days following publication of the amendment in order for any subsequent claim to be accepted. USANA will then work with the Distributor to make further appropriate explanations of changes. If the disagreement persists, the Agreement may be terminated by either party without compensation, taking effect 30 days after notification from either the Distributor or USANA, if the Agreement is less than two years old, or 90 days beyond two years old if the notification comes from USANA.

Renewal of the Agreement after the publication of an amendment or fulfilling orders after publication changes without written notice of disagreement, will constitute definitive acceptance of the Agreement changes.

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 Distributor 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 Distributor 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 Distributor 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 Distributor Agreement.

1.7 WAIVER

USANA never forfeits its right to require Distributor compliance with the Distributor 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 by the Compliance Officer or an officer of the company. The waiver will apply only to that specific case.

1.8 NO RELIANCE

A Distributor should seek advice from their professional advisor for matters of legal, financial, or other professional advice and not rely on any such advice if given from USANA.

SECTION 2 – BECOMING A DISTRIBUTOR

2.1 REQUIREMENTS TO BECOME A USANA DISTRIBUTOR:

- Be at least the age of majority in your country of residence;
- Reside in a geographic area where USANA has been approved for business;
- Read and approve the USANA Policies and Procedures and Binary Compensation Plan;
- Submit an original signed Distributor Application and Agreement to USANA or digitally sign your online Distributor Application and Agreement;
- Provide USANA with a current and correct correspondence address and phone number where you can be reached;
- Purchase a USANA Business Development System (BDS)/Starter Kit for a nominal cost (unless prohibited by law);
- Have a valid personal license in France or in Belgium, a social security number (if applying for VDI status in France), a commercial registration license, or, where permitted, a self-employed registration in France.
- If USANA determines that the Distributor Application and Agreement contains inaccurate or false contact or other information, it may immediately terminate a Distributorship or declare the Distributor Applica-

tion and Agreement null and void from its beginning. Further, it is the obligation of the Distributor to report to the Company on an ongoing basis any changes which affect the accuracy of the Distributor Application and Agreement.

- USANA reserves the right to accept or reject any application for any reason.

2.2 BUSINESS DEVELOPMENT SYSTEM (BDS)/ STARTER KIT

No person is required to purchase USANA products to become a Distributor. However, to familiarise new Distributors with USANA products, services, sales techniques, sales aids, and other matters, USANA requires new Distributors to purchase a BDS/Starter Kit except where prohibited by law. USANA will repurchase any resalable kits from Distributors who terminate their Distributor Agreement within 30 days of their application.

2.3 IDENTIFICATION AND DISTRIBUTOR NUMBER

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

A Distributor who is subject to VAT must provide USANA their VAT number. USANA Distributorships that are a corporation, partnership, or trust must provide to USANA its registration number and a copy of its registration (KBIS for France). This justification may be requested at any time by USANA.

2.4 TEMPORARY ENROLMENT

After signing the Distributor Application and Agreement, anyone wishing to become a Distributor may enrol by telephone or over the Internet to receive a temporary Distributor Number and temporary authorisation for a new distributorship while the written application is en route to USANA. The applicant must provide USANA with all the necessary information to complete the Distributor Application and Agreement. The applicant may order a BDS/Starter Kit at that time using a valid credit card or bank draft. The new Distributor's temporary Distributor Number and authorisation will be valid for 21 days, pending USANA's receipt of the Distributor's original Application and Agreement or the Distributor's digital signature on the online Application and Agreement. USANA reserves the right to remove a distributorship 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 Distributor Application and Agreement, USANA will assign a permanent Distributor Number to the Distributor and extend the initial distributorship authorisation period to one full year.

2.5 DISTRIBUTOR BENEFITS

Once USANA accepts a Distributor's Application and Agreement, the benefits of the Binary Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

- Purchase USANA products and services at the Distributor price;
- Participate in the USANA Binary Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Preferred Customers or Distributors 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 programmes sponsored by USANA for its Distributors; and
- Retail sell USANA products and services and make a profit from their sales.

A Distributor's continuation of a distributorship or acceptance of earnings pursuant to the Binary Compensation Plan or acceptance of any other benefits under the Application and Distributor Agreement constitutes acceptance of the Distributor Application and Agreement, these Policies and Procedures, and any and all amendments thereto.

2.6 RENEWAL OF DISTRIBUTORSHIP

USANA charges Distributors an annual fee for renewal of the distributorship operating license of up to €20. USANA will automatically charge the fee to the Distributor's credit card or bank account on file with USANA on the anniversary date of the Distributor's application. Distributors without a credit card or bank account must renew by phone or mail. The annual renewal fee will:

- Automatically renew your subscription to USANA publications;
- Renew your Distributor 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
- Continue your entitlement to participate in USANA's Binary Compensation Plan; purchase USANA products; enjoy USANA service support programmes; participate in company promotions, contests, and recognition; retail USANA products and services; and attend Company events.

SECTION 3 – OPERATING A USANA DISTRIBUTORSHIP

3.1 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member of a Distributor's immediate household (a Distributor spouse or dependents) engages in any activity, which, if performed by the Distributor, would violate any provision of the Distributor Agreement, such activity will be deemed a violation by the Distributor.

3.2 ADHERENCE TO THE USANA BINARY COMPENSATION PLAN

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

Distributors 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 Distributors 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 Distributors 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 programmes, as well as e-mail messages, voice mail message recordings, social media sites, and Internet websites used to publicise USANA, its products, services, or Binary Compensation Plan.

Any Distributor who has achieved the rank of Gold Director or above who desires to create his/her own sales tools, promotional materials, advertisements or other literature

(promotional material) 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 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 materials that USANA has expressly approved. Such materials may not be offered for sale at a profit to the Distributor. It is the Distributor'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 Distributors waive all claims for damages or remuneration arising from or relating to such rescission.

3.3.2 Television and Radio

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

3.3.3 Media Inquiries

Distributors 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

This Distributor Agreement does not create any license or transfer intellectual property rights which USANA holds.

- Distributors 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 Distributor" logo to promote their business, including in business listings. A reproducible copy of the logo can be obtained from USANA.
- Distributors should not answer the telephone in any manner that might indicate or suggest that the caller has reached a USANA corporate office.
- Distributors may not directly or indirectly record or reproduce materials from any USANA corporate function, event, speech, etc.
- Distributors may not directly or indirectly record, reproduce, or copy any presentation or speech by any USANA spokesperson, representative, speaker, officer, director, or other Distributors.
- Distributors may not directly or indirectly reproduce or copy any recording of a USANA-produced media presentation, including audio tapes, videotapes, CDs, etc.
- Distributors 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.

- Distributors 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.
- Distributors 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 e-mail address.

Exceptions to the above provisions can only be made with a prior, express, written permission from USANA.

Any authorisation may be for limited time and with limited support. Authorisation is only valid within the limits indicated and implies no right to subsequent authorisation.

3.3.5 Use of Distributor Name, Likeness, and Image

Distributor 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, products, or any USANA-related or sponsored events.

However, the Distributor may terminate this authorisation at any time by giving written notice to the USANA Distributor Services. Revocation of the authorisation will not apply to earlier publications.

3.3.6 Advertised Price

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

3.3.7 Social Media

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

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

It is essential when promoting USANA on social media that USANA Distributors abide by all policies relating to

business and product claims. Please refer to sections 3.4.1, 3.4.2, and 5.1 for a reminder of these policies.

Distributors 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. Distributors 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 a Distributor 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 DISTRIBUTOR CLAIMS AND REPRESENTATIONS

3.4.1 Product Claims

USANA Distributors may not make claims that USANA products have therapeutic or curative properties except those contained in official USANA literature. In particular, no Distributors may make any claim that USANA products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only are such claims in violation of the Distributor Agreement, they also violate the laws and regulations of France, Belgium, and Europe.

3.4.2 Income Claims

Distributors 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

A Distributor 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 Distributor agrees to indemnify USANA against any claims, damages, or other expenses, including attorneys' fees, arising from any representations or actions made by the Distributor that are outside the scope of the Agreement. The provisions of this section survive the termination of the Agreement.

3.5 COMMERCIAL OUTLETS

Approval is only given to make home-based sales to private end consumers. Distributors may not offer USANA products in a commercial establishment or in long-distance selling including (but not limited to): boutiques, shopping malls, 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 a Distributor provides product to a third party who then offers the product for resale in any unapproved retail-oriented establishment.

3.6 UNAUTHORISED RECRUITING

USANA Distributors may participate in other direct selling or network marketing or multi-level marketing ventures (collectively, "multi-level marketing"), and Distributors may engage in selling activities related to non-USANA products and services, if they desire to do so. However, Distributors are prohibited from unauthorised recruiting activities, which include the following:

- Recruiting or enrolling USANA customers or Distributors for other multi-level 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 multi-level marketing business ventures to any USANA Preferred Customer or Distributor, or implicitly or explicitly encouraging any USANA Preferred Customer or Distributor to join other business ventures. It is a violation of this policy to recruit or enrol a USANA Preferred Customer or Distributor for another multi-level marketing business, even if the Distributor does not know that the prospect is also a USANA Preferred Customer or Distributor;
- Producing any literature, tapes, or promotional material of any nature for another multi-level marketing business, or appearing in, being referenced in, or allowing the Distributor'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 Distributors. Any product or services in the same generic category as a USANA product or service is deemed to be competing, (i.e., any dietary supplement is in the same generic category as USANA's dietary supplements and is, therefore, a competing product, regardless of differences in cost, quality, ingredients, or nutrient content);
- Offering USANA products or promoting the USANA Binary Compensation Plan in conjunction with any non-USANA business plan, opportunity, product, or incentive;
- Offering any non-USANA products or opportunities in conjunction with the offering of USANA products or business plan or at any USANA meeting, seminar, launch, convention, or other USANA function;
- Where a prospective Distributor or Preferred Customer accompanies a Distributor to a USANA meeting or function, no other USANA Distributor may recruit the prospect to enrol in USANA or any other multi-level marketing business for a period of fourteen (14) days or unless and until the Distributor who brought the prospect to the function advises the other USANA Distributor that the prospect has elected not to enrol in USANA and that the Distributor is no longer recruiting the prospect to enrol in USANA, whichever occurs first. USANA reserves the right to cancel the distributorship of any Distributor who violates this provision. Violations of this policy are especially detrimental to the growth and sales of other Distributors' USANA businesses and to USANA's business.

A Distributor's direct or indirect participation, including the receipt of compensation from, or having an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in any other multi-level marketing venture, they may not participate in USANA's Leadership or Elite Bonus programmes. A Distributor who accepts Leadership Bonus or Elite Bonus while participating in another multi-level marketing venture is in material breach of this Agreement regardless of the Distributor's intent or purpose of such participation.

A Distributor who participates in any way in another multi-level marketing venture is not eligible to have access to confidential customer information, including but not limited to the customer lists included in the Downline Management system (DLM).

3.6.1 Post-Cancellation Solicitation Prohibited

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

3.6.2 Genealogy Reports

The USANA Genealogy Reports are confidential, contain proprietary business trade secrets, and are the exclusive property of USANA. Distributors may not use the reports for any purpose other than for developing their USANA business. Where a Distributor participates in other multi-level marketing ventures, he/she is not eligible to have access to Genealogy Reports. The Distributor and USANA agree that, but for this agreement of confidentiality and nondisclosure, USANA would not provide Genealogy Reports to the Distributor. During any term of the Distributor Agreement and for a period of five (5) years after the termination or expiration of the Distributor Agreement between Distributor and USANA, for any reason whatsoever, a Distributor 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 Distributor or Preferred Customer listed on the reports to participate in other multi-level marketing ventures.

This provision shall survive the termination or expiration of the Distributor 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 Distributor by submitting a properly completed Distributor Application and Agreement together with a Corpora-

tion, Partnership DBA Registration. At any time, USANA may request that the Distributor provide its Certificate of Incorporation, Partnership Agreement, or trust documents (these documents are collectively referred to as the "Entity Documents") to USANA. A distributorship 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 Distributor(s) must submit a properly completed Distributor Application and Agreement and Corporation, Partnership DBA Registration Form to USANA. The Corporation, Partnership DBA Registration Form must be signed by all of the shareholders, partners, trustees, or other individuals having an ownership interest in the business. Members of the Entity are jointly and severally liable for any indebtedness or other obligation to USANA. As set forth in Section 3.13, no individual may participate directly or indirectly in more than one distributorship.

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

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 for purposes related to your distributorship or your application to become a USANA Distributor. These purposes may include:

- Processing your Distributor Application;
- Processing, fulfilling, and notifying you of your product order status;
- Developing Genealogy Reports or other related business reports;
- Providing Distributor services such as planning and facilitating Distributor meetings and training;
- Administering Distributor 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.

USANA is authorised to use the Distributor's email address for any commercial communications in connection with the Agreement, compliance with the Agreement, or to provide the Distributor with information on USANA business opportunities.

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 Distributor benefits;
- Sponsors and upline business leaders who may need access to downline Distributor personal information in order to monitor sales activity and business development in their personal sales groups. However, USANA does not share credit card information or Social Security or Social Insurance Numbers with any third party without your permission or unless required by law or valid court order;
- Persons or organisations seeking references to participate in USANA distribution.
- The Distributor is informed and agrees that all personal information may be transferred to USANA in countries, throughout and outside of the European Union, for use in accordance with this section.

3.8.3 Distributor Access to Personal Information

In accordance with French law 78-07 of January 6 1978 (Informatique et Libertés), 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). Any request must be in writing and must be signed by the Distributor. You may also request USANA to inform you of the type of personal information held by USANA. Requests for access to and correction of personal data or information about USANA's policies and practices regarding personal data should be addressed in writing to USANA Customer Service.

3.9 INDEPENDENT CONTRACTOR STATUS

Distributors are independent contractors. The agreement between USANA and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Distributor. All Distributors are responsible for paying their own income or other taxes (notably, social security in Belgium). Distributors will not be treated as an employee for purposes of unemployment insurance (as well as social security in Belgium), worker compensation worker compensation (except with VDI status), and income taxes.

Each Distributor is encouraged to establish his/her own goals, hours, and methods of sale, so long as he/she com-

plies with applicable laws and the terms and conditions of the Distributor Agreement.

The Distributor need not account for activity freely organised for which they are solely responsible as long as it is in agreement with the laws and regulations of ethical conduct in direct selling and with the Distributor agreement.

In France, a Distributor with VDI status is subject to any social contributions set by regulations. The Company will provide an accounting of applicable social contributions and will deliver a quarterly withholdings bulletin. Any indication relative to time equivalence is only mentioned for entitlement to social insurance.

A VDI Distributor will communicate monthly to USANA their profits from retail sales in order to calculate social contributions. Otherwise, USANA is authorised to report the social contributions based on the suggested retail price of the products purchased by the Distributor.

A Distributor who is registered to operate commercial sales must justify his permanent registration as such. The Distributor is solely responsible for compliance reporting and social insurance payment.

The Distributor is solely responsible for any tax declarations and payment of any and all taxes.

The Distributor alone bears all costs based on their independent USANA business.

3.10 INSURANCE

3.10.1 Business Pursuits Coverage

Distributors must purchase insurance covering their commercial business, any civil liability, and the use of a motor vehicle.

If a Distributor is using their vehicle for business reasons, they should report this use to their insurance company.

3.10.2 Product Civil Liability Coverage

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

3.10.3 Assumption of Risks

A Distributor 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

Distributors may sell and promote USANA's products, opportunity, and services or recruit or enrol any potential Distributor or customer only in countries in which USANA is approved for business, as announced in official USANA communications. If a Distributor desires to conduct business in an authorised country other than the one in which he/she is a Distributor, 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; Mexico labeled product may only be sold in Mexico.

3.12 ADHERENCE TO LAWS AND ORDINANCES

Each Distributor must comply with all laws applicable to his/her business. More specifically, the Distributor must comply with home-based sales legislation, notably the requirement of a purchase order receipt for any retail sales, written and signed by the customer, which includes the right to withdraw within seven days (in Belgium, these days indicate working days).

The Distributor will also exercise good business practices and avoid any unfair or abusive behavior. Any breach of these practices will constitute a violation of the Distributor Agreement.

3.13 ONE DISTRIBUTORSHIP

A Distributor may operate, receive compensation from, or have an ownership interest, legal or equitable, as a sole proprietorship, shareholder, trustee, or beneficiary in only one USANA distributorship. However, notwithstanding this rule, your spouse may become a Distributor and operate a second distributorship as long your spouse's distributorship is placed below one of your Business Centres and not in a crossline sales organisation. 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

Distributors may not relabel or alter the labels on any USANA products, information, materials, or programmes in any way. Distributors 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 DISTRIBUTORSHIP

A Distributor may not sell, transfer, or assign their distributorship rights to any person or entity without USANA's

approval. To obtain approval, you must:

- Be a Distributor in good standing as determined by USANA in its sole discretion.
- Before any transfer will be approved by USANA, any debt obligations the selling Distributor has with USANA must be satisfied.
- The transferring Distributors must be in good standing and not in violation of any of the terms of the Distributor Agreement or these Policies and Procedures, to transfer his/her distributorship.
- The combining of distributorships is not permitted.
- USANA will not approve the transfer of a distributorship to any individual or Entity that is a current Distributor or who has an ownership interest in any distributorship. Similarly, USANA will not approve the transfer of a distributorship to any individual or Entity that has previously had any ownership interest in, or operated, a USANA distributorship.
- No individual Business Centres may be transferred separately from the distributorship. If a Distributor wishes to transfer his/her distributorship, all Business Centres must be included in the transfer.
- The transferring Distributor must notify the USANA Compliance Department of his/her intent to transfer the distributorship by completing and submitting a signed Transfer of Distributorship and Distributor Application Form. No changes in line of sponsorship can result from the transfer of a distributorship.

3.16 SEPARATION OF A DISTRIBUTORSHIP

If Distributors wish to dissolve their jointly held distributorship, they must do so in such a way as to not disturb the income or interests of their upline and teams. Distributors should consider the following when deciding whether or not to dissolve a jointly held distributorship:

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

3.17 SUCCESSION

If a Distributor dies or becomes incapacitated, his/her rights to commissions, bonuses, and the team, together with all Distributor's 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 Distributor Application and Agreement. You may inherit and retain another distributorship even though you currently own or operate a distributorship. In the case of intestacy, USANA will deem the distributorship nontransferable 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 Distributor's death.

3.18 TAXES

3.18.1 Income Taxes

It is the responsibility of each Distributor to pay any taxes due on any income generated as an independent Distributor. It is left to the Distributor to seek advice about his/her tax situation.

3.18.2 VAT

The Distributor, if he/she is subject to VAT, will communicate with USANA his/her VAT number. If a Distributor who is not subject to VAT later becomes subject to it, he must inform USANA and communicate with USANA his/her VAT number once becoming subject.

The Distributor is solely responsible for reporting and payment of taxes on sales.

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 Distributors, is strictly prohibited. Distributors are also forbidden from sending unsolicited e-mail messages or "spamming" to sell products or to recruit Distributors.

3.20 TERRITORIES

There are no exclusive territories for marketing USANA products or services, nor shall any Distributor imply or state that he/she has an exclusive territory to market USANA products or services.

3.21 TRADE SHOWS AND EXPOSITIONS

Distributors may display and/or sell USANA products at trade shows and expositions, but they 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. All literature displayed at the event must be approved USANA literature and must clearly identify the individual(s) as Independent Distributors.

3.22 TRANSFER OF SPONSORSHIP

3.22.1 Conflicting Enrolments

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

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

3.22.2 Placement Changes

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

- Where a Distributor has been fraudulently or unethically induced into joining USANA;
- Where an incorrect placement was made due to a Distributor error, a change in the line of sponsorship can be made to correct the error where a request for a change is made within 10 days of enrolment. If 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 team member in place, no change will be permitted in the line of sponsorship. In the event that such a change is approved, commissions and bonuses earned will be adjusted accordingly. In no case will a change of placement be approved where a signed application has not been received by USANA;
- If you terminate your distributorship in writing, you may rejoin under the Sponsor of your choice after a period of six (6) months. Following termination of your distributorship, you may participate as a Preferred Customer during the six-month period. In the event you terminate your distributorship, 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, Social Insurance Numbers, Social Security Numbers, Employer Identification Numbers, fictitious ID numbers, etc. You also may not avoid compliance with this policy by allowing a former Distributor to participate in any way in your distributorship; or
- If you have been "inactive" (i.e., no purchases or sales of USANA products or participation in any other form as an a Distributor) for a period of 12 successive months, you may terminate your distributorship in writing and rejoin immediately under the Sponsor of your choice.

3.22.3 Crossline Raiding

Crossline raiding is strictly prohibited. "Crossline raiding" is defined as the enrolment or attempted enrolment of an individual or Entity that already has a current Preferred Customer or Distributor Agreement on file with USANA, or who has had such an agreement within the preceding six (6) calendar months within a different line of sponsorship. The use of trade names, DBAs, corporations, partnerships, trusts, spouse names, Social Insurance Numbers, Social Security

Numbers, Employer Identification Numbers, or fictitious ID numbers to circumvent this policy is prohibited. Distributors may not demean, discredit, or invalidate other USANA Distributors in an attempt to entice another Distributor to become part of the first Distributor's team.

3.23 DECEPTIVE PRACTICES AND DETRIMENTAL CONDUCT

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

- Being honest and thorough in presenting material from the USANA Binary Compensation Plan to all potential Distributors;
- Making clear that income from the USANA Binary Compensation Plan is based on product sales and not merely on sponsoring other Distributors;
- Making estimates of profit that are based on reasonable predictions for what an average Distributors 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 Distributor might incur in carrying on the business;
- Not misrepresenting the amount of time an average Distributor would have to devote to the business to achieve the profit estimated, and not stating that profits or earnings are guaranteed for any individual Distributor;
- Never stating or inferring that you will build a team for anyone else;
- Never stating that profits or earnings are guaranteed for an individual Distributor;
- The business opportunity is open to all, without any consideration of gender, of real or presumed belonging to a racial, ethnic, religious or spiritual group, or of political opinion. Thus, Distributors refrain any form of confusion between the commercial activity and one or more of the aforementioned private aspects.
- Never stating that any consumer, business, or government agency has approved or endorsed the USANA products or its Binary Compensation Plan; and
- Never participating in purchasing (placing a sales order in a Business Centre other than where the sale was generated).
- Distributors should avoid confusing commercial business matters with specific private matters.

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, a Distributor 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 USANA, result in the suspension of commissions and termination of the distributorship.

If any conduct by a Distributor is determined by USANA to be injurious, disruptive, or harmful to USANA or to other Distributors, USANA may take appropriate action against the Distributor as set forth in Section 8.3.

SECTION 4 – RESPONSIBILITIES OF DISTRIBUTORS AND SPONSORS

4.1 ONGOING SUPERVISION, TRAINING, AND SALES

Any Distributor who sponsors another Distributor into USANA must train the new Distributor in product knowledge, effective sales techniques, home-based sales legislation, the Binary Compensation Plan, and the Policies and Procedures. Distributors must also supervise and monitor Distributors in their team to ensure they conduct business professionally and ethically, promote sales properly, and provide quality customer service. As a Distributor progresses through the various levels of leadership, his/her responsibilities to train and motivate team members will increase. When sponsoring or enrolling a new Distributor, it is the responsibility of the sponsoring Distributor 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 Binary Compensation Plan prior to his/her execution of the Distributor Agreement.

4.2 NON-DISPARAGEMENT

In setting the proper example for their team, Distributors must not disparage other USANA Distributors, 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 Distributors must forward to USANA any forms and applications they receive from other Distributors or applicant Distributors, or Preferred Customers or applicant Preferred Customers, by the next business day after which the forms or applications are signed.

4.4 REPORTING POLICY VIOLATIONS

Distributors should report any observed violations of a policy 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 to end consumers. The following sales requirements must be satisfied in order for Distributors to be eligible for commissions, bonuses, and to advance in leadership levels:

- A minimum of seventy per cent (70%) of a Distributor's orders must be sold to customers or end users. Personal consumption of products by a Distributor is included as a sale to an end consumer, however, stock-piled purchases will be excluded. Distributors may not

purchase additional product until at least seventy per cent (70%) of the previous order has been personally consumed or sold to end consumers;

- Distributors must develop or service at least five customers every four-week rolling period. These customers can be either retail customers, Preferred Customers, or any combination of the two.
- Distributors must provide retail customers with an official USANA order form, properly completed, at the time of each order. Distributors must retain a copy of all retail sales receipts for a period of three years and furnish them to USANA at the Company's request.

5.2 RETAIL CUSTOMER SALES

Distributors may sell USANA products at any price they choose. All Distributors must provide their retail customers an order form and a sales receipt. These order forms 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. Distributors may not purchase more than they can reasonably resell or consume in any four-week rolling period, nor encourage others to do so.

Distributors are not required to carry inventory of products or sales aids other than the initial BDS/Starter Kit.

5.4 DEPOSITS

A Distributor shall not solicit or accept money as a deposit for sale. The price of sold goods is payable only at the time of the product delivery or after expiration of the seven day withdrawal period (in Belgium, these days correspond to working days).

SECTION 6 – BONUSES AND COMMISSIONS

6.1 BONUS AND COMMISSION CYCLES

USANA pays commissions weekly. A Distributor must review his/her commissions and report any errors or discrepancies to USANA within 30 days from the date of the payment. Errors or discrepancies that are not brought to USANA's attention within the 30-day period will be deemed waived by the Distributor.

6.2 ADJUSTMENT OF BONUSES AND COMMISSIONS

Distributors earn commissions and bonuses based on product sales to end consumers. Accordingly, USANA will adjust commissions and bonuses earned from any sale when the Distributor or any other end consumer returns the sold product for a refund. USANA will deduct the sales volume attributable to the returned product from the

upline Distributor's group volume within the first two weeks after the refund is given.

6.3 LOSS OF RIGHTS TO COMMISSIONS

To qualify for commissions or bonuses, a Distributor must be active (see section 5.1), participate actively in building their downline during each cycle (section 4.1), and comply with the Distributor Agreement.

In accordance with regulations, commissions are the result of activity and effective training.

6.4 UNCLAIMED COMMISSIONS AND CREDITS

Credits are positive balances on a customer's account. A customer or Distributor with a credit will be notified by USANA in writing with instructions to follow the same unclaimed property procedure. A Distributor who wants to claim property must file a claim directly and return it to USANA in the appropriate amount of time by mail or fax.

6.5 STOPPED PAYMENTS, VOIDED CHEQUES, AND RE-ISSUED PAYMENTS

USANA will charge a fee for any stop payment request.

SECTION 7 – PRODUCT GUARANTEES, RETURNS, AND INVENTORY REPURCHASE

7.1 PRODUCT EXCHANGE

USANA warrants the quality of its products and shall exchange any defective product. Anyone returning a damaged or defective product must complete the cancelling Distributor Product Exchange or Return Form.

Product exchanges made for the purpose of favourable gain through maximising commissions or manipulating the Binary Compensation Plan (as evidenced through patterns observed outside of the average Distributor pattern of exchanges) will not be honoured and are considered a material breach of the Distributor Agreement.

7.2 THIRTY (30) DAY RETURN POLICY

7.2.1 Retail Customers

USANA obligates its Distributors to honour the Company's 100 per cent, unconditional, 30-day, money-back guarantee to all retail customers (in addition to the legal guarantees for the client's benefit, in France under articles L211-4, L211-5 and L211-12 of the Consumer Code and articles 1641 and 1648 of the Civil Code and, in Belgium, under the articles of chapter IV and article III of the Civil Code). If for any reason a retail customer is dissatisfied with any USANA product, he/she may return the product to the Distributor 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 Distributor who sold the product to the retail customer must immediately refund the retail customer's purchase price. (Retail customers must return merchandise to the Distributor who sold it to them;

USANA will not accept returned merchandise directly from retail customers.) The Distributor, in turn, should complete a Dissatisfied Consumer Product Return and forward the form along with the original sales receipt and returned merchandise to USANA. USANA will then replace the returned merchandise with like product and ship it to the Distributor.

In case of return, a credit may be made to the Distributor. USANA may also recalculate the Distributor's commissions and bonuses.

7.2.2 Preferred Customers

USANA offers Preferred Customers in France, legally guaranteed as a client benefit under articles L211-4, L211-5, and L211-12 of the Consumer Code and articles 1641 and 1648 of the Civil Code, and Preferred Customers in Belgium under the articles of chapter IV and title III of the Civil Code, a 100 per cent, 30-day, money back guarantee on their initial product order. If for any reason a Preferred Customer is dissatisfied with any USANA product, he/she may return that product to the Company within thirty (30) days for replacement, exchange, or full refund of the purchase price. Following a period of thirty days immediately following the initial purchase, relative reimbursements of returned products will be made pursuant to terms of section 7.3. Moreover, the Company will adjust the appropriate Distributor's sales volume pursuant to section 6.2.

7.2.3 Distributors

If a Distributor elects to cancel his/her distributorship during the 30-day period immediately following his/her enrolment, USANA will refund 100 per cent of the price of the BDS/Starter Kit and all products purchased as part of the Distributor's initial order (excluding shipping). The cancelling Distributor must return the products and the entire BDS/Starter Kit to USANA, shipping prepaid, along with a letter explaining that he/she wishes to terminate his/her distributorship and receive a refund. After this period, refunds for returned products, BDS/Starter Kits, and sales aids are made pursuant to section 7.3. If a Distributor returns his/her Starter Kit and/or merchandise equal to or exceeding €100 for a refund, the return constitutes a Voluntary Cancellation of his/her Distributor Agreement. Moreover, the Company will adjust the appropriate Distributor's sales volume pursuant to section 6.2. Moreover, USANA may deduct from the amount of the refund any commissions or bonuses the Distributor may have received as a result of the products that he/she is returning.

7.3 ALL OTHER RETURNS

In addition to the rules concerning reimbursement on initial orders, a Distributor or Preferred Customer may return to USANA products, including promotional materials and sales aids, purchased within the past 365 days for a refund of 100 per cent of the purchase price (less handling and delivery charges) if the merchandise is in resalable condition within a minimum of three (3) months, unless otherwise required by law. However, returns that result in refunds in excess of €100 may result in the termination of the distributorship. More-

over, USANA may deduct from the amount of the refund any commissions or bonuses the Distributor 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, a Distributor must:

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

If a Distributor returns product from a retail customer, he/she must:

- Send the product to USANA within 10 days of the customer's return. The package must be accompanied by a completed Dissatisfied Consumer Product Return, a copy of the original order form, and the unused portion in the original container.
- Only the Preferred Customer or Distributor 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 DISTRIBUTORS

8.1.1 Grievances and Complaints

When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in relationship to his/her respective USANA businesses, the complaining Distributor should first discuss the problem with the other Distributor. If this does not resolve the problem, the complaining Distributor should report the problem to his/her Gold Director to resolve the issue at a local level. If the matter cannot be resolved, it must be reported 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 firsthand 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 distributorship on hold during the investigation if evidence is sufficiently serious and substantiated. Should USANA place a distributorship on hold during an

investigation and, after the investigation is closed, the results of the investigation show that the Distributor was not in violation of the Distributor Agreement, USANA will promptly pay the Distributor commissions generated during the time the distributorship was on hold together with interest at USANA's then current interest rate. The Compliance Department may also issue disciplinary sanctions consistent with the provisions of section 8.3.

8.2 JURISDICTION, VENUE, AND CHOICE OF LAW FOR DISPUTES BETWEEN USANA AND DISTRIBUTORS

Any dispute relating to pre-contractual information, validity, execution, interpretation or termination of the Agreement shall be subject to prior conciliation each party agrees to comply with. The claim of a party, constituting a dispute, will be submitted in writing to the other party. The other party will have 15 days to make its position known. Depending on the response of the other party, the two parties then have 30 days to try to reconcile, using a third party if necessary. It is only after a lack of agreement that the parties may enter a court setting.

All parties consent to jurisdiction only by the Tribunal de Commerce de Paris. The resolution of any dispute shall be based on French law.

8.3 DISCIPLINARY ACTIONS

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

- A verbal or 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 a Distributor 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 Distributor satisfies certain specified conditions resulting from a Distributor's violation of USANA's image or interests;
- Suspension of certain privileges of distributorship, including, but not limited to, placing a product order, participating in USANA programmes, progressing in the Binary Compensation Plan, or participating as a Sponsor, for a specified period of time or until the Distributor satisfies certain specified conditions, notably in ceasing activity and training in the Distributor's downline Termination of the Distributor Agreement at USANA's discretion.

SECTION 9 – ORDERING

9.1 ORDERING METHODS

Distributors may place orders by telephone, fax, mail, e-mail, through the Internet, through the Auto Order programme,

or at Will Call. 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 Product Order Form. Payments must be made by Electronic Bank Draft (for Auto Order only) or credit card.

When ordering by fax—print information legibly on the order form. Fax the order form. Payments may be made by Electronic Bank Draft (for Auto Order only) or credit card.

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

USANA Health Sciences (France)
92, avenue des Ternes,
75017 Paris
France

The Distributor should keep the yellow copy of the order form for his/her records. Payment may be made by credit card, Electronic Bank Draft (for Distributors and Preferred Customers), or personal cheque.

When ordering online—log on to the shopping cart at USANA.com. Payments can be made by credit card or through an existing chequing account. (This can be set up by submitting an AutoPay/AutoDeposit form.)

9.2 AUTO ORDER PROGRAMME

Distributors and Preferred Customers in good standing may participate in the USANA Auto Order programme. A Distributor may enrol in this programme by filling out the Auto Order Agreement form and by identifying the products they wish USANA to automatically send to them each four-week rolling period. The credit card or bank account from which they authorise payment will be automatically charged the amount of the order plus applicable shipping and VAT. Distributors must ensure that they have adequate funds in their account the week prior to the processing of their Auto Order order.

9.3 GENERAL ORDER POLICIES

On mail orders with invalid or incorrect payment, USANA will attempt to contact the Distributor by telephone and/or mail to try to obtain payment. If these attempts are unsuccessful after five working days, the order will be returned unprocessed. No C.O.D. orders will be accepted. USANA maintains no minimum order requirements. Every order may include products and sales tools. When possible, a Distributor or a Preferred Customer can ask to pick up his/her order at the Will Call. If the order has not been picked up during the ten working days following the purchase of the order or the planned processed day of the Auto Order, the order will be sent at the main address registered on his/her USANA account and the shipping charges will be borne by the Distributor or Preferred Customer. If this happens three consecutive times, then USANA will no longer accept will call pick-up orders from the Distributor or Preferred Customer. The orders will automatically be sent and the shipping charges will be borne by the Distributor or Preferred Customer.

9.4 PURCHASING USANA PRODUCTS

Each Distributor must purchase his/her products directly from USANA in order to receive the sales volume credits associated with that purchase. Resale of products between Distributors is strictly prohibited.

Whenever possible, a Distributor or a Preferred Customer can ask that their orders be available at USANA Will Call. If they have not picked up this order after 10 business days following the purchase or following the Auto Order date, it will be shipped, at their cost, to their primary address on file with USANA. If a Distributor or Preferred Customer place a similar order three time in a row, USANA will no longer accept the Distributor or Preferred Customers orders to be placed in USANA Will Call, but will ship the orders at the cost of the Distributor or Preferred Customer.

9.5 BACK ORDER POLICY

The Distributor must verify with USANA that the products they order are in stock.

In the case of a product being on backorder, USANA may offer a replacement product of equal value to the Distributor.

9.6 SHIPPING DISCREPANCIES

Failure to notify USANA of any shipping discrepancy or damage within 30 days of shipment will cancel a Distributor's right to request a correction. Follow the procedure for correcting a shipping discrepancy outlined on the Distributor Product Exchange or Return Form.

SECTION 10 – PAYMENT AND SHIPPING

10.1 METHODS OF PAYMENT

All forms and authorizations must be accompanied by the Distributor's signature.

10.1.1 Personal Cheques

Cheques for the full amount of the order must be made payable to USANA (including VAT and applicable shipping and handling.)

The cheque must not be expired or postdated. Any cheque returned unpaid to USANA may immediately suspend payment privileges by personal cheque. A €20 service fee will be charged to the Distributor for the returned cheque.

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

10.1.2 Credit Cards

USANA accepts VISA and MasterCard. 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 a distributorship.

10.1.3 Electronic Bank Draft Payment Programme

The Electronic Bank Draft Programme authorises USANA to draft against a Distributor's or Preferred Customer's account for the amount of the order. You must also complete the Electronic Bank Draft Programme form and submit it to USANA.

10.2 AUTO ORDER PROGRAMME

Once initiated, the programme will remain in effect until a written cancellation is received at the USANA Corporate Office.

Changes or cancellations to an existing Auto Order may be made online (changes only), by phone, or in writing no later than the Friday prior to the order processing date.

Participation in the Auto Order programme is purely optional.

The Auto Order programme only involves commissionable products and excludes the purchase of sales tools.

SECTION 11 – DISTRIBUTOR SERVICES

11.1 CHANGES TO THE DISTRIBUTORSHIP

11.1.1 In General

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

11.1.2 Addition of Co-Applicants

When adding a co-applicant to an existing distributorship, USANA requires both a written request and a properly completed Distributor Application and Agreement containing the applicant's and co-applicant's social security numbers (for France) and 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 distributorship are eligible to be added to an existing distributorship as co-applicant.

11.2 GENEALOGY REPORTS AND COMMISSION STATEMENTS

11.2.1 Genealogy Reports

Genealogy Reports are optional and may be ordered by subscribing to The Income Maximizer™. 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 Earnings Statements

Each calendar quarter, USANA will send Distributors operating under VDI status (in France) an earnings statement.

11.3 ERRORS OR QUESTIONS

In the event a Distributor has questions about or believes that any errors have been made regarding commissions, bonuses, Genealogy Reports, orders, charges, or placement information, the Distributor must notify USANA with-

in 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 30 days.

11.4 RESOLVING PROBLEMS

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

SECTION 12 – INACTIVITY AND CANCELLATION POLICIES

12.1 INACTIVITY

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

The absence of any order from a USANA Distributor for a period of 52 consecutive weeks, USANA is authorised to consider that the Distributor has cancelled the Agreement.

In case of refusal or withdrawal of the Agreement, cancellation of the Agreement, certification, or generally in cases of termination of approval, regardless of the motive, the Distributor Agreement will be considered cancelled with effect as of the date of termination of the Agreement. The Distributor will not be authorised to sell USANA products. Therefore, he/she will immediately cease any product distribution and will no longer participate in the USANA Binary Compensation Plan as of the effective date of termination.

12.2 INVOLUNTARY CANCELLATION

A Distributor's violation of any of the terms of the Distributor Agreement, including any amendments that may be made by USANA in its sole discretion from time to time, constitutes a material breach of the Distributor Agreement and may result, at USANA's option, in any of the disciplinary actions listed in section 8.3, including cancellation of his/her distributorship. Involuntary cancellation of a distributorship will result in the Distributor's loss of all rights to his/her team and any bonuses and commissions generated thereby. A Distributor whose Agreement is involuntarily cancelled shall receive commissions and bonuses only for the last full calendar week prior to termination.

When a distributorship is involuntarily cancelled, the Distributor 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 Distributor's last known address or when the Distributor receives actual notice of cancellation, whichever occurs first. In the event of such involuntary cancellation, the Distributor must immediately cease representing himself/herself as a USANA Distributor.

The Distributor may appeal the termination to the USANA Compliance Department. The Distributor's appeal must be in writing and must be received by the company within 15

calendar days or less of the date of USANA's cancellation letter. If USANA does not receive the appeal within the 15-day period, the cancellation will be final. The Distributor must submit all supporting documentation with his/her appeal correspondence. The written appeal will be reviewed by the Compliance Department. If the Distributor files a timely appeal of termination, the Compliance Department will review and reconsider the termination, consider any other appropriate action, and notify the Distributor in writing of its decision. This decision of the Compliance Department will be final.

A Distributor whose Distributor Agreement is involuntarily cancelled may reapply to become a Distributor 12 calendar months from the date of cancellation. Any such Distributor wishing to reapply must submit a letter to the USANA Compliance Department setting forth the reasons why he/she believes USANA should allow him or her to operate a distributorship. It is within USANA's sole discretion whether to permit such an individual to again operate a USANA business. In the case of acceptance, the Distributor can not benefit from his/her former downlines.

12.3 WRITTEN CANCELLATION

A Distributor 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 distributorship or Preferred Customer status. The written notice must include the Distributor's or Preferred Customer's signature, printed name, address, and appropriate identification number.

12.4 EFFECT OF CANCELLATION

Following a Distributor's voluntary or involuntary cancellation, such former Distributor shall have no right, title, claim, or interest to the team which he/she operated or any bonus and/or commission from the sales generated by the team. Following a Distributor's voluntary or involuntary cancellation, the former Distributor shall not hold himself or herself out as a USANA Distributor, 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.

A Distributor who is voluntarily cancelled will receive commissions and bonuses only for the last full calendar week prior to his/her cancellation. A Distributor 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 Distributor's conduct results in his/her involuntary cancellation, he/she shall not be entitled to recover withheld commissions and bonuses if USANA can claim that the Distributor is at least equally responsible for the damage.

Upon request, a Distributor who voluntarily cancels his/her Distributor Agreement may become a Preferred Customer by submitting a Preferred Customer Agreement to USANA.

SECTION 13 – DEFINITIONS

DEFINITION OF TERMS

Active Distributor—A Distributor who satisfies the minimum Personal Sales Volume requirements as set forth in the USANA Binary Compensation Plan.

Distributor—An individual who has executed a Distributor Application and Agreement that has been accepted by USANA. Distributors are required to meet certain qualifications and are responsible for the training, motivation, support, and development of the Distributors in their respective teams. The Distributor may not avoid this obligation nor delegate in order to avoid it. It should be noted that there is no relationship of subordination in any way between a Distributor and any member of his/her team. The Distributor may not avoid this obligation nor delegate in order to avoid it. It should be noted that there is no relationship of subordination in any way between a Distributor and any member of his/her team. Distributors are entitled to purchase USANA products at preferred prices, enrol Preferred Customers and new Distributors, retail USANA products and services, and take part in all Company Distributor programmes.

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

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

Involuntary Cancellation—The termination of an a Distributor Agreement that is initiated by USANA.

Voluntary Cancellation—The termination of a Distributor or Preferred Customer Agreement instituted by the Distributor 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 Health Sciences, Inc. and USANA Health Sciences (France).

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

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

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

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

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

Example: If a Distributor places his/her order on Friday, September 13, 2013, the four-week rolling pay period expires three Fridays later (Friday, October 4, 2013). To remain active, a Distributor must place his/her next product order no later than Friday, October 11, 2013.

Example: If a Distributor places his/her order on Friday, September 6, 2013, the four-week rolling pay period expires three Fridays later (Friday, September 27, 2013). To remain active, a Distributor must place his/her next product order no later than Friday, October 4, 2013.

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

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

Genealogy Report—A report generated by USANA that provides critical data relating to the identities of Distributors and sales information of each Distributor’s team. This report contains proprietary trade secret information. (See section 3.6.2).

Group Sales Volume—The commissionable volume of USANA products generated by a Distributor’s team. Group Sales Volume does not include the Personal Sales Volume of the subject Distributor. (BDS/Starter Kits 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 product sold in the right side of a particular Business Centre.

Immediate Household—A Distributor, his or her spouse, and dependent children.

Level—The layers of Distributors in a particular Distributor’s team. This term refers to the relationship of a Distributor relative to a particular upline Distributor, determined by the number of Distributors between them who are related by sponsorship.

Team—A Distributor’s team consists of all Preferred Customers and Distributors below him/her.

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

Personal Sales Volume (PSV)—The commissionable value of products purchased by a Distributor.

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

Auto Order—To track when your Auto Order will be processed, call Distributor Services 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 Monday of that week and every #3 week forward unless there is a cancellation. Credit cards are billed and bank drafts are deposited the first part of the week your Auto Order is scheduled.

To qualify for 3 Business Centres—You must generate 400 points in sales volume within six Fridays. Start counting from the Friday of the week your application was received.



USANA
THE CELLULAR NUTRITION COMPANY

USANA.com

92, avenue des Ternes,
75017 Paris
France

EU EN Rev 7/17