

Policies & Procedures

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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.

If there is a discrepancy in any section of English and Chinese version of the Policies and Procedures, English version shall govern. USANA Hong Kong Limited reserves the right for final explanation.

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 behavior;
- To assist Distributors in building and protecting their business.

1.3 CHANGES

The Company may from time to time amend the terms and conditions of the Distributor Agreement, Policies and Procedures, Compensation Plan, and price list. Amendments shall be effective upon notification either in official Distributors' meeting(s), or through official USANA literature.

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, labor 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 maybe 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 18 years of age and not a minor in your country of residence;
- Reside in a geographic area where USANA has been approved for business;
- Read the USANA Policies and Procedures and Binary Compensation Plan;
- Submit an original signed Distributor Application and Agreement to USANA;
- Provide USANA with a current and correct correspondence address and phone number where you can be reached;
- Purchase a USANA Business Development System (BDS) for a normal cost (unless prohibited by law);
- Have valid Hong Kong Identity Card, Business Registration or working permit.

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 Application and Agreement null and void from its beginning. It is the obligation of the Distributor to report to USANA 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)

No person is required to purchase USANA products to become a Distributor. However, to familiarize new Distributor with USANA products, services, sales techniques, sales aids, and other matters, USANA requires new Distributor to purchase a BDS except where prohibited by law. USANA will repurchase any resalable BDS from Distributors who terminate their Distributor Agreement.

2.3 IDENTIFICATION AND DISTRIBUTOR NUMBER

USANA requires Distributors to provide their copies of Hong Kong Identity Card, Business Registration or working permit on the Distributor Application and Agreement. USANA uses this number to identify Distributors for tax purpose only.

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 Customer Services or Order Express Representative to place orders and track commissions and bonuses.

2.4 TEMPORARY ENROLLMENT

The applicant must provide USANA with whatever information deemed necessary for the enrollment of a Distributorship, including but not limited to, copy of applicant's identification document(s), completed and signed Distributor Application and Agreement, and documents as required in section 6.4.3 (Enrollment Paperwork). The new Distributor's temporary Distributor Number and authorization will be valid for twenty one (21) days, pending USANA's receipt of the Enrollment Paperwork. USANA reserves the right to remove a Distributorship from its system or stop payment of commissions earned if the Enrollment Paperwork have not been received within 21-day temporary enrollment time period. Once USANA receives the Enrollment Paperwork, USANA will assign a permanent Distributor Number to the Distributor and extend the initial Distributorship authorization period to one (1) 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;
- Retail USANA products and services and profit from these sales;
- 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 Distributors;

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 Application and Distributor Agreement and these Policies and Procedures any and all amendments thereto.

2.6 RENEWAL OF DISTRIBUTORSHIP

USANA charges Distributors an annual Distributorship renewal fee of HK\$150 (the fee is subject to change without prior notice). USANA will automatically charge the fee to the Distributor's credit card or bank account on file in Auto Order with USANA on the anniversary date of the Distributor's application. Distributors without a credit card or bank account must renew in person. 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;
- 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; 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's spouse or dependent(s)) 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

Distributors 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 program as set forth in official USANA literature.

Distributors shall not require or encourage other 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 programs, as well as email messages, voice mail message recordings, social media sites, and Internet Web sites used to publicize 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 sales, marketing, and support materials that USANA has expressly approved. Such materials may not be offered for sale at a profit for a Distributor. It is the Distributors 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 the 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

- A Distributor 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. A reproducible copy of the logo can be obtained from USANA.

- Distributors may describe themselves as an “Independent USANA Distributor” in the business pages of the telephone directory.
- 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 authorization 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 authorization 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 email address.

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, paraphrase, 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 publicizing the USANA opportunity or products, or any USANA-related or – sponsored events.

3.3.6 Social Media

Distributors 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 a Distributor'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 Distributors 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.

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 DISTRIBUTORS 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 violate of the Distributor Agreement, but they also violate the laws and regulations of the United States, Canada, and other jurisdictions.

3.4.2 Income Claims

Distributors may not make income projections or claims or disclose their USANA income (including the showing of checks, copies of checks, 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 Compensation Plan which 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

Distributors may display and retail USANA products in commercial outlets where professional services are the primary source of revenue and product sales are secondary. Approved service-oriented establishments may include (but are not limited to) health spas, beauty shops, and physicians' and chiropractors' offices. Unapproved retail-oriented establishments may include (but are not limited to) retail stores, Internet auction sites (i.e.: eBay, Taobao), 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 UNAUTHORIZED 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 unauthorized 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 enroll 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, (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 Distributor or Preferred Customer accompanies a Distributor to a USANA meeting or function no other USANA Distributor may recruit the prospect to enroll 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 enroll in USANA and that the Distributor is no longer recruiting the prospect to enroll in USANA, whichever occurs first. USANA will immediately cancel the Distributorship of any Distributor who violates this provision. Violation 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 cannot participate in USANA's Leadership or Elite Bonus Programs.

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 multilevel marketing venture is not eligible to have access to confidential customer information, including but not limited to the customer lists included in the Team Manager.

3.6.1 Post Cancellation Solicitation Prohibited

A former Distributor shall not directly or through a third party solicit any USANA Distributor or Preferred Customer to enroll in any direct sales, network marketing, or multi-level marketing program 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 and contain proprietary business trade secrets. A Distributor 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 Report. 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 this Agreement.

3.7 PERSONAL DATA AND RIGHT OF PRIVACY

3.7.1 Personal Data

From time to time it will be necessary for you to provide USANA with personal data for purposes related to your Distributorship or your application to become a USANA Distributor. These purposes may include:

- Processing your Distributor Application;
- Developing Genealogy 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 data in USANA newsletters, promotional materials, and intra-group communications;
- Providing references;
- Complying with applicable laws and assisting with any governmental or police investigation;
- Other purposes directly relating to any of the above.

3.7.2 Communicating Personal Data to Third Parties

Where permitted by the provisions of applicable law, USANA may provide your personal data 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 centers, 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;
- Persons or organizations seeking references;
- Any government agency or other appropriate governmental, police, or regulatory authority in Hong Kong or elsewhere such as but not limited to the Inland Revenue Department.

3.7.3 Distributor Access to Personal Data

Under the Personal Data (Privacy) Ordinance, you have the right to request and obtain from USANA the personal data USANA has on file about you and correct any data that are inaccurate (unless an exception applies). You may request USANA to inform you of the type of personal data maintained by USANA.

Part VIA of the Personal Data (Privacy) Ordinance also requires USANA to obtain your consent in order to use your personal data for direct marketing purposes. By signing the Distributor Application and Agreement, you have provided USANA with your consent in allowing USANA to use your personal data for direct marketing purposes. Requests for access to and correction of personal data, information about USANA's policies and practices regarding personal data, or information about revoking your consent regarding the use of your personal data should be addressed in writing to USANA Customer Services.

3.8 CORPORATION, PARTNERSHIP, 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 its Certificate of Incorporation, Partnership Agreement, or

trust documents (these documents are collectively referred to as the “Entity Documents” to USANA, along with a properly completed Corporation, Partnership DBA Registration. A Distributorship may change its status under the same sponsor from an individual to a partnership, corporation, or trust, or from one type of entity to another. To do so, the Distributor(s) must provide the Entity Documents and 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 3.14, 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 Hong Kong Special Administration Region 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.

3.9 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 Distributor 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;
- Never stating that any consumer, business, or government agency has approved or endorsed the USANA products or its Binary Compensation Plan; and
- Never participating in downline purchasing (placing a sales order in a Business Center 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, 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 the 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.

3.10 INDEPENDENT CONTRACTOR STATUS

Distributors are independent contractors and are not purchasers of a franchise or business opportunity. 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 and employment taxes. Distributors will not be treated as an employee under the Labor Laws of the Hong Kong Special Administration Region. Each Distributor 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 Distributor Agreement.

3.11 INSURANCE

3.11.1 Business Pursuits Coverage

You may obtain insurance coverage for your business activities.

3.11.2 Product 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 as 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 arises as a result of a Distributor's misconduct in marketing the products (see also Section 3.15)

3.11.3 Assumption of Risks

Distributors understand that while traveling to or from Company related meetings, events, activities, workshops, retreats, or gatherings, they are doing so as a part of their own independent business and not in any manner as an employee, agent, or functionary of the Company, notwithstanding the fact that their attendance may be based in whole or in part by invitation from, or agreement with, the Company to attend. Distributors assume all risk and responsibility for such travel.

3.12 INTERNATIONAL

Distributors may sell and promote USANA's products, opportunity, and services or recruit or enroll any potential Distributor or customer only in countries which USANA is approved for business, as announced in official USANA communications. If a Distributor desires to conduct business in an authorized country other than the one in which they are 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; Hong Kong labeled product may only be sold in Hong Kong.

3.13 ADHERENCE TO LAWS AND ORDINANCES

You must obey all laws that apply to your business.

3.14 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 centers and not in a crossline sales organization. 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.

3.15 REPACKAGING AND RELABELING PROHIBITED

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

3.16 SALES, TRANSFER, OR ASSIGNMENT OF DISTRIBUTORSHIP

A Distributor may not sell, transfer, or assign their Distributorship rights to any person or entity without USANA's express written 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 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 Agreement Form. No changes in line of sponsorship can result from the transfer of a 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 Centers may be transferred separately from the Distributorship. If a Distributor wishes to transfer his/her Distributorship, all Business Centers must be included in the transfer.
- The transferring Distributor 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.

3.17 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 team. Distributors should consider the following when deciding whether or not to dissolve a jointly held Distributorship:

- If a jointly owned Distributorship is dissolved, anyone 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 checks between the joint owners.
- If a jointly owned Distributorship is dissolved, the individual(s) who relinquished ownership in the original Distributorship may apply as new Distributors only after waiting six (6) months. This policy does not include the dissolution of a husband and wife's Distributorship. In the case of divorce with a jointly held Distributorship between a husband or wife, the party relinquishing his or her rights to the Distributorship may immediately enroll under any Sponsor of his/her choice.

3.18 SUCCESSION

If a Distributor dies or becomes incapacitated, his/her rights to commissions, bonuses, and the team, together with all Distributor 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, and a properly completed Distributor Application and Agreement. Distributors may inherit and retain another Distributorship even though they may currently own or operate a Distributorship. In the case of intestacy, USANA will deem the Distributorship nontransferable if it is not contacted by an authorized 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.

3.19 TAXES

3.19.1 Income Taxes

Every fiscal year ended March 31st, USANA Hong Kong will submit IR 56 M to Inland Revenue Department for reporting Distributors with earnings equal or above HK\$25,000 in the preceding year of assessment. USANA will provide a copy of IR 56 M and the statement of earnings to Distributors for their record. No separate statement of earnings will be issued to Distributors whose earnings are less than HK\$25,000 in the preceding year of assessment.

Each Distributor is responsible for paying taxes on any income generated as an Independent Distributor. USANA does not provide any personal tax advice and if you have any questions, please consult your own adviser.

3.20 TELEPHONE AND EMAIL 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.

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.

3.21 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.

3.22 TRADE SHOWS AND EXPOSITIONS

Distributors may display and/or sell USANA products at trade shows and expositions, but may not display or sell USANA products at swap meet, 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.

3.23 TRANSFER OF SPONSORSHIP

3.23.1 Conflicting Enrollments

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

3.23.2 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 ten (10) days of enrollment. If you make such a request, you must also submit the written consent of your Sponsor and that person's Sponsor along with the required placement change fee. If at the time of the request you have any team members 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 (6) 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 assumed names, corporations, partnerships, trusts, trade names, spouse names, Hong Kong Identity Card numbers, etc. You also may not avoid compliance with this policy by allowing a former Distributor to participate in any way in your Distributorship.
- If you have been "inactive" (i.e. no purchases or sales of USANA products or participation in any other form as a Distributor) for a period of twelve (12) successive months, you may terminate your Distributorship in writing and rejoin immediately under the Sponsor of your choice.

3.23.3 Crossline Raiding

"Crossline raiding" is defined as enrollment or attempted enrollment 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, assumed names, corporations, partnerships, trusts, spouse names, or Hong Kong Identity Card 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.

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, 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 Compensation Plan prior to their 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, on 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 (Updated on September 1, 2012)

The USANA Binary Compensation Plan is based upon the sale of USANA products and services to end customers. Distributors must fulfill specified personal and organizational 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 Distributors to be eligible for commissions:

- A minimum of seventy percent (70%) of a Distributor's orders must be for personal consumption and/or sold to other customers or end users. The sales volume of a Distributor's personally enrolled Preferred Customers shall be included for the purposes of determining compliance with the 70% requirement. Distributors may not purchase additional product until at least seventy percent (70%) of the previous order has been personally consumed or sold to end consumers;
- Distributors are required to furnish their retail customers with an official USANA Retail Sales Receipt which specifies the date of sale, the amount of sale, the items purchased, and the USANA satisfaction guarantee. Distributors must maintain 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 Distributors' Preferred Customers will be maintained by USANA.

5.2 RETAIL CUSTOMER SALES

Suggested retail prices set by USANA are recommended prices only. Distributors may sell USANA products at any price they choose. All Distributors 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. 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. Distributors 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 Distributor's needs. Each Distributor must make his/her own decision with regard to these matters.

5.4 DEPOSITS

No monies should be paid to or accepted by a Distributor 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. A Distributor must review his/her commissions and report any errors or discrepancies to USANA within thirty (30) days from the issuance date. Errors or discrepancies which are not brought to USANA's attention within the thirty-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 sales 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 (2) weeks after the refund is given.

6.3 LOSS OF RIGHTS TO COMMISSIONS

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

6.4 AUTODEPOSIT OF COMMISSIONS AND BONUSES

6.4.1 AutoDeposit As The Sole Method To Receive Commissions And Bonuses

USANA shall issue commissions and/or bonuses to a Distributor by AutoDeposit only. Commissions and/or bonuses shall be deposited directly into distributor's Hong Kong Dollar bank account. Distributor has the responsibility to ensure AutoDeposit arrangement is successfully set up and continually valid to receive commissions and/or bonuses.

6.4.2 Hong Kong Dollar Bank Account

The Hong Kong Dollar bank account must be :

A valid bank account opened with a Hong Kong local bank; and in main applicant's name in the case of individual Distributorship and in company's name in the case of corporate Distributorship.

6.4.3 Requirements To Participate In AutoDeposit

To be eligible for AutoDeposit, a Distributor must :

- Submit a properly completed and signed Distributor AutoDeposit Agreement; and
- Subject to section 6.4.2, provide USANA with valid proof of the Hong Kong bank account, including but not limited to, copy of passbook and /or bank statement.

USANA shall withhold the issuance of commissions and/or bonuses to a Distributor until the abovementioned requirements have been complied with and AutoDeposit has been set up successfully.

6.4.4 Existing AutoDeposit Arrangement

Existing AutoDeposit arrangement shall be deemed valid by USANA. A Distributor may revoke AutoDeposit arrangement by submitting written notice to USANA. In the event of changing bank account, a Distributor shall, together with the documents as required in section 6.4.3, submit a written notice to USANA 30 days in advance.

6.5 Unclaimed Commissions And Bonuses

For unclaimed commissions/ bonuses, USANA will attempt to notify Distributor by sending written notice(s) to his/her last known address, identifying the subject amount, and advising Distributor the right to request the subject amount be reissued.

USANA will charge HK\$200 (subject to change without prior notice) administrative fee for every single instance of reissuance of commissions and/or bonuses, and a HK\$120 fee for each notice sent to the Distributor. These charges shall be deducted directly from the balance owed to the Distributor. The charge(s) shall be deducted directly from the reissued amount.

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 Distributor Product Exchange or Return Form.
- Product exchanges made for the purpose of favorable gain though maximizing commissions or manipulating the Compensation Plan (as evidenced though patterns observed outside of the average Distributor pattern of exchanges) will not be honored 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 honor the Company's 100%, unconditional, 30-day, money-back guarantee to all Retail Customers. If for any reason a Retail Customer is dissatisfied with any USANA product, he/she may return the product to the Distributors 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 Distributors who sold the product to the Retail Customer must immediately refund the Retail Customer's purchase price. (Retail Customers must return merchandise to the Distributors who sold it to them; USANA will not accept returned merchandise directly from Retail Customers.) The Distributors, in turn, should complete a Dissatisfied Consumer Product Return and forward the form along with the original sales receipt and returned merchandise with like product and ship it to the Distributors. All Retail Customers must be provided with two copies of an official USANA sales receipt at the time of the sale. The back of the receipt provides the customer with written notice of his/her rights to cancel the sales agreement.

7.2.2 Preferred Customers

USANA offers Preferred Customers, and Retail Customers who order directly from an official USANA website, a 100%, 30-day, money back guarantee on their initial product order. If for any reason a Preferred Customer is dissatisfied with any USANA product, he/she may return that product to the Company within thirty (30) days for replacement, exchange, or full refund of the purchase price. If a Preferred Customer returns merchandise equal to, or exceeding HK\$768, 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 Distributors' Sales Volume Pursuant to Section 6.2.

7.2.3 Distributors

If a Distributor elects to cancel his/her Distributorship during the thirty-day period immediately following his/her enrollment, USANA will refund 100% of the price of the BDS and all products purchased as part of the Distributor's initial order (excluding shipping). The canceling Distributor must return the products and the entire BDS to USANA, shipping prepaid, along with a letter explaining that he/she wishes to terminate his/her Distributorship and receive a refund. After the first order, refunds for returned products, BDSs, and sales aids are made pursuant to Section 7.3. If a Distributor returns his/her BDS and/or merchandise equal to, or exceeding HK\$768, for a refund, the return constitutes a Voluntary Cancellation of his/her Distributor Agreement. The Company will adjust the appropriate Distributors' Sales Volume pursuant to Section 6.2. Moreover, USANA may deduct 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

After the initial order, a Distributor may return to USANA products, including promotional materials and sales aids, purchased within the past 365 days for a refund of 100% of the purchase price if the merchandise is in resalable condition, unless otherwise required by law. However, returns that result in refunds in excess of HK\$768 may result in the termination of the Distributorship. 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.

7.4 PROCEDURES FOR ALL RETURNS AND REPURCHASES

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

- 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 tracing your return shipment should that be necessary.

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

- Send the product to USANA within ten (10) days of the customer's return. The package must be accompanied by completed Dissatisfied Consumer Product Return Form, a copy of the original sales receipt, 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 their 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 upline Gold Director to resolve the issue at a local level. If the matter cannot be resolved, it must be reported in writing

to the USANA Compliance Department. The Compliance Department will review the complaint and make a final decision. The compliant 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 Distributorship on hold during the investigation. 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

The Distributor Agreement is governed by and construed in accordance with the law of Hong Kong Special Administration Region ("Hong Kong"). The parties to the Distributor Agreement hereby irrevocably submit to the non-exclusive jurisdiction of Hong Kong courts.

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 sanction:

- 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;
- Suspension of certain privileges of Distributorship, including but no 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 Distributor satisfies certain specified conditions;
- Withholding commissions or bonuses for a specified period of time or until the Distributor 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 a Distributorship.

SECTION 9: ORDERING

9.1 ORDERING METHODS

Distributor may places orders by telephone, fax, mail, e-mail, through the Internet, or through the Auto Order Program. Call Customer Services for your Personal Identification Number (PIN) to order through the Internet.

When ordering by phone – be prepared to present all information requested on the Distributor Product Order Form. Payments will be made by credit card on file.

When ordering by fax – print information legibly on the order form and use the white copy to fax. Payments may be made by credit card on file, or other credit card which copies of credit card's forth and back are required.

When ordering online – log on to the shopping cart at USANA.com. Payments can be made by credit card.

Keep a copy of the order form for your records.

9.2 AUTO ORDER PROGRAM

Distributors and Preferred Customers in good standing may participate in the USANA Auto Order Program. As Distributor may enroll in this program through their Distributor Application and Agreement or by completing an 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 authorize payment will be automatically charged the amount of the order plus applicable shipping. Distributors must ensure that they have adequate funds in their account the week prior to the processing of the Auto Order.

9.3 GENERAL ORDER POLICIES

On phone and/or fax 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 (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 maybe combined.

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.

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

Failure to notify USANA of any shipping discrepancy or damage within thirty (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.

9.7 PICK-UP ORDER POLICY

Product orders that are to be picked up from the USANA office must be collected within four (4) weeks. Failure to do so can result in a Distributor's account being suspended until the products are collected. During the period of suspension, a Distributor cannot, among other things, place orders (whether at the office, by phone, fax, mail, email, online or Auto Order) and will not receive any commissions due.

When picking-up products on behalf of another Distributor or Preferred Customer, a third party must present proper written authorization and his/her own identification documents.

SECTION 10: PAYMENT AND SHIPPING

10.1 METHODS OF PAYMENT

All forms and authorizations must be accompanied by the Distributor's signature. USANA will accept the following methods of payments:

- Credit cards – USANA accepts Visa and Master Card. 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.
- Auto Pay – Authorizes to this program USANA debit a Distributor or Preferred Customer's bank account for the amount of his/her order and fees incurred. The apply for participation in the Auto Pay Program, you must be on Auto Order. You must also complete the Auto Pay Program form and submit it to USANA.

10.2 INSUFFICIENT FUNDS AND DECLINED CREDIT
All electronic funds transfers returned and unpaid by the bank will incur a HK\$150 charge. Any outstanding balance owed to USANA will be deducted from subsequent commission or bonus payment. Failure to resolve any outstanding balance owed to USANA may result in the involuntary cancellation of Distributorship.

10.3 AUTO ORDER PROGRAM

- Once initiated, the program will remain in effect until a written cancellation is received by USANA.
- Any changes or cancellation must be received in writing no later than the Tuesday of the week prior to the Auto Order.
- Participation in the Auto Order Program is purely optional and does not relieve a Distributor from compliance with the retail sales requirement or from compliance with the seventy percent (70%) resale rule.

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 require both a written request and a properly completed Distributor Application and Agreement containing the applicant's and co-applicant's Hong Kong Identity Card number and signatures. The modifications permitted within the scope of this paragraph do not include a change of sponsorship.

11.2 GENEALOGY REPORTS AND COMMISSION STATEMENTS

11.2.1 Genealogy Reports

Genealogy Reports are optional and may be ordered by calling Order Express and having Business Accelerator Suite added to your Auto Order. Reports may also be ordered by mail by filling out and submitting a Downline Report/General Purpose Request form to USANA. When a Distributor orders a Genealogy Report, USANA will deduct applicable processing charges from the Distributor's commission earnings. 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

Commission Statements are obtainable online via The Hub for all active Distributors.

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, or charges, or placement information, the Distributor must notify USANA within thirty (30) days of the date of the purported error or incident in question. USANA will not be responsible for any error, omission, or problem not reported within thirty (30) days.

11.4 RESOLVING PROBLEMS

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

12.2 INVOLUNTARY CANCELLATION

A Distributor's violation of any of the terms of the Distributor Agreement, including any amendments which 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 canceled shall receive commissions and bonuses only for the last full calendar week prior to termination.

When a Distributorship involuntarily canceled, 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 occur first. In the event of such Involuntary Cancellation, the Distributor must immediately cease to 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 fifteen (15) calendar days of the date of USANA's cancellation letter. If USANA does not receive the appeal in the fifteen-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 canceled may reapply to become a Distributor twelve (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 reason why he/she believes USANA should allow him/her to operate a Distributorship. It is within USANA's sole discretion whether to permit such an individual to again operate a USANA business.

12.3 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 no hold himself/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 material bearing any USANA logo, trademarks, or service marks.

A Distributor who is voluntarily canceled will receive commissions and bonuses only for the last full calendar week prior to his/her cancellation. A Distributor whose Agreement is involuntarily canceled will receive commissions and bonuses only 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.

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 as executed a Distributor Application and Agreement which 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. Distributors are entitled to purchase USANA products at preferred prices, enroll Preferred Customers and new Distributors, retail USANA products and services, and take part in all Company Distributor programs.

Business Center: the term "Business Center" 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 a Distributor Agreement which 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 Hong Kong Limited.

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 Center 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 Center.

Right-Side Group Sales Volume (GSV): The commissionable volume of product sold in the right side of a particular Business Center.

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 Customer Services for the number of your Auto Order week. If your week is Cycle 3, for example, find the Cycle 3 on the calendar of the current month. Your Auto Order will be processed on Monday of that week and every Cycle 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 Centers: You must generate 400 points in sales volume within six Fridays. Start counting from the Friday of the week your application was received.