

Policies and Procedures



NU SKIN[®]
THE DIFFERENCE. DEMONSTRATED.™

Policies and Procedures

This document contains the policies and procedures which will govern your relationship with Nu Skin Enterprises. It is your responsibility to read and understand them before entering into a contract with the Company.

All references appear at the end of the document.

The information contained in this document was correct as at **July 2009**.

1. INTRODUCTION

1.1 In the following, “a prospective Distributor” (whether an individual, company or partnership) is referred to as you, your, Applicant or Representative. Nu Skin International, Inc., a U.S. corporation with headquarters in Provo, Utah, U.S.A. is referred to as “the Company” including all subsidiaries within the Nu Skin group of companies. The local Nu Skin affiliated company operating in your country of primary residence is referred to as Nu Skin Local. Affiliates of the Nu Skin group of companies overseeing operations respectively in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey and the United Kingdom are:

Nu Skin Belgium N.V. – for Belgium, Luxembourg, Portugal, Switzerland¹

Nu Skin France S.A.R.L. – for France (enquiries to Belgian office)

Nu Skin Germany GmbH – for Austria, Germany

Nu Skin Eastern Europe Kft. – for Czech Republic, Hungary, Slovakia

Nu Skin Enterprises SRL – for Romania (enquiries to Hungarian office)

Nu Skin Italy SRL – for Italy, Spain (enquiries to Belgian office)

Nu Skin Netherlands B.V. – for the Netherlands (enquiries to Belgian office)

Nu Skin Norway A/S – for Norway

Nu Skin Enterprises Poland Sp. Z.o.o. – for Poland (enquiries to Hungarian office)

Nu Skin Enterprises RS LLC – for Russia

Nu Skin Scandinavia A/S – for Denmark, Finland, Iceland, Ireland, Sweden and the United Kingdom

Nu Skin Turkey Cilt Bakımı ve Besleyici Ürünleri Ticaret Limited Şirketi – for Turkey

1.2 Specific country requirements to which you must adhere in your country of primary residence appear in the references at the end of this document. Wherever the Nu Skin business as such (including all activities of all subsidiaries of the Nu Skin group of companies), and neither the Company nor Nu Skin Local is referenced specifically, the collective term Nu Skin is used.

1.3 For the mutual benefit of your business and the businesses of Nu Skin and its other Distributors, you agree to comply with the following procedures, as amended from time to time. These Policies and Procedures along with the Sales Compensation Plan (SCP) and the Nu Skin Distributor Agreement form the three party Agreement among the Company, Representative and Nu Skin Local. If you need any help in understanding these procedures, please contact the Nu Skin offices.

2. BECOMING AN INDEPENDENT DISTRIBUTOR

2.1 Provided you are of legal age to conclude an agreement, you may become an Independent Distributor in your country of primary residence by receiving a Nu Skin not-for-profit Business Portfolio from a Nu Skin Independent Distributor or directly from the Company and signing a Nu Skin Enterprises Distributor Agreement. Additionally a once-only registration fee will be charged at the time of sign-up. Once this Agreement has been accepted, you may

conduct Distributor Activities in your country of primary residence.² Examples of Distributor Activities are:

- (i) Placing or paying for wholesale orders under any Distributorship with the Company;
- (ii) Sponsoring Preferred Customers and Distributors;
- (iii) Selling, gifting or distributing in any manner, Company products or services, product samples or promotional materials;
- (iv) Conducting, sponsoring or inviting potential Distributors to attend an opportunity, product or training meeting; or,
- (v) Receiving or a promise to receive bonuses, present or future ownership interest or other consideration from any Distributorship.

- 2.2 You may become an Executive Distributor and receive the additional benefits of an Executive level Distributor by reaching and adhering to the Executive qualification requirements outlined in the Annex to this Agreement and the SCP.
- 2.3 If you wish to conduct business in one or more approved countries outside the countries listed in paragraph 1.1., you must enter separate distribution contracts (an International Sponsor Agreement (ISA) and a Product Purchase Agreement (PPA)) and you must be responsible to learn and comply with all applicable laws and regulations of that country. You may purchase Nu Skin products and you may sponsor other persons as Nu Skin Distributors if they are resident in a country the Company has declared open for business (Authorised Country) by signing the Company's and the local affiliate's agreements for the country concerned (details of opened countries can be obtained from Nu Skin). In each such country where you may be accepted, you agree to conduct your business in a lawful and ethical manner and to do nothing to damage the reputation of Nu Skin or its Distributors and customers. The Company and the local Nu Skin affiliate must accept and acknowledge their respective contracts prior to any international activity by the Representative.
- 2.4 Unless the Company has expressly prohibited all pre-marketing activities for a certain country, you may undertake certain activities prior to the official opening of an Authorised Country. Such activity is limited to providing business cards and conducting, organising or participating in meetings where the number of attendees at any given meeting, including you, does not exceed five. Other activities – such as, but not limited to marketing and distribution activities of the products or the business opportunity are prohibited unless special permission from the Company is obtained.

3. THE BUSINESS OPPORTUNITY

- 3.1 You agree to retail Nu Skin products and to become familiar with those products. You agree to provide personalised retail customer service by conducting your business in an ethical manner. In order to build your business you also need to become familiar with the levels of Distributors and the SCP.
- 3.2 You are self-employed without authority to bind Nu Skin or incur liabilities on its behalf. As an independent business person, you may work in the manner and at the time of your choosing, except as stated in this Agreement. You are responsible for all expenses incurred in carrying on your business, such as tax, VAT and insurance. Nu Skin may require proof that you are properly registered as an independent contractor in order to pay out commissions.²
- 3.3 Upon sale to any customer, you must provide and adhere to the terms of a retail receipt approved by Nu Skin.

- 3.4 You are neither guaranteed a specific income nor assured any level of profit or success. Your profit and success can come only through the successful retail sale of Nu Skin products and retail sales of your sales organisation. The Company agrees to pay you commissions for sales, as set out in the current edition of the SCP, made by persons directly or indirectly introduced by you in any country the Company has declared open for business and in which you are authorised to do business. You agree to accept payment from the Company or its paying agent in your country of primary residence as verified by your proof of identity.³
- 3.5 You will not receive compensation for merely sponsoring or introducing other Distributors to the Nu Skin business. Commission statements outlining the compensation you earn will be provided to you on a monthly basis. The statements will also include a list of Distributors in your sales organisation. This list is the property of the Company, licensed to Nu Skin Local; it is sub-licensed to you for your personal business use. It is confidential; you may not copy or transfer it to any third party. If misused, Nu Skin Local may request all statements be returned. You must return the complete list to Nu Skin upon request. Any amount Nu Skin owes to you may be offset against an amount you owe to Nu Skin, as outlined in the product returns section of this document.
- 3.6 You are not granted any territorial exclusivity.

4. YOUR AGREEMENT

- 4.1 This Agreement is personal to you and may not be assigned or otherwise transferred to a third party without the Company's and Nu Skin Local's written consent. You may not participate in or receive income from more than one Nu Skin Distributorship at any time.
- 4.2 Only one Distributor Agreement may be in force in each household. If a Distributorship is held jointly by two or more persons (whether a partnership or marriage/cohabitant) they are agreed to be partners and to have joint and several responsibility to Nu Skin for their actions.
- 4.3 You may establish a Distributorship under a different Sponsor only under one of the following circumstances: (A) If you have held an Executive or higher pin title within the prior two years, you must have not engaged in Distributor Activity for the one-year period prior to establishing a new Distributorship; (B) If you did not hold an Executive or higher pin title within the prior two years, you must have not engaged in Distributor Activity for a six-month period prior to establishing a new Distributorship. If you were previously engaged in Distributor Activity under a different Sponsor, you may not at any time acquire an interest or merge with a pre-existing Distributorship under a different Sponsor. You may not have or acquire a present or future ownership interest in or establish another Distributorship in the name of a family member or an unrelated individual.

As used herein, "Distributor Activity" includes signing a Distributor Agreement, purchasing products from or returning products to the Company, sponsoring new Distributors, or other activities the Company, in its sole discretion, determines to be a meaningful promotion of the Company's business. A prior Executive Distributor may not at any time take over a pre-existing Distributorship (even if the prior Executive has not been doing Distributor Activities for more than one year).

- 4.4 You may not under any circumstances encourage, entice or otherwise assist another Distributor to transfer to a different Sponsor.

- 4.5 You may not solicit or entice another Distributor whom you have not sponsored to sell or purchase products or services other than those offered by Nu Skin.
- 4.6 You may not solicit or entice non-Distributor customers (Preferred Customers) who have elected to participate in the purchase of products via an automatic delivery order, where products are automatically shipped to the customer on a monthly basis pursuant to a standing order, under another Sponsor, unless such Preferred Customer has cancelled his/her automatic delivery order and not purchased products from the Company for a period of six months. This waiting period also applies should the Preferred Customer elect to sign up as a Distributor under another Sponsor.
- 4.7 In the event the Company concludes that an inappropriate line switch has occurred, you may be penalised and the second-in-time Distributorship shall be returned to and be merged with the first-in-time Distributorship. The Company may also impose penalties on any Distributorship that solicits or entices an existing Distributor to change lines of sponsorship.
- 4.8 You hereby agree and consent that the personal data specified in this Agreement as well as personal data collected in the performance of this Agreement and your Distributor Activities is necessary for the Company to operate and co-ordinate the Nu Skin distribution network and carry out its obligations under this Agreement. The data collected is used by the Company's internal and external departments taking part in the operation of the management of the distribution network. It will be transferred outside the European Economic Area for the purpose of processing by the Company. It may be transferred to other Distributors pursuant to the provisions of this Agreement. You may have access to the personal data relating to yourself and have it corrected if it is incorrect.
- 4.9 A once-only registration fee will be charged to you at the time of sign-up. If you cancel your Agreement with the Company within 14 days of signing it, any monies paid in respect of this fee will be refunded to you.

5. YOUR OBLIGATIONS⁴

- 5.1 You are personally responsible to know and comply with all national, state, municipal and local laws and you agree to undertake such training necessary to enable you to conduct your business lawfully, ethically, effectively and in compliance with these Policies and Procedures.
- 5.2 You may not in any event act in the name of or bind the Company.
- 5.3 You agree to comply with the codes issued by the local and multi-national Direct Selling Associations (Federation for European Direct Selling Associations [FEDSA] and World Federation of Direct Selling Associations [WFDSA]) of which the Company is a member. The codes are available to view on the Associations' websites: www.fedsa.be and www.wfdsa.org.⁵
- 5.4 You agree to keep proper business records showing sales verification and keep them available for review by the Company if ever requested. You agree to give the Company immediate notice of any change to your personal details as they appear on the Distributor Agreement form or other documents.
- 5.5 You agree not to make any misleading, exaggerated or false claims about the business opportunity available through the Company. Before sponsoring you agree to undertake such

training necessary to enable you to sponsor and to provide proper support to persons you sponsor. You may not use unfair, deceptive or misleading recruiting practices. Any sales or earning representations must be based upon documented facts printed in sales materials published by the Company.

- 5.6 You agree not to make any misleading, exaggerated or false claims about the products and not to describe the products in terms different from those set out in the current Company literature. In particular, you may not ascribe any medicinal claims to any of the products.

6. ADVERTISING THE BUSINESS OPPORTUNITY AND THE PRODUCTS

- 6.1 Any resale of products may only be made by the direct selling method, not through retail premises. Sales may be made through service establishments, which earn revenue primarily by providing personal services - these include offices of health professionals, health clubs, beauty shops, nail boutiques, spas and other such businesses controlled by membership or appointment. Company name/logos may however not be displayed where they may be viewed by persons passing by. Participation in Trade Shows needs to be applied for to Nu Skin Local and may be permitted upon the Company's written approval.
- 6.2 You may, with the prior consent of a retail establishment and the Company, place Company produced Sales Aids/Personalised Sales Aids within their facility. Sales Aid materials must however not be visible to the general public in such a manner as to attract the general public into the retail establishment.
- 6.3 You may not use the trade names or any trademarks of the Company (except for the purposes of product identification) without the prior written approval of the Company. You agree that the Company trade names and trademarks are the property of the Company and you agree not to infringe them in any way. When promoting the business opportunity or products, you agree to use only literature or other aids sold through Nu Skin Local or Sales Aids approved by the Company.
- 6.4 Company literature is protected by copyright and may not be reproduced without written approval.
- 6.5 You may not advertise the products nor the business opportunity unless you have first obtained the Company's written approval.
- 6.6 You may not repackage, change the packaging or labels or in any other way alter the products supplied by the Company before their resale to customers. You also agree to resell them only in the country for which they are labelled in accordance with local law and approved for sale. You may not for any reason, directly or indirectly, import any product or Sales Aids into any unauthorised country or territory. If you wish to sell products outside your country of primary residence you should contact the Company for further information.
- 6.7 You may not use business cards or other Personalised Sales Aids containing Company trade names or logos unless produced by the Company or expressly approved by the Company.
- 6.8 You must only use Company produced Distributor web sites, corporate sites and web tools (i.e., Dynamic Web Pages, Global Web Pages (GWP)/NSE Dreams, Personal Web Pages, E-clips, etc.) when promoting the Company's products and services over the Internet. Additionally, you are permitted to create generic business opportunity sites and/or generic splash pages

with links to Company sites or a Business Centre/GWP. These generic pages may not contain the Company's trademarks or other copyrighted material and may not contain information on the Company, its products or its business, or pictures of products or corporate facilities/personnel. Except as set forth in this Agreement, you may not use the Internet to promote the Company, including its products and services, in any other manner. In case of a violation, the Company may require you to immediately remove the web site that is in violation of Nu Skin's policies and may also take other disciplinary actions against you in accordance with Section 9 of these Policies and Procedures. Your web sites are also subject to the following restrictions:

- (i) If you have previously attained and currently enjoy active status as a Blue Diamond Executive you may create your own independent Internet sites to promote the Company's products/services and business opportunity. However, all such sites, and any changes thereto, must first be reviewed and approved as Sales Aids in accordance with Section 6.7 of these Policies and Procedures and carry a Company designated review seal. Changes made to the site after obtaining the initial review seal require written authorisation from a representative of the Distributor Conduct Department.
- (ii) You may not include any intellectual property or proprietary information in the unique domain names/URL or meta-tags of your Company produced or generic business opportunity web sites. Additionally, intellectual property and/or proprietary information cannot be used as "wallpaper" on any Company hosted or generic business opportunity site.
- (iii) You may not register your web sites with search engines or web directories using any intellectual property or any proprietary information.
- (iv) You are required to promote your Company hosted and/or generic business opportunity Internet sites through one-on-one personal contact only. Additionally, you are prohibited from forwarding information regarding your sites to individuals who have not specifically requested information regarding the Company's business opportunity and/or products (i.e. spam).

7. PRODUCT ORDERS, SALES, RETURNS

- 7.1 You may order products for resale from Nu Skin Local pursuant to its current terms of sale for Distributors and in other countries where you are authorised to do business in accordance with local requirements.⁶
- 7.2 Nu Skin Local agrees to use its reasonable efforts to meet your orders promptly on receipt of payment, subject to availability of stock. Nu Skin Local reserves its right to change the prices, range and specifications of products at its discretion. The Company will notify its Independent Distributors of any changes in prices 30 days prior to the changes taking effect.
- 7.3 Nu Skin Local reserves the right to refuse to supply you if in its opinion you are holding or seeking to hold excessive stock. You agree not to have on hand more than a reasonable supply of products, meaning an amount you can reasonably sell or use in a one-month period. If in the opinion of the Company, you are buying and returning products merely to maintain your Executive pin title, the Company may at its discretion change your Distributor title to reflect the level of your activity as set forth in the SCP.
- 7.4 Respecting your wholesale purchases from Nu Skin Local, the following apply:
 - (i) Nu Skin Local agrees to exchange for new products at its cost any defective product or product damaged during delivery, provided you give Nu Skin Local written notice within 90 days from the purchase date.

- (ii) Nu Skin Local agrees to refund 90% of the wholesale purchase price (including VAT/tax if prepaid,⁷ less freight and commissions and other benefits relating to that purchase) for any product (except Personalised Sales Aids) you return within twelve months of the purchase date. Products (except Personalised Sales Aids) returned to the Company within 30 days of purchase will be 100% refunded (including VAT/tax if prepaid, less freight and commissions and other benefits relating to that purchase). For all refunds you need to obtain a Return Merchandise Authorisation (RMA) number. To obtain your RMA number the invoice needs to be presented. You will return the product at your cost to Nu Skin Local in a resaleable as new condition, so the product needs to be reasonably sound, unopened, unaltered, resaleable and restockable products and Sales Aids (unless personalised). Acceptable refund alternatives include but are not limited to the following: Company credit, bank cheque, bank transfer or credit card charge back. The actual form of refund will be based upon local payment procedures and the original form of payment, except if you request of Nu Skin Local by written notice another form than the original form of payment. The refund will only be made to the original purchaser.
- (iii) Products sold as kits or packages with a discounted price cannot be returned unless the entire kit or package is returned complete and in resaleable condition. It is not possible to return a single product from a larger discounted kit.

7.5 Respecting sales to retail customers, the following apply:

- (i) You agree to comply with local law on cancellation of sales as outlined on the retail receipt. If the law grants additional rights, you agree to know and grant those rights to the retail customer. You must refund the entire purchase price including VAT to the retail customer.
- (ii) Nu Skin Local agrees to exchange any product you receive back from a retail customer, provided: 1) you give notice to Nu Skin Local within 90 days from the retail purchase date; 2) you obtain from Nu Skin Local an RMA number and you give to Nu Skin Local the retail receipt showing the particulars of the retail sales transaction; and, 3) you return at your cost the unused portion of the product to Nu Skin Local.

7.6 Nu Skin Enterprises is able to arrange delivery to most cities and major residential areas in those countries in which it does business.

8. PRODUCT LIABILITY COVERAGE

8.1 The Company will cover you for claims arising from the use of products.

8.2 Distributors who may be party to the claim because of selling the product to the consumer will be covered by the Company within reasonable limits.

8.3 You are covered by the Company only if you market products in accordance with these Policies and Procedures and in accordance with the Company's instructions on how to use and market the specific product. Hence, your coverage may be denied by the Company if you repackage or alter the products, are negligent, or make inappropriate product claims.

9. CONTRACT BREACH

9.1 If a Distributor has violated any of the terms or conditions of the Agreement, the Company may elect, at its discretion, to terminate the Agreement or to impose sanctions in one or more of the following ways, without limitation:

- (i) Written warning advising that further violation may result in further sanctions;
- (ii) Probation, which may include requiring you to take remedial action. The Company may

- review compliance with this Agreement;
 - (iii) Withdrawal or denial of an award, denying recognition in Company publications, or restricting participation in Company sponsored events for a specified period of time or until certain conditions are satisfied;
 - (iv) Suspension of certain privileges, including but not limited to placing an order, participating in Company programmes, progressing in the SCP, or participating as a Sponsor;
 - (v) Withholding of commissions for a specified period of time or until certain conditions are satisfied;
 - (vi) Imposing fines or other penalties permitted by law;⁸
 - (vii) Injunctive relief or other remedies available by law.
- 9.2 The following procedure applies when the Company investigates a violation or other complaint or request for mediation:

- (i) The Company will send a formal written notice of its intent to impose sanctions for a violation.
- (ii) The Company will give you 20 days from the date of dispatch of the notification letter to present your case for review by the Distributor Conduct Review Committee (DCRC).
- (iii) On the basis of any information obtained from collateral sources, from the Company's investigation of the facts or from your response, the Company will make a decision regarding the appropriate sanction, which may include termination of the Agreement. The Company reserves the right to impose sanctions for violations of the Agreement on a case-by-case basis. The Company will promptly notify you of its decision. Any sanction will be effective from the date the notice is dispatched.
- (iv) The Representative may appeal the decision to an Internal Appeals Review.
- (v) Any dispute or claim arising from this Agreement not resolved by the above procedure, or disputes between Distributors arising out of business relationships as Nu Skin independent contractors, shall be submitted to mediation in Utah, U.S.A. and failing a satisfactory result from mediation a continuing dispute shall be settled by binding arbitration in the same location.

10. INDEMNITY

- 10.1 You agree to indemnify the Company against any liability it may incur as a result of your breaching any provision of your Distributor Agreement. The Company will not be liable for any damages (including consequential damages) of the Distributor arising out of the termination of the Agreement by the Company.

11. EARLY TERMINATION

- 11.1 You have the right within 14 days⁹ of entering into this Agreement to cancel it with immediate effect by giving written notice to the Company in which case you have the right:
- (i) To recover monies which you have paid to the Company in accordance with the provisions of this selling system and this Agreement; and
 - (ii) To return to Nu Skin Local any goods which you have purchased within that period under this selling system and which remain unsold provided that such unsold goods remain in the condition which they were in at the time of purchase (in resaleable condition) and to recover any monies paid in respect of such goods; and
 - (iii) To cancel any services which you have ordered within that period under this selling system and to recover any monies paid in respect of such services not yet supplied to you.

- 11.2 In order to recover any monies under (i) or (iii) above you must, within 14 days⁹ of entering into this Agreement, give Nu Skin Local written notice requesting the repayment of such monies and Nu Skin shall repay you such monies as you may be legally entitled to recover within a reasonable period of time¹⁰ after the date of receipt of such notice.
- 11.3 In order to recover monies paid for goods under (ii) above you must deliver any goods (not already held by Nu Skin Local) which you wish to return within 21 days of sending your notice of termination to Nu Skin Local. You shall bear the cost of such delivery. The monies paid in respect of those goods are payable to you on delivery of the goods, or forthwith if the goods have not yet been delivered to you.
- 11.4 The Company is not entitled to make a handling charge in respect of goods returned under (ii) above or services cancelled under (iii) above.
- 11.5 You may not establish a new Distributorship under a different Sponsor even though you have cancelled within these 14 days. The same restrictions as described in Section 4 apply.

12. TERMINATION

- 12.1 This Agreement will be automatically terminated if you have not engaged in any "Distributor Activity" for a period of one year.
- 12.2 You may terminate this Agreement whenever you wish without charge simply by giving a signed written notice to the Company. The Company may terminate this Agreement at any time if you break its terms and otherwise by either Company giving you not less than 10 days written notice.
- 12.3 If the Company terminates this Agreement, or if you terminate it after 14 days⁹ of entering into it, then you have the following rights:
- (i) Subject to any provisions of this Agreement containing an obligation on your part not to compete with the business of the Company after the termination of this Agreement, which provisions shall continue in force after termination of this Agreement, you shall be released from all future contractual obligations;
 - (ii) If you at the time of termination have products ordered in the last twelve months that you want to return, you will need to return them before finalising the termination of the Agreement and in accordance with Section 7;
 - (iii) The amount recoverable by you under Section 7 is payable by the Company upon delivery of the goods to Nu Skin Local or, if the goods are already held by Nu Skin Local, forthwith;
 - (iv) If you wish to exercise your rights under this Section you must deliver any goods (not already held by Nu Skin Local) which you wish to return within 21 days of such termination to Nu Skin Local; and,
 - (v) The termination will not be finalised before all commissions and potential returns are finalised.
- 12.4 On termination of this Agreement for whatever reason you shall be entitled to retain any commission paid to you in accordance with this Agreement unless the commission was paid with respect to goods returned to Nu Skin Local. If the Company has already refunded monies due to you for the returned goods, then the Company may ask you to repay the commissions immediately or the Company may off-set the amount of such commissions against any amounts due from the Company to you.

12.5 The rights set out in this section of this Agreement are given to you by statute and are in addition to the rights on termination that are given to you under these Policies and Procedures.

13. MISCELLANEOUS

- 13.1 This Agreement is governed by the law of the jurisdiction under which Nu Skin Local exists as a company.¹¹ If any provision of the Agreement is held by any court to be unlawful, void or unenforceable that shall not affect any of the other provisions of the Agreement the remainder of which shall continue to be binding.
- 13.2 Any notice given under this Agreement shall start to run from the day it is posted to the addressee at their address set out on the application portion of this Agreement, or posted to any replacement address which has been notified.¹²
- 13.3 This Agreement comprises the terms set out in the documents making up this Agreement; there are no oral terms, your Sponsor is not authorised to vary them and they may be amended in writing only.
- 13.4 If you are named as a defendant in any action relating to activities arising from the terms of this Agreement,¹³ the Company may, in its sole discretion, assume power over and direct the litigation and the Representative agrees not to dispute such action by the Company.
- 13.5 The Company reserves the right to modify any of these documents, but will publish notice of any change at least 30 days before that change is made effective.
- 13.6 This document is available in several languages. If, for any reason, there are discrepancies in the translation, the English version shall prevail.
- 13.7 Handling of leads: Persons sometimes inquire about the business opportunity or products directly through the Company. If the Company is aware that the Person heard about the Company from a particular Distributor who can be identified, the Person is referred to that Distributor. Information about Persons who have heard about the Company without a discoverable contact is distributed to existing Executive Distributors. Leads are distributed as fairly as possible usually in the locality of the Person making the inquiry. The Company reserves the right to make final judgments with respect to distribution of leads.

BUILDING YOUR BUSINESS

As a Distributor, when building your business organisation, you agree to train and support Distributors you sponsor and those in your sales organisation. You agree to perform the following activities for your sales organisation:

- Give regular retail sales and organisational training, guidance and encouragement;
- Maintain contact with members of your organisation and be available to answer their questions;
- Use your best efforts to ensure your organisation properly understands and complies with all the terms of their Agreement with Nu Skin and the laws which apply to the conduct of their business in the country where they are operating;
- Intervene in any dispute between a customer and any member of your organisation and attempt to resolve the dispute promptly and amicably;
- Ensure product sale and business opportunity meetings conducted by members of your organisation are conducted in accordance with their Agreement with Nu Skin and with the laws which apply to their business. You may become an Executive and receive additional benefits of an Executive level Distributor by reaching and adhering to the Executive qualification requirements outlined in the current Sales Compensation Plan. As an Executive Distributor you will be responsible for the management of your sales organisation. Upon reaching the level of Executive Distributor, you agree to fulfil the following activities generally, along with the specific activities outlined for the associated level.

EXECUTIVE ACTIVITIES

- Perform all the activities of a Distributor
- Build a retail marketing team by teaching and training others how to use and retail Nu Skin products
- Assist in training other Distributors to build a solid and profitable retail sales base
- Create a balance between servicing retail customers and Distributor training.

GOLD EXECUTIVE ACTIVITIES

- Perform all the activities of an Executive
- Develop a retail marketing team that focuses on providing quality service to customers, training and supporting part-time retail Distributors who are seeking supplemental income
- Train and support Distributors who are committed to building a retail organisation resulting in a greater degree of financial success
- Train at least one person in your sales organisation to become an Executive
- Motivate and support other Distributors to become Executive Distributors
- Assist other Distributors in setting and achieving goals
- Assist other Distributors with developing an effective Nu Skin sales presentation
- Establish retail sales teams among downline Distributors.

LAPIS EXECUTIVE ACTIVITIES

- Perform all the activities of a Gold Executive
- Develop, train, assist and support a minimum of two Executive level Distributors in your organisation
- Hold weekly team meetings to discuss current developments, motivate Distributors, increase product knowledge and train the organisation on how to be more effective
- Track the success of your two Executive level Distributors by reviewing their effectiveness in retail training, goal setting, customer development and service and sales presentations

- Assist your two Executive level Distributors to grow personally and develop leadership skills
- Assist those Distributors in their training efforts by identifying and supporting any potential Executive level candidate in their organisation
- Strive to possess the skill to teach others how to duplicate their success.

RUBY EXECUTIVE ACTIVITIES

- Perform all the activities of a Lapis Executive
- Develop, train and support at least four Executive level Distributors in your organisation
- Provide leadership within your organisation
- Train your four Executive level Distributors to hold meetings with the Distributors in their respective organisations to assist in goal setting, prospecting retail customers, business tips, current market trends and becoming an Executive
- Develop upper level training and sales programmes.

EMERALD EXECUTIVE ACTIVITIES

- Perform all the activities of a Ruby Executive
- Develop, train and support a minimum of six Executive level Distributors within your organisation
- Develop weekly and monthly team meetings to identify and train potential Executive level Distributors
- Develop the ability to understand marketing principles and build sales organisations
- Assist the Executives in your organisation in setting up their own distribution organisations
- Provide support in the personal development of those within the retail sales organisation
- Provide the Distributor organisation with up-to-date knowledge and technical understanding of the products and their use.

DIAMOND EXECUTIVE ACTIVITIES

- Perform all the activities of an Emerald Executive
- Develop, train and support a minimum of eight Executive level Distributors within your organisation
- Assist the organisation to expand
- Hold regular product training and sales meetings for those within your organisation.

BLUE DIAMOND EXECUTIVE ACTIVITIES

- Perform all the activities of a Diamond Executive
- Develop, train and support a minimum of twelve Executive level Distributors within your organisation
- Plan, develop and hold regular meetings and conferences
- Hold regular meetings with the leaders in the organisation
- Create business strategies to support and promote regional distribution organisations
- Be informed about and respond to current market trends and factors affecting your organisation.

References:

1. For Distributors residing in Switzerland, Nu Skin Belgium N.V. is their local affiliated company or contracting party.

2. Specific country requirements to become a Distributor:

Austria: Under Austrian trade law, Nu Skin Distributors may pursue business either as “demonstrators” (Warenpräsentatoren) pursuant to Section 284 d of the Austrian Business and Trade Code (Gewerbeordnung – “GewO”) or as retailers pursuant to Section 124 No 10 GewO. The Distributor will need to acquire a trade permit.

Denmark: You agree not to make any unsolicited telephone calls or visits to prospect customers and only sell products from your permanent place of business (your home). You may, however, conduct product demonstrations outside your permanent place of business and distribute order forms, which the customer can forward to your permanent place of business.

France: The Distributor agrees to register with the social security administration of the Act of 27 January, 1993 relating to the social security regime of Persons performing direct selling activities and to communicate the number to Nu Skin Local.

Hungary: In order to receive commissions, a Distributor needs to be registered as a Private Entrepreneur or company under Hungarian Law. The Company requires a Tax ID and PEN or the company registration number.

Italy: A Representative may only buy Nu Skin products to satisfy personal requirements and the requirements of persons living within their household. You may not buy and resell products to retail customers for your own account. You agree to transmit orders you receive from retail customers to Nu Skin Local.

Poland: Distributors can sign-up as companies. A Power of Attorney document is required for commission payout.

Romania: Distributors can sign-up as Private Entrepreneurs or companies, thus receiving 100% of their commissions, or they can sign-up as Private Persons, providing their ID number, thus receiving 90% of their commissions. The rest is Personal Income Tax (PIT) paid by the company.

Russia: In order to receive commissions, according to Russian law, a Distributor needs to be registered as an Independent Entrepreneur or Legal Entity. The Company requires ID of Entrepreneur Licence, TAX ID and bank deposit information of the Independent Entrepreneur Account.

Sweden: In order to receive commissions, a Distributor will need to produce an F-tax certificate.

Switzerland: Foreign citizens whose main residence is in Switzerland can become Distributors in Switzerland if they have valid permission for exercising a self-employed occupation in Switzerland. No travelling salesperson permit is required if you sell and/or present Nu Skin products only after appointment at the customer’s home. For other methods of sale it is your sole responsibility, as a self-employed person, to obtain the required permit as a travelling salesperson.

United Kingdom: Trading Standards provides that you cannot make investments exceeding £200 the first 7 days after entering into a contract.

3. Hungary, Poland, Czech Republic and Slovakia only: By signing the Independent Distributor Agreement, the Independent Distributor authorises Nu Skin Eastern Europe Kft.* to comply with the Independent Distributor’s obligation to issue invoices as proxy. By signing the Independent Distributor Agreement, Nu Skin Eastern Europe Kft. accepts the authorisation, which is general within the scope of issuing invoices. Nu Skin Eastern Europe Kft. will be displaced on the invoice as buyer and will send the invoice by post to the Independent Distributor. The Independent Distributor consents based on the invoice that Nu Skin Eastern Europe Kft. will pay the compensation fees.

**In Poland, it is Nu Skin Enterprises Poland Sp. Z.o.o.*

The Independent Distributor is obligated to notify Nu Skin Eastern Europe Kft. without delay on his/her obligation to pay VAT and any amendment regarding his/her obligation to pay VAT. The Independent Distributor is liable for any and every consequence that may arise as a result of failing to comply with the above obligation or complying with the above obligation with delay.

The serial number of the invoice consists of two parts: (i) the Distributor identification number, the so-called Nu Skin ID that appears on the top left side of the Independent Distributor Agreement, (ii) the number beginning from 001. Therefore, the serial number of the invoice will be as follows: “Nu Skin ID”-001, “Nu Skin ID”-002, “Nu Skin ID”-003, etc.

Slovakia only: Nu Skin Eastern Europe Kft. is obliged to issue each invoice within 15 days after the service was supplied. If the information stated in the invoice does not comply with the requirements of Slovak VAT Act, the Independent Distributor is obliged to notify Nu Skin Eastern Europe Kft. within 7 days from the day of which the notice was obtained. In these cases the Independent Distributor is entitled to refuse the invoice. Nu Skin Eastern Europe Kft. is subsequently obliged to correct or re-issue the invoice without unnecessary delay.

Czech Republic only: In order to receive commission, Distributor must provide Nu Skin Local by the end of the month in which the Independent Distributor Agreement is executed, with (i) a duly signed separate power of attorney for billing purposes provided by Nu Skin Local and (ii) one original copy of the company extract not older than 60 days preceding the signature of the Independent Distributor Agreement or the photocopy of the trade license, if applicable.

4. Belgium only: The Distributor is informed of the decision No ET.102.595 of 19 June, 2002 (general decision in regards to direct sales) of the Administration of the A.F.E.R, Services Central, VAT sector. The Distributor commits to all the provisions of the decision, in particular relating to all formalities which have to be achieved by the Distributor, for example, the obligation for the Distributor to preserve certain documents during ten years or to deliver an invoice to certain consumers.

5. The local Direct Selling Association organisations that Nu Skin Enterprises Europe is currently a member of are:

Nu Skin Belgium N.V. is a member of the APVD, www.apvd.be
Nu Skin France S.A.R.L. is a member of the FVD, www.fvd.fr
Nu Skin Eastern Europe Kft. is a member of the Hungarian Direct Selling Association, www.dsa.hu
Nu Skin Scandinavia A/S - Ireland is a member of the Irish Direct Selling Association, www.dsai.ie
Nu Skin Netherlands B.V. is a member of the VDV, www.directeverkoop.nl
Nu Skin Norway A/S is a member of the DF, www.direktesalgsforbundet.no
Nu Skin Scandinavia A/S - Denmark is a member of the DSF, www.disafo.dk
Nu Skin Scandinavia A/S - Sweden is a member of the DF, www.direkthandeln.org
Nu Skin Scandinavia A/S - United Kingdom is a member of the DSA Ltd, www.dsa.uk.org

6. Turkey: Under Turkish law, if it is a door-to-door sale, you may not charge a credit card or request any payment before the expiration of the 7-day period starting from: (i) the signature date if the signing of the agreement and the delivery of the product take place simultaneously, (ii) delivery date if the delivery of the product takes place after the signature of the agreement or (iii) the signature date if the service is being sold instead of products. If the sale is made pursuant to a long distance agreement, then the Company may charge the customer's credit card and receive payment within the 7-day period.

Pursuant to Article 8 of the Regulation on Procedures and Principles Concerning Door-to-Door Sales, the consumer may return the product without assuming any liabilities and without any cause within 7 days starting from: (i) the signature date if the signing of the agreement and the delivery of the product take place simultaneously, (ii) delivery date if the delivery of the product takes place after the signature of the agreement or (iii) the signature date if the service is being sold instead of products. The Company has to collect the product within 20 days starting from the receipt of the rescission notice.

7. Guadeloupe and Martinique only: Except taxes related to the "octroi de mer" and maritime taxes.

8. Switzerland only: Any fines or penalties can only be due if these have been stipulated.

9. Norway only: 28 days.

Switzerland only: The notice of termination is effective upon receipt.

10. Italy only: 30 days.

11. Switzerland only: The Agreement with Distributors residing in Switzerland is subject to Swiss law.

Czech Republic only: The parties have agreed that the Agreement with Distributors residing in the Czech Republic is subject to Hungarian law.

12. Switzerland only: The notice of termination is effective upon receipt.

13. Switzerland only: In case of a criminal offence, the Company may act and take on legal actions on behalf of the Distributor only in agreement with the Distributor concerned.



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THE DIFFERENCE. DEMONSTRATED.™

www.nuskin europe.com