



Policies & Procedures

What you need to know about
running and growing your business

USA

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OUR PURPOSE

OUR PURPOSE:

We believe that natural health and wellness have the power to change lives; and through our products, our people and our business opportunity, we work to make that a reality every day.

MISSION:

Our mission is to transform lives around the world by providing the most innovative and highest quality health solutions.

VALUES:

for over 45 years, we have built a business together, Based on five core values:

Quality – Setting the standards, not just meeting them

Integrity – Doing what's right because it's right

Service – Providing value and showing respect for all

Community – Connecting those who share our passion

Innovation – Nurturing a spirit of discovery and advancement

While transformation is a bold promise to make, we do so with confidence. Nature's Sunshine brings the promise of better health and wellness to millions of customers every day. And when people are healthier, they are happier, and lives are truly transformed.

SECTION 1

INTRODUCTION

1.1 Policies, part of the Membership Agreement

Nature's Sunshine Products, Inc. ("NSP") has established these Policies (the "Policies") in their present form and may amend them from time to time in its sole discretion in accordance with Section 1.4. The Policies, including any amendments, are incorporated into the NSP Consultant Sign-Up Application ("Consultant Application"), along with the NSP Consultant Business Model ("Compensation Plan"). Throughout these Policies, when the term Membership Agreement is used, it collectively refers to the NSP Consultant Application, the NSP Compensation Plan and these Policies. The Membership Agreement constitutes a complete contract between the Independent Consultant and NSP. By purchasing products from NSP for purposes of resale, the Independent Consultant agrees to adhere to the terms and conditions contained in his or her Consultant Application, the NSP Compensation Plan, as well as all provisions in these Policies. It is the responsibility of each Independent Consultant to read, understand, follow and ensure that he/she operates his/her independent NSP business under the most current version of these documents, including any amendments. The most current versions will be found on NSP's corporate website at www.naturessunshine.com. The online version of the Policies will supersede all other versions.

1.2 Purpose

The purpose of the NSP Membership Agreement is to govern the manner in which an Independent Consultant does business with NSP, other Independent Consultants and customers. It sets standards of acceptable business behavior to ensure the efficient and ethical operation of your independent NSP business or membership (as defined below). Failure to comply with any aspect of the Membership Agreement provisions may result in, among other things, the loss of the Independent Consultant's right to information concerning his/ her NSP organization, the loss of the right to receive a commissions check, fines, suspension, and/or termination of the Independent Consultant's membership.

1.3 Scope

These Policies apply in the U.S. Additional or other Policies may apply in other countries. All documents that constitute the Membership Agreement and any related documents will be interpreted under Utah law. In the event of conflict between the English version of the Membership Agreement and any foreign language version of these documents, the English version shall control.

These Policies are effective September 2021. Any provision or cause of dealing established under a previous version of these Policies is no longer valid or recognized by NSP as of the above date. Additional or varying terms may also apply in certain jurisdictions based on legal or operating requirements specific to the particular jurisdiction.

1.4 Amendments

All Consultants understand and agree that NSP, at its sole discretion, may amend The Membership Agreement from time to time. All Consultants understand and agree to be bound by the most current versions of these Policies, the NSP Compensation Plan, and the other documents forming the Membership Agreement, including any revisions or amendments made after the date of the Consultant's enrollment, upon the occurrence of any of the following: (a) completing the Consultant Application and entering into the Membership Agreement; (b) renewing a Membership; (c) enrolling a new Consultant; or (d) accepting any commissions or other payments from NSP under the NSP Compensation Plan.

All Consultants will be bound by any revisions or amendments upon notification of the revisions or amendments through any NSP official channel of communication effective thirty (30) days after posting such notice (except where a longer period is required by law, in which case such longer period will apply). Official channels of communication include, but are not limited to, postings of information or these Policies, the NSP Compensation Plan, or the other documents forming the Membership Agreement to the NSP website, email to the email address on file, announcements in any NSP official newsletter, or by mail sent to the address on file.

1.5 Policies and Provisions Severable

If any provision of the Membership Agreement in current form or as amended is found to be invalid or unenforceable for any reason, only that provision will be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if the invalid or unenforceable provision never comprised part of the Membership Agreement.

1.6 Waiver

NSP never gives up its right to require compliance of the Independent Consultants to all aspects of the Membership Agreement, and with all applicable laws governing business conduct. NSP reserves the right to overrule any policy or procedure at its discretion, and such waiver will be conveyed in writing by the head of Distributor Education and Compliance or an authorized officer of the company. The waiver will apply only to that specific case.

1.7 Membership Agreement Questions

NSP intends that its Consultants abide by the laws and established legal guidelines, including these Policies. NSP maintains full-time staff to help in this regard. If an Independent Consultant has questions concerning the Membership Agreement or these Policies, they may contact Customer Service and/or Distributor Education and Compliance.

NSP's Distributor Education and Compliance Department is available to discuss the application of the Policies, including the marketing of NSP products, proposed

publications, and proposed advertisements, interviews with the media and relations with government authorities. NSP does not provide legal advice to its Consultants. NSP's Legal Department represents only NSP and not a Consultant in any capacity.

SECTION 2

DEFINITIONS

2.1 In these Policies, the following terms shall have the meanings specified below:

"Compensation Plan" - The business practices that allow a Consultant to purchase our premium-quality health supplements at wholesale cost; build an independent business; earn commissions; and to attend NSP-sponsored events and educational meetings.

"Home Office" - The NSP Products, Inc. corporate office located at 2901 W. Bluegrass Boulevard, Suite 100, Lehi, Utah 84043, or any successor address.

"Affiliate" - A Customer of NSP who has completed and submitted an Affiliate Sign-Up Application (the "Affiliate Agreement") in order to receive payment or product credit for referring the NSP Products to others. Affiliates are not employees of NSP.

"Consultant" or "Independent Consultant" - An independent contractor who has completed and submitted a Membership Agreement and whose Agreement has been accepted by NSP and continues so long as they remain in good standing. The term "Consultant" or "Independent Consultant" includes any person with a beneficial interest in an NSP membership. Consultants are not employees of NSP.

"Membership" - The right to distribute NSP products and fulfill obligations to NSP as a Consultant. Neither the term "membership" nor the terms "Consultant" or "Consultants" shall connote any right or interest in NSP, its products or anything other than the right to distribute NSP products.

"Membership Agreement" - The binding contract between the Consultant and NSP, governing the Consultant's membership and includes the Consultant Application, the NSP Compensation Plan, and the NSP Policies.

"Consultant Application" - The Consultant Application and all attachment documentation required to be submitted to NSP to apply to become a Consultant. The "Consultant Application" is subject to acceptance or rejection by NSP. Upon acceptance by NSP, the "Consultant Application," along with the NSP Compensation Plan and NSP Policies, constitute the "Membership Agreement."

"Network" - The Consultant of NSP and its affiliated companies and all compilations of various lists describing that network or members thereof, including but not limited to, any and all contact or personal information collected by NSP regarding the Consultants and all information provided to Consultants on the NSP website and Consultant back office tools.

"Sponsor" - A Consultant who personally recruits a new Consultant to enter into a Membership Agreement with NSP and is identified on the new Consultant's Consultant Application.

"Established NSP Account" - An NSP Account that was originally formed by a previous owner.

SECTION 3

CODE OF ETHICS

3.1 The Code of Ethics

All Consultants agree to conduct business as independent NSP product distributors, with honesty and fairness, acting ethically, legally, and professionally at all times, and in accordance with these Policies. Ethical violations by Consultants damage the reputation of NSP. NSP reserves the right to impose corrective and protective measures as outlined in this document or otherwise available under applicable law.

NSP is a member of the Direct Selling Association ("DSA") and abides by the DSA Code of Ethics. Along with the ethical guidelines above, NSP Consultants must comply with the DSA Code of Ethics in the operation of their business. This can be found at www.dsa.org/ethics/code and attached as Addendum C on page 19 of this document.

As an independent contractor and Consultant of NSP, I promise and agree that, among other things:

- I will abide by and comply with, and must cause every person under my direction or control who is connected with the performance of the Membership Agreement to fully abide by and comply with, all applicable laws, rules, regulations and ordinances of the United States of America, the State(s) in which I consume and/or distribute NSP products, and their respective agencies, as well as all NSP rules, regulations and policies.
- I will be courteous, respectful, honest and fair in all of my dealings while acting as an NSP Independent Consultant; furthermore, I will perform my professional activities in a manner that will enhance my reputation and the positive reputation of NSP.
- I will fulfill my leadership responsibilities as a Sponsor by training, assisting and otherwise supporting the Consultants in my sales organization. I will respect the sponsor relationship of every Consultant in the NSP family, and I will not attempt to interfere with or change these relationships. I will not make disparaging or untrue claims about other NSP Consultants.
- I will follow the Policies, using best efforts to follow the spirit as well as the letter of these Policies.
- I will abide by the Terms and Conditions I committed to upon signing my Consultant Application.
- I will not diagnose or prescribe treatment for disease, nor will I make any disease prevention or treatment claims. I will never recommend to anyone that he/she discontinue the services, recommendations or medications of any doctor or other healthcare professional.
- I will not misrepresent or make deceptive or misleading (even if true) representations regarding the income potential of the Compensation Plan.
- I will not misrepresent or make deceptive or misleading (even if true) representations regarding the NSP products or the Compensation Plan, nor will I engage in disparaging, misleading, deceptive or illegal practices.
- I will guarantee all customer sales according to the terms of the Customer Return Policy.
- I will not omit, or cause or permit to be omitted, any material relating to NSP's products, Compensation Plan or Policies.
- I will not use, cause, or permit to be used, fraud, coercion, harassment or unconscionable or unlawful means to promote NSP's products or Compensation Plan.

SECTION 4

ENROLLMENT & ACCOUNT MANAGEMENT

4.1 Consultant Benefits

NSP Consultants may immediately enjoy the benefits stipulated in the NSP Compensation Plan. Those benefits include the ability to:

- Purchase NSP products at wholesale cost from NSP Home Office and/or from his/her Sponsor.
- Sell NSP products and sponsor new Consultants in any territory or country, subject to product registrations and international sponsoring regulations and consistent with applicable federal, state and local government laws and regulations. Sponsor other individuals into a membership to build a sales organization and progress within the compensation plan.
- Sponsor any individual as a Customer/Affiliate who does not wish to become a Consultant.
- Participate in incentive contests sponsored by NSP for its Consultants.

- Enjoy the opportunity of attending NSP educational events.
- Attend training seminars upon payment of any applicable charges.

4.2 NSP Consultant Application

NSP requires no initial payment other than the purchase of a Welcome Kit, to become a Consultant. A person can become an NSP Consultant by completing an NSP Consultant Application and purchase a Welcome Kit. NSP Consultants enjoy Consultant Cost on their purchases of NSP products along with several other benefits. Memberships are granted on a 12-month basis only and must be renewed each year (see Membership Renewal on page 14).

4.3 Consultant ID Number

Every Consultant will obtain a unique numerical identification number ("ID Number") issued by NSP.

4.4 Legal Age

Consultants must be at least 18 years of age. If a membership is an entity, all controlling principals of the entity must be at least 18 years of age.

4.5 Ownership of Network: Consultants acknowledge and agree:

- The Network is protected as a valuable, proprietary, trade secret asset that is owned by NSP and its affiliated companies;
- The Network has been developed for the exclusive benefit of NSP and its Consultants as they promote authorized business activities and the NSP products through the Network;
- The protection of the Network is fundamental to the ongoing success of both NSP and its Consultants;
- A violation of these policies inflicts irreparable harm to the Network, to the Company and to fellow Consultants. Therefore, Consultants agree that a breach of the obligations detailed in these Policies will constitute an unwarranted and unreasonable interference with the contractual relationship between NSP, and its Consultants and will damage the competitive business interest and integrity of NSP and the Network;
- Resignation or termination of a Membership results in the loss of all rights and benefits as a Consultant, including the permanent loss of the downline organization and Network.

4.6 Confidential Information:

As a result of being a Consultant, Consultants have access to confidential information that they acknowledge to be proprietary, highly sensitive and valuable to NSP and its affiliated businesses. This information is available to them solely and exclusively for purposes of furthering the sale of NSP products, prospecting, training and sponsoring third parties who wish to become Consultants, and to further build and promote the Consultant's NSP business. Consultants and NSP agree and acknowledge that, if not for the Consultants agreement to confidentiality and nondisclosure, NSP would not make confidential information available to Consultants. To the extent permitted by applicable law, for as long as a person is a Consultant, and for a period of 6 months after the termination or expiration of the Membership Agreement, Consultants will not, for any reason, on their own behalf, or on behalf of any other Person:

- Disclose any confidential information related to or contained in the Network to any third party directly or indirectly;

- Disclose, directly or indirectly, the password or other access code to the Network;
- Use the confidential information to compete with NSP and its affiliated businesses, or for any purpose other than promoting the company;
- Solicit any Consultant of NSP and its affiliated businesses or of the Network, or in any manner attempt to influence or induce any Consultant of NSP and its affiliated businesses, to alter their business relationship with NSP and its affiliated businesses;
- Use or disclose to any person any confidential information related to or contained in the Network that was obtained while the Membership Agreement was in effect; or
- Misuse proprietary and confidential NSP information by recruiting or attempting to recruit an existing Consultant for another direct sales/network marketing company.

Upon resignation or termination of the Membership, Consultants will promptly destroy or return to NSP all confidential information. The obligations under this provision will survive the termination or expiration of the Membership Agreement.

The Consultant shall indemnify and hold harmless NSP and its affiliated companies for all damages claims, liabilities and expenses arising out of any breach or failure to comply with this provision.

4.7 Consultant Compensation and Fees:

A Consultant is compensated pursuant to the NSP Compensation Plan applicable to the country of residence of the Membership.

As with any other sales opportunity, the compensation earned by Consultants varies significantly. People choose to become Consultants for various reasons. Many do so in order to purchase NSP products at the Consultant price. Others may join to improve their business skills, including the management of their own business. Consequently, many Consultants never qualify to receive commissions. Earning a meaningful compensation as a Consultant requires considerable time, effort, and commitment. NSP business opportunity is not a get rich quick program. A Consultant is neither guaranteed a specific income nor assured any level of sales, profit, or success. A Consultant is wholly responsible for meeting the Consultant's qualification requirements.

The policies outlined in the Compensation Plan section of this document and on NSP's website are the guidelines for payment of earnings under the Compensation Plan and the fees charged to Consultants. In case of discrepancies for payment of earnings, the terms and conditions of the Compensation Plan prevail.

Although NSP provides most Consultant services to Consultants free of charge, from time to time a Consultant will request or require services that warrant additional time and expense to research or address. The Consultant requesting services will be notified of any additional charges and charged at NSP's discretion.

4.8 Territory and Global Sponsoring

Acceptance of a Consultant Application provides authorization to conduct product sales and business within the United States. Additionally, NSP offers its Consultants the ability to sponsor new Consultants in any international market in which NSP is open and operating as a direct selling company. Through Global Sponsoring, you have the opportunity to build your business beyond the borders of your country of residence, which unlocks great potential for growth and success. We hope that all NSP Consultants will take advantage of this phenomenal business-building opportunity.

The following policies apply to all Global Sponsoring activities, regardless of your current country of residence. If you have further questions regarding Global Sponsoring, please visit www.naturesunshine.com.

- Global Sponsors are obligated to observe the laws of the countries in which they operate.
- Global Sponsors are obligated to only operate in the countries/markets that have been officially opened for direct selling activities by NSP. These countries are listed at www.naturesunshine.com.
- Global Sponsors must abide by the Agreement Form, Rules, Policies & Procedures, Compensation Plan, etc. of the legally recognized NSP office/subsidiary in the country/market in which they operate.
- Global Sponsors are obligated to recruit new globally sponsored Consultants according to the Agreement Form, Rules, Policies & Procedures, Compensation Plan, etc. of the country/market in which the new globally sponsored Consultant resides.
- Global Sponsors do not qualify for compensation plan incentives in the country where the globally sponsored Consultant resides (for example: local market convention attendance, My Passport trips, etc.)
- Global Sponsors may enroll as many Consultants as desired in all participating countries; however, Global Sponsors cannot register as authorized Consultants in any country except in his/her country of residence. As a company-wide policy, any Consultant/Customer may operate only one NSP membership at any time.
- Any commissions earned through Global Sponsoring are based on the sale of products in the foreign country where the sponsored Consultant resides and are paid to the Global Sponsor by the legally recognized NSP office/subsidiary in your country/market of residence. Where applicable, taxes will be handled as required by the laws of each country/market.
- NSP products are NOT to be distributed/sold from one country/market to another.
- Failure to comply with any of these policies can result in severe, damaging legal consequences for all parties concerned and constitutes grounds for immediate termination of the Membership Agreement in your country of residence.

4.9 Beneficial Interest

Consultants of the same family unit—defined as a husband, wife and children living at the same address—may not have more than one membership account in total. The Membership Agreement is void if any member of the family unit has previously signed up as a Consultant, and that original account is still active.

4.10 Corporations, Partnerships, Trusts, Sole Proprietors and Other Entities

To use a corporation, Limited Liability Company or other entity as a vehicle for your NSP membership, you must:

1. Submit a written request to the NSP Customer Service Department, Attention: Distributor Education and Compliance.
2. Request that NSP set up your account as a corporation (or such other legal entity, as the case may be).
3. Provide the Federal Tax Identification Number and any requested state tax number for that entity.
4. Provide the Articles of Incorporation for that entity. This should include the name(s) of the corporation's or entity's officers (there must be at least two such officers named) and shareholders (or members).
5. Include the names and signatures of every person with authority to charge or order NSP products on your entity's account.
6. The membership and all commissions, payments, correspondence and information will be processed and addressed in the name of the corporation or entity.

4.11 Consultant Marriage

Married couples or couples living together in a common-law relationship must be enrolled with a single membership. The application must be signed by both individuals, and a single identification number will be issued. Consultants who subsequently marry or cohabit with another Consultant must have their memberships merged with the most senior Consultant's membership continuing and the most junior Consultant's membership being cancelled.

4.12 Consultant Divorce

If married Consultants obtain a divorce, NSP will continue to treat the membership pursuant to the original Membership Agreement until such time that NSP receives written notice from either parties, or official court documentation, directing otherwise. The written notice should come in the form of an updated NSP Account and Business Information document (found on the corporate website) and be signed by all parties and then notarized. Please contact the NSP Customer Service or Distributor Education and Compliance department for assistance.

4.13 Consultant Death

In the event of a Consultant's death, the membership may be conveyed by will or the laws of intestacy to the Consultant's heirs. The death certificate, a certified copy of the will or court order, as well as a new Consultant Application in the name of the new Consultant receiving the membership must be forwarded to NSP Distributor Education and Compliance. NSP also provides a form called "Beneficiary of Account" to proactively assist in these matters (see the corporate website).

4.14 Membership Account Changes

Making account changes, e.g. adding/deleting a name, new business name, beneficiary, change of ownership, etc., requires a completed form from NSP, found on the corporate website. Please contact NSP Customer Service for assistance. Completed forms, including signatures and notarization as required should be submitted to NSP Distributor Education and Compliance.

4.15 Membership Transfer by Sale

No partial sale or division of a successline group is allowed. However, a Consultant may sell his/her NSP membership. NSP provides the "Application to transfer ownership of NSP account" form for this purpose (found on the corporate website). Completed forms, including signatures and notarization as required should be submitted to NSP Distributor Education and Compliance. The seller should notify his/her Sponsor of the sale.

The terms and conditions of the Membership Agreement are still in force regardless of any organizational changes due to the sale of an NSP Membership.

NOTE: Any active Consultant desiring to acquire an interest in another Consultant's business must first terminate the existing Membership of the buyer and cease functioning in any way as an NSP Consultant, including purchasing products, for a period of at least six (6) months. The buyer must then reapply as a Consultant in the newly acquired Membership by submitting a new Consultant Application and incorporation or partnership paperwork, which must be accepted by NSP. NSP reserves the right to deny the transfer of any NSP Membership for any reason or for no reason.

4.16 Membership Transfer by Will

A Consultant's business may be transferred by will. Appropriate legal preparation must be completed to ensure the transfer meets NSP requirements and

applicable laws. Successors acquire the right to a Consultant's commissions on the Consultant's success line, but they must meet all PV, leadership and annual renewal requirements and must agree to conduct the business in accordance with the Membership Agreement.

4.17 Recognition and Benefits for Accounts with a Change of Ownership

NSP offers many benefits to Account Holders based on rank. Some elements of recognition and rewards may be designed to honor only those who originally grew the business.

An individual who gains any type of ownership interest in an Established NSP Account shall be designated as a "Heritage Account Holder." Heritage accounts are no different from any other NSP account except that Heritage Account Holders may obtain published and on-stage recognition separately from NSP account owners. Heritage Account Holders may receive further rank advancement and additional recognition as they grow their successlines subject to the qualification requirements set forth in the Compensation Plan and published by NSP from time to time.

4.18 Event Reward Eligibility

NSP holds many events on a regular basis, including some which are open to everyone who wishes to attend, and others which are by invitation only. These include National Convention, the My Passport trip, etc. Eligible Consultants are able to have some or all of their expenses paid in attending many of these events, by fulfilling various business activities, as defined each year as part of the annual incentive programs.

In order to be eligible to receive and participate in any event, a Consultant must be in good standing with the Company in actively be promoting NSP Products, particularly in relation to adherence to the Policies. Examples of this include properly marketing NSP products in accordance to NSP marketing guidelines, not recruiting other NSP Consultants away from their sponsors, not recruiting NSP Consultants to other MLM/Direct Selling companies, etc. All Consultants should participate in every event they are able to attend.

All Consultants should support Corporate sponsored events and training meetings within their geographic region, including conference calls, webinars, Education week trainings, etc., through personal attendance, and encouraging the participation of their successline, to build their business skills and product knowledge, and learn from the corporate team and other Consultants.

My Passport Program

Through the my passport program, top Consultants may qualify for an exclusive vacation to some of the world's most interesting locales, enjoying wonderful accommodations, food, entertainment and culture. These trips create memories and strengthen bonds between leaders and with NSP executives. Qualification requirements may vary for each trip.

National Convention

All Consultants may attend this event held at various locations in the U.S. The convention focuses on product education, training and business skills. All Consultants may qualify to have NSP pay up to one hundred percent (100%) of the convention costs (excluding travel expenses). Qualification details may vary from year to year and available on the corporate website during the qualification period. If a Consultant qualifies for two attendees, he or she may bring a spouse, partner or other Consultant. Qualifications are nontransferable. Participating Consultants must meet the event award eligibility criteria, as described above.

SECTION 5

OPERATION OF BUSINESS

5.1 Ethical Behavior

Each Consultant must comply with the NSP Code of Ethics, these Policies, the Consultant Application, the Compensation Plan, all contractual obligations, and state, federal and other applicable US and foreign laws.

NSP will not tolerate activity by a Consultant that is unethical. NSP may intercede when unethical behavior is discovered or reported. NSP reserves the right to use its best judgment and discretion in determining whether a certain Consultant's activities are unethical.

Any breach or violation of these Policies may be deemed unethical. Any action that may cause NSP or its Consultants the loss of reputation or that is detrimental to NSP business will be considered an unethical business practice and will be grounds for disciplinary action, including up to termination of membership.

5.2 No Side Agreements

There shall be no written or oral agreements or arrangements between or among any Consultant and any other person, including, but not limited to, Consultants or former Consultants regarding the resale of NSP products or other aspects of their business, other than the Membership Agreement. This includes but is not limited to agreements or arrangements regarding drop shipping, stores, "franchises" or similar arrangements, "business opportunities" offerings, mall or strip mall locations (carts, kiosks, etc.), assigned territories, cash, penalties or other considerations for setting up such locations, or purchasing NSP products or for stocking such locations.

NSP will not enforce nor adjudicate separate or side agreements between Consultants, shall deem such agreement invalid and may terminate or otherwise discipline Consultants for entering into any such agreement.

5.3 Independent Contractor Status

Each Consultant is an independent contractor of NSP. Consultants are not employees, agents, partners, joint ventures or representatives of NSP, their Sponsor or any other Consultant. Consultants are not entitled to claim unemployment or worker's compensation as a result of having been or being a Consultant. No Consultant is authorized to act on behalf of, or to legally bind NSP, his/her Sponsor or any other Consultant or individual.

5.4 Privacy and Handling Personally Identifiable Information in your NSP Business.

Personally identifiable information ("PII") is information that identifies, or permits you to contact, an individual. It includes customers', potential customers', Consultants' and prospective Consultants' names, mailing addresses, e-mail addresses, telephone numbers, payment card data, and government identification numbers and other information associated with these details.

NSP collects, uses and shares Consultant's, Customers' and prospective Consultants' PII in accordance with our Privacy Statement posted at <https://www.naturessunshine.com/us/general/privacystatement/>.

Because of the unique nature of network marketing, you will likely receive PII from us or directly from other Consultants, customers and prospective Consultants. Collect only the personal information that you need. It is your responsibility to maintain the security of all PII you receive. You should shred or irreversibly delete PII once you no longer need it. The law might require you to notify the customer and, in some cases, regulators in the event of a data breach. You may not share, sell or trade PII with or to any third parties for their direct marketing purposes and you may only use and share PII for the purpose of providing NSP products and services to your downline Consultants, customers and prospects, and running your own independent NSP business. PII cannot be shared for purposes other than which you have given the customer notice. The collection, processing, use and transfer of PII is highly regulated and you must follow all applicable privacy and data protection laws.

5.5 Unfair Competition – Successline Cross Sponsoring/Raiding

To protect the interests described in sections 4.5 and 4.6 above, Consultants will not, directly or indirectly, sponsor or solicit other Consultants into any other network-marketing or direct-selling company (i.e. “Cross Sponsoring”). Consultants will not promote another company or its products during or in connection with any NSP meeting or function nor any meeting or function sponsored by any Consultant for that Consultant’s successline or in social media and websites.

A Consultant may not attempt to persuade other Consultants to change Sponsors or positions in the successline within NSP (i.e. “Successline Raiding”). Consultants determined to be participating in these activities will have their memberships terminated.

5.6 Disparaging Activities

Consultants will conduct their business with professionalism and integrity and will not discredit or disparage NSP, its employees or any other Consultants in any way. Furthermore, Consultants will not make false or derogatory statements concerning the quality of a competitor’s product or company. Complaints may be directed to appropriate NSP personnel. These provisions are not intended to prohibit truthful statements as required by law or in response to inquiries from government agencies.

5.7 Marketing and Product Sales Claims

Consultants and their agents (including influencers or promoters) will not make any false, deceptive, or misleading claims or material omissions of relevant facts. Consultants and their agents must not make inappropriate, false, deceptive or misleading (even if true) claims or other misrepresentations of NSP products or services, financial rewards, earnings, potential income or tax advantages of membership (refer to Addendum A on page 17 and 18 of this document). Consultants and their agents will not imply or assert that additional products, services or territories will be added until such fact has been officially announced by NSP to all Consultants.

5.8 Governmental Endorsement Claims

Consultants will not state, suggest or imply to individuals that NSP’s Compensation Plan, NSP products or memberships are approved, sponsored or endorsed by any state attorney general, government authority or agency or other third party unless such claims are true and approved by NSP.

5.9 Liability Disclaimer

IN NO EVENT WILL NSP, OR ANY NSP CONSULTANT, OR NSP AFFILIATE, OR ANY SHAREHOLDER, OFFICER, DIRECTOR OR EMPLOYEE OF ANY ENTITY MEMBERSHIP, BE LIABLE TO YOU AS A CONSULTANT (OR ANYONE CLAIMING FOR OR THROUGH YOU) FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL OR SPECIAL DAMAGES.

5.10 United States Foreign Corrupt Practices Act

Consultants shall not make, offer, promise or authorize any payment, loan, gift, donation or other giving of money or things of value, directly or indirectly, whether themselves or through their shareholders, affiliates, partners, officers, employees, agents or representatives, whether in cash or kind, and whether or not pursuant to written contract, to or for the use of any government official, any political party or official thereof, or any candidate for political office, for the purpose of influencing or inducing any official act or decision in order to further the activities contemplated by these Policies, or otherwise violate in any manner the United States Foreign Corrupt Practices Act or any convention, law or regulation prohibiting illicit payments to government officials, their agents or instruments

or to third parties. A violation of this Section shall be a material violation of the Policies. Further, no Consultant may do business in any country in which NSP has not registered its products for lawful sale and communicated to the Consultants that it is officially “open” for business. Specifically, under no circumstances may any Consultant conduct business in Cuba, North Korea, Iran, Sudan or Syria. Violation of this requirement will lead to termination.

5.11 Reporting Unethical Behavior

Consultants should promptly discourage and report to NSP any activity that would be injurious to NSP, the nutritional supplement and personal care products industry, or the direct sales industry.

A Consultant who has a specific complaint about another Consultant or is aware of any violation of these Policies by another Consultant should direct such complaints in writing to the NSP Distributor Education and Compliance department.

5.12 False Accusations

Any claims made to NSP Distributor Education and Compliance that are determined to be false can be construed as unethical behavior and may result in disciplinary action.

5.13 Taxes

NSP is not responsible for any tax or other withholdings for the Consultant. Each Consultant must promptly file all returns and reports required by taxing authorities and pay all taxes arising from or related to activities as a Consultant.

5.14 No Sale/Purchase of Leads

NSP prohibits Consultants from selling leads to other Consultants and from purchasing leads from a third-party source.

SECTION 6

SPONSORSHIP RESPONSIBILITIES

6.1 General

- Sponsoring is an important part of being a Consultant and carries with it many benefits and responsibilities. A Consultant may act as the Sponsor for new Consultants if the Sponsor is in good standing with NSP.
- A new Consultant has the right to choose his/her sponsor and to have that sponsor listed on the Consultant Application.
- NSP will not mediate disputes resulting from one or more individuals contacting the same prospective Consultant.
- If more than one Consultant claims sponsorship of the same person, NSP will recognize the sponsorship detailed on the first signed, completed and acceptable Consultant Application form received by the home office.
- It may not be possible for NSP to determine and verify cross-sponsoring. If a Consultant has had his/her spouse or child (who lives at the same address) reapply under a different Sponsor, it is the first Sponsor’s responsibility to promptly notify NSP of that fact. Such notification must be received by NSP in writing within six months of this action, or the Sponsor of the first Consultant will have waived his/her right to object, and NSP will determine which membership to cancel.
- It may not be possible for NSP to determine if an account was originally assigned to the wrong Sponsor, and NSP will have no liability in connection therewith.
- The signed Consultant Application will protect the Sponsor/Consultant relationship.

6.2 Responsibilities With Prospective Consultants

A Sponsor must clearly state in all presentations to prospective Consultants that there is no compensation paid to any Consultant solely for sponsoring new Consultants. Every commission is tied to an individual purchase. A Sponsor must also clearly state that all product purchases are voluntary, and that incurring debt to pursue an NSP business opportunity is discouraged.

A Sponsor must also provide each prospective Consultant with a copy of the most current Policies and Compensation Plan documents when enrolling a new Consultant.

6.3 Change of Sponsorship

NSP discourages any change in Sponsors. The only way for a Consultant to change sponsors is for the Consultant to resign or terminate his/her account by writing a letter to NSP Distributor Education and Compliance requesting resignation or termination. The Consultant must wait six months from the date of resignation to reapply for Consultant under a new Sponsor. During this waiting period, the Consultant must cease all participation in NSP activities, including attendance at any meetings, and the purchase and resale of NSP products.

A Consultant whose account has passed the yearly expiration date may reapply for membership under a new sponsor immediately so long as no activity has been made on the account in the month prior to expiration and in the expiration month.

If there has been activity on the account in the month prior and during the expiration month, the Consultant may reapply 30 days after the expiration, so long as there is no more activity during that time.

6.4 No Inventory Loading

Consultants will not encourage their successline or any other Consultant to make unnecessary product purchases that could result in a large, stagnant inventory. This is called “front-end loading” or “inventory loading” and refers to the purchase of products that are stored, destroyed or otherwise disposed of without being consumed or sold by a Consultant. NSP expects that its products will be consumed—not merely purchased and warehoused. Consultants must consume their products or sell their products to people who will consume them.

6.5 No Stacking

Stacking is prohibited. Stacking is defined as use by a Consultant of one or more persons in the Consultant’s successline, where the purpose of such persons is ostensibly to sell products and receive commissions based on those sales, but who, in reality, are not responsible for selling such products. Multiple family members in the same household sponsoring each other constitutes stacking. The person(s) so used is/are “stacked” into the successline of the Consultant and is/are also participant(s) to fraudulent manipulation of the NSP rebate or commission system. Stacking is against these Policies and is a violation of federal and state law. Consultants may not have more than one NSP account. Participants must not falsely report the sales of others as their own. Evidence of stacking will result in immediate termination of the membership for cause.

6.6 No Sponsoring Employees and Extended Families/No Employee Endorsements

A Consultant shall not solicit or sponsor employees of NSP, Synergy or the extended family members of such employees to be Consultants, nor request that they provide any endorsement of NON-NSP or Synergy produced materials. No NSP or Synergy corporate officer, employee, product supplier, agent, representative or Consultant or member of the extended families of such will be allowed to be a Consultant or build a successline within NSP or Synergy. For purposes of this paragraph, “extended family” includes all blood relatives and their

spouses/partners, as well as similar relatives through marriage, regardless of whether the person(s) are currently residing with the officer, employee, product supplier, agent, representative or Consultant or not. Examples include grandparents, parents, siblings, children, grandchildren, and their spouses/ partners, as well as “in-laws” of the same type.

6.7 Competing Employment

A Consultant cannot be an employee of another multi-level marketing/direct sales company. Any Consultant found to be in violation of this is subject to immediate termination.

6.8 No Solicitation of Synergy Team Members

Synergy Worldwide (Synergy) is a wholly owned subsidiary of NSP. To protect the integrity of our separate compensation plans and the original successline organizations, it is imperative that Members/Consultants of one company be prohibited from recruiting Members/Consultants of the other company. No NSP Consultant may solicit, directly or indirectly, any Synergy Team Member. Neither an NSP Consultant, nor an NSP Consultant’s spouse may sign up with Synergy as a Synergy Team Member. In addition, NSP Consultants shall not disparage or misrepresent Synergy or Synergy’s products, business or compensation plans.

SECTION 7

SALES RESPONSIBILITIES

7.1 Product Payment

No money should be paid to or accepted by any Sponsors or Consultants except at the time of product delivery. Consultants should not advance money to any Sponsor or Consultant, nor should money be held on deposit in anticipation of future deliveries.

7.2 California Product Sales

Certain NSP products may not be sold to California consumers unless NSP has labeled the product for the California market. Due to the complexity and uniqueness of California laws, such as Proposition 65, NSP urges all Consultants to allow NSP to fulfill orders destined for California. If a Consultant instead elects to sell any NSP product in California, or directly to a California consumer, that Consultant is responsible for meeting all legal standards, and the Consultant will indemnify NSP against any claims or liabilities arising from such sale. Any questions regarding whether an NSP product is labeled for the California market should be referred to the NSP Distributor Education and Compliance Department before making any sale or shipment. Orders by California consumers that are fulfilled by NSP will remain NSP’s responsibility.

7.3 Customer Sales

Consultants are expected to resell or consume 70% of all products purchased from NSP. All retail sales should be carefully documented. All Consultants should remit all necessary sales tax as deemed by their state of residence. No Consultant may sell or otherwise provide NSP products to any person for the purposes of such person reselling NSP products. Consultants shall not sell to any person any quantity of NSP products greater than that generally purchased by an individual for personal use.

NOTE: NSP will audit Consultants for retail sales and for compliance with these Policies. Should a Consultant refuse to immediately and fully cooperate with an NSP audit, as may be initiated by NSP from time to time, the Consultant recognizes that the Consultant may be subject to disciplinary action, pursuant to Section 15.1.

7.4 United States Trade Regulation “Cooling Off Rule”

The Trade Regulation Rule at 16 C.F.R. Part 433, known as the “Cooling-Off Rule” is designed to give the customer an opportunity to reconsider a purchase from a direct seller under certain circumstances. Under this Rule, a buyer is able to cancel the sale within three (3) business days if the buyer decides the goods are not wanted, not needed or not affordable. The buyer does not need to give the reason. Following cancellation, Consultants must cancel or refund the customer’s payment within ten (10) days. Please go to the Federal Trade Commission (FTC) website for further details regarding compliance to this rule.

SECTION 8

ACCOUNTING POLICIES

8.1 Credit Balances

If an open membership account has a credit balance, and the identity, status or present location of the account owner is unknown, and the credit balance cannot be paid to the Consultant or delivered to the apparent owner of the account before the amount is considered “Unclaimed Property” under relevant local laws, then that credit balance is legally deemed to be abandoned or unclaimed and may be forwarded to the State of Utah or to such other state as may be applicable pursuant to relevant unclaimed property statutes.

8.2 Returned Check Policy

Consultants may use personal checks as a method of payment of product orders and other fees. NSP may use a check verification service for all checks received as payment from Consultants. NSP assesses a \$30 returned check fee to the account of the sender each time a check is returned and bills the Consultant’s NSP Account for the order. NSP may, in its sole discretion, refuse the option of accepting checks as payment if a Consultant’s check is ever returned. Consultants agree that NSP may withhold or reduce the amount of commission payments if a check has been returned and the outstanding balance has not been paid in full.

8.3 Unclaimed Commission Payment

If a payment for commissions or other comparable payment is not cleared before the amount is considered “Unclaimed Property” under relevant local laws, then the reimbursable balance may be abandoned or unclaimed and may be forwarded to the State of Utah or to such other state as may be applicable pursuant to relevant unclaimed property statutes.

8.4 Unclaimed Refund Check

If a check remains uncashed before the amount is considered “Unclaimed Property” under relevant local laws, then the reimbursable balance may be abandoned or unclaimed if there has not been communication from the payee of the check regarding the refund within the preceding six months. Such abandoned or unclaimed amounts may be forwarded to the State of Utah or to such other state as may be applicable pursuant to relevant unclaimed property statutes.

SECTION 9

ORDERING PRODUCTS

9.1 Phone Orders

Consultants may place orders by phone using a credit card or a bank draft. The telephone number for NSP’s Customer Service Department is 1-800-223-8225. NSP Customer Service representatives can process product orders and assist with questions about ordering.

When placing an order by phone, please remember to:

1. Calculate the total cost and total PV for the order. NSP’s computer system will automatically calculate these totals, so comparing your total with NSP’s total will help assure correct processing of the order.
2. Identify yourself by name and account number.
3. Provide the stock number of each item first, then the quantity. The product name, PV or cost need not be included.
4. If paying by bank draft, the amount of the draft will be the same as the amount the Customer Service representative provides to you (unless you have requested special shipping options). If using a credit card, the name on the credit card must match the name on the NSP account or the name of the person to whom the order is being shipped. The NSP Account Holder is ultimately responsible for all credit card transactions that occur on his/her account. The name to whom the credit card is issued and the credit card billing zip code must be provided. NSP calls a credit card service center to obtain an authorization number. If the service center declines to give to NSP an authorization number, the order will be canceled or put on hold for a period (not to exceed 24 hours) until other payment arrangements are made. All orders must be paid in full on or before the last business day of the month in which the order is received. The Customer Service representative will provide an order number. Additional items called in after the initial order has been processed will be processed as a separate order and will be subject to separate shipping and handling charges.
5. Orders are not guaranteed to ship on the same day of placement. Orders placed on Saturdays or holidays will be shipped on the following business day. No orders are processed, filled or shipped on Sundays or holidays. PV for phone orders will be credited to the month in which the order was accepted by NSP.
6. Save all invoices for reference in case of questions or problems. Be aware that Customer Service requires order numbers for all product credits, replacements and returns (see Product Returns on page 11).

9.2 Internet Orders

Consultants may place orders, check PV totals and view order history through NSP’s website, www.naturessunshine.com. This site provides 24-hour/7-day-a-week access to Consultant accounts and product and ordering information, subject to website availability. A username and password are required for account or order access.

9.3 Mail Orders

Consultants may place orders by mail. NSP’s computer system matches the account number with a shipping address already on file and prints out a shipping label. If an order is to be shipped to an address different than the Consultant’s normal shipping address, a notation to that effect must be made on the top of the order form.

Double-check each order for accuracy. Keep a copy of the order form for your records. Send the original copy of the order form to:

NSP Products, Inc.
Customer Service Department
1655 North Main Street
Spanish Fork, Utah 84660

A check, money order or credit card (card number, expiration date and signature) covering the total cost of the order must be included with the order form. NSP accepts Visa, MasterCard, American Express and Discover. Orders received without payment will be returned. NSP deposits all checks on the date of order, even post-dated checks. Checks need to be completed with the current date, order amount and signature. Make checks payable to “NSP Products, Inc.” NSP does not accept “starter” checks that lack the customer name, address and phone number and the name of the bank commercially imprinted on the check for the bank Account Holder. Payments cannot be deducted from future commission checks.

Please include all orders sent on the same day in one envelope. Properly placed orders are normally processed and entered within 24 hours of receipt, excluding Saturdays, Sundays and holidays.

To make sure PV is credited to the correct month, each Consultant should see that the order reaches NSP Home Office on or before the last working day of the month, and he/she should write the PV month on all order forms. NSP cannot be held responsible for orders delayed in the mail or not received.

Orders received by overnight delivery will be processed the same day they are received, unless the order is incomplete or defective. Shipping times cannot be guaranteed.

Any correspondence to NSP Home Office should be mailed in a separate envelope from any order.

9.4 Fax Orders

Consultants may order products via fax transmission at 1-800-472- 9328. Use the standard NSP order form when ordering by fax. Do not reduce the form in size.

Fax orders are payable by credit card or bank draft only. The order will not be accepted or processed until the payment is received.

Please note that confirmations of transmission from fax machines do not guarantee legibility. Customer Service representatives cannot confirm receipt of faxes.

9.5 Ordering Days and Hours

Monday through Friday: 6:00 a.m. to 6:30 p.m. (Mountain Time).

9.6 No Longer Available Products (NLA)

Occasionally it becomes necessary to discontinue a particular item. Products marked NLA will not be invoiced, and the ordering account will receive a refund in the next commission payment, or a credit on the credit card used to pay for the order.

NOTE: NSP cannot accept returns of a Consultant's inventory of NLA products.

9.7 Payments via Bank Draft

Consultants may use the bank draft payment method with NSP's prior approval. This method allows NSP to draw funds directly from the Consultant's checking account. Application forms for the bank draft payment method can be obtained on the NSP corporate website or may be requested from NSP Customer Service. The Consultant must sign the application and return it to NSP with a voided check attached. NSP may request additional information once the application has been received.

NSP assesses a \$30 fee to the Consultant if the bank draft payment is declined/ returned. NSP will then bill the Consultant's account for the outstanding amount until it is paid in full. NSP may, in its sole discretion, refuse the bank draft option if the Consultant's bank draft is ever declined/returned. Consultants agree that NSP may withhold or reduce the amount of commissions paid if a bank draft has been declined/returned and the outstanding amount has not been paid in full.

SECTION 10 SHIPPING

10.1 Shipping Methods

Unless otherwise specified, NSP contracts with UPS for shipping all orders that weigh over 1 pound, generally using regular ground delivery. Since UPS cannot deliver to a post office box, a street address is required. If circumstances do not permit delivery to such an address, NSP can ship via Parcel Post through the U.S. Postal Service. NSP ships to Puerto Rico and the Virgin Islands via Priority Mail through the U.S. Postal Service. Orders going to Alaska and Hawaii are shipped via International Bridge. Orders weighing less than 1 pound can be sent through Mail Innovations. These orders will arrive by United States Postal Service. This may result in increased transit time.

If faster service is required, UPS blue label (two days guaranteed), UPS red label (one day guaranteed) or Federal Express (next day air) services are available at additional cost. The cost of such shipping is based on the weight of the boxed order and the distance it travels.

NOTE: If NSP completes a UPS blue or red label order on time, but the shipment is delayed by UPS, NSP cannot refund the special shipping charges to the Consultant because UPS offers no refund to NSP.

10.2 Special Shipping Arrangements

Requests for order pickup at NSP warehouses or special shipping instructions must be made at the beginning of a phone order, or printed in readily visible letters on mail orders. Orders totaling \$100 to \$149.99 are charged \$4.50 handling while orders of \$150 or more do not have a handling charge.

Arrangements for picking up orders from NSP warehouses require at least 24 business hours' advance notice. All pickup orders must be paid for at the time the order is placed. Extra charges for special shipping arrangements are the responsibility of the Account Holder placing the order.

When placing a drop-ship order (i.e., an order to an address other than that which appears on the account), the addressee's phone number (with area code) must be included so he/she can be notified when the shipment arrives.

Special packaging requests will incur an additional handling fee. International Bridge shipments follow the above guidelines.

10.3 Change of Shipping Address

Consultants who move should promptly notify NSP of their new address either by mail or by phone. Permanent address changes cannot be effected by noting the change on an order form. All address changes sent in by mail should be submitted separately to the attention of the Customer Service Department. To change an address by telephone, contact Customer Service. To guarantee proper product shipment after an address change, please give NSP two weeks' notice.

10.4 Lost Orders

UPS ground shipments are not considered lost until the fifth business day after placement of the order. If five business days have passed and the order has not been delivered, NSP can trace the order with UPS. Upon verification that an order has been lost or returned, NSP can reship or refund the order.

10.5 Order Tracing

Parcel Post shipments cannot be traced. If 30 business days have transpired since the order was shipped, NSP will attempt to verify that the order has been returned and may reship the package.

Priority Mail shipments cannot be traced and will not be reshipped until 15 business days from the Priority Mail date.

In the event of an emergency, NSP can ship and bill a duplicate order prior to the tracing process. Credit is applied for the original order when it is returned to NSP Home Office.

Neither NSP nor any shipping carrier it uses is responsible for any delays in product shipment caused by circumstances beyond their reasonable control, including interruptions or delays due to war, terrorist attacks or natural disasters.

10.6 Back Orders

Products unavailable at the time of order go on back-order status. Products on back order are noted by a "B.O." on the packing slip. When the item becomes available, the back-ordered products will be shipped separately. Back-ordered products are billed and paid for with the original order.

10.7 Shipping and Handling Charges

Order Total	Online Orders	Phone/Mail/Fax
\$0-99.99	\$8.45	\$9.95
\$100-149.99	\$9.95	\$12.45
\$150+	FREE	FREE

Expedited, red label, blue label shipped orders will incur additional charges.

NOTE: Shipping charges may change at any time.

SECTION 11

PRODUCT RETURNS

11.1 Product Guarantee — 100 Percent Satisfaction

NSP product quality is guaranteed. If, after purchasing an NSP product from an authorized seller, a retail customer determines it to be unsatisfactory, the customer should return it to his/her NSP Consultant for replacement, credit or a full refund.

This guarantee applies only to products that have not been misused, intentionally damaged, or discontinued, are outdated, or have not been purchased from an unauthorized seller, who are not subject to NSP's quality control standards.

Customer satisfaction is NSP's goal. If, for any reason, a customer is not 100% satisfied with an NSP product, Consultants should politely accept any unused portion of the product and then return it to NSP within 90 days of the date of purchase from NSP for a refund/ replacement, as per NSP's Product Return Procedures below.

Consultants should promptly and professionally give the customer a full refund or replacement product. Subject to the Product Return Procedures below, credit from NSP will be calculated at 100% of the price paid at purchase minus any commissions paid on the product.

11.2 Product Return Procedures

All returns must be authorized in advance by the Customer Service Department. Please call 1-800-223-8225 to set up a return. All order numbers should be clearly marked on the outside of any package that is returned to NSP. Boxes returned to NSP without a visible order number will not qualify for a refund and cannot be returned to the sender. Order numbers are your proof of purchase and give you, the Consultant, the potential right to return products. Keep all invoices for reference for at least a year, since the original order numbers and lot numbers are required for all returns. Overstocked or obsolete products cannot be returned for credit. Seasonal, discontinued or special promotional products are not returnable. If NSP receives a return that has not been authorized, the products will be discarded and no credit will be given. Authorized returns must be sent to the Utah warehouse only. All product to be returned must have a lot number of within 12 months from date of purchase from NSP. Consultants may, at their own discretion, apply a return policy of their choice to their customers so long as any such policy is no less protective of consumers than the NSP policy.

11.3 Defective or Damaged Product

Consultants shall inspect all products prior to sale for damage, broken seals, evidence of tampering, or other defects. If a product is defective or damaged, the Consultant should report the defect or damage to NSP and the product may be returned within 90 days of purchase from NSP for credit or replacement. Credit will be calculated at 100%. NSP will reimburse a Consultant for shipping costs.

Shipping must be prepaid on all product returns. Returns will be credited to the credit card used at the time of purchase. Check or cash payments will be refunded via credit to the Consultant account. If a product is being returned due to defect or damage in transit or an order error on NSP's part, the Consultant will be

reimbursed for shipping costs as authorized by Customer Service. NOTE: NSP reserves the right to refuse a refund or return if it suspects fraud, abuse or breach of any of these Policies.

11.4 Terminating Accounts – Product Buyback Procedures

Consultants may terminate or resign their membership with NSP at any time for any reason by providing NSP with at least 30 days' prior written notice, indicating their desire to discontinue, resign, retire or terminate their membership. When this happens, NSP may repurchase products from that Consultant according to the 70 Percent Rule.*

THE 70 PERCENT RULE

The maximum return allowed is 100% of the last order placed and up to 30% of the preceding order. It is expected that at least 70% of the products purchased will have been sold to non-participating consumers or personally consumed prior to reordering. No returns will be authorized for products purchased on earlier orders. Credit will be given, less all commissions paid. All returns must have advance authorization by Customer Service, and they must otherwise meet the Procedures for returning products. Such properly placed returns will be processed within 10 business days of receipt.

All products to be returned must have lot numbers of less than 12 months from date of purchase from NSP. These rules pertain only to inventory returns and do not include regular returns made to satisfy customers who are dissatisfied with NSP products, or defective or damaged NSP products.

*EXCEPTIONS:

The following buyback Procedures apply to Consultants in the enumerated states:

GEORGIA: Upon cancellation in accordance with these Policies, NSP will repurchase all unencumbered products in reasonably resalable condition at 90% of the original net purchase price paid by the Consultant. However, NSP may refuse to repurchase items identified as non-returnable, discontinued or seasonal. NSP will only repurchase discontinued goods if returned within one year from the original purchase date.

LOUISIANA, MARYLAND, MASSACHUSETTS, PUERTO RICO AND WYOMING: Upon cancellation in accordance with these Policies, NSP will repurchase all unencumbered products in reasonably resalable condition at 90% of the original net purchase price paid by the Consultant.

11.5 Product Return – Death of a Consultant

In the event of a Consultant's death, the executor of the estate or a surviving family member may call Customer Service for information on returning unsold products to NSP.

Return Address

All returns must be sent to:

NSP Products, Inc.

1655 North Main Street

Spanish Fork, Utah 84660

SECTION 12

GENERAL MARKETING GUIDELINES

12.1 Rules and Guidelines for the Discussion of Products

1. NSP products are sold as food and dietary supplements only. No NSP product is sold for direct or indirect use in the prevention, cure, treatment or mitigation of disease. Personal care products are for topical use only as may be indicated on the product labeling.
2. Only licensed medical doctors may diagnose or prescribe treatment

for disease. DO NOT DIAGNOSE DISEASES OR “PRESCRIBE” ANY PRODUCTS. Never recommend to anyone that he/she discontinue the services, recommendations or medications of any doctor or other healthcare professional.

3. Do not combine product or health education with sales and recruiting in the same meeting. Separate all product or health education or educational materials from product sales and new Consultant recruiting materials, and from product selling and recruiting meetings.
4. Motivate customers and successline Consultants to study and learn how to use herbs and other nutritional supplements.
5. NSP does not allow products to be sold through Non-Profit Organizations. NSP is a direct people-to-people business. Selling through religious and educational institutions (for fundraising or any other purpose) would be in direct competition with NSP Consultants. For example, parents may have children who go to the same school/church who all have memberships with NSP. Allowing this would give an unfair advantage to one Consultant over another.
6. Consultants are independent business people and shall conduct business in a professional, ethical, lawful, prudent manner.

12.2 Internet Auction or Marketplace Sites

Consultants shall not sell any NSP products through any Internet auction site, marketplace site, shopping site or order fulfillment store, including but not limited to, eBay®, eBay® Store, Amazon®, OverStock®, etc. The provisions of this Section shall survive the termination, cancellation or expiration of a Consultant’s membership.

12.3 Catalog Sales

NSP products may not be sold through national or regional catalog sales.

12.4 Retail Outlets

Consultants will not sell any NSP products through any store that is franchised, owned or affiliated with a company whose stock is publicly traded, a national or regional chain store, or major retail outlet (such as GNC, Albertson’s, Thrifty, Long’s, etc.),

Consultants may establish a retail outlet wherever they wish within the country of their membership. Participants operating a retail store or on-premises sales site may sell to any customer from such store or site, regardless of where the customer resides in the U.S. NSP does not provide advice or recommendations or otherwise become involved in decisions regarding the location of retail outlets or kiosks.

Memberships operated through retail stores or kiosks must also provide interested customers with the opportunity to become Consultants.

12.5 Product Care and Quality Controls

Consultants shall comply with all instructions provided by NSP regarding the proper care, storage, and handling of the products. Consultants shall regularly inspect inventory for products that are expired or that will expire within 90 days and shall not sell such products. Products must be sold in their original packaging. Consultants shall not relabel or repackage products (including by separating product bundles or bundling products). Products shall not be altered or diluted in any manner. Consultants shall not remove, translate, or modify the contents of any label or literature on or accompanying the products, unless directed to do so by NSP in writing. Consultants shall not remove, deface, or modify any serial number, UPC code, batch or lot code, or other identifying information on products or packaging. Consultants shall cooperate with NSP in the investigation and resolution of any quality or customer service issues related to sales of NSP products, including disclosing information regarding product sources, shipment, and handling.

12.6 Customer Service

Consultants should provide their current contact information to their customers and make it known to their customers that they are available to answer questions and respond to customer concerns both before and after the sale of products. Consultants should respond to any questions or concerns from their customers relating to product information or other inquiries. Consultants should, in compliance with applicable laws and regulations, consult their materials, refer to and use available educational tools, or contact NSP directly in responding to customer questions or concerns.

12.7 Consumer Safety and Product Recalls

Consultants shall cooperate with NSP with respect to any product recall or other consumer safety information dissemination efforts.

SECTION 13

ADVERTISING NSP PRODUCTS

13.1 General Advertising Guidelines

NSP has adopted the following policies for the advertising of NSP products by its Consultants. If NSP determines that its products were advertised by a Consultant in contravention of these policies, or in any way which NSP feels, in its sole discretion, did not serve the best interest of NSP, NSP may elect not to continue to supply products to that Consultant. This is an NSP corporate policy, and no Consultant is authorized to interpret it or waive it.

13.2 Consultant Identification

When advertising NSP products, a Consultant should take special care that he/she operates and clearly designates his/her business as independent from NSP. A Consultant should identify himself/herself in the following format: “John/Jane Doe, Independent Consultant of NSP Products.” All Consultants shall identify their toll-free phone number as that of an Independent Consultant of NSP and not directly as NSP, and shall not lead callers to believe they may be calling NSP Home Office.

Consultants may use NSP’s “Independent Consultant” logo, provided that this logo is only used with NSP products and not with any competitor’s products or services.

13.3 No Medicinal Uses

A Consultant must ensure that an advertisement will not attribute any medicinal uses to any NSP herb or other food or nutritional supplement.

13.4 NSP Intellectual Property

NSP trade names, trademarks and service marks are important and valuable business assets. They help identify the source and the reputation of NSP products and services worldwide and distinguish them from competitors. Therefore, NSP makes every effort to protect its trademarks, its corporate logotype, label designs and various product names, except as otherwise permitted herein, to ensure that others do not misuse them. NSP is the sole and exclusive owner of all right, title, and interest in all trademarks, logos, literature and forms produced or owned by NSP Home Office, subject only to the licenses granted to Consultants in Section 13.5. Consultants may not use any NSP trade names, trademarks, logos or symbols without NSP’s prior written consent, except as permitted by Section 13.5. NSP will not allow use of its trade name (company name), trademarks (brand names), designs or symbols by any person, including a Consultant, without prior permission being granted by NSP. A breach of this policy may result in disciplinary action against the Consultant, including termination of membership.

13.5 License

Consultants who wish to use a NSP logo must use the NSP Independent Consultant Logo. Subject to full compliance with the terms and conditions of the Membership Agreement and this Section, NSP grants each Consultant a non-transferable, non-exclusive right during the term of the Membership Agreement to use the NSP Independent Consultant Logo solely to promote NSP products and to indicate that the Consultant is an authorized NSP Independent Consultant. Consultants are not permitted to change or modify the Independent Consultant Logo in any way. NSP literature or logos for advertising use can be acquired from the Customer Service Department or downloaded from the NSP website, www.naturessunshine.com/

13.6 Reporting of Legal Claims

If anyone makes a legal claim against a Consultant as a result of his/her use of advertising materials created by NSP, that claim should be reported to the NSP Legal Department immediately.

13.7 Consultant-Produced Advertising and/or Consultant Modification of NSP Materials

To the extent that a Consultant creates any advertising materials independently or modifies any materials created by NSP, various laws require the use of such materials (referred to collectively as Independently Created Advertising Materials) in a manner that does not infringe upon or dilute the rights of NSP or third parties. Among other things, federal and state laws require that Independently Created Advertising Materials be used in a manner that does not infringe upon or dilute the trademarks or copyrights of NSP or any third party, and does not make any false, deceptive or misleading claims about NSP or the products advertised.

Independently Created Advertising Materials are solely the responsibility of the Consultant who creates them and any person who uses them. Except as noted below with respect to compliance with federal advertising laws, NSP disclaims any right or obligation to control the content of Independently Created Advertising Materials in any medium, including print, television, radio and the Internet. NSP will not indemnify any Consultant against any claim that Independently Created Advertising Materials violate the rights of any third party. NSP, however, retains the right to demand that a Consultant revise, take down, or cease the use of any independently Created Advertising Materials if, in the judgment of NSP, such materials violate the law, NSP's rights or the rights of any third party. A Consultant who fails to adhere to a demand by NSP to cease the use of any Independently Created Advertising Materials shall be subject to account termination.

13.8 Product Claims

When advertising NSP products, Consultants may not make inappropriate, false, deceptive or misleading (even if true) claims as described in the Code of Ethics, Marketing and Advertising sections of this Policies document. NSP has provided examples of appropriate product claims on the labels of each product and in the NSP produced Marketing materials, including the "A Guide to Acceptable Product Claims (Can I Say That)" brochure. Further general instruction can be found by reviewing the U.S. Food and Drug Administration (FDA) website at www.fda.gov.

13.9 NSP Produced General Interest Materials

NSP sometimes prepares materials of general interest or for educational purposes regarding herbs, skin care products and ingredients in NSP products. Only marketing materials specifically prepared by NSP for use with a particular NSP product are endorsed by NSP and approved for use in marketing those NSP products.

13.10 Telemarketing

Any Consultant who uses the telephone to market NSP products must comply with all applicable state and federal regulations for telephone marketing and solicitation, including registration as a telemarketer. It is NSP policy that all Consultants must respect the federal "do not call" list. Consultants must identify themselves as independent from NSP.

13.11 Internet Marketing

1. All advertising and marketing guidelines under these Policies also apply to a Consultant's use of the Internet to sell NSP products, advertise or advance the Consultant's business, including those guidelines prohibiting the practice of medicine or diagnosing in connection with the marketing and sale of NSP products.
2. These Policies, including the advertising and marketing guidelines and restrictions on practicing medicine or diagnosing, also apply to communications sent via email or in other form. A breach of the law can also result in immediate termination of a membership for cause.
3. When advertising via the Internet or a personal website (including all private sites, and Internet advertising), the statement "Independent Consultant of NSP Products" must be prominently displayed. This statement should be placed on the Home Page of the website.
4. NSP discourages Consultants from placing their NSP account number on their websites because it may allow anyone to contact NSP Customer Service and request information about said account, purchase product in the Consultant's name or otherwise abuse account privileges. In doing so, the privacy of the account information may be jeopardized. The Consultant, not NSP, will be responsible for abuses of its account and any violations of the Membership Agreement or these Policies that may occur.
5. Some NSP Consultants sell products other than NSP products on their websites. NSP products must appear on a separate web page from any non-NSP products, and the website must clearly and conspicuously label and identify the products and website pages that feature products of NSP or of other companies. No NSP trademark may be used on any web page that contains information or advertising about any non-NSP product or service.
6. Consultants may not register or use any website domain name or Internet advertising that contains any trademark, product name, slogan or promotion name of NSP in the domain name, or that otherwise does not meet with approval of NSP. A domain name/ any advertising that merely misspells or is confusingly similar to any trademark, product name, slogan or promotion name of NSP is not approved and cannot be used. NSP may at any time notify a Consultant that a domain name is not approved, and the Consultant must immediately shut down the website/advertising, change the domain name, and/or transfer ownership of the domain name to NSP. Failure to do so will subject the membership to termination.
7. All Consultants must have written approval from the NSP Legal Department before linking their website to NSP's website www.naturessunshine.com. Personal websites that NSP has created and maintains for its Consultants carry NSP's approval. When given permission to link to the corporate site, a Consultant must follow the "double-click" rule. This rule states that there must be a web page in between all links from the Consultant's website and the corporate websites, and that web page must include the disclaimer provided by NSP's Legal Department. Framing of any part of NSP's website is strictly prohibited.
8. A Consultant's website or Internet advertising may not create the impression that a user has reached or will be directed to NSP's website. The website/ advertising must state clearly and conspicuously that it is owned and operated by an Independent Consultant of NSP and that NSP is not liable for any statement, omission or misrepresentation in the website.

9. Consultants should not design websites or landing pages so that they give the appearance or impression of being “NSP/the company” or NSP’s corporate website. It is the responsibility of the Consultant to clearly identify his/her site as an independent website selling NSP products.
10. Consultants must not register any trademarks or names of third parties, especially of companies competitive with NSP, as metatags with Internet search engines. Such action is cause for disciplinary action and termination of membership.
11. Consultants who maintain their own NSP website(s) agree to be ethical in their business practices and advertising claims on the Internet. They also agree not to advertise another company’s products on such NSP web page or on the same web page with NSP- branded products. NSP has the right to terminate a Consultant for unfair and/or unethical business practices, including, but not limited to, deceptive or misleading statements and false advertising.
12. All Consultants who advertise via the Internet must include their name or business name (as recognized by NSP) on the “contact me” page or in another prominent location on their site. This is necessary for adequate customer service and problem resolution.
13. All Consultants shall be solely responsible for any liability or damages caused by their utilization of a website to further their membership business.
14. NSP may, from time to time, prohibit the advertising and marketing of any or all of its products or services over the Internet.
15. NSP may at any time prohibit Consultants in any particular country from filling orders for a product sold to persons in a jurisdiction or territory foreign to that of the Consultant’s residence.
16. Any Consultant’s website that does not comply with these Policies may result in disciplinary action, including termination of membership.

13.12 Social Media and Social Networking

NSP recognizes that Consultants may wish to utilize various “Social Media” applications (e.g., Blogger, Facebook, Twitter, LinkedIn, etc.) as tools to support online marketing efforts. Messaging over Social Media tends to be shorter, more frequent, more interactive and at times more casual than other marketing media. As such, Social Media may carry a higher risk of violating the Policies, as well as other applicable laws and regulations. All guidelines and restrictions on marketing found elsewhere in the Policies also apply to Social Media messaging. In addition, the following caveats and restrictions apply with regard to its use by Consultants:

1. Identification – Account names/identifiers may not include any trademark owned or controlled by NSP. Account profiles/ descriptions must disclose the Consultant’s identity and the Independent Consultant nature of Consultant’s affiliation with NSP. Account descriptions must clearly state that the account and any statements made on or via the account are solely the responsibility of the Consultant.
2. Avatars/logos – Consultants may only use NSP’s “Independent Consultant” logo in association with their accounts. Other use of intellectual property belonging to NSP is forbidden unless specific permission is given in writing by NSP.
3. Exclusivity – Professional marketing accounts should not be used for casual, non-professional messaging. No offensive or political videos, pictures, graphics, text or other messaging may be used in association with the account.
4. Accuracy – All account messaging and profile information must be accurate and not misleading and otherwise comply with all requirements in these Policies and any instructions otherwise issued by NSP.
5. Non-professional Accounts – If comments made by a Consultant on personal/non-professional accounts are offensive or objectionable, in NSP’s sole discretion, whether or not directly related to NSP or any of its other

Consultants or affiliates, NSP reserves the right to terminate Consultant’s account in order to protect the interests and reputation of NSP.

6. Third-party Accounts – When posting or commenting on thirdparty Social Media accounts/sites, Consultant must abide by all of the aforementioned controls and restrictions. Such comments and exchanges should be professional and appropriate at all times.

13.13 Links to NSP Websites

NSP provides personalized links to naturessunshine.com for Consultants interested in maintaining an online presence. NSP strives to keep these sites as current and up-to-date as possible. However, due to the large number of sites, NSP cannot be held liable or responsible for any programming costs or maintenance of links between a personally created website and an NSP provided personalized Consultant link. It is the responsibility of the Consultant to maintain his/her personal site and any links to NSP official sites. NSP will strive to inform the Consultant of any site changes as they occur.

13.14 Spam Not Allowed

Consultants are prohibited from sending unsolicited email (SPAM) communication of any kind. Consultants agree that they will not use rented or purchased lists when sending email communication or advertising. Sending unsolicited faxes is also considered spamming. Failure to abide by this policy may result in disciplinary action, including termination of membership.

SECTION 14

INACTIVITY AND CANCELLATION

14.1 Membership Renewal

Memberships are active for one year from the date of acceptance. To extend active membership for another year, each Consultant must pay the then-applicable membership renewal fee to NSP by the indicated deadline. By default, memberships renew automatically each year and the corresponding membership renewal fee is automatically charged unless a Consultant notifies NSP before his/her account’s automatic renewal date. The Consultant hereby authorizes NSP (without notice to the Consultant, unless required by applicable law) to collect the then-applicable annual membership fee using any method of payment the Consultant has saved on his/her account. If all eligible payment methods on the Consultants account are declined for payment of the membership renewal fee, the Consultant must provide NSP a new eligible payment method promptly or his/her membership will be canceled. The new membership period will be based on the date of the successful payment of the membership renewal fee. If he/she chooses not to renew, the Consultant’s membership will become inactive and drop to Customer status and any credit existing on the account will still be available.

Note: Consultants may turn auto-renewal off at any time before the automatic renewal of his/her membership by going to the renewal page in Account Settings.

Once a Customer pays the applicable fees, the account will once again regain Consultant status. If a Consultant with an inactive membership chooses to sign up again with the same sponsor, the inactive account number will be used and renewed. A new account number will not be created. NSP may, with good cause, refuse to renew a membership. If NSP decides not to renew a membership, NSP will send written notice to the last known address of the Consultant. For this purpose, good cause includes (but is not limited to):

1. Breach of any provision of the Membership Agreement.
2. Conduct by the Consultant (or any of its officers, agents or employees) that brings disrepute in any way upon NSP (or any of its officers, agents or employees),

the nutritional supplement and personal care products industry, or the direct sales industry, or which, in NSP's sole discretion, is illegal, misleading, deceptive, fraudulent or dishonest to customers, potential Consultants, NSP or its affiliates.

3. Violation of any law, regulation or ordinance.

14.2 Membership Termination

NSP may, in its sole discretion, terminate, upon notice, the membership of any Consultant who:

1. Breaches any provision of the Membership Agreement.
2. Engages in any conduct that may bring disrepute in any way to NSP (or any of its officers, agents or employees), the nutritional supplement and personal care products industry or the direct sales industry.
3. Violates governmental laws, regulations, ordinances or any NSP Policies or guideline. To the extent permitted by applicable law, NSP may also, upon notice, terminate the membership of any Consultant who, through his or her capacity as a Consultant, files any legal action proceeding or induces or facilitates any government agency to file any action against NSP, which NSP considers, within its sole discretion, to be without legal foundation or basis in fact.

Any Consultant may terminate or resign his/her membership at any time by sending to NSP a signed and dated letter indicating his/her desire to terminate the membership. The Membership Agreement will, unless otherwise prohibited by applicable local statute, be interpreted under Utah law as applied to agreements fully performable in Utah between parties who are both Utah residents. The Consultant understands that upon the termination of the membership by either the Consultant or by NSP, the Consultant may not recover any future profits that would have been received from sales made before or after the date of termination if the Consultant had remained a Consultant.

Upon termination of his/her membership, a Consultant will lose all privileges related to such membership including the right to receive any commissions or other payments. The Consultant understands that upon termination of his/her membership, each of the provisions of these Policies relating to confidentiality, non-solicitation, resale of products, including prohibitions of certain online sales, arbitration, and other provisions as expressly stated herein will survive.

SECTION 15

DISPUTE RESOLUTION AND DISCIPLINARY ACTIONS

15.1 Investigations and Disciplinary Action

NSP reserves the right to conduct investigations into Consultants and their activities to ensure compliance with these Policies. Failure to abide by the Policies may lead to an investigation and appropriate disciplinary action. During the course of these investigations, NSP Distributor Education and Compliance will communicate with the Consultants involved and, if required, issue an investigation letter formally notifying the Consultant of an investigation. The Consultant will be notified in an investigation letter the terms of the investigation, including but not limited to the period of time a Consultant has to respond to the details of the investigation and impending disciplinary action. When an investigation letter is sent to a Consultant, the Consultant's account is placed on hold. When a Consultant's account is placed on hold, the Consultant will not be eligible to engage in Consultant activities, including but not limited to, placing product orders, accessing the back office, receiving compensation, awards or commissions from NSP, or participating in any NSP functions or programs.

At the conclusion of an investigation, a letter will be issued to the Consultant notifying him/her that NSP Distributor Education and Compliance has completed its investigation. One of the following responses will be issued from NSP Distributor Education and Compliance:

- Completion of Investigation Notice. Issued to the offending Consultant, this notice informs him/her of the results of the investigation as well as any further disciplinary action that has been deemed necessary by NSP.
- Termination Notice. This is issued to the offending Consultant when violation of the Policies warrants termination.

15.2 Involuntary Termination

If necessary, a Consultant's membership may be terminated by NSP. NSP has the right to take quick and decisive action in limiting or terminating a membership that is found in violation of the Policies, the Consultant Application, rules governing the Compensation Plan, or any state or federal laws, statutes and/or regulations that pertain to the business of NSP.

In extreme cases of violations by a Consultant, NSP also reserves the right to pursue legal recourse as described in Section 15.4 below, as well as reimbursement by a Consultant for any expenses, including attorney's fees and legal fees generated from a violation, and to seek and obtain other appropriate remedies, relief and damages.

If a Consultant is terminated, NSP will send notification by mail to the terminated Consultant at the most recent address on file. Upon receipt of notice from NSP of termination, the Consultant must immediately cease all Consultant activities, including, but not limited to, selling NSP products, and remove and cease distribution of any applicable Website or print advertising.

If a Consultant wishes to appeal membership termination, NSP must receive the written appeal within ten (10) business days of receipt of the termination letter. If the appeal is not received within this time period, the termination will be final. NSP will review the timely appeal and notify the Consultant of the decision. This decision will be final. The termination will be effective from the date of NSP's original termination notice.

15.3 Effect of Termination

Whether a membership is terminated through voluntary resignation or through involuntary termination by NSP, that Consultant is no longer entitled to sell NSP products or to sponsor other prospective Consultants.

The terminated Consultant shall lose all rights to the existing successline and shall no longer be entitled to receive commissions, awards or any compensation whatsoever from NSP, nor shall the Consultant be entitled to any rights to Consultant Lists.

The terminated Consultant should immediately cease all marketing efforts related to NSP, including but not limited to advertising, personal websites and mailing. The terminated position cannot be transferred or sold to any other party.

15.4 Arbitration/Governing Law

Any legal cause of action arising out of or relating to the Membership Agreement, or the breach thereof, will be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Consultants waive all rights to a trial by jury or to any court proceeding. All arbitration proceedings will be held in Utah County, Utah, unless the laws of the state in which the Consultant resides expressly require the application of that state's laws, in which case the arbitration shall be held in the capital city of that state. This agreement to arbitrate survives any termination or expiration of the Membership Agreement.

Notwithstanding the rules of the American Arbitration Association and its Commercial Arbitration Rules, the following apply to any arbitration under these Policies:

- All parties will be entitled to all discovery rights and obligations under the Federal Rules of Civil Procedure.
- The Federal Rules of Evidence will apply.
- The parties will be entitled to bring motions under Rules 12 and 56 of the

Federal Rules of Civil Procedure.

- The arbitration will occur within 180 days after an arbitrator is appointed and will not last more than five (5) business days.

There shall be one arbitrator, an attorney at law, who must have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel that the American Arbitration Panel provides. Each party to the arbitration will be responsible for its own costs and expenses of the arbitration, including legal and filing fees. The parties agree to equally share all costs of the arbitrator. The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction.

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

Each Consultant and NSP agrees that each party may bring disputes against the other party only in an individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding, including without limitation, federal or state class actions, or class arbitrations. Accordingly, under the arbitration Procedures outlined in this Section, an arbitrator will not combine or consolidate more than one party's claims without the written consent of all affected parties to an arbitration proceeding. No Consultant, nor NSP (nor any of its related entities, officers, directors, employees, investors, or vendors) will have any liability for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, or loss of business reputation or opportunity relating to the breach or alleged breach of the Membership Agreement or for any act, omission, or other conduct arising out of the parties' relationship.

Jurisdiction and venue of any matter not subject to arbitration resides in Utah County, Utah, unless the laws of the state in which a Consultant resides expressly require the application of its laws, in which case that state's law shall govern all issues relating to jurisdiction and venue. The laws of the State of Utah govern all other matters relating to or arising from the Membership Agreement unless the laws of the state in which a Consultant resides expressly require the application of that state's laws.

SECTION 16

CONTACT INFORMATION

Questions concerning any aspect of a Consultant's business, problems with orders, shipments, Procedures, organization or compensation should always be directed to Customer Service at 1-800-223-8225.

Customer Service Hours of Operation

Monday through Friday: 6:00 a.m. to 6:30 p.m. (Mountain Time)

Customer Service cannot and does not diagnose, prescribe or recommend use of specific products.

NSP monitors incoming calls to make sure callers receive prompt, courteous, accurate and helpful service. Such monitoring may include recording calls for future review and training purposes.

Corporate Offices

ATTN:

NSP Products, Inc.

2901 W. Bluegrass Boulevard, Suite 100

Lehi, Utah 84043

Other Contacts

www.naturessunshine.com

email: questions@natr.com

Warehouse Addresses

Utah

1655 North Main Street

Spanish Fork, Utah 84660

All returns must be sent to this address with prior authorization from Customer Service.

Texas

2740 Regency Drive

Grand Prairie, Texas 75050

Ohio

2252 Westbrook Drive, Bldg. K

Columbus, Ohio 43228

Georgia

7990 Second Flag Drive, Suite C

Austell, Ga. 30168

Statement of Average Compensation Paid by NSP to U.S. Members in the period of January through August of 2020

OVERVIEW

NSP Products, Inc. (NSP) is a leading natural health and wellness company that markets and distributes nutritional and personal care products through a global direct sales force of over 600,000 independent Managers, Distributors and customers in more than 40 countries. We believe that natural health and wellness has the power to change lives; and through our products, our people and our business opportunity, we work to make it a reality every day. NSP manufactures most of its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety and efficacy on the market today. Proven quality, expertise and results are why we are trusted and recommended by natural health practitioners and customers around the world.

As of September 1st, 2020, NSP has transitioned to a new Compensation Plan/Business Model. Earnings under the new Compensation Plan/Business Model may be less than in the prior year. NSP cannot predict Distributors' earnings under the new Compensation Plan/Business Model as sufficient information is not yet available.

DISTRIBUTORS

NSP markets its products through independent contractors, called Distributors. A "Distributor" is a member of NSP who makes at least one purchase of NSP products within a 12-month period, where any such Distributor may be purchasing such products solely for personal consumption or Resale. In the United States, NSP had approximately 191,617 Distributors in the period of January through August of 2020.

For purposes of this statement, an "Active Distributor" is a Distributor who had at least one member in their downline during the period of January 1, 2020 to August 31, 2020. In the United States, NSP had approximately 31,649 Active Distributors during the period of January through August of 2020, representing approximately 17% of all Distributors.

COMPENSATION

There are three fundamental ways in which a Distributor can earn compensation through selling NSP products:

- 1) Through the retail of products purchased at the wholesale price.
- 2) Through receiving a rebate based on a percentage of personal product purchases, for consumption or resale.
- 3) Through commissions, or bonuses, paid on personal product purchases and the sales of other Distributors in their downline sales network.

Additionally, Distributors are invited to participate in the Sunshine Rewards program, where they can receive free shipping and points toward free products. In the period of January through August of 2020, approximately 5% of all Distributors participated in this program.

There is a minimal cost to enroll with NSP as a Distributor, which is an annual membership fee of \$40 USD. This fee is waived with the purchase of NSP products valued at \$40 or more. It is unusual for a new Distributor to pay the \$40 fee outright rather than have the fee waived with the purchase of products valued at \$40.

There are many reasons why people choose to become NSP Distributors. Many Distributors join simply to enjoy purchasing NSP quality products at wholesale prices for their own consumption. Some choose to manage their own sales business, through retail channels or other methods because of the positive experiences people have in using NSP products. Others choose to join the business to improve their own skills and build their own business, assisting others to also become NSP business builders. Due to these varied experiences, many Distributors never qualify to earn commissions.

As is the case with all sales businesses, the compensation earned by Distributors will vary significantly based on, among other things, the amount of time and effort Distributors put into running their independent business if they choose to do so. To generate meaningful earnings as a Distributor requires a significant level of commitment, time, and effort. It is hard work. There is no guarantee of success.

RETAIL MARKUP

Distributors can purchase products from NSP at the wholesale price for personal consumption, or to resell to customers. NSP suggests a retail markup of approximately 33% above the wholesale price; however, this is a suggested price, as Distributors are able to set their own retail prices for their customers.

As a result, NSP does not provide an estimate of average compensation from retail sales, nor does it include retail markup earnings in the included average compensation statement below.

Distributors may receive rebates based on product purchases in addition to any commissions or payments they may earn. In the period of January through August of 2020, NSP paid approximately \$15,335,745 in rebates to all Distributors living in the United States.

COMMISSIONS

Distributors may also earn commissions from the sale of products by other Distributors who are enrolled or sponsored by them, in which case such enrolled or sponsored Distributors are called their downline or successline. As these downline Distributors also build a customer base, and enroll or sponsor others, a downline network is formed, from which Distributors can earn commissions. In the period of January through August of 2020 the number of Active Distributors who earned commissions was 11,178, representing approximately 35% of the Active Distributor base.

In the period of January through August of 2020, NSP paid approximately \$27,492,032 in commissions in the United States to Active Distributors. This amount does not represent Distributors' actual profit, as it does not include any retail markup or rebates earned by the Distributors, nor does it consider any expenses incurred by the Distributors in the promotion of their business. As noted above, the only fee charged by NSP to Distributors is the annual enrollment fee of \$40, which can be waived with the purchase of products valued at \$40.

Please address any questions regarding this information to NSP at (800) 223-8225.

Note: This statement is reflective of average compensation paid to U.S. members during the period of January through August of 2020 only, based on the 2020 Compensation Plan active until August 31, 2020. The terms of the NSP compensation plan are subject to change at any time pursuant to NSP's Policies.

On September 1, 2020 NSP launched a new Compensation Plan/Business Model to better adapt to a changing market environment. For this reason, the Average Earnings of Distributors are only reported from the period of January 1, 2020 to August 31, 2020. Sufficient information is not yet available to report data from the Average Earnings of Distributors under the new Compensation Plan/Business Model.

It is to be noted, however, that as a part of the significant change to a new payment structure, many Distributors' income may have been negatively impacted. Consequentially, NSP has issued a temporary "bridge" program to those Distributors who participated in the previous Compensation Plan and were most affected by the change to help mitigate such impact. Please contact NSP for any questions at 800-223-8225 or by email at questions@natr.com.

ANNUAL COMMISSION-BASED INCOME	PERCENTAGE OF ACTIVE DISTRIBUTORS
\$0	64.68%
\$0.01 - \$100	19.21%
\$100 - \$200	3.58%
\$200 - \$500	3.55%
\$500 - \$1000	2.07%
\$1000 - \$1500	1.16%
\$1500 - \$2000	0.84%
\$2000 - \$5000	2.18%
\$5000+	2.76%

Note: Distributors' business results vary significantly, and past results are not an indicator of future success. The terms of the NSP compensation plan are subject to change at any time pursuant to NSP's Policies.





By purchasing any qemp products for purposes of resale or for personal use, each Consultant hereby agrees to adhere to the terms and conditions of the Membership Agreement, including this Addendum B. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Membership Agreement.

Consultant hereby represents and agrees to the following:

- Consultant is 21-years-old or older and acknowledges that qemp products are not to be purchased or consumed by, or sold to, anyone under the age of 21.
- Consultant acknowledges that qemp products are not intended to diagnose, treat, cure, or prevent any disease or medical condition, and Consultant agrees not to make any statement that may mislead any person into believing that qemp products diagnose, treat, cure, or prevent any disease or medical condition.
- Consultant acknowledges that qemp products are not intended to replace medications or treatments at the direction of a qualified health professional, and Consultant will not recommend any person to discontinue the medications or treatments recommended by a healthcare professional.
- Consultant will use the qemp products only as directed on the label and will not recommend any person use the qemp products differently than what is listed on the label.
- Consultant will not make any false or misleading claims or statements as to any actual or potential health related benefits of qemp products.
- Consultant will ascertain, abide by, and comply with all applicable local, state, and federal laws rules, regulations, and ordinances in the United States regarding the possession, use, transportation, distribution, and sale of any qemp products or as to any earnings related to qemp.
- Consultant will not directly or indirectly possess, use, transport, sell, or distribute qemp products outside of the United States or in States in which qemp does not sell the qemp products.

Pursuant to Section 15 of the Membership Agreement, investigations and disciplinary action, including account termination, will be conducted and enforced to ensure compliance with the Membership Agreement, including the terms and conditions of this Addendum B. Failure to comply with the terms and conditions of this Addendum B may result in immediate account termination.



DIRECT SELLING ASSOCIATION

Code of Ethics

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Code of Ethics

Explanatory provisions in italics.

Preamble

The Direct Selling Association (“DSA”), recognizing that companies engaged in direct selling assume certain responsibilities toward consumers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies will continue to adhere to in the conduct of their business.

A. Code of Conduct

1. Deceptive or Unlawful Consumer or Recruiting Practices

- a. No member company or independent salesperson for a member company shall engage in any deceptive, false, unethical or unlawful consumer or recruiting practice. Member companies shall ensure that no statements, promises or testimonials are made that are likely to mislead consumers or prospective independent salespeople.
- b. Member companies and their independent salespeople must comply with all requirements of law. While this Code does not restate all legal obligations, compliance with all pertinent laws by member companies and their independent salespeople is a condition of acceptance by and continuing membership in DSA.

▶ 1. *This section does not bring “proselytizing” or “salesforce raiding” disputes under the Code’s jurisdiction, unless such disputes involve allegations of deceptive, unethical or unlawful recruiting practices or behaviors aimed at potential salespeople. In those cases, the section applies. As used in this section, “unethical” means violative of the U.S. DSA Code of Ethics.*

The DSA Code Administrator appointed pursuant to Section C.1 (“Administrator”) has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code using prevailing legal standards as a guide. Compliance with any particular law, regulation or DSA Code of Ethics provision is not a defense to a determination by the Administrator that a practice is deceptive, unlawful or unethical. For example, in a sale to a consumer, compliance with the Federal Trade

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- c. Member companies shall conduct their activities toward other member companies in compliance with this Code and all pertinent laws.
- d. Information provided by member companies and their independent salespeople to prospective or current independent salespeople concerning the opportunity and related rights and obligations shall be accurate and complete. Member companies and their independent salespeople shall not make any factual representation to prospective independent salespeople that cannot be verified or make any promise that cannot be fulfilled. Member companies and their independent salespeople shall not present any selling opportunity to any prospective independent salesperson in a false, deceptive or misleading manner.
- e. Member companies and their independent salespeople shall not induce a person to purchase products or services based upon the representation that a consumer can recover all or part of the purchase price by referring other consumers, if such reductions or recovery are violative of applicable referral sales laws.
- f. Member companies shall provide to their independent salespeople either a written agreement or a downloadable electronic statement to be signed by both the member company and the independent salesperson, or a written statement containing the essential details of the relationship between the independent salesperson and the member company. Member companies shall inform their independent salespeople of their legal obligations, including their responsibility to handle any applicable licenses, registrations and taxes.
- g. Member companies shall provide their independent salespeople with periodic accounts including, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the member company's arrangement with the independent salesperson. All monies due shall be paid and any withholdings made in a commercially reasonable manner.
- h. Independent salespeople shall respect any lack of commercial experience of consumers. Independent salespeople shall not abuse the trust of individual consumers, or exploit a consumer's age, illness, handicap, lack of understanding or unfamiliarity with a language.

1. CONTINUED...

Commission Cooling-Off Rule does not prevent the Administrator from making a determination that a particular sales practice is deceptive, unlawful or unethical and that a refund or compensation is required.

2. Products, Services and Promotional Materials

- a. The offer of products or services for sale by member companies and their independent salespeople shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model and availability. All product claims made by member companies and their independent salespeople must be substantiated by competent and reliable evidence and must not be misleading. A consumer's order for products and services shall be fulfilled in a timely manner.
- b. Neither member companies nor their independent salespeople shall make misleading comparisons of another company's direct selling opportunity, products or services. Any comparison must be based on facts that can be objectively and adequately substantiated by competent and reliable evidence. Neither member companies nor their independent salespeople shall denigrate any other member company, business, product or service—directly or by implication—in a false or misleading manner and shall not take unfair advantage of the goodwill attached to the trade name and symbol of any company, business, product or service.
- c. Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are false, deceptive or misleading. (Promotional literature shall contain the name and address or telephone number of the member company and may include the telephone number of the individual independent salesperson).
- d. Independent salespeople shall offer consumers accurate information regarding: price, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Independent salespeople shall give understandable and accurate answers to questions from consumers. To the extent claims are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

▶ 1. and 2. These sections cover communications about your own company or another company. For example, this section covers misleading statements made by an independent salesperson for company A about company B and/or its products to consumers or prospective independent salespeople.

3. Terms of Sale

- a. A written order or receipt shall be delivered to the consumer at or prior to the time of the initial sale. In the case of a sale made through the mail, telephone, Internet, or other non-face-to-face means, a copy of the order form shall have been previously provided, be included in the initial order, or be provided in printable or downloadable form through the Internet. The order form must set forth clearly, legibly and unambiguously:
 1. Terms and conditions of sale, including the total amount the consumer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;
 2. Identity of the member company and the independent salesperson, and contain the full name, permanent address and telephone number of the member company or the independent salesperson, and all material terms of the sale; and
 3. Terms of a guarantee or a warranty, details and any limitations of after-sales service, the name and address of the guarantor, the length of the guarantee, and the remedial action available to the consumer. Alternatively, this information may be provided with other accompanying literature provided with the product or service.
- b. Member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three business days from the date of the purchase transaction and receive a full refund of the purchase price. The cooling off period shall apply equally to face-to-face sales as well as mail, telephone, Internet, or other non-face-to-face sales.
- c. Member companies and their independent salespeople offering a right of return, whether or not conditioned upon certain events, shall provide it in writing.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with the terms of all warranties and guarantees offered to consumers.

5. Identification and Privacy

- a. At the beginning of sales presentations independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation shall stop upon the consumer's request.
- b. Member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, independent salesperson or prospective independent salesperson.

6. Pyramid Schemes

For the purpose of this Code, pyramid or endless chain schemes shall be considered actionable under this Code. The DSA Code Administrator (appointed pursuant to Section C.1) shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

Member companies shall remunerate independent salespeople on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may be based on the sales and personal consumption by the independent salespeople and their downlines.

Independent salespeople shall not receive earnings for recruiting other participants into a sales system; except that companies may provide independent salespeople with minimal incentives in accordance with the law.

▶ 6. The definition of an "illegal pyramid" is based upon existing standards of law as reflected in *In the matter of Amway*, 93 FTC 618 (1979) and the anti-pyramid statutes of various states. In accordance with these laws, member companies shall remunerate independent salespeople primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on purchases that are not simply incidental to the purchase of the right to participate in the program. See Section 9 for further clarification.

7. Inventory Purchases

- a. Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall adopt and communicate a policy, in its recruiting literature, sales manual, or contract with an independent salesperson, that the company will repurchase on reasonable commercial terms currently marketable inventory, in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the independent salesperson's business relationship with the company. For purposes of this Code, "reasonable commercial terms" shall include the repurchase of marketable inventory, promotional materials, sales aids, tools and kits within twelve (12) months from the salesperson's date of purchase at not less than 90 percent of the salesperson's original net cost less appropriate set offs and legal claims, if any. For purposes of this Code, products shall not be considered "currently marketable" if returned for repurchase after the products' commercially reasonable usable or shelf life period has passed; nor shall products be considered "currently marketable" if the

7a. The purpose of the buyback is to eliminate the potential harm of "inventory loading;" i.e., the practice of loading up salespeople with inventory they are unable or unlikely to be able to sell or use within a reasonable time period. Inventory loading has historically been accomplished by giving sellers financial incentives for sales without regard to ultimate sales to or use by actual consumers.

The repurchase provisions of the Code are meant to deter inventory loading and to protect distributors from financial harm that might result from inventory loading.

"Inventory" is considered to include both tangible and intangible product; i.e., both goods and services. "Current marketability" of inventory shall be determined on the basis of the specific condition of the product. Factors to be considered by the DSA Code Administrator (appointed pursuant to Section C.1) when determining "current marketability" are condition of the goods and whether or not the products have been used or opened.

Changes in marketplace demand, product formulation, or labeling are not sufficient grounds for a claim by the company that a product is no longer "marketable." Nor does the ingestible nature of certain products limit the current marketability of those products. Government regulation that may arguably restrict or limit the ultimate resalability of a product does not limit its "current marketability" for purposes of the Code.

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company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

- b. The DSA Code Administrator appointed pursuant to Section C.1, upon finding a member company has engaged in false, misleading or deceptive recruiting practices, may employ any appropriate remedy to ensure any complainant shall not incur significant financial loss as a result of such prohibited behavior, including but not limited to requiring such member company to repurchase any and all inventory, promotional materials, sales aids and/or kits which a complainant has purchased.

7a. CONTINUED...

State statutes mandate that certain buyback provisions required by law must be described in an independent salesperson's contract. While acknowledging that the contract is probably the most effective place for such information, the DSA Code allows for placement of the provision in either "its recruiting literature, sales manual or contract." Regardless, the disclosure must be in writing and be clearly stated. Wherever disclosed, the buyback requirement shall be construed as a contractual obligation of the company.

A member company shall not place any unreasonable or procedural impediments in the way of salespeople seeking to sell back products to the member company.

The buyback process should be as efficient as possible and designed to facilitate buyback of products. The buyback provisions apply to all terminating independent salespeople who otherwise qualify for such repurchase, including independent salespeople who are not new to a particular company, or those who have left a company to sell for another company.

The buyback policy should be published in multiple locations and formats, and stated in a manner understood easily by a typical independent salesperson. It should be the goal of each member company to ensure that the typical independent salesperson is aware of the company's buyback policy. Therefore, each member company should undertake its best efforts to ensure the effective communication of the policy.

8. Earnings Representations

a. The following shall be considered “earnings representations” under this Code:

1. Any oral, written or visual claim that conveys, expressly or by implication:
 - a) A specific level or range of actual or potential sales; or
 - b) Gross or net income or profits, including but not limited to representations that either explicitly or implicitly suggest that lifestyle purchases—including homes, vehicles, vacations and the like—are related to income earned.
2. Any statement, representation or hypothetical scenario from which a prospective independent salesperson could reasonably infer that he/she will earn a minimum level of income;
3. Any chart, table or mathematical calculation demonstrating possible income, actual or potential sales, or gross or net profits based upon a combination of variables;
4. Marketing materials or advertising explicitly describing or promising potential income amounts, or material- based lifestyles of independent salespeople;
5. Any award or announcement of compensation describing the earnings of any current or past salesperson. A company’s sales incentive awards, trips or meetings, and/or commissions, overrides, bonuses or other compensation, shall not be considered earnings representations unless they are accompanied by express indication of their value.

8. *There is ample legal precedent in the form of FTC decisions to afford guidance on the subject of earnings representations. While not controlling, these precedents should be used by the Administrator in making determinations as to the substantiation of a member company’s earnings claims.*

The Code’s simple prohibition of misrepresentations was intended, in part, to avoid unduly encumbering start-up member companies that have little or no actual earnings history with their compensation plan or established member companies that are testing or launching new compensation plans. The prohibition approach is meant to require that member companies in these circumstances need only ensure that their promotional literature and public statements clearly indicate that the compensation plan is new and that any charts, illustrations and stated examples of income under the plan are potential in nature and not based upon the actual performance of any individual(s).

- b. Member companies must comply with, and obligate their independent salespeople to also comply with, the following standards:
1. Earnings representations and sales figures must be truthful, accurate, and presented in a manner that is not false, deceptive or misleading.
 2. Current and prospective independent salespeople must be provided with sufficient information to understand that:
 - a) Actual earnings can vary significantly depending upon time committed, skill level and other factors;
 - b) Not everyone will achieve the represented level of income; and
 - c) Such amounts are before expenses, if any.
 3. Current and prospective independent salespeople must be provided with sufficient information to enable a reasonable evaluation of the opportunity to earn income.
 4. If a specific independent salesperson's commission or bonus payments are included in an earnings representation, any distributions made for those payments to others in the sales organization must be disclosed or deducted from the figure(s) used.
 5. Any sales and earnings representations must be documented and substantiated. Member companies and their independent salespeople must maintain such documentation and substantiation, making it available to the Administrator upon written request.
 6. Industry-wide—including DSA-produced—financial, earnings or performance information cannot be used as the primary source in documenting or substantiating a member company's or independent salesperson's representations. Such information can, however, be used in a general manner.
- c. In assessing whether an earnings representation violates this section of the Code, the Administrator shall consider all relevant facts and information, including but not limited to the factors outlined in this section.

9. Inventory Loading

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed by the independent salesperson within a reasonable period of time.

Member companies shall take clear and reasonable steps to ensure that independent salespeople are consuming, using or reselling the products and services purchased.

It shall be considered an unfair and deceptive recruiting practice for a member company or independent salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. The Administrator may employ any appropriate remedy to ensure any individual salesperson shall not incur significant financial loss as a result of such prohibited behavior.

▶ 9. See, Code Explanatory Section 7a. regarding inventory loading. This provision should be construed in light of the regulatory admonition that commissions be generated by purchases that are not simply incidental to the purchase of the right to participate in the program (see Federal Trade Commission 2004 Advisory Opinion Letter to DSA.) Member companies that implement procedures demonstrating that salespeople are purchasing the product for resale, for their own use/ consumption (i.e., “self-consumption”, “personal consumption” or “internal consumption”) or for other legitimate purposes will be better able to meet the requirements of Section 9. The Code recognizes this as a long-standing and accepted practice in direct selling and does not prohibit compensation based on the purchases of salespeople for personal use.

Further, the Code does not set forth specific standards or requirements that a minimum level of sales take place outside of the salesforce.

10. Payment of Fees

- a. Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the member company’s business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return. No company shall require product purchases as part of the application process unless included in the starter kit.

- b. Any required fees charged to become or remain an independent salesperson including any required additional service offered by the company (e.g. on-line training, e-Commerce or other internet solutions, shipment costs) shall be fully refundable (less any commission earned by the independent salesperson) in the event the independent salesperson terminates his/her distributorship within 30 days of payment. The refundable fees are limited to those paid by the independent salesperson in the 30 days prior to the distributor termination.
- c. Any commissions paid on fees charged to become or stay an independent salesperson, which are, in effect, remuneration for recruitment into a sales system, shall be prohibited.

10a. High entrance fees can be an element of pyramid schemes, in which individuals are encouraged to expend large upfront costs, without receiving product of like value. These fees then become the mechanism driving the pyramid and placing participants at risk of financial harm. Some state laws have requirements that fees be returned similar to the repurchase provisions delineated in Code Section 7a. The Code eliminates the harm of large fees by prohibiting unreasonably high fees. The Administrator is empowered to determine when a fee is "unreasonably high." For example, if a refund is offered for only a portion of an entrance fee, to cover what could be described as inventory, and there is nothing else given or received for the balance of the entrance fee, such as a training program, that portion of the entrance fee may be deemed to be unreasonably high by the Administrator. This Code section reinforces the provisions in Section B. Responsibilities and Duties requiring member companies to address the Code violations of their independent salespeople.

10b. Fees for services (training, internet solutions and shipment) are subject to the refund so long as these services are required to become or remain a direct seller.

10c. This section is intended to prohibit payments primarily for recruitment as an element of prohibited pyramid schemes. See Section 6 for further clarification.

11. Training and Materials

- a. Member companies shall provide adequate training to enable independent salespeople to operate ethically.
- b. Member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company's policies and procedures. Further, member companies shall prohibit independent salespeople from marketing any materials that are not approved by the member company and that are inconsistent with member company policies and procedures
- c. Independent salespeople selling member company-approved sales aids, promotional or training materials, whether in hard copy or electronic form, shall:
 - 1. Use only materials that comply with the same standards used by the member company,
 - 2. Not make the purchase of such materials a requirement of other independent salespeople,
 - 3. Provide such materials at not more than the price at which similar material is available generally in the marketplace, without significant profit to the independent salesperson, and
 - 4. Offer a written return policy that is the same as the return policy of the member company the independent salesperson represents.
- d. Member companies shall take diligent, reasonable steps to ensure that promotional or training materials produced by their independent salespeople comply with the provisions of this Code and are not false, misleading or deceptive.
- e. Compensation received by Direct Sellers for sales of training and promotional materials to become or stay a Direct Seller which is, in effect, remuneration for recruiting Direct Sellers into a sales system, shall be prohibited.

Because it may be impractical for member companies to review every independent salesperson's communication (e.g. social media posts), adoption of a requirement that independent salespeople market only materials in compliance with company policies shall be considered "approval" for purposes of this section.

B. Responsibilities and Duties

1. Prompt Investigation and No Independent Contractor Defense

- a. Member companies shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints.
- b. In the event any consumer shall complain that the independent salesperson offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to cause the redress of any wrongs that its investigation discloses to have been committed.
- c. Member companies will be considered responsible for Code violations by their independent salespeople where the Administrator finds, after considering all the facts, that a violation of the Code has occurred. For the purposes of this Code, in the interest of fostering consumer protection, member companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations, provided, however, that such action shall not be construed to be a waiver of the member companies' right to raise such defense under any other circumstance.
- d. Member companies should be diligent in creating awareness among their employees and/or the independent salespeople marketing the member company's products or services about the member company's obligations under the Code. No member company shall in any way attempt to persuade, induce or coerce another company to breach this Code, and an attempt to induce a breach of this Code is considered a violation of the Code.
- e. Independent salespeople are not bound directly by this Code, but as a condition of participation in a member company's distribution system, shall be required by the member company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.

- f. This Code is not law but its obligations require a level of ethical behavior from member companies and independent salespeople that is consistent with applicable legal requirements. Failure to comply with this Code does not create any civil law responsibility or liability. When a company leaves the DSA membership, a company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a company was a member of DSA.

2. Required Code Communication

- a. All member companies are required to publicize the DSA Code of Ethics and the process for filing a Code complaint to their independent salespeople and consumers. At a minimum, member companies must have one of the following:
1. an inclusion on the member company's website of the DSA Code of Ethics with a step-by-step explanation as to how to file a complaint; or
 2. a prominent link from the member company's website to the DSA Code of Ethics web page, with a separate mention of, or separate link to, the Code complaint filing process; or
 3. an inclusion of the member company's Code of Ethics and its complaint process on its website with an explanation of how a complainant may appeal to the Administrator in the event the complainant is not satisfied with the resolution under the member company's Code of Ethics or complaint process, with a reference to the DSA Code of Ethics web page.

▶ *2a. The links should be clear and conspicuous. The location of the link on the member company's website should be prominent so as to be accessible and visible to sales people and the consumer; member companies should place the link on a web page that is commonly accessed by salespeople and consumers. Inclusion of statements, such as, "We are proud members of the DSA. To view the Code of Ethics by which we abide please click here," and "To file a complaint, please contact us at [company email and/or phone number]. If you are unsatisfied with the resolution, you may escalate your complaint to the DSA by clicking here," are also ideal. Member companies should specifically link to either www.dsa.org/consumerprotection/Code or www.dsa.org/consumerprotection/filing-a-code-complaint.*

- b. All member companies, after submission of their program, are required to state annually, along with paying their dues, that the program remains effective or indicate any change.

3. Code Responsibility Officer

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by his or her company and responding to inquiries by the DSA Code Administrator appointed pursuant to Section C.1. He or she will also serve as the primary contact at the member company for communicating the principles of the DSA Code of Ethics to the member company's independent salespeople, employees, consumers and the general public.

4. Extraterritorial Effect

Each member company shall comply with the World Federation of Direct Selling Associations' Code of Conduct with regard to direct selling activities outside of the United States to the extent that the WFDSA Code is not inconsistent with U.S. law, unless those activities fall under the jurisdiction of the code of conduct of another country's DSA to which the member company also belongs.

Should a member company be subject of a code complaint in a country in which it is not a member, the company must accept jurisdiction of the US DSA Code Administrator regarding the matter.

The US DSA Code Administrator may coordinate with the Code Administrator (if one exists) of the complainant's country and, in evaluating the alleged code complaint, apply, in order of priority, (i) the standards of the Code of Ethics in the country in which the complaint is filed, or (ii) the standards of the US Code of Ethics, or, (iii) at a minimum, the standards set forth in the WFDSA Code of Ethics.

C. Administration

1. Interpretation and Execution

The Board of Directors of the DSA shall appoint a Code Administrator (“Administrator”) to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code. The Administrator will be responsible directly and solely to the Board.

2. Code Administrator

- a. The Administrator shall be a person of recognized integrity, knowledgeable about the industry, and of a stature that will command respect by the industry and from the public. He or she shall appoint a staff adequate and competent to assist in the discharge of the Administrator’s duties. During the term of office, neither the Administrator nor any member of the staff shall be an officer, director, employee, or substantial stockholder in any member of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall have the same rights of indemnification as the Directors and Officers have under the bylaws of the DSA.
- b. The Administrator shall establish, publish and implement transparent complaint handling procedures to ensure prompt resolution of all complaints.
- c. The Administrator shall review and determine all charges against member companies, affording those companies an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings and shall at all times have the full cooperation of all member companies.

3. Procedure

- a. The Administrator shall have the sole authority to determine whether a violation of the Code has occurred. The Administrator shall answer as promptly as possible all queries relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, Code amendments, or other implementation procedures to make the Code more effective.

- b. If, in the judgment of the Administrator, a complaint is beyond the Administrator's scope of expertise or resources, the Administrator may decline to exercise jurisdiction over the complaint and may recommend to the complainant another forum in which the complaint can be addressed.
- c. The Administrator shall undertake to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. DSA Code of Ethics Enforcement Procedures

1. Receipt of Complaint

Upon receipt of a bona fide complaint from a bona fide consumer, the Administrator shall forward a copy of the complaint, to the accused member company together with a letter notifying the company that a preliminary investigation of a specified possible violation is being conducted and requesting the member company's cooperation in supplying necessary information and documentation. If the Administrator has reason to believe that a member company has violated the Code, even if a written complaint has not been received, then the Administrator shall provide written notice to the member company stating the basis for the Administrator's belief that a violation has occurred. The Administrator shall honor request by complainants for confidential treatment of their identity. The subject matter of a complaint will not be kept confidential.

2. Cooperation with the Code Administrator

In the event a member company refuses to cooperate with the Administrator and/or refuses to supply necessary information and documentation, the Administrator shall serve upon the member company, by certified mail, a notice affording the member company an opportunity to request Appeals Review Panel to evaluate whether its membership in the DSA should not be terminated. In the event the member company fails to request a review by an Appeals Review Panel pursuant to Section D.5. below, the DSA Board of Directors may vote to suspend or terminate the membership of the member company.

3. Investigation and Disposition Procedure

- a. The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, the investigation and administrative action shall terminate and the complaining party shall be so notified.
- b. The Administrator may, at his discretion, remedy an alleged Code violation through informal, oral and written communication with the accused member company.
- c. If the Administrator determines that there are violations of such a nature, scope or frequency that the best interests of consumers, the DSA, and/or the direct selling industry require remedial action, the member company shall be notified. The reasoning and facts that resulted in the decision as well as the nature of the remedy under Section E.1 shall be included in the Administrator's notice. The notice shall also offer the member company an opportunity to consent to the suggested without the necessity of a Section D.4 appeal. If the member company desires to dispose of the matter in this manner, it will within 20 calendar days advise the Administrator, in writing. The letter to the Administrator may state that the member company's willingness to consent does not constitute an admission or belief that the Code has been violated.

4. Appeals Review Panel

If a member company has submitted a request for review pursuant to Section D.2. or an appeal of the Administrator's remedial action pursuant to Section D.3., an Appeals Review Panel consisting of three representatives from active member companies shall be selected by the Executive Committee of DSA's Board of Directors within 20 calendar days. The three member companies shall be selected in a manner that represents a cross-section of the industry. When possible, none of the three shall sell a product that specifically competes with the member company that is seeking the Appeals Review Panel (hereinafter "the Appellant"), and every effort shall be made to avoid conflicts in selecting the Panel. If for any reason, a member of the Panel cannot fulfill his or her duties, the Chairman of the Board of DSA can replace that person with a new appointment. The representatives serving on the Appeals Review Panel shall during their time on the Panel have the same rights of indemnification the Directors and Officers have under the bylaws of the DSA.

5. Appeals Review Procedure

- a. A member company must make a request to convene an Appeals Review Panel in writing to the Administrator within 20 calendar days of the Administrator's notice of the member company's failure to comply or the Administrator's recommended remedial action. Within 10 calendar days of receiving such a request, the Administrator shall notify the Chairman of the Board of DSA. The Executive Committee then shall select the three-person Panel as set forth in Section D.4.
- b. As soon as the Panel has been selected, the Administrator shall inform the Appellant of the names of the panelists. Within 14 calendar days of that notification, the Administrator shall send a copy of the Complaint and all relevant documents, including an explanation of the basis of the decision to impose remedial action, to the panelists with copies to the Appellant. Upon receipt of such information, the Appellant shall have 14 calendar days to file with the Panel its reasons for arguing that remedial action should not be imposed along with any additional documents that are relevant. Copies of that information shall be provided to the Administrator, who can provide additional information as the Administrator decides is necessary or useful to the Panel and the Appellant.
- c. Once the information has been received by the panelists from both the Administrator and the Appellant, the Panel will complete its review within 30 calendar days or as soon thereafter as practicable. If the review pertains to whether the Appellant's membership in the DSA should be terminated, the Panel shall decide whether the member company's failure to work with the Administrator justifies suspending or terminating the Appellant's membership in the DSA. If the review pertains to the Administrator's suggested remedial action, the Panel shall decide whether the Administrator's decision to impose remedial action was reasonable under all of the facts and circumstances involved and shall either confirm the Administrator's decision, overrule it, or impose a lesser sanction under Section E. The Panel shall be free to contact the Administrator, the Appellant, and any other persons who may be relevant, in writing as deemed appropriate. A decision by the Panel shall be final and shall be promptly communicated both to the Administrator and the Appellant. The costs involved in the appeal such as costs of photocopying, telephone, fax, and mailing, shall be borne by the Appellant.

E. Powers of the Administrator

1. Remedies

If pursuant to the investigation provided for in Section D.3., the Administrator determines that the accused member company has committed a Code violation or violations, the Administrator is hereby empowered to recommend any appropriate remedies, either individually or concurrently, including but not limited to the following:

- a. Complete restitution to the complainant of monies paid for the accused member company's products, promotional materials, sales aids and/or kits that were the subject of the Code complaint;
- b. Replacement or repair of any of the accused member company's product that was the source of the Code complaint;
- c. Payment of a voluntary contribution to a special assessment fund that shall be used for purposes of publicizing and disseminating the Code and related information. The contribution may range up to \$1,000 per violation of the Code;
- d. Submission to the Administrator of a written commitment to abide by the Code in future transactions and to exercise due diligence to assure there will be no recurrence of the practice leading to the subject Code complaint; and/or
- e. Cancellation of orders, return of products purchased, cancellation or termination of the contractual relationship with the independent salesperson or other remedies.

2. Case Closed

Once the Administrator determines that there has been compliance with all imposed remedies in a particular case, the complaint shall be considered closed.

3. Refusal to Comply

If a member company refuses to comply voluntarily with any remedy imposed by the Administrator and has not requested a review by an Appeals Review Panel, the DSA Board of Directors, or designated part thereof, may conclude that the member company should be suspended or terminated from membership in the DSA.

4. Appeal for Reinstatement after Suspension or Termination

If the DSA Board of Directors, or designated part thereof, suspends or terminates a member company pursuant to the provisions of this Code, the DSA shall notify the member company of such a decision by certified mail. A suspended member company, after at least 90 calendar days following that notice, and a terminated member company, after at least one year following that notice, may request the opportunity to have its suspension or termination reviewed by an Appeals Review Panel, which may in its discretion recommend that the Board of Directors reinstate membership.

5. Referral to State or Federal Agency

In the event a member company is suspended or terminated by the DSA Board of Directors, or designated part thereof, pursuant to the provisions of this Code, the DSA shall inform the Federal Trade Commission (“FTC”) of such suspension or termination and shall, if requested by the FTC, submit any relevant data concerning the basis for suspension or termination.

F. Restrictions

1. Conferring with Others

At no time during an investigation or the hearing of charges against a member company shall the Administrator or member of an Appeals Review Panel confer with anyone concerning the alleged violation(s) of the Code, except as provided herein and as may be necessary to conduct the investigation and hold a hearing. At no time during the investigation or the Appeals Review Panel process shall the Administrator or a member of the Appeals Review Panel confer with a competitor of the member company alleged to be in violation of the Code, except when it may be necessary to call a competitor concerning the facts, in which case the competitor shall be contacted only for the purpose of discussing the facts. At no time shall a competitor participate in the Administrator’s or in an Appeals Review Panel’s disposition of a matter.

2. Documents

Upon request by the Administrator to any member company, all documents directly relating to an alleged violation shall be delivered to the Administrator. Any information that is identified as proprietary by the producing party shall be held in confidence. Whenever the Administrator, either by his own determination or pursuant to a decision by an Appeals Review Panel, closes an investigation, all documents shall either be destroyed or returned, as may be deemed appropriate by the Administrator, except to the extent necessary for defending a legal challenge to the Administrator's or Appeals Review Panel's handling of a matter, or for submitting relevant data concerning a complaint to a local, state or federal agency. At no time during proceedings under this Code shall the Administrator or a member of an Appeals Review Panel either unilaterally or through the DSA issue a press release concerning allegations or findings of a violation of the Code unless specifically authorized to do so by the Executive Committee of DSA's Board of Directors.

3. Pending Members of DSA

Nothing in Section F shall prevent the Administrator from notifying, at his discretion, DSA staff members of any alleged violations of the Code that have come to his attention and which may have a bearing on a pending member company's qualifications for active membership.

4. Public Reporting of Code of Ethics Complaints and Compliance Efforts

The Administrator may issue periodic reports on Code of Ethics compliance including disclosure of numbers and types of complaints as well as company-compliance efforts. The issuance of these reports will not identify individual complaints.

G. Resignation

Resignation from DSA by an accused member company prior to completion of any proceedings constituted under this Code shall not be grounds for termination of said proceedings, and a determination as to the Code violation shall be rendered by the Administrator at his or her discretion, irrespective of the accused member company's continued membership in DSA or participation in the complaint resolution proceedings.

H. Amendments

This Code may be amended by vote of two thirds of the Board of Directors.

As Adopted June 15, 1970

As Amended by Board of Directors
through December 13, 2018



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