
Policies and Procedures



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PRIVACY POLICY

Any personal information recorded about a Nature's Sunshine Business Associate, Manager or Preferred Customer will be kept at the Nature's Sunshine Corporate Office and will be used solely for the purpose of enabling Nature's Sunshine to effectively manage its association with its distributors. Only employees who require knowledge of this information in the performance of their duties will have access to the information. You are entitled to have access to your file or request rectification upon a written request to Nature's Sunshine.

I hereby authorize that my social insurance number may be used by Nature's Sunshine as my personal identification number (PIN).

ABOUT THESE POLICIES AND PROCEDURES

Nature's Sunshine Products of Canada, Ltd. (hereafter referred to as "Nature's Sunshine" or the "Company" or NSP) has established the following policies and procedures to help guide the appropriate, efficient and ethical operation of your independent business as an Associate of Nature's Sunshine Products, and your relationship with Nature's Sunshine.

These policies and procedures and the Associateship agreement on the application constitutes the entire agreement between the Manager, Business Associate or Preferred Customer and Nature's Sunshine. No other promises, offers, representations, agreements or understandings of any kind are binding upon Nature's Sunshine unless made in writing, and signed by a duly authorized Officer of Nature's Sunshine.

In these policies and procedures, "Associateship/Application" means an Associate's or Manager's agreement and business with Nature's Sunshine as a distributor of Nature's Sunshine Products.

Nature's Sunshine Products of Canada, Ltd. is a wholly owned subsidiary of Nature's Sunshine Products, Inc., a Utah corporation with offices at 75 East 1700 South, Provo, UT 84605 USA. All contact between you and Nature's Sunshine should be directed through Nature's Sunshine Products of Canada, Ltd., not to the parent company.

NATURE'S SUNSHINE CODE OF ETHICS

As a Business Associate or Manager of Nature's Sunshine, you agree to conduct business in an ethical and professional manner at all times. Nature's Sunshine Managers are expected to provide appropriate motivational programs for their organization. Motivational tools such as newsletters, recognition functions, contests and counseling may pay big dividends in terms of organizational growth, loyalty, commitment and confidence. The most successful Managers are effective motivators.

1 CODE OF ASSOCIATE CONDUCT

Under no circumstances may a Business Associate/Manager negatively impact the income of another Business Associate/Manager within Nature's Sunshine. This includes any behavior which might be deemed to be unethical.

A) *Independent Sales Contractors*

Nature's Sunshine Managers and Business Associates are independent sales contractors and not employees, agents of or in any joint venture with Nature's Sunshine or its parent company. As such they are not authorized to act on behalf of or to bind Nature's Sunshine (or any of its officers, directors, employees, agent's shareholders or affiliates). Managers and Business Associates will be treated as independent sales contractors and not as an employee of Nature's Sunshine for federal, provincial and local tax purposes, and are responsible to file all returns and reports required by provincial and federal taxing authorities and must pay all federal, provincial and local taxes arising from their sales, earnings and activities as a Manager and Business Associate.

As independent contractors they shall be ultimately responsible for designing and implementing their own business plan, for carrying on their own business, including deciding on purchases, inventory, selling techniques, business hours and location, hiring of any employees, and all other matters respecting to the operation of their own business.

B) *Associateship Agreement*

The onus is on the Manager, Business Associate or Preferred Customer to familiarize themselves with the up-to-date Application agreement. No product purchase or other payment, other than the application fee, is required to become a Business Associate or Preferred Customer. We do require a signed Business Associate application on file within 60 days of joining Nature's Sunshine Products of Canada Ltd. or the account will be temporarily inactivated.

C) *Make no Medical Claims*

Nature's Sunshine Managers, Business Associates or Preferred Customers are not authorized to make any diagnosis of any medical condition, make drug-related claims for or prescribe Nature's Sunshine products

to treat or cure any disease or condition. Every independent Manager, Business Associate, Preferred Customer of Nature's Sunshine Products is liable for any claim made by himself/herself, not expressly found in Company literature. Also, it is deemed unethical for a Preferred Customer, Business Associate or Manager to make claims for a product that would lead the customer to believe that the product will do something other than provide supplemental nutrition to the body.

D) *Income Representations*

No income representations whether written or verbal made in connection with advertising, promoting or representing Nature's Sunshine may be made without disclosure of Nature's Sunshine's typical average Business Associate/Manager earnings in Canada.

E) *Group Leadership*

1) As an Business Associate progresses through the various levels of leadership, his/her responsibilities to train and motivate the Business Associate's organization will increase. Business Associates and Managers work in depth in their organization at least as deep as the number of levels for which Nature's Sunshine pays them for leadership through commissions, bonuses or overrides.

2) Business Associates and Managers must set an example of professionalism and integrity for their group. Managers and Business Associates must understand the need to practice the correct principles of network marketing and should train their organization to recognize and utilize correct network marketing skills and principles. Managers and Business Associates should do all in their power to expose and reject any activity that would be injurious to the Company or the network marketing industry. Business Associates and Managers should monitor their group to make sure that no individual in their success line makes false claims, misrepresentations or material omissions, or attempts to jeopardize the integrity of Nature's Sunshine or its marketing plan.

3) By example Business Associates and Managers should teach their organization to practice the Golden Rule: "Do unto others as you would want them to do to you in all relationships with other Nature's Sunshine Associates and with customers."

4) Business Associates should train their success line in three basic areas:

- a) Product knowledge
- b) The marketing plan
- c) Sharing Nature's Sunshine with others, general marketing and business skills

F) *Use of Identification Numbers (I.D. Number) and Pin Numbers*

Your I.D. number is your primary identification as a Nature's Sunshine Associate. Do not lend or give out your I.D. number to your Preferred Customers, other Managers/Business Associates or anyone. Please note: Anyone whose name is not on the account may not order through the account without the express written permission, in advance, of the account holder to the Company. The Company in its discretion refuses to accept orders from anyone other than the account holder. As a form of security, Managers/Business Associates calling for information regarding their personal account or the accounts of any of their Managers or Personal Group Business Associates must identify themselves by giving their PIN number.

G) *Altering or Removing Labels*

No Manager or Business Associate shall in any way alter, change or remove the label, packaging or instructions intended by Nature's Sunshine to accompany a product.

H) *Importing Products and Personal Use Program (PUP)*

Nature's Sunshine Products of Canada Ltd. is the sole importer of Nature's Sunshine Products for resale in Canada from Nature's Sunshine Products, Inc.

Private importing of products for resale is grounds for termination of the Associate Agreement. Any of Nature's Sunshine's Members have the option of ordering Nature's Sunshine Products sold by our US parent company but not offered by Nature's Sunshine Products Canada, provided those products can legally be imported for personal use in Canada. (Typically, the sale volume is too low for Nature's Sunshine Products Canada to justify carrying these products by itself). Orders for these products can be placed through our Sunshine Direct program. This program allows our members to purchase a three-month supply of a particular product at one time, for their personal use only. These orders will be placed directly through the US office at 1-801-342-4515. All extra costs related to shipping, brokerage etc. is the sole responsibility of the member. Nature's Sunshine Canada will not be held responsible for any orders returned by Canada Customs.

D) *Recruiting for Other Companies*

A Nature's Sunshine Manager or Business Associate is free to participate in any other direct sales organization he/she wishes. However, it is deemed unethical to use Nature's Sunshine organized and sponsored meetings, seminars, workshops, TAC trips or conferences to recruit new Associates for other companies. Under no circumstance may you recruit people signed up under another Business Associate or Manager. Violation of this policy will be grounds for termination of the [Associate Application](#).

J) *Promoting the Products of Other Companies at Nature's Sunshine events*

It is forbidden to promote the products or services of other companies at Nature's Sunshine events, demonstrations or sponsored activities, or to use Nature's Sunshine forms, printed material, name, prestige or artwork, in conjunction with or in support of other companies. Business Associates/Managers are not permitted to sell or promote another company's products at Nature's Sunshine events whether they are competitors of Nature's Sunshine or not.

K) *Use of Company Trademarks and logos*

Without prior express written permission from Nature's Sunshine, it is forbidden for Managers or Business Associates to use proprietary trade names, trademarks and logos owned or used by Nature's Sunshine. Only Nature's Sunshine is authorized to produce and use such trademarks and logos. Unauthorized use is strictly forbidden and subject to termination of the [Associate Application](#).

L) *Use of Company Literature*

Preferred Customers, Business Associates, and Managers are prohibited from using any written, video or audio sales, marketing or recruiting material that has not been either provided by Nature's Sunshine or approved in writing by Nature's Sunshine. The use of sales or recruiting aids not conforming to the above requirement, and to other applicable Nature's Sunshine policies, and to applicable local, provincial and federal laws may result in termination of the [Business Associate/Preferred Customer Agreement](#).

M) *Stockpiling and Front end Loading*

Stockpiling is selling a customer or Business Associate more product than he/she can reasonably use or sell. This practice is not permitted under Canadian law. Nature's Sunshine does not permit stockpiling products upon customers or Business Associates/Managers. Business Associates/Managers who are found to participate in stockpiling can face termination of their [Associate Application](#). "Only buy what you can sell; and only sell customers what they can use," is the best policy.

N) *Delaying the Promotion of a Preferred Customer to Associate Status*

It is improper to delay the promotion of a qualified Preferred Customer to Business Associate status. Nature's Sunshine reserves the right to promote qualified Preferred Customers upon request if the sponsoring Business Associate has failed to do so.

If an individual is ready to be promoted from Preferred Customer status to Business Associate status before his/her direct sponsor (who is also a Preferred Customer) is ready, the direct sponsor of the now promoted Business Associate will have 6 months in which to promote to Business Associate status, before he/she will lose claim to the new Business Associate. If the direct sponsor does promote within the 6 months, the former new Business Associate becomes part of his/her Personal Group Volume (PGV).

O) *Changing Sponsors*

Option 1. Business Associates: Nature's Sunshine discourages all changes in sponsorship. However, under extenuating circumstances, this may be done by obtaining a change of sponsorship form from Customer Service. Complete and return the form with a \$50.00 processing fee.

The form requires a signature release from the Business Associate, the current sponsor, the new sponsor, and the three immediate current upline Managers. Please note that these forms must be completed even if the change remains in the same successline.

Option 2. Managers: Managers may not change their sponsorship. Dropped Managers may change sponsorship in the same manner as a Business Associate, if at least one year has passed since they lost their Manager's status.

Anyone wishing to change by Option 1 or Option 2 must first resign in writing. Then, upon the date the letter of

resignation is received, must wait 6 months before rejoining Nature's Sunshine Products if an Business Associate and 12 months if a former Manager.

Prohibition Against Soliciting Changes: No Business Associate or Manager should influence or induce any other Business Associate or Manager to change sponsorship. If a Business Associate/Manager believes that another Business Associate/Manager is attempting to recruit, solicit or induce other Business Associates/Managers to alter their existing successline, then the following procedure should be followed. Any Business Associate/Manager, who has that belief about another Business Associate/Manager, is required to write a letter to the suspected Business Associate/Manager and ask them to cease such activity. A copy of the letter must be sent to Nature's Sunshine Canada Head Office. If the Business Associate/Manager continues to breach this solicitation policy, Nature's Sunshine will review the situation. Breach of this solicitation policy is grounds for termination of a Business Associate or Manager's Associate Application and affiliation with Nature's Sunshine.

P) Artificially Increasing Bonuses, Overrides, or Promotion Rewards

Any practice which creates unnatural conditions for the purposes of increasing bonuses, overrides or promotion rewards without legitimate business activity by active Managers or Business Associates, is grounds for termination of the Associate Agreement.

Q) Married and Cohabiting Couples

Married couples or couples living together in a common-law relationship must be enrolled in a single Business Associate/Manager Associateship. The application must be signed by both individuals, and a single identification number will be issued. Business Associates/Managers who subsequently marry or cohabit with another Business Associate/Manager must have their associateships merged with the most senior Preferred Customer's, Business Associate's, or Manager's associateship continuing and the most junior Preferred Customer, Business Associate, or Manager's Associateship being cancelled determined by date of acceptance by Nature's Sunshine, being the surviving ongoing associateship.

R) One Associateship

Business Associates/Managers may not have a beneficial interest in more than one associateship at a time. If more than one application is submitted in the name of the Business Associate/Manager, only the first application processed by Nature's Sunshine will be considered.

S) Dissolution of Associateship

Business Associate/Manager Associateships having married or cohabiting couples that are dissolved by divorce, court order or other legal means, may have another Associateship created by Nature's Sunshine upon the existing parties to the Associateship providing Nature's Sunshine with an order of a court of competent jurisdiction or other appropriate legal documents duly executed by the respective parties. Nature's Sunshine reserves the right to refuse to create the Associateship if the result would be in conflict with the policies and procedures of Nature's Sunshine. In the event the parties wish to continue separate Associateships they will both be deemed sponsored by their original sponsor. Both parties must submit a new Business Associate Application. If two accounts are opened under the same name/address, Nature's Sunshine Products reserves the right to close the newest account. Nature's Sunshine Products of Canada Ltd. requires 60 days notice of the dissolution of any account partnership in writing.

2 INTERNATIONAL SPONSORING

Nature's Sunshine offers its distributors the ability to sponsor new NSP members around the globe. Through Global Sponsoring, you have the opportunity to build your business beyond the borders of your country of residence, which unlocks unlimited potential for growth and success. We hope that all NSP distributors will take advantage of this phenomenal tool in building their businesses. 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 your local market's website for additional information or contact us at global-sponsoring@natr.com

Global Sponsoring Policies:

1. Global Sponsors are obligated to observe the laws of the countries in which they operate.
2. Global Sponsors are obligated to only operate in the countries/markets which have been officially opened for Direct Selling activities by NSP.
3. Global sponsors are obligated to abide by the Agreement Form, Rules, Policies & Procedures, Marketing Plan,

etc. of the legally recognized NSP office/subsidiary in the country/market in which they operate.

4. Global sponsors are obligated to recruit new globally sponsored distributors according to the Agreement Form, Rules, Policies & Procedures, Marketing Plan, etc. of the country/market in which the new globally sponsored distributor resides.

5. Global Sponsors DO NOT qualify for marketing plan incentives in the country where the globally sponsored distributor resides (for example: local market convention attendance, TAC trips etc.)

6. Global Sponsors may enroll as many distributors as desired in all participating countries; however, Global Sponsors cannot register as authorized distributors in any country except in his/her country of residence. As a corporate wide policy, any Distributor/Customer may operate only one NSP distributorship/membership at any time.

7. Any commissions earned through Global Sponsoring are based on the sale of products in the foreign country where your sponsored distributor resides and are paid to you by the legally recognized NSP office/subsidiary in your country/market of residence. Where applicable, taxes will be handled as required by the applicable laws of each country/market.

8. NSP products are NOT to be distributed/sold from one country/market into another.

9. Failure to comply with any of the above mentioned policies could result in severe damaging legal consequences for all parties concerned and constitutes grounds for immediate termination of the Distribution Agreement in your country of residence.

3 ORDERING PRODUCTS

A) Product Ordering

Between the hours of 8:30 a.m. and 5:00 p.m., (EST) Monday to Friday, you may place your order directly with a Customer Service Representative at 1-800-265-9163.

The toll-free fax ordering is also available with the fax order form included in your Associate kit.

The toll-free fax line is 1-800-822-4884 and is toll-free for calls from within Canada, 24 hours a day, and 7 days a week.

The toll-free Group Presentation fax line is 1-888-417-5383. Please ensure to include your account number, name and business name, complete shipping address and method of payment on each faxed order.

Order online at www.naturesunshine.ca, 24 hours a day, 7 days a week. An Account and PIN number are required to order online.

B) Pick-Up Orders

Nature's Sunshine allows pick-up orders for those living near the Company's Canadian warehouse. Twenty-four hour advance notice (on business days) is required for all pick-up orders. Orders must be picked up no later than 5:00 p.m. EST Monday to Friday. All orders need to be picked up by the last business day of the month.

C) Payment Options

All orders by internet, mail, phone, and fax must be pre-paid. Internet orders are by credit card only. Phone in orders may be paid by credit card, cheques or bank drafts for qualified Manager only. Pick-up orders are C.O.D. Payment methods available include: cash, cheques, money orders, pre-authorized bank drafts, Visa, American Express or MasterCard. Interact is available for pick up orders only.

No third party cheques are accepted. All cheques must be in Canadian funds.

D) Maintaining an Inventory

Nature's Sunshine constantly strives to promptly fill all orders as they are received. This virtually eliminates the need for Managers or Business Associates to maintain large inventories except to service their retail customers' immediate needs.

4 CHANGING RANK WITHIN THE MARKETING PLAN

A) Manager Breakouts/Permanent Managers/Pend Counts

1) When an Associate achieves 135PV and 1000PGV for the first time, this is referred to as a New Manager Break Out.

a) As a New Manager Break out, the following month your PV that was in your upline Managers PGV now

moves into your upline Managers TGV as you have now broke out into your own group and you have taken that PV with you. As a new Manager break out you will now be building your own PGV with your success line of Preferred Customers and Business Associates.

2) Permanent Manager Status:

a) To earn permanent Manager Status you must have broke out as a new Manager and maintained the minimum requirements for 3 consecutive months; 135 PV and 1000 PGV. This allows you to receive discounted Manager pricing off the Master Price list. You are paid on the marketing plan according to your rank that you are currently at. You will keep the title of Permanent Manager for a 12 month cycle. If you have not kept the Manager requirements at the end of the one year you will lose the title of Permanent Manager. Please note: As a new Permanent Manager there are only 2 pend counts given in any 12 month period. If you receive the third pend count in that same 12 month period you will drop from Manager Status back to Business Associate status.

b) Pend Count: A pend count is a grace period given to you while you are not maintaining your minimum Manager requirements. Each pend count is removed from your account on the one year anniversary date of the day you received the pend count, providing you have reached your Manager requirements.

c) Once a Business Associate has become a new Manager, their PGV will move into their Upline Managers TGV the month following qualification for break out instead of remaining in the Managers PGV as it does with Business Associates.

B) Dropping Rank

If a Manager does not meet their minimum Manager requirements they will drop to an Business Associate. If the newly dropped Manager has Managers in his/her success line, the newly dropped Manager has 3 months to regain Manager Status or the Managers under the newly dropped Manager will revert to their first Upline Manager permanently. This permanent change will be reflected in the upline Manager's TGV. The newly dropped Manager will keep all of their Preferred Customers and Business Associates in their PGV.

C) Reinstated Manager

If you have dropped to Business Associate from Manager Status and remained a Business Associate for over ONE year, you are required to repeat the Manager requirements for your 135PV and 1000PGV to be reinstated as a Manager. The Upline Manager to the Reinstated Manager will only need to do their 135PV in their Reinstated Managers qualifying month because their reinstated Managers volume will be remaining in their PGV for this month.

If you have dropped to an Business Associate from Permanent Manager Status and remained a Business Associate for LESS than 1 year, you are still considered a Manager and will receive Manager pricing on our Nature's Sunshine products but you are paid out on the Marketing plan at the level at which you are currently qualifying. When you achieve the Manager requirements of 135PV and 1000PGV again within that year – you will reinstate as a Manager. Your volume will stay in your upline Managers PGV the month you achieve the manager requirements but the following month you will move into your upline Managers TGV.

Please note: If you are able to achieve your Manager requirements within three months your PGV does come out of your Upline Managers PGV the exact same month you reinstate as Manager.

D) Direct Purchase Profit

Direct Purchase Profit is the difference paid to Managers and Business Associates from their Business Associates and Preferred Customer's account holders on non promotional items. Direct Purchase Profit is not paid on products that are on sale at promotional prices.

Please note: If you have Permanent Managers in your group you will not earn Direct Purchase Profit on their purchases even if they have dropped to Business Associate for the time frame that they are receiving Manager pricing.

5 SHIPPING / DELIVERY

A) Shipping Service and Rates

Nature's Sunshine strives to prepare each order for shipment within 24 - 48 hours of its receipt. The customer should generally receive the order within 1 – 5 business days AFTER leaving Natures Sunshine's warehouse, depending on the geographical area and weather conditions. Please note: Weekends and holidays do add time to delivery and order processing times. Additional fees apply if requesting Express delivery services. Please contact Customer Service for more details. All freight services are contracted to outside carriers.

B) Handling Fee

A minimal handling fee is applied to each order regardless of the level of shipping service or whether it is an order for pick-up.

C) Drop-Shipping

A Manager or Business Associate may request that an order be drop-shipped directly to a customer. It is essential that the correct shipping address and phone number of the drop-ship customer be given when the order is placed. No delivery can be made to P.O. Box #'s or RR# address - in this case please provide their fire or emergency number. Payment for the drop-ship order must be made to Nature's Sunshine by the Manager or Business Associate placing the order. When drop-shipping to retail customers, the ordering Manager or Business Associate may request that no prices be shown on the invoice.

"Group Presentation" orders may only be shipped to ONE address (the address that is indicated on the Group Presentation order form).

D) Order Errors

If an error occurs in an order, please notify Customer Service immediately so that an adjustment can be made. Nature's Sunshine is unable to adjust orders after 24 hours. Returns will not be accepted without return pre-authorization (RGA #) or if sent C.O.D.

E) Damaged Shipments

If you receive damaged cartons, we recommend the following procedure:

- 1) Inspect the contents for damage before signing for acceptance of the shipment. Refuse delivery if the package is extremely damaged.
- 2) If someone has already signed for acceptance of the products and the courier has left, keep all damaged cartons, packaging and products for a later courier inspection. Do not send the shipment back to Nature's Sunshine until after the courier inspection.
- 3) After receiving any damaged products, make a complete list of all stock numbers of products and quantities that are damaged or missing, then contact Customer Service immediately. Please give all relevant information concerning the shipment, including the date you received the damaged cartons and order numbers. Nature's Sunshine will then be able to file the claim and in the meantime replace your damaged products. Be sure to keep the original packing and cartons for an inspection by the courier company.

F) Shipping Liability

Nature's Sunshine will not be liable for any loss or damage whatsoever (including, without limitation, loss of earnings or consequential damages), caused by, or arising out of, any delay in delivery, error in products shipped or failure to deliver on time a product ordered by a Manager or Business Associate.

G) Signature Not Required (S.N.R.) - Shipping Service

Our current courier offers a service that Nature's Sunshine would like to make available to all of its Preferred Customers, Business Associates and Managers. If when you are placing your order with Customer Service or on-line and you know that you are not going to be home to sign for the delivery from our courier on the anticipated day of delivery, you may request or indicate on the order that your order be left as a Signature Not Required to avoid the shipment being taken back to the depot. Please be advised if you chose this option Nature's Sunshine is NOT responsible for your lost, stolen or missing parcels as you have released our courier from obtaining your signature. If you require permanent Signature Not Required on your parcels contact our Customer Service department for further instructions.

H) Special Delivery Service

If you require special delivery service, i.e. 9:00am or 10:00am, please call Customer Service. Additional charges per box or envelope will apply.

6 GUARANTEES, EXCHANGES, RETURNS, REFUNDS, DISCONTINUED PRODUCTS

A) Customers Product Satisfaction Guarantee

Nature's Sunshine guarantees purity and quality, but not performance or pleasant taste of its products. If after purchasing a Nature's Sunshine product and using it for 3 months, a customer determines it to be unsatisfactory, the customer should return it to their Nature's Sunshine Business Associate with a copy of the original invoice for replacement, credit towards another purchase, or a refund. This guarantee applies only to products that have

not been misused, intentionally damaged, discontinued or outdated. For instructions on returning goods to Nature's Sunshine see section 6.D.

B) Customer Returns

If a customer requests permission to return a product, verify that it has been used for a reasonable length of time (3 months). Attempt to determine why it is unsatisfactory, and if it has been used properly. Suggest an alternate choice or a credit towards a future purchase. If neither of these choices is acceptable, then cheerfully refund the full original purchase price and file a return with Nature's Sunshine. Please note if the customer ordered in error by providing the incorrect stock number or ordered online in error, the Customer Return will have a 15% buy back fee and Customer will be charged handling.

C) Handling Product Complaints

In every case, it is important to handle each product complaint in a professional manner. Business Associates and Managers who make the extra effort to resolve a problem to the customer's satisfaction will eventually reap the rewards of increased business.

D) Defective Products and Returned Goods Procedure

Nature's Sunshine Products has a limited buy-back policy that, should a participant desire to return unused product for any reason, the company will repurchase all such products at 85% of the original cost to the original purchaser, less appropriate rebates and legal claims, if any. This includes products being returned due to the customer ordering in error or making a key punch/typing error on a web order. Requests for such returns must be made within three months of the purchase of the product. Any bonuses or overrides paid to the requesting participant on returned product will be deducted from the return payment or debited to appropriate Business Associates/Managers. Original invoices must be provided when returning products.

In the event the product is damaged during transit or has a defect, the customer may return the product to the company for replacement within 5 working days of delivery date. Products returned due to shipping or order error will be refunded 100% (unless under the S.N.R. program, see 6.A). All damages and errors must be reported to Nature's Sunshine within 5 business days of receipt of order.

All returns to the Company must be authorized in advance, by the Customer Service department. Upon approval of return of goods, Customer Service issues a Returned Goods Authorization (RGA) number. This number must be printed clearly on the boxes when goods are returned and is only valid for those specific products authorized for return by Customer Service.

Ship to:

Nature's Sunshine Products of Canada Ltd. RGA # _____
90 Walker Drive, Unit 1, Brampton, Ontario L6T 4H6

Please Note: All returns are to be sent to the Brampton, Ontario office.

Freight must be prepaid on all returns. If the product is being returned due to a defect or transit damage, the Customer or Business Associate will be reimbursed for the cost of the postage and the replacement product will be shipped once the damage or defect is verified. Unauthorized returns will not be processed and cannot be returned to sender. Once defective or damaged products are received and inspected, they are disposed of.

E) Return of Stock Due to Cessation of Business

If a Manager or Business Associate wishes to resign their Associateship, Nature's Sunshine will allow the return of stock according to the following stipulations:

- 1) The Manager or Business Associate must, in writing, inform Nature's Sunshine of their resignation and provide, within 30 days of resignation, a complete inventory list.
- 2) All returned goods must be in resalable condition, i.e. unopened, not discontinued, have clean bottles and labels, be undamaged and not marked in any way, have no price tags on bottles, and possess at least 50% of the designated shelf-life. Returns must be made within three months of purchase, and must be accompanied by the original Nature's Sunshine invoice.
- 3) The Manager or Business Associate ceasing business bears the cost of returning the goods to Nature's Sunshine.
- 4) Upon examination of the returned goods by Nature's Sunshine, the Manager or Business Associate will be informed of the value and acceptability of the returned goods. Returned goods will be valued at 85% of the Manager or Business Associate cost (15% is a handling and processing fees), less any bonuses, overrides and taxes paid on the original sale of the returned goods.

F) Discontinued Products

At times, it becomes necessary to discontinue an item for various reasons. It may be that the product is no longer in great demand, or that a wholesale source for Nature's Sunshine to purchase the products or an ingredient is no longer available, or on occasion the government requirements change. Nature's Sunshine Products of Canada will do its utmost to give its members 6 months advance notice of any product discontinuations. From time to time, due to special circumstances, advance notice will not be possible. Nature's Sunshine will not be held responsible for any consequences relating to or developing from any product discontinuation.

7 ADVERTISING/RETAILING

A) Advertising Policy

Business Associates and Managers identify themselves on all advertising as an "Independent Associate of Nature's Sunshine Products" to distinguish between them and the Company. "Approved" designated logos for advertising use can be acquired from Nature's Sunshine. Nature's Sunshine Products may be displayed at shows, provided the advertising procedures conform to the Company's guidelines. Please first contact the Supervisor of Sales & Training to have the show "approved" under Nature's Sunshine requirements.

Advertising Guidelines:

- 1) Upon receiving written clearance to advertise the material in question, all Managers/Business Associates shall not use any of the Company trademarks, logos or service marks in advertisements unless authorized in writing by Nature's Sunshine. Further, no web site name shall use any mark or designation identical or confusingly similar to any Canadian, US or foreign trademark or service mark of Nature's Sunshine.
- 2) Advertisements may not contain Nature's Sunshine literature or forms in whole or in part, without written permission from Nature's Sunshine.
- 3) Advertisements may not contain literature not produced and/or approved by Nature's Sunshine.
- 4) Advertisements must never contain any medicinal uses or claims for any herb or supplement.
- 5) Advertisements may not contain discounted pricing or offers.
- 6) Advertisements may not contain claims of potential earnings.

For approval on advertising, we recommend using fax or E-mail correspondence for quick response.

B) Retail Store Policy

Nature's Sunshine is a direct selling company dedicated to the motto of "Helping others help themselves to a healthier, happier life." We accomplish this through the integrity of our products and Business Associates, and our earnings opportunity. As such, it is not permitted to offer Nature's Sunshine products for sale in a regular retail, mass merchandise or discount retail environment in Canada. Nature's Sunshine Products may, however be offered for sale in a direct store establishment, provided that: (a) it is dedicated exclusively to the promotion of nutrition and complementary health care, (b) consultation on the use of Nature's Sunshine products is available to customers, and (c) the proprietor is a Nature's Sunshine Business Associate, and do so by placing and maintaining a Nature's Sunshine "Business in a Box" point of sale display unit, which will be maintained by a Nature's Sunshine Business Associate or Manager.

In addition, Managers and Business Associates cannot display Nature's Sunshine products in a self-serve environment accessible to the general public. Specifically, Nature's Sunshine products cannot be displayed in an open area where they can simply be selected off a shelf by the customer without assistance. Examples of acceptable environments to display products include a locked display case, behind the counter, or in a separate room.

C) Using the Internet

When using the internet, all Managers and Business Associates should adhere to the following guidelines. Call Nature's Sunshine for more information, in addition to the following policy concerning general advertising of Nature's Sunshine products:

- 1) When seeking to advertise on the Internet all Managers/Business Associates must abide by the standards, requirements, the Code of Ethics, and Policies and Procedures manual.
- 2) Prior to any advertising on the internet, all Managers/Business Associates must first submit the proposed advertisement request form to the Sales and Training Supervisor in Canada to be forwarded for legal approval.
- 3) Upon receiving clearance to advertise the material in question, no Managers/Business Associates shall use any of the Company's trademarks or service marks in the advertisements unless duly authorized under a license wherein Nature's Sunshine exercises direct or indirect control over the character or quality of the goods or

services in association with which the trademarks are to be used. Further, the domain name used must be acceptable.

4) All Managers/Business Associates shall indicate clearly and predominantly on the initial page of the web site that they are an "Independent Associate" of Nature's Sunshine Products of Canada Ltd., and on all advertisements.

5) All Managers/Business Associates utilizing a web site for the purpose of their Associateship shall first advise the Company of their web site locations and access names. Please Note: Personal websites may be linked to our corporate website.

6) The company may, from time to time, prohibit the advertising and marketing of some or all of its products over the internet.

7) The company may at any time prohibit Managers/Business Associates in any particular country from fulfilling orders for a product sold to persons in a jurisdiction or territory foreign to that of the Managers/Business Associates.

8) All Managers/Business Associates shall be solely responsible for any liability or damages caused by their utilization of a web site in order to further their Associateship.

9) Nature's Sunshine reserves the right in its sole discretion to refuse licensing or authorizing any web site.

D) Social Media and Social Networking

Nature's Sunshine recognizes that Members may wish to utilize various "Social Media" applications (e.g., Blogger, FaceBook, Twitter, LinkedIn, etc.) as marketing 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 and Procedures, as well as other applicable laws and regulations. All guidelines and restrictions on marketing found elsewhere in the Policies and Procedures also apply to Social Media messaging. In addition, the following caveats and restrictions apply with regard to its use by Members:

1) Identification – Account names/identifiers may not include any trademark owned or controlled by NSP. Account profiles/descriptions must disclose the Member's identity and the Independent Distributor nature of Member'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 Member.

2) Avatars/logos – Members may only use NSP's "Independent Distributor" logo in association with their accounts. Other use of intellectual property belonging to NSP is forbidden unless express 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 Procedures and any instructions otherwise issued by NSP.

5) Non-professional Accounts – If comments made by Member 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 Independent Distributors or affiliates, NSP reserves the right to terminate Member's Independent Distributor account in order to protect the interests and reputation of NSP.

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

8 TERMINATIONS/RESIGNATIONS, TRANSFER/SALE OF ASSOCIATESHIP, RETIREMENT

A) Termination of Agreement

Either party may without reason or cause, terminate an Associateship or Associateship application agreement on thirty days written notice to the other party. Preferred Customers that want to terminate their customer account with Nature's Sunshine must do so in writing. There is no notice required. Nature's Sunshine reserves the right to terminate a Business Associate/Manager Application Agreement immediately if a Business Associate/Manager is in material breach of any of the Policies and Procedures or the Business

Associate/Manager agreement. Such breach shall constitute cause.

B) *Transfer Sale of Associateship*

A Business Associate/Manager may sell or transfer their Associateship to another but only by complying with the following procedures below. Please note that the group itself is not moving just the individual completing the sale.

- 1) Complete the Sale of a Group Form acquired from Nature's Sunshine. Retain a copy for your records and send photocopies of Section A of the form to the Associates listed in subsections B through G in the sequence described in this guideline. Keep track of the offer and response dates and fill them in on Section B of the form. Nature's Sunshine will not authorize any sale until a completed Sections A and B has been received with copies of the refusal/waiver letters.
- 2) The would-be seller must, in writing, offer the sale of the group to the sponsoring Business Associate (who has the right of first refusal). The notice must include the terms and price of the proposed sale transaction. If the sponsoring Business Associate refuses to purchase the group, the Sponsoring Business Associate should promptly sign a refusal or waiver letter. However, if his/her sponsoring Business Associate fails to agree or sign a refusal or waiver letter 20 days after receipt of the notice of the offer then no signature from the sponsoring Business Associate is required and the seller proceeds to the next step.
- 3) The seller must then make the same offer to the following persons, in the order indicated below. Each Offeree shall have 10 days to consider the offer, but may sign a refusal or waiver letter before that time.
 - a) The seller's own directly-sponsored 1st level Manager.
 - b) The seller's sponsoring Associate's other 1st level Manager.
 - c) The seller's 2nd level upline Manager/Business Associate.
 - d) The seller's 3rd level upline Manager/Business Associate (Gold status or above).
- 4) If none of the required Offerees agree to the purchase on its terms then the seller may sell the group outside of his organization to some other Nature's Sunshine Business Associate. The seller must sell the group at the price announced in the offer made to the Business Associates and Managers, as described above.
- 5) If the potential buyer refuses to purchase the group at the originally announced price and terms, then the seller may change the price or terms, but must make the offer under the new price and terms available to Offerees following the procedure of items (2) and (3), above, again.
- 6) Only the Business Associate discount bonus and 1st, 2nd and 3rd level Business Associates are paid by Nature's Sunshine to the new owner of this group.
- 7) A \$50.00 transfer fee must accompany the request as it reaches Nature's Sunshine.
- 8) Before any sale is finalized, it must have the written approval of Nature's Sunshine.
- 9) The terms and conditions of the Business Associate agreement are still in force and still apply to the old group regardless of any organizational changes due to the sale of a group.
- 10) If the seller desires to remain as a Nature's Sunshine Business Associate after sale of the group, the seller will continue to be linked to the seller's original sponsor after the sale.

C) *Transfer on Deaths*

Upon the death of a Business Associate/Manager, the associateship will transfer to the Business Associate/Manager's successors in interest as determined by the Business Associate/Manager's will, the laws of in testate succession or by a court of competent jurisdiction. The successor must submit a new Business Associate/Manager application form and will then be recognized by Nature's Sunshine. Successors acquire the right to Manager Commissions on the group, but the successor must meet all PV and leadership requirements, and must conduct the business in accordance with all Nature's Sunshine Policies and Procedures and are bound by the Business Associate's agreement. In no event will the successor be entitled to operate two associateships.

D) *Retirement Program*

Once participants become Gold Managers and maintain that level for at least three years, they may retire from the business and continue to receive a percentage of the Manager overrides they would have received if they were still active in the business; the balance of overrides roll up to the next qualified Upline. If participants choose the retirement benefits, their PV and leadership requirements are dropped. They will receive a percentage of their normal commission benefits as follows (based on their consecutive years of service at Gold Manager or above):

Tenure (years)	Override %
3	25%
5	50%
7	60%
10	75%

Group size is frozen at the time of retirement. Retirement income is based on the downline Managers existing at the time of retirement, less any Managers who subsequently drop out. The retiring Manager also loses the last Manager he/she broke out. This Manager is relinked directly to the next upline Manager, thereby replacing the lost PV of the retiring Manager to their upline Manager. Retirees forfeit business building bonuses and no longer qualify for other Nature's Sunshine incentive programs. Retirees may continue to receive the Sunshine Today magazine, and they may also attend Annual Health Conference at their cost.

9 LICENSING / TAXES

A) Licensing

All Business Associates and Managers must be licensed in accordance with provincial and local municipal regulations. It is the responsibility of the Business Associate/Manager to make him/herself aware of the licensing regulations which affect him/her. If Nature's Sunshine chooses to register as a vendor or other entity under applicable provincial direct sellers laws, then notwithstanding any such registration, for purposes of the relationship between Nature's Sunshine and its Business Associates and Managers selling in that province, the Business Associates and Managers shall still be deemed to be independent contractors of, and not agents of, Nature's Sunshine. If any Business Associates or Managers are held or deemed under applicable provincial law to be agents for Nature's Sunshine and not for all purposes independent contractors, then notwithstanding any such law, ruling or holding, the Business Associates or Managers agree to indemnify and hold Nature's Sunshine harmless from and against any liability that arises against Nature's Sunshine out of any conduct of that Business Associate/Manager in breach of these Policies and Procedures to the extent such liability arises because the Business Associate/Manager is held or deemed to be an agent of Nature's Sunshine under applicable law.

B) Provincial Sales Tax (PST)

Most provinces have levied a provincial sales tax which Nature's Sunshine charges to the Managers/Business Associates based on the suggested retail price. Nature's Sunshine recommends that you add the applicable provincial tax to your retail sales.

Preferred Customers are charged provincial sales tax based on their cost and not the suggested retail price. Managers and Business Associates may claim a rebate of overcharged taxes on goods not sold at suggested retail price providing there is sufficient paperwork for those sales if the provincial tax department decides to conduct an audit.

If a Manager/Business Associate has a Provincial Sales Tax (PST) number a PST form must be filled out and returned to NSP. **This form expires every 4 years and must be re-submitted at that time.**

Please note: If you have a government issued Certificate of Indian Status please submit a CLEAR copy of the front and back to validate your Tax Exemption along with your band/registry number.

C) Goods and Services Tax (GST/HST)

If the Manager or Business Associate has a GST number, they may forward it to Nature's Sunshine. Upon receiving the GST number, Nature's Sunshine will pay GST on override commissions, rebates and car/business building bonus payments. Please be aware that the GST is still charged on your order.

D) Sales Contracts

It is necessary that Managers and Business Associates use written sales contracts where required by provincial law.

10 TERMS AND RENEWAL FEES

The term of the Nature's Sunshine accounts is one year. For all Accounts, an Administration fee is due on the anniversary date of the original sign-up. By not renewing, an account will become inactive. Inactive accounts lose their subscription to company publications and all other benefits.

11 CHANGE OF NAME, ADDRESS/EMAIL, TELEPHONE OR FAX NUMBER

Each Preferred Customer, Business Associate and Manager is responsible for advising Nature's Sunshine in writing of changes to their address, name, email, fax & telephone number preferably at least 30 days in advance. Nature's Sunshine is not responsible for misdirected mail or shipments to old addresses. Please inform Nature's Sunshine immediately of telephone/fax number changes and name changes in writing.

12 BUSINESS NAMES

Individuals wishing to register their business names with Nature's Sunshine may do so in the appropriate place on the Business Associate Application. All changes to a business name **MUST** be done in writing. Their own name must still appear on the application. The name "Nature's Sunshine" may not be used in any business name because it is a registered trademark of Nature's Sunshine or its parent company. To receive a bonus cheque payable to a business name, the business name must be registered with the government; otherwise cheques will be issued in the name of the individual Manager/Business Associate. All incentive programs and recognition will be done in the Manager's or Business Associate's individual name, not a business name.

Preferred Customers may not use a business name, but are listed as individuals only. When a Preferred Customer upgrades to a Business Associateship, a business name may then be adopted. Individuals may not sign up as Business Associates under more than one name.

13 NSF CHEQUES

All NSF cheques and preauthorized bank drafts will be charged a \$25.00 Returned Cheque Service Fee or such greater fee as Nature's Sunshine banks may assess. When Nature's Sunshine receives an NSF cheque, the Accounting Department will contact the individual to submit a new cheque. Until payment is received in full the Business Associate/Manager cannot order products.

If the customer subsequently presents another cheque that is not honored for payment by the customer's financial institution, the customer may be required to provide certified cheques or money orders for subsequent orders. If a customer fails to provide a replacement cheque that is honoured, the customer will be subject to termination for cause.

* Any Manager with more than 2 NSF cheques does not qualify for the NO PAY Program.

14 PV TRANSFERS (MANAGERS ONLY)

The transfer of PV from one individual's account to another's is permissible under the following amount restrictions:

- 1) The maximum amount of PV an individual can transfer to another is (340 PV).
- 2) The maximum amount of PV an individual can receive from all PV transfers is (675 PV) with equivalent in any given month.
- 3) A one-time transfer of 1015 PV with equivalent may be given to, or received by, a new Manager in their qualifying month.

Please note: If a Manager services customers from another Manager's or Business Associate's downline organization, the seller must transfer 75% of the PV from those sales to the sponsoring Manager or Business Associate, but is entitled to keep 25% as a service charge for filling those orders. There is no obligation to service another person's customers.

PV transfers are not applicable towards qualifying for promotions or contests, unless otherwise stated in the rules.

All PV transfers must be submitted in writing accompanied by the detailed receipts for proof of purchase using the PV transfer form supplied by the company. This form must be faxed to the attention of the Accounting Department. PV transfers are typically processed within 24 hours (on business days) of receipt. PV transfers must be faxed into Nature's Sunshine within the month they are required.

15 LIMITATION OF LIABILITY

Nature's Sunshine shall not be liable for any damage (including special and consequential damages), loss, injury, expense or fee (including legal fees) whatsoever, suffered or incurred by a Manager or Business Associate as a

result of, or arising out of, the purchase, distribution or sale of Nature's Sunshine products or any materials or documents not provided by Nature's Sunshine.

16 WRITTEN NOTICE OF CHANGES

Upon 30 days notice, Nature's Sunshine reserves the right to change any of the terms and conditions contained in the Associate Application, the Policies and Procedures, the Business Associate kit or price lists, including, without limitation; the Manager and Business Associate cost of products, and the amount of the volume rebates or overrides.

Said notice will be in writing and posted to the Business Associate's/Manager's last address on record which notice shall be deemed to be received within 48 hours of posting. Business Associates/Managers agree to be bound by the Agreement and the Policies and Procedures manual as modified by Nature's Sunshine.

17 MISCELLANEOUS

A) Company's Right To Assign Agreement

Business Associates/Managers agree that Nature's Sunshine may assign Associateships without notice. Preferred Customers agree that Nature's Sunshine may assign the Preferred Customer's relationship with Nature's Sunshine without notice.

B) Severability

The provisions of these Policies and Procedures are to be deemed severable, and the unenforceability of any one or more provisions will not affect the enforceability of any other provisions. In addition, if any part or provision of these Policies and Procedures, for any reason, is declared to be null, void or otherwise unenforceable by a court of competent jurisdiction, then Nature's Sunshine and the immediately affected Business Associate(s)/Manager(s) will substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intention, economic position and risk sharing of the parties.

C) No Waiver

No failure or delay by Nature's Sunshine in exercising any right, power or remedy will operate as a waiver of such right, power or remedy, and no waiver will be effective unless it is in writing and signed by Nature's Sunshine. If Nature's Sunshine waives any right, power or remedy, such waiver will not waive any successive or other right, power or remedy Nature's Sunshine may have under these Policies and Procedures, or otherwise, against that Business Associate/Manager or any other Business Associate/Manager.

D) Intended Beneficiary

As between each Business Associate/Manager, only that Business Associate/Manager and Nature's Sunshine is the intended beneficiary of these Policies and Procedures and the relevant Associate Agreement. No person who is not a direct party to that contractual relationship shall have the right to enforce any provision of these Policies and Procedures.

18 CONFIDENTIALITY OF INFORMATION

Each Business Associate/Manager agrees that the information provided by Nature's Sunshine concerning Nature's Sunshine Business Associates and Managers including sponsorship genealogy reports are proprietary and belong exclusively to Nature's Sunshine (herein referred to as "Confidential Information"). Each Business Associate/Manager acknowledges that Nature's Sunshine has expended significant time, effort and money to create the confidential information and material concerning its Business Associates and Managers. Such confidential information is confidential and the Business Associate/Manager acknowledges that the information shall remain confidential and only be used for purposes of Nature's Sunshine business. Upon termination of the Business Associate/Manager's Associateship, all confidential information in the possession of the Business Associate/Manager and all copies of documents containing confidential information shall be returned to Nature's Sunshine or permanently destroyed.

19 HOW TO CONTACT US

Normally, when you have problems, questions or suggestions, you can direct your letters to the Customer Service Team Leader, to be assigned to the appropriate department for a response. The Customer Service Department can be reached at 1-800-265-9163 between the hours of 8:30am to 5:00pm (EST) Monday to Friday.

20 GLOSSARY OF TERMS

Preferred Customer - Customer of Nature's Sunshine Products who purchases products for personal use at a discount from the retail price.

Business Associate - Member of Nature's Sunshine Products who purchases at a discount from the retail price with the intention of reselling the products and building a business and has potential to qualify for rebate cheques.

Manager - Member of Nature's Sunshine Products who has met certain qualifications in order to purchase at a discount of 30% from the retail price with the intention of reselling the products, building a business and has the opportunity to earn a rebate cheque based on the amount of volume earned in a month.

PV - Purchase Value used to determine one's Marketing Plan payout.

PGV - Personal Group Volume

TGV - Total Group Volume

Volume - The amount of PV, PGV or TGV earned in a month.

Override Commissions - Commissions paid on the PGV of the Managers in one's group.

Group - Refers to all the Preferred Customers, Business Associates and Managers in one's success line. You are counted as a Manager in your success line, **but not as a 1st level Manager.**

Successline - Anyone who is sponsored under you or any of your Business Associates and Managers.

Pend Counts - The times you are allotted in a 12 month period to be below your qualifications without losing your status as a Manager or above.

Sponsor - The person who signed you up as a Nature's Sunshine member.

Upline - The Manager of the person who sponsored you. If your sponsor is also a Manager, then they will be your upline as well.

Drop - When a Manager or above moves down in rank due to not meeting the qualifications of the Marketing Plan for their level.

Rank - The status earned by reaching qualifications in the Marketing Plan.

****Effective June 1, 2010**

- 1) Business Associates that apply for a membership will receive a 20% discount from retail cost of our product line.
- 2) Preferred Customers that apply for a membership will receive a 10% discount from retail cost of our product line.
- 4) Business Associates and Preferred customers that applied for membership with Natures' Sunshine prior to that date will have their account discounts grandfathered for 2 years. Once they renew their account they will switch to the appropriate product discount based on their rank/level within the company.
- 5) Grandfathered: All product discounts will stay the same within your account for 2 years. After that time has passed the grandfathered privilege will be removed and you will move to current product discounts based on your rank/level within the company.

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Nature's Sunshine Products of Canada Ltd.
90 Walker Drive, Unit 1
Brampton, Ontario
L6T 4H6

1-800-822-4884 - Toll Free Fax
1-800-265-9163 - Order/Customer Service
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