

OPTAVIA®

Independent **OPTAVIA** Coach Agreement - U.S.

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Independent **OPTAVIA** Coach Agreement – U.S.

This Independent **OPTAVIA** Coach Agreement (“Coach Agreement”) is entered into by and between **OPTAVIA** LLC (“**OPTAVIA**” or “Company”) and the independent **OPTAVIA** Coach (“**OPTAVIA** Coach” or “Coach”) as of the date the Coach provides its electronic acceptance through **OPTAVIA**’s website or by otherwise applying a signature (any such method of acceptance being an “Acceptance”). By entering into this Coach Agreement, the Coach confirms that he/she/it will be bound by all terms and conditions incorporated into this Coach Agreement, as further defined below. In addition, throughout the Coach Agreement, **OPTAVIA** and the Coach are sometimes individually referred to as a “Party” and collectively as “Parties”.

1. I understand that **OPTAVIA** reserves the right to reject the application of any prospective **OPTAVIA** Coach at its discretion.
2. I certify that:
 - a. I am at least 18 years of age;
 - b. I have never been convicted of, or plead no contest to, a felony charge;
 - c. Neither I nor my spouse is a current or former employee of Medifast, Inc. or any of its subsidiary and/or affiliate companies (unless I have received permission from the “President, Coach and Client Experience”); and
 - d. I am legally authorized to engage in the activities described in this Coach Agreement.

I understand that, if I am unable to certify any of the aforementioned statements, I am ineligible to be an **OPTAVIA** Coach and that **OPTAVIA** may terminate my Coach Agreement and independent business without liability or penalty.

3. If **OPTAVIA** accepts my application, I understand that:
 - a. I have the right to solicit orders for **OPTAVIA** products in accordance with these terms and conditions.
 - b. I understand that it is within the exclusive right of **OPTAVIA** to accept or reject orders that I submit.
 - c. I have the right to sponsor applicants to become Coaches with **OPTAVIA**.
 - d. If qualified, I am eligible to earn commissions pursuant to the **OPTAVIA** Integrated Compensation Plan.
4. I agree to present the **OPTAVIA** Integrated Compensation Plan and **OPTAVIA** products, programs and services as set forth in official **OPTAVIA** literature.
5. I agree that as an **OPTAVIA** Coach I am an independent contractor, and not an employee, partner, legal representative, or franchisee of **OPTAVIA**. I agree that I will be solely responsible for paying all expenses that I incur, including but not limited to travel, food, lodging, secretarial, office, long distance telephone, internet and other business expenses. **I UNDERSTAND THAT I SHALL NOT BE TREATED AS AN EMPLOYEE OF OPTAVIA FOR FEDERAL OR STATE TAX PURPOSES. OPTAVIA is not responsible for withholding, and shall not withhold or deduct from my bonuses and commissions, if any, payroll, income, or other taxes of any kind unless compelled to do so by law. I understand that I am not entitled to workers compensation or unemployment security benefits or any vacation, group medical or life insurance, disability, profit sharing or retirement benefits, or any other fringe benefits or benefit plans offered by OPTAVIA. Any persons employed or engaged by me in connection with the performance under this Coach Agreement shall be my employees or contractors and I shall be fully responsible for them and I hereby indemnify the Company against any claims made by or on behalf of any such persons.**

6. I understand that the **OPTAVIA** Policies, the Procedures, the **OPTAVIA** Integrated Compensation Plan, the Dispute Resolution Agreement, and any applicable addenda to these terms and conditions, are incorporated into and made a part of the terms and conditions of this Coach Agreement. I further understand that if I have not yet reviewed the Policies, the Procedures, the Integrated Compensation Plan, the Dispute Resolution Agreement, and any applicable addenda at the time I provide my Acceptance of this Coach Agreement, I understand that they are posted in my **OPTAVIA** Back Office ("**OPTAVIA** CONNECT") or are available on <https://COACHANSWERS.OPTAVIA.com>. I will review the Policies within five (5) days from the date on which I provide my Acceptance of this Coach Agreement. If I do not agree to the Policies or any other provisions of the Coach Agreement, my sole recourse is to notify the Company and cancel my Coach Agreement within five (5) days of providing my Acceptance of the Coach Agreement. Failure to cancel constitutes my acceptance of the Coach Agreement. I understand that I must be in good standing, and not in violation of the Coach Agreement, to be eligible for bonuses or commissions from **OPTAVIA**.
7. I understand that, except for the provisions of the Dispute Resolution Agreement, which may only be amended as set forth in the Dispute Resolution Agreement, the Coach Agreement may be amended at the sole discretion of **OPTAVIA**, and I agree to abide by all such Amendments ("Amendments"). Amendments shall be posted in my **OPTAVIA** CONNECT or available on <https://COACHANSWERS.OPTAVIA.com>. Amendment(s) shall become effective after being posted in **OPTAVIA** CONNECT or on <https://COACHANSWERS.OPTAVIA.com>, but amended Policies shall not apply retroactively to conduct that occurred prior to the effective date of the Amendment. The continuation of my **OPTAVIA** business or my acceptance of bonuses or commissions after the effective date of any Amendments shall constitute my acceptance of any and all Amendments.
8. The term of this Coach Agreement is one (1) year from the date of enrollment (subject to prior cancellation pursuant to the Policies). If I do not renew my **OPTAVIA** business by paying the annual renewal fee, or if it is canceled or terminated for any reason, I understand that I will permanently lose all rights as an **OPTAVIA** Coach. I shall not be eligible to solicit orders for **OPTAVIA** products nor shall I be eligible to receive commissions, bonuses, or other income resulting from my activities or the activities of my former downline sales organization. **In the event of cancellation, termination or nonrenewal, I waive all rights I have, including but not limited to property rights, to my former downline organization and to any bonuses, commissions or other remuneration derived through the sales and other activities of my former downline organization.** I understand that **OPTAVIA** reserves the right to terminate the Coach Agreement upon thirty (30) days' notice if the Company elects to: (1) cease business operations; (2) dissolve as a business entity; or (3) terminate distribution of its products and/or services via direct selling channels.
9. An **OPTAVIA** Coach may not assign his/her/its rights under the Agreement without the prior written consent of **OPTAVIA**. Any attempt to transfer or assign the Agreement without the express written consent of **OPTAVIA** renders the Agreement voidable at the option of **OPTAVIA** and may result in termination of the relevant Coach's business.
10. I understand that if I fail to comply with the terms of the Coach Agreement, **OPTAVIA** may impose upon me disciplinary sanctions as set forth in the Policies. I further understand that **OPTAVIA** shall not be required to go through the Dispute Resolution process as set forth in the Dispute Resolution Agreement prior to issuing disciplinary action.
11. I understand that **OPTAVIA** is a member of the Direct Selling Association and provides certain assurances under the Direct Selling Association Code of Ethics (<https://www.dsa.org/consumerprotection/code-of-ethics>), including provisions dealing with the return of inventory.

12. The Coach Agreement, in its current form and as amended by **OPTAVIA** at its discretion, (except for the Dispute Resolution Agreement, which may only be amended as set forth therein), constitutes the entire contract between **OPTAVIA** and myself. Any promises, representations, offers, or other communications not expressly set forth in the Coach Agreement are of no force or effect.
13. Any waiver by either Party of any breach of the Agreement must be in writing and signed by an authorized agent of the Party against which the waiver is asserted. Any waiver of a breach by a Party shall be a one-time waiver only and shall not operate or be construed as a waiver of any subsequent breach.
14. If any provision of the Coach Agreement is held to be invalid or unenforceable, such provision shall be severed, and the severed provision shall be reformed only to the extent necessary to make it enforceable. The balance of the Coach Agreement will remain in full force and effect.
15. All disputes between the Parties shall be resolved pursuant to the Dispute Resolution Agreement. **THE PARTIES WAIVE THEIR RIGHTS TO HAVE A DISPUTE TRIED BEFORE A COURT OR JURY EXCEPT AS SET FORTH IN THE DISPUTE RESOLUTION AGREEMENT.**
16. The Coach Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of law principles.
17. **Maryland Residents:** A Maryland resident may cancel his/her/its Coach Agreement for any reason within three (3) months after the date of receipt of goods or services first ordered; upon cancellation, the Company shall repurchase the goods; and the repurchase price shall be at least 90% of the original price paid by the participant.
18. **Montana Residents:** A Montana resident may cancel his/her/its Coach Agreement within fifteen (15) days from the date of enrollment, and may return his/her/its starter kit and any products he/she/it purchased for a full refund within such time period.
19. **Louisiana, Massachusetts and Wyoming Residents:** If you are a Louisiana, Massachusetts or Wyoming resident and you cancel your Coach Agreement, **OPTAVIA** will refund 90% of your purchase price for any administrative fees you have incurred during the current year upon receipt of your written request.
20. **Puerto Rico Residents:** A Puerto Rico resident may cancel this Coach Agreement at any time within ninety (90) days from the date of enrollment, or at any time upon showing the Company's noncompliance with any of the essential obligations of the distribution contract or any act or omission by the Company adversely affecting the interests of the dealer in the development of the market of the properties or services. Your cancellation must be sent to the Company in writing and sent via registered mail. If you cancel under these conditions, the Company shall: (a) Reacquire the total of the products that you purchased from the Company which are in your possession and in good condition at a price of not less than ninety percent (90%) of their original net cost; (b) Return to you not less than ninety percent (90%) of the original net cost of any services that you acquired from the Company; (c) Return 90% of any sum paid by you for the purpose of participating in the business.
21. I agree to release **OPTAVIA** and its affiliates from all liability. I hereby expressly waive and release any and all claims, now known or hereafter known, against **OPTAVIA**, its officers, directors, managers, employees, agents, affiliates, parents, shareholders, successor in interest or title, and assigns (collectively, "Releasees"), on account of injury, illness, disability death or property damage arising from or relating to my promotion or operation of my **OPTAVIA** business and any activities related to it (e.g., the presentation of **OPTAVIA** products or Integrated Compensation Plan, the operation of a motor vehicle, the lease of meeting or training facilities, etc.), and agree to indemnify **OPTAVIA** for any liability, damages, fines, penalties, or other awards arising from any unauthorized conduct that I undertake in operating my **OPTAVIA** business. I covenant not

to make or bring any such claim against **OPTAVIA** or any other Releasee, and forever release and discharge **OPTAVIA** and all other Releasees from liability under such claims.

22. A participant in this direct selling plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at renewals@OPTAVIA.com.
23. Any dispute relating to, concerning or otherwise arising out of the Coach Agreement must be addressed in accordance with the terms of the Dispute Resolution Agreement.
24. I grant **OPTAVIA** an irrevocable license to reproduce and use my name, photograph, recording, video, image, personal story, testimonial, and/or likeness (collectively "image") in its advertising or promotional materials, including but not limited to use in online forums, and I waive all claims for remuneration for such use. I further waive my right to inspect or approve all draft, beta, preliminary, and finished images of me used by **OPTAVIA**.

OPTAVIA OFFICIAL POLICIES – U.S.

SECTION 1 - GENERAL POLICIES

1.1 POLICIES, PROCEDURES & COMPENSATION PLAN INCORPORATED INTO THE INDEPENDENT OPTAVIA COACH AGREEMENT.

These Policies, in their present form and as amended at the sole discretion of **OPTAVIA LLC** (hereinafter, “**OPTAVIA**” or the “Company”), are incorporated into the Independent **OPTAVIA** Coach Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Independent **OPTAVIA** Coach Agreement, the **OPTAVIA** Policies, the **OPTAVIA** Procedures, the **OPTAVIA** Integrated Compensation Plan and the **OPTAVIA** Business Entity Addendum (the Business Entity Addendum is only applicable to **OPTAVIA** Coaches who enroll as a Business Entity). An independent **OPTAVIA** Coach shall be referred to herein as an “**OPTAVIA** Coach” or “Coach” (**OPTAVIA** and Coach are hereinafter sometimes referred to individually as a “Party” and jointly as the “Parties”). It is the responsibility of each Coach to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies.

1.2 AMENDMENTS.

The Company reserves the right to amend the Agreement at its sole discretion (each an “Amendment”). Amendments shall be effective after publication of the amended provisions in Coaches’ Back-Offices or **OPTAVIA**’s corporate sites, but amended Policies shall not apply retroactively to conduct that occurred prior to the effective date of the Amendment. The continuation of a Coach’s business, or a Coach’s acceptance of bonuses or commissions, after the publication of an Amendment constitutes acceptance of any and all Amendments.

1.3 POLICIES & PROVISIONS SEVERABLE.

If any provision of the Agreement, in its current form, or as amended, is held void or unenforceable, only the void or unenforceable portion(s) of the provision shall be severed from the Agreement and the remaining provisions shall remain in full force and effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible.

1.4 NOTICES.

Any notice or other written communication required under this Agreement shall be delivered personally, by e-mail or mail. Unless otherwise provided in the Agreement, such notice shall be deemed given when delivered personally or, if transmitted by e-mail, one (1) day after the date of such e-mail or, if mailed, five (5) days after the date of mailing to the address of **OPTAVIA**’s principal place of business or to the Coach’s address. Notice to a Coach will be mailed to his or her address or e-mail address of record with the Company. **OPTAVIA** shall have the right, as an alternative method of notice, to use communications via the Coach’s Back-Offices or corporate websites or other normal channels of mass communications with its field of Coaches. This provision does not apply to notices of Amendments to the Policies, which are effective upon posting as described in Section 1.2. It is the sole responsibility of the Coach to maintain their correct address, e-mail address, phone number and other contact information on file with **OPTAVIA**.

1.5 FORCE MAJEURE.

OPTAVIA shall not be responsible for delays or failure in performance caused by circumstances beyond the Company’s control, such as, but not limited to, strikes, labor difficulties, product shortages, energy or fuel shortages, fire, war, acts of terrorism, government decrees, natural disasters, inclement weather, or orders of curtailment of a party’s usual source of supply. Any epidemic or pandemic, such as COVID-19, and all consequences arising from or measures relating to an epidemic or pandemic,

such as quarantines, business closures, social distancing and travel and transportation restrictions ordered by governmental authorities, whether in effect on or after the effective date of the Agreement, shall constitute Force Majeure under the Agreement, provided that such event or effect related to an epidemic or pandemic caused **OPTAVIA** or a Coach, despite such Party's use of commercially reasonable efforts and due diligence, to be actually and demonstrably delayed in, or unable to, perform its obligations under the Agreement in whole or in part.

1.6 WAIVER.

Neither Party ever gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of the **OPTAVIA** business. No failure of either Party to exercise any right or power under the Agreement or to insist upon strict compliance with any obligation or provision of the Agreement, and no custom or practice of the Parties at variance with the terms of the Agreement, will constitute a waiver of the Party's right to demand exact compliance with the Agreement. Waiver can only be effectuated in writing by an authorized officer of the Company or by the Coach or their authorized agent. Either Party's waiver of any particular breach will not affect or impair either Party's rights with respect to any subsequent breach, nor will it affect in any way the rights or obligations of any other Coach. In addition, no delay or omission by **OPTAVIA** to exercise any right arising from a breach will affect or impair **OPTAVIA**'s rights as to that or any subsequent breach. The existence of any claim or cause of action of a Party against the other will not constitute a defense to the enforcement of any term(s) or provision(s) of the Agreement.

SECTION 2 - BECOMING AN INDEPENDENT OPTAVIA COACH

2.1 COACH ELIGIBILITY.

There are a few requirements to become an independent **OPTAVIA** Coach. The individual must: (a) be at least 18 years of age; (b) have a valid Social Security Number or Federal Tax ID Number; and (c) have legal residence in the United States, a U.S. territory or U.S. military base. See the **OPTAVIA** Procedures for Details on Enrolling as an Independent **OPTAVIA** Coach.

2.2 HEALTH PROFESSIONAL **OPTAVIA** COACHES.

The Health Professional division of **OPTAVIA** is a subset of Coaches that includes physicians, chiropractors, nurses, and other individuals who are medically licensed by a state agency. Health Professional **OPTAVIA** Coaches are subject to the same rules, regulations, and Policies as all independent **OPTAVIA** Coaches. However, Health Professional **OPTAVIA** Coaches should note that coaching with **OPTAVIA** does not involve the practice of medicine. Health Professional **OPTAVIA** Coaches provide two distinct services to their clients ("Clients"). The first is medical care, which is not a part of the **OPTAVIA** program. The second is coaching. Health Professional **OPTAVIA** Coaches must differentiate between any medical service they provide to patients and coaching that they provide to Clients. It is strongly advised that Health Professional **OPTAVIA** Coaches inform patients who are prospective Clients that they are financially compensated as an **OPTAVIA** Coach. An **OPTAVIA** Coach is not a substitute for a physician or a qualified medical practitioner for monitoring patients using **OPTAVIA** products and/or programs and must not be portrayed as such.

2.3 COMPANY DISCRETION.

The Company reserves the right to accept or reject any Coach enrollment at its sole and absolute discretion.

2.4 ONE INDIVIDUAL PER **OPTAVIA** COACH BUSINESS.

Only one individual may apply for an **OPTAVIA** business and submit an Independent **OPTAVIA** Coach Agreement to the Company. If the individual wants to operate the **OPTAVIA** business with their Spouse,

please see the Policy on Married Couples (Policy 2.6). If more than one individual wants to participate in an **OPTAVIA** Coach business together, then those individuals must create a Business Entity, please see the Policy on Business Entities (Policy 3.23).

2.5 LIMITATIONS ON **OPTAVIA** COACH & HOUSEHOLD BUSINESSES.

Coaches may own, operate, control, or have an interest in, only one **OPTAVIA** business, and there may be only one **OPTAVIA** business in a Household. Coaches who had multiple businesses prior to the announcement of this Policy shall be permitted to retain only one of these businesses (unless previously authorized by the Company, in writing, to acquire the business). A "Household" is defined as Spouses (as defined in Policy 2.6) and dependent children of one or both Spouses, living in the home of a Spouse. Exceptions to the one business per Household and per Coach Policy are:

- a. **Marriage and other legal unions.** If two Coaches marry, form a domestic partnership or civil union, or enter a common-law marriage each will be permitted to retain their original businesses;
- b. **Licensed Healthcare Industry and Health Professional **OPTAVIA** Coaches.** Professional businesses in the healthcare industry that require a license issued by a governing state agency (e.g., surgical centers, medical group practices, and chiropractic offices) may own an independent **OPTAVIA** Coach business. Health Professionals who have an ownership interest in a healthcare business may own an independent **OPTAVIA** Coach business in addition to the **OPTAVIA** Coach business owned by the professional healthcare business in which they hold an ownership interest, provided that both businesses share the same sponsor;
- c. **Authorized Purchase of an **OPTAVIA** Coach Business.** If an existing **OPTAVIA** Coach is authorized by the Company to acquire another **OPTAVIA** Coach's business, in compliance with the Business Transfer Policy, the acquiring Coach may own his/her original business and the business which he/she acquired; and
- d. **Inheritance.** If an existing Coach is the beneficiary of an **OPTAVIA** business pursuant to a will or probate, and the transfer is effected on or after the death of the testator, the existing Coach may operate multiple **OPTAVIA** businesses. An intervivos transfer (i.e., a transfer made while the transferor Coach is still living) of an **OPTAVIA** business to an existing Coach is not permissible unless the testator is adjudicated to be mentally or physically incapacitated such that he/she is incapable of operating or managing his/her **OPTAVIA** business.

2.6 COUPLES.

Couples that are married or joined in another legal union and who wish to become **OPTAVIA** Coaches are required to operate as a single **OPTAVIA** business under a single Social Security Number or Federal Tax ID Number. If the Spouse of an existing Coach wishes to become an **OPTAVIA** Coach, they must agree to the terms and conditions of the Independent **OPTAVIA** Coach Agreement and then can be added to the Spouse's existing **OPTAVIA** Coach business. Only a Spouse can be added to an existing **OPTAVIA** Coach business. Spouses include those individuals bound by a marriage, civil union, domestic partnership or common-law marriage (each a "Spouse"). Should one or more individuals wish to operate a single **OPTAVIA** Coach business, then those individuals must create a Business Entity. Spouses will be treated as one business for recognition purposes with the exception that each Spouse must take the certification training and pass the exam to be recognized as an "Independent Certified **OPTAVIA** Coach." If only one Spouse takes the training and passes the exam, only that Spouse will be recognized as an "Independent Certified **OPTAVIA** Coach." See the **OPTAVIA** Procedures for Details on Enrolling as a Married Couple.

2.7 TERM & RENEWAL OF THE **OPTAVIA** COACH AGREEMENT.

The term of the Independent **OPTAVIA** Coach Agreement is one (1) year from the date of enrollment and must be renewed annually. Failure to renew an **OPTAVIA** business results in the account being

converted to "Client" status, forfeiture of commissions and bonuses and the loss of the Coach's downline organization, which will "roll-up" to the Coach's sponsor ("Sponsor") (a Coach's Sponsor is sometimes referred to as a "Business Coach"). Should the individual wish to be reinstated as an **OPTAVIA** Coach, he/she may do so, subject to certain time frames and conditions. See the **OPTAVIA** Procedures for Details on Renewal and Reinstatement of an **OPTAVIA** Coach business.

2.8 **OPTAVIA** COACH INFORMATION.

Coaches must supply the Company with a valid mailing, e-mail address, and phone number for communication purposes and consent to being contacted by the Company regarding their **OPTAVIA** Coach business. Each Coach is responsible for keeping his/her information (name, address, phone number, e-mail address, etc.) up to date and accurate and must immediately update the Company on any changes concerning this information. The Company may terminate an **OPTAVIA** Coach business if the Company determines false or inaccurate information was provided by the Coach. If a Coach fails to update his/her information (including any information on a Business Entity Addendum), holds may be placed on his/her account or other disciplinary action may be taken, up to and including termination. In addition, the Company will not be held responsible for communications and/or information not received by the Coach due to failure to update information on his/her account or on the Business Entity Addendum. See the **OPTAVIA** Procedures for Details on Updating **OPTAVIA** Coach Information.

2.9 INDEPENDENT CONTRACTOR RELATIONSHIP.

OPTAVIA Coaches are independent contractors and not employees of **OPTAVIA**, and must never hold themselves out as employees of the Company. COACHES SHALL NOT BE TREATED AS EMPLOYEES OF **OPTAVIA** FOR FEDERAL OR STATE TAX PURPOSES OR FOR ANY OTHER REASON. **OPTAVIA** will not withhold taxes or withholdings of any nature from Coaches' earnings. Coaches are not entitled to workers compensation or unemployment security benefits.

SECTION 3 - OPERATING AN INDEPENDENT **OPTAVIA** COACH BUSINESS

3.1 GENERAL CONDUCT.

Coaches shall not engage in any conduct that may damage the Company's reputation. While it is impossible to specify all misconduct that would be contrary to this Policy, and the following list is not a limitation on the standards of conduct to which Coaches must adhere pursuant to this Policy, the following standards specifically apply to Coaches' activities:

- a. Coaches must conspicuously identify themselves as an "Independent **OPTAVIA** Coach" or an "independent Coach with **OPTAVIA**" in all advertising, telephone directory listings, promotional material, social media postings, and other forums in which they promote **OPTAVIA**'s products, programs, services and/or the **OPTAVIA** business opportunity. Merely identifying oneself as an "**OPTAVIA** Coach" is not sufficient under the terms of this Policy;
- b. Certified Coaches may include the term "Independent Certified **OPTAVIA** Coach" when identifying themselves, if they have passed the required certification exam;
- c. Deceptive conduct is always prohibited. Coaches must ensure that their statements are truthful, fair, accurate, and not misleading;
- d. If a Coach's **OPTAVIA** business is cancelled for any reason, the Coach must discontinue using the **OPTAVIA** name, and all other names, trademarks, and other intellectual property belonging to **OPTAVIA**, and all derivatives of such intellectual property, in dealing with Clients, in postings on all social media, or otherwise;
- e. Coaches must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could

damage the Company's reputation or the culture that exists within the independent field sales force.

- f. Coaches must be aware of and familiar with the provisions of the U.S. Foreign Corrupt Practices Act and all local applicable anti-bribery and anti-corruption laws. Coaches must conduct their businesses in compliance with the terms of these laws. In particular, Coaches must not promise, offer, authorize, agree to make, or actually make a payment of any item of value, directly or indirectly, to any government official in connection with the Coach's **OPTAVIA** business.

3.2 FIELD TRAINING MATERIALS.

Coaches may develop and/or use their own training tools and materials to support their personally sponsored Coaches or others in their downline organization (hereinafter, "Field Training Materials") so long as such Field Training Materials do not violate any of the **OPTAVIA** Policies, **OPTAVIA** Procedures, laws, regulations, or statutes and conform with Policies 3.2.a. and 3.2.b. below. Coaches may not sell any Field Training Materials or accept donations or gratuities in exchange for providing Field Training Materials. Coaches are prohibited from charging for or selling their training or mentoring services to other Coaches. Coaches may not develop, produce or distribute tools or materials that are confusingly similar in nature to those produced, published and provided by **OPTAVIA**, and may not imply or suggest that such Field Training Materials originate from **OPTAVIA** or are endorsed by **OPTAVIA**. Field Training Materials should only be used by Coaches to train their personally sponsored Coaches or employees or others in their downline organization. Coaches are prohibited from creating their own website, social media page or other web-based platform to distribute Field Training Materials to other Coaches.

- a. **Field Training Materials Disclaimers.** The following disclaimer must conspicuously appear on all Field Training Materials: "THIS FIELD TRAINING MATERIAL HAS BEEN PRODUCED BY <INSERT NAME OF COACH>, AN INDEPENDENT **OPTAVIA** COACH, AND IS NOT OFFICIAL MATERIAL PREPARED OR PROVIDED BY **OPTAVIA**". In addition, if the Field Training Materials discuss or mention the **OPTAVIA** Integrated Compensation Plan or income opportunity, the Field Training Materials must also include an appropriate income disclaimer, depending on the nature of the content of the presentation, as discussed under Policy 5.10.h.
- b. **Additional Requirements for Field Training Materials.** In addition to compliance with Policy 3.2.a., should the Field Training Materials discuss or mention the **OPTAVIA** Integrated Compensation Plan or income opportunity, the Coach must include a copy of the **OPTAVIA** Income Disclosure Statement ("IDS"). Field Training Materials created to train a Coach's downline are not required to be reviewed by the Company, so long as the Field Training Materials are in compliance with these Policies. However, should the Coach have any doubt concerning whether or not the Field Training Materials are in compliance with all relevant **OPTAVIA** Policies, the Coach should submit same to the **OPTAVIA** Compliance Department for review. See the **OPTAVIA** Procedures for Details on Submitting Field Training Materials to the Compliance Department.
- c. **Rights of Company Regarding Field Training Materials.** **OPTAVIA** reserves the right to audit, and if it so decides in its sole discretion, rescind any previous authorization that was given in connection with, a Coach's Field Training Materials. Upon notice of such rescission, each independent **OPTAVIA** Coach agrees to immediately cease using such Field Training Materials. COACHES WAIVE ANY CLAIM FOR DAMAGES OR REMUNERATION FOR ANY LOSSES THAT THEY MAY INCUR RESULTING FROM OR RELATING TO THE COMPANY'S DECISION TO RESCIND ITS PRIOR APPROVAL.

3.3. PRODUCT LIABILITY CLAIMS & INDEMNIFICATION.

- a. **Product Liability Insurance.** The Company carries product liability insurance for those products that are faulty, defective or otherwise subject to recall. This coverage does not include the actions of Coaches in promoting the products, programs, or business opportunity.

- b. **Indemnification for Product Liability Claims.** In the event of a product liability claim brought against a Coach by a third party for a defective product or for injury from use of a product, the Company will indemnify and defend the Coach from such claims, subject to the limitations specified in Policy 3.3.c. below, and subject to the coverage maximum under **OPTAVIA**'s product liability insurance.
- c. **Requirements for Indemnification.** In order to be indemnified for product liability claims, the Coach must notify the Company of the claim in writing within ten (10) days of receipt of notice of the claim. The Company has no obligation to indemnify the Coach if he/she has: (a) violated the Agreement; (b) made claims or given instructions about the products which are not included in the Company's current approved literature, warnings, or product labels; or (c) settled or attempted to settle a claim without the Company's written approval. In addition, indemnification is conditioned upon the Coach allowing the Company to assume the sole defense of the claim.
- d. **Indemnification by Coach.** The Coach agrees to indemnify the Company from any claim made by a third party that arises directly or indirectly because he/she has: (a) violated the Agreement; (b) made claims or given instructions about the products which are not included in the Company's current approved literature, warnings, or product labels; or (c) adulterated or otherwise changed the **OPTAVIA** products.

3.4 INSURANCE.

- a. **Business Pursuits Coverage.** While the Company carries product liability insurance in the event of claims for faulty or defective products, the Company suggests that Coaches secure additional liability insurance to cover any business exposure for which they may be liable in the independent marketing or advertising of any products, programs or the **OPTAVIA** business opportunity.
- b. **Travel Liability.** Coaches understand and accept any and all travel-related risks in regard to their business. Coaches are encouraged to secure travel insurance as related to their business.
- c. **Other Insurance.** The Company does not provide health insurance, disability insurance, event insurance, professional liability insurance, malpractice insurance, business property coverage, or any other type of insurance to Coaches. The Company suggests that Coaches evaluate for themselves whether to secure such insurance policies for themselves.

3.5 COMPENSATION.

The Company compensates Coaches through its compensation plan (hereinafter, "Integrated Compensation Plan"). Compensation is determined proportionally based on sales of products to end-user consumers within the Coach's organization. Sponsoring new Coaches leverages and expands a Coach's business and provides additional persons marketing the Company's products, programs and services to Clients, however, no compensation is paid based upon the sponsoring of Coaches. Coaches are never compensated on their personal order; a Coach's personal order is always credited to the Sponsor/Business Coach of that Coach. A Coach is always the client of his/her Sponsor/Business Coach. As a result, neither a Coach nor a Co-applicant is permitted to have a separate Client account for placing orders.

3.6 TAXES.

- a. **Payment of Taxes.** All Coaches are personally responsible for all taxes due on any income they earn. The Company will provide a record of all moneys paid to each Coach and will issue and file such reports as may be required by law. Every year the Company will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to each U.S. individual or Business Entity Coach who has earnings of \$600.00 or more in the previous calendar year.
- b. **Sales Tax.** The Company will charge appropriate local sales tax on all orders subject to sales tax and submit it to the necessary government bodies.

3.7 NON-SOLICITATION (PARTICIPATION IN OTHER BUSINESS OPPORTUNITIES AND DIRECT SELLING PROGRAMS).

As independent contractors, Coaches may engage in other business interests and opportunities outside of their independent **OPTAVIA** Coach business, provided that they comply with the terms of these Policies, including, without limitation, the specific limitations provided in this Non-Solicitation Section.

a. *Definitions.*

- i. **Competing Business(es).** A Competing Business is a business that sells Competing Goods or Services (“Competing Business”).
 - ii. **Competing Goods or Services.** Competing Goods or Services are any goods or services that are in the same generic category as any good(s) or service(s) offered by **OPTAVIA**, regardless of differences in cost, quality, ingredients, functionality, service, or other distinguishing factors. By way of example, and not limitation, any goods or services related to health and wellness are considered competing goods or services (“Competing Goods or Services”).
 - iii. **Direct Selling Program.** A Direct Selling Program is any business that meets each of the following criteria (“Direct Selling Program”):
 1. The business sells memberships, goods or services through independent contractors;
 2. The independent contractors are authorized to recruit, sponsor or enroll other independent contractor salespersons into the business or to submit persons or entities to the business for consideration as independent contractor salespersons; and
 3. Independent contractor salespersons are compensated in whole or in part on sales of goods or services of those independent contractor salespersons that they, or other independent contractor salespersons, are personally sponsoring and mentoring.
 - iv. **Non-Competing Business(es).** A Non-Competing Business is a business that sells good(s) or service(s) that do not compete with or are not in the same generic category as the good(s) or service(s) offered by **OPTAVIA** (“Non-Competing Business”).
- b. **Other Direct Selling Programs.** **OPTAVIA** Coaches may not participate in any Direct Selling Program that sells Competing Goods or Services. **OPTAVIA** Coaches are free to participate in other Direct Selling Programs that do not sell Competing Goods or Services (“Other Direct Selling Programs”), however, Coaches can only promote these Other Direct Selling Programs, their goods, services or the business opportunity to their personally sponsored downline. In addition, for twelve (12) calendar months after the termination of the Agreement, Coaches may not directly or indirectly sponsor Clients or other **OPTAVIA** Coaches, in another Direct Selling Program, with the exception of their personally sponsored downline. The term “sponsor” means the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another **OPTAVIA** Coach or Client to enroll or participate in another Direct Selling Program. Coaches participating in Other Direct Selling Programs must also comply with all other specific restrictions in this Non-Solicitation Section.
- c. **Specific Restrictions on Coaches Promoting Competing Businesses or Other Direct Selling Programs on OPTAVIA Social Media.** **OPTAVIA** Coaches who engage in a Competing Business or Other Direct Selling Program must not, directly, indirectly or through a third party:
- i. Use any social media account (e.g., Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) that the Coach currently uses or has used in the past to promote or discuss **OPTAVIA**, its products, programs, services or the business opportunity (“**OPTAVIA** Social Media”), to promote a Competing Business or Other Direct Selling Program. If a Coach is involved in a Competing Business or Other Direct Selling Program, the Coach must create a separate social media account to promote the Competing Business or Other Direct Selling

Program. Coaches are also prohibited from “cross-posting” from their Competing Business or Other Direct Selling Program social media account on to the Coach’s **OPTAVIA** Social Media and vice versa.

- d. ***Additional Restrictions on Coaches Promoting Other Businesses.*** Additional restrictions apply to **OPTAVIA** Coaches who engage in not only a Competing Business or Other Direct Selling Program but also a Non-Competing Business. Competing Businesses, Other Direct Selling Programs and Non-Competing Businesses will collectively be referred to herein as “Other Businesses.” Coaches who operate Other Businesses must not directly, indirectly or through a third party:
- i. Promote the Other Business on any Coach “Team” social media page (pages that have been created by **OPTAVIA** Coaches to support their Coach Organization/Team or pages that have been created to support **OPTAVIA** Clients); an example of a Coach “Team” social media page would be a Facebook “Group Page” for a Team of independent **OPTAVIA** Coaches;
 - ii. Use his/her replicated **OPTAVIA** website to promote the Other Business;
 - iii. Use Confidential Information (as defined in Section 3.8) to promote the Other Business;
 - iv. Use “**OPTAVIA** CONNECT” resources, reporting or any other functionality, including, but not limited to, “**OPTAVIA** Share,” to promote the Other Business;
 - v. Mention or discuss “**OPTAVIA**,” or any of the Company’s trademarks (as partially outlined in Appendix A), along with the Other Business;
 - vi. Display **OPTAVIA** promotional material, sales aids, or products with or in the same location as any promotional material, sales aids, products or services of the Other Business, in a fashion that might in any way confuse or mislead a prospective Client or Coach, or member of the public into believing there is a relationship between **OPTAVIA** and the Other Business;
 - vii. Offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing Clients or Coaches in conjunction with the opportunity, products, programs, or services of the Other Business;
 - viii. “Bundle” or combine the products, programs, or services of the Other Business for sale or advertisement with any **OPTAVIA** products, programs or services;
 - ix. Offer, discuss, or display any opportunity, products, programs, or services of the Other Business at or immediately after any **OPTAVIA**-related meeting, seminar, convention, webinar, teleconference, training or other function (“Event”), regardless of whether the Event is an **OPTAVIA** corporate-sponsored Event or an Event led by an independent **OPTAVIA** Coach.
- e. ***Complementary Fitness Businesses.*** Some fitness-related businesses that may be “complementary” to **OPTAVIA** could be deemed a Competing Business (e.g., a personal training business, gym or yoga studio, etc.) (“Complementary Business”). So long as the Coach complies with all other provisions under these Policies, including this Non-Solicitation Policy, Policy 3.10 (forbidding Coaches from carrying inventory for resale) and Policy 5.9 (forbidding Coaches from selling products in a Retail Outlet), etc., Coaches may offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing customers of these Complementary Businesses. However, the Coach must not condition the sale or use of their Complementary Business services on the purchase of **OPTAVIA** products, including, but not limited to, offering discounted services to prospective or existing customers of their Complementary Business who purchase **OPTAVIA** products or vice versa.
- f. ***Health Professional Practices.*** A health professional practice could also be deemed a Competing Business. So long as those **OPTAVIA** Coaches, who also have a health professional practice (e.g.,

a chiropractic clinic, doctor's office, etc.) ("Health Professional Practice") comply with all other provisions under these Policies, including this Non-Solicitation Policy, Policy 2.2 (general Policies governing Health Professional **OPTAVIA** Coaches), Policy 3.10 (forbidding Coaches from carrying inventory for resale) and Policy 5.9 (forbidding Coaches from selling products in a Retail Outlet), etc., these Coaches may offer the **OPTAVIA** income opportunity, products, programs or services to prospective or existing patients of their Health Professional Practices. However, the Coach must not condition the use of their Health Professional Practice on the purchase of **OPTAVIA** products, including, but not limited to, offering discounted services to prospective or existing patients or clients of their Health Professional Practice who purchase **OPTAVIA** products or vice versa.

- g. ***Injunctive Relief.*** **OPTAVIA** and the Coach agree that any violation of this Non-Solicitation Policy shall cause **OPTAVIA** irreparable harm for which there is no adequate remedy at law, and if emergency equitable relief is not granted to **OPTAVIA**, the injury to **OPTAVIA** shall outweigh the potential injury to the Coach. Therefore, **OPTAVIA** shall be entitled to seek emergency and permanent injunctive relief to prevent further violations of this Policy.

3.8 CONFIDENTIAL INFORMATION.

"Confidential Information" constitutes proprietary business trade secrets belonging exclusively to **OPTAVIA**, which **OPTAVIA** has invested considerable time, effort, and expense in developing and maintaining as confidential, and is provided to Coaches in strict confidence. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than a Coach's use in building and managing his/her independent **OPTAVIA** business.

- a. ***Definition of Confidential Information.*** Confidential Information includes, but is not limited to, the identities, contact information, and/or sales information relating to **OPTAVIA**'s Coaches and/or Clients:
- i. That is contained in or derived from any Coaches' respective Back-Office;
 - ii. That is derived from any reports issued by **OPTAVIA** to Coaches to assist them in operating and managing their **OPTAVIA** business; and/or
 - iii. To which a Coach would not have access or would not have acquired but for their affiliation with **OPTAVIA**.
- b. ***Injunctive Relief.*** **OPTAVIA** and the Coach agree that any violation of this Policy shall cause **OPTAVIA** irreparable harm for which there is no adequate remedy at law and if emergency equitable relief is not granted to **OPTAVIA**, the injury to **OPTAVIA** shall outweigh the potential injury to the Coach. Therefore, **OPTAVIA** shall be entitled to emergency and permanent injunctive relief to prevent further violations of this Policy.

3.9 HANDLING PERSONAL INFORMATION.

Personal information is information that identifies, or permits one to contact an individual. It includes a Client's, potential Client's, Coach's and prospective Coach's name, mailing address, e-mail address, phone number, credit card information, Social Security Number or Tax Identification Number and other information associated with these details. Coaches must familiarize themselves with the Guidance on Handling Payment Card Information, attached as Appendix C and incorporated into this Agreement. Coaches who receive personal information from or about prospective Coaches or Clients have the responsibility to maintain its security. Coaches should shred tangible materials or irreversibly delete from any electronic storage location the personal information of others once it is no longer needed. In addition, information regarding a Client's or **OPTAVIA** Coach's experience with Company products and/or programs cannot be revealed without his/her written permission; this includes use of personal testimonials.

3.10 PRODUCT INVENTORY.

Coaches may not carry an inventory of **OPTAVIA** products for resale (including but not limited to resale to other Coaches). All products are direct-shipped from the Company to the buyer. Therefore, Coaches should not purchase more products in a month than they and/or their household family members can reasonably expect to consume during the month. Coaches must not influence or attempt to influence any other Coach to buy more products than they or their household family members can reasonably use during the month.

3.11 BONUS OR RANK BUYING.

Bonus and/or rank buying (collectively, "Bonus Buying") is strictly prohibited. Bonus Buying is the purchase of products for any reason other than bona fide use by Clients or end-user consumers or limited sampling at trade shows. Bonus buying includes, but is not limited to the following:

- a. Enrolling an individual as a Client or Coach without the permission and/or knowledge of such individual;
- b. Enrollment or attempted enrollment of nonexistent individuals or entities as Clients or Coaches;
- c. Purchasing products under another Client's or Coach's account;
- d. Using Wellness Credits in excess of 50% of a Client's order; or
- e. Any other mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions, or bonuses that are not driven by bona fide product purchases by end-user consumers for actual use.

3.12 WELLNESS CREDITS.

The Company provides a means whereby Coaches can provide rewards, gifts, or incentives to another Coach or Client; this mechanism is called "Wellness Credits." Purchases of Wellness Credits are non-commissionable. Any purchases of Wellness Credits that the Company deems were made by a Coach in order to manipulate rank or the **OPTAVIA** Integrated Compensation Plan are strictly forbidden. Wellness Credits act as a method of payment on a Coach's or Client's next order. Coaches are not required to purchase Wellness Credits to participate in the **OPTAVIA** business opportunity and Coaches are encouraged to limit the purchase of Wellness Credits to a reasonable amount so that their business expenses do not outweigh their potential income with **OPTAVIA**. Should the Company determine, in its sole discretion, that a Coach is purchasing an unreasonable amount of Wellness Credits or is using Wellness Credits in violation of these Policies, the Company may take action to prohibit or limit a Coach's purchase of Wellness Credits. An unreasonable amount is not easily defined, as it would vary depending on the Coach's rank and corresponding commissions. Therefore, if necessary, the Company will determine whether the purchase of Wellness Credits is unreasonable on a case-by-case basis. In addition, Wellness Credits may only be applied on up to 50%, or half of a Client's or Coach's order of products (e.g., if a Coach gifts \$50.00 in Wellness Credits to a Client, that Client would only be able to apply the Wellness Credits to an order in the amount of \$100.00 or more). Using Wellness Credits in excess of 50% of a Client's order is considered Bonus Buying. Wellness Credits are a gift, and can only be redeemed by the recipient Client/Coach through placing an order. Once given, Wellness Credits belong to the Client or Coach who receives them, unless and until those Wellness Credits expire, in which case they will revert back to the Coach who gifted the Wellness Credit(s). The following are acceptable uses of Wellness Credits:

- a. Thank-you gift from a Coach to a Client for a referral or lead;
- b. Thank-you gift from a Coach to a Client for hosting an event (e.g., weigh-in, meeting, or tasting);
- c. Congratulatory gift from a Coach to a Client for meeting a goal or milestone;
- d. Gift for a Client who cannot afford the full cost of the program;

- e. Holiday/birthday gift for a Client or Coach;
- f. Encouragement gift to a Client or Coach to start or stay on plan;
- g. Reparation from a Coach to a Client for an order mishap (e.g., shipment delay);
- h. Reward for team incentive contests/challenges from Business Coach/Business Leader to team members.

3.13 PAYMENT & CREDIT CARD USAGE.

If a credit/debit card or other payment instrument is used to pay for products, it must be the credit/debit card or other payment instrument of the individual who is ordering the product for their personal and/or family use. Coaches may not use another Coach's or Client's credit/debit card, or other payment instrument to place an order, nor may a Coach use his/her own credit/debit card or other payment instrument to place an order on behalf of another Coach or Client. Use of a Coach's own credit/debit card or other payment instrument to place an order is considered Bonus Buying. Coaches may not accept cash from Clients to place an order. The Company does not accept cash. Coaches facilitate Client orders either through their replicated **OPTAVIA** websites, or through assisting the Client with placing telephone orders. Coaches should not place the orders for the Clients themselves. All other forms of sales or orders are prohibited.

3.14 ACTIONS OF AFFILIATED PARTIES & HOUSEHOLD MEMBERS.

The term "Affiliated Party" shall mean any individual, partnership, trust, limited liability company, or other entity that has an equitable or ownership interest in, or management responsibility for, a Business Entity. The term "Business Entity" shall mean any corporation, partnership, limited liability company, trust or other entity that owns or operates an independent **OPTAVIA** Coach business. A Business Entity and each Affiliated Party must comply with the Agreement. If a Business Entity and/or any Affiliated Party violate the Agreement, **OPTAVIA** may take disciplinary action against the Business Entity and/or against any or all of the Affiliated Parties. In addition, if a household family member of a Coach engages in conduct that would be a violation of the Agreement, the conduct of the household family member may be imputed to the Coach (i.e., the Coach may be held responsible for the conduct of the Household family member).

3.15 NEGATIVE COMMENTS.

Complaints and concerns about **OPTAVIA** should be directed to the Coach Success Team. Coaches must not disparage, demean, or make negative remarks to third parties or other Coaches or Clients about **OPTAVIA**, its owners, officers, directors, management or employees, other Coaches or Clients or the Integrated Compensation Plan. Violation of this Policy may subject the Coach to potential disciplinary action, up to and including termination. A Coach's obligations under this provision survive the termination of the Agreement.

3.16 REPORTING POLICY VIOLATIONS.

One of our Company's most valuable assets is its integrity. Therefore, the Company takes protecting this asset very seriously. To that end, we have established a Procedure whereby Coaches who observe Policy violations in the field should report the situation to the Company. The Company will review, research and handle these matters as the Company deems appropriate. See the **OPTAVIA** Procedures for Details on how to Report Policy Violations.

3.17 ADJUSTMENTS TO BONUSES & COMMISSIONS.

If a product is returned to **OPTAVIA** for a refund, whether or not a credit card chargeback occurs, the compensation attributable to the returned product(s) will be recovered by the Company from the Coach.

3.18 RETURN OF PRODUCTS, BUSINESS KITS & BUSINESS SUPPORT MATERIALS UPON CANCELLATION OR TERMINATION.

Upon voluntary cancellation or termination of an Independent **OPTAVIA** Coach Agreement, the Coach may return their Business Kit and any Company-produced Business Support Materials that he or she personally purchased from **OPTAVIA** within twelve (12) months from the Coach's date of purchase (the one year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in currently marketable condition. Any Business Support Materials that are produced by a third party, i.e. non-Company produced, shall not be subject to this return Policy (please note, all products sold at www.OPTAVIAGEAR.com are produced by a third party). In addition, residents of Georgia, Idaho, Louisiana, Maryland, Montana, Massachusetts, Oklahoma, Texas, Wyoming, and Puerto Rico may return any products that they purchased from the Company within one (1) year prior to the date of their cancellation so long as the products are in currently marketable condition. Upon the Company's receipt of returned goods and/or Business Support Materials and confirmation that they are in currently marketable condition, the Coach will be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are in "currently marketable condition" if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, is not in currently marketable condition. The merchandise must be returned within thirty (30) days from the date of the Coach's cancellation/termination. See the **OPTAVIA** Procedures for Return Details Upon Cancellation or Termination of an **OPTAVIA** Coach Business.

3.19 ORDER RETURNS & REFUNDS.

Federal and state law requires that Coaches notify their Clients that they have three (3) business days (five (5) business days for Alaska residents, fifteen (15) days for residents of North Dakota over the age of 65; Saturday is a business day, Sundays and legal holidays are not business days) within which to cancel their purchase and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Coaches shall verbally inform their Clients of this right. Different satisfaction guarantee policies apply to different products and are specified on the packing slip of each order along with return instructions. **OPTAVIA**'s return and refund policies vary between products and are published on **OPTAVIA**'s corporate website. See the **OPTAVIA** Procedures for Details on Order Returns and Refunds.

3.20 DISCIPLINARY SANCTIONS.

Violation of the Agreement, any material misrepresentation of the Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Coach that the Company reasonably believes may damage its reputation or goodwill, or which results in or is designed to manipulate the Integrated Compensation Plan or any incentive offered by the Company, may result in the suspension or termination of the Coach's **OPTAVIA** business, and/or any other measure that **OPTAVIA** deems appropriate to address the misconduct, including, but not limited to the following:

- a. Issuance of a written warning;
- b. Requirement of the Coach to take immediate corrective action;
- c. Clawing back commissions;
- d. Imposition of a fine, which may be withheld from commissions;
- e. Restriction of Back-Office access;
- f. Loss of rights to one or more bonus and commission checks;

- g. Withholding of all or part of any bonuses and commissions during the investigation period (if a Coach's Agreement is canceled for disciplinary reasons, the Coach will not be entitled to recover any commissions or bonuses withheld during the investigation period);
- h. Suspension of the Coach's business with loss of earnings;
- i. Reassignment of Clients or Coaches to another Coach;
- j. Termination of the Coach's business;
- k. Equitable resolution by any other measure the Company deems appropriate to resolve the injuries caused by the Coach's violation or contractual breach.

In situations deemed appropriate by **OPTAVIA**, the Company may institute legal proceedings for monetary and/or equitable relief. Upon imposition of a disciplinary sanction(s), the Company shall immediately notify the Coach via the e-mail that the Coach has on file with the Company. The Company will also notify the Coach's sponsor and other members of the Coach's upline of the disciplinary sanctions, as the Company deems appropriate. Individuals or Business Entities terminated for disciplinary reasons may not re-enroll as a Coach. See the **OPTAVIA** Procedures for Details on Appealing Disciplinary Sanctions.

3.21 CANCELLATION OF AN **OPTAVIA** COACH BUSINESS.

"Cancellation" of a Coach's **OPTAVIA** business means the discontinuation of a Coach's **OPTAVIA** business for any reason, whether the cancellation is voluntary, involuntary (termination or otherwise), or via non-renewal. A Coach whose **OPTAVIA** business is canceled for any reason will lose all Coach rights, benefits, monetary compensation and privileges, including loss of his/her downline organization which will roll-up to the Coach's Sponsor. See the **OPTAVIA** Procedures for Details on Cancellation of an **OPTAVIA** Coach Business.

3.22 BUSINESS ROLL-UP.

If a Coach's **OPTAVIA** business is canceled for any reason (including termination), the Coach's downline organization, including personally sponsored Coaches and Clients, will "roll-up" to the Coach's Sponsor/Business Coach.

3.23 BUSINESS ENTITIES.

- a. **Enrolling as a Business Entity.** A Business Entity (e.g. limited liability company, corporation, partnership, etc.) may wish to enroll as an **OPTAVIA** Coach. A Business Entity may apply to become an **OPTAVIA** Coach by completing, signing, and returning a Business Entity Addendum, signed by all the participants in the Business Entity and purchasing a Business Kit, as well as complying with any other applicable legal requirements. All members of the Business Entity are required to comply with the terms of the Agreement. See the **OPTAVIA** Procedures for Details on Enrolling as a Business Entity.
- b. **Changing to a Business Entity.** A Coach who enrolled as an individual may wish to transfer his/her account to a Business Entity for the purpose of operating their business. If the Coach wishes to change their form of business from a sole proprietorship to a Business Entity, he/she may do so at any time. The individual must complete, sign and return a Business Entity Addendum to the Company, as well as comply with any other applicable legal requirements.
- c. **Business Entity Commissions.** All commissions and/or bonuses earned by the Business Entity will be issued in the name of the Business Entity. The Company will not have any liability to the Coach if the Business Entity or any participant in the Business Entity fails to allocate and pay any portion of any bonuses or commissions received by the Business Entity among the multiple participants in the Entity, or for any incorrect allocation and/or payment.

- d. **Primary Participant.** One member of the Business Entity will be designated as the “Primary Participant” and the Company may rely and act on any information provided by the Primary Participant.
- e. **Dissolution of a Business Entity.** In cases in which owners of a Business Entity elect to dissolve the Business Entity, and one of the owners advises the Company in writing that they are dissolving the Business Entity, the Coach who is listed as the Primary Participant on the account shall be responsible for fulfilling the obligations of the Business Entity until the Business Entity is fully dissolved and a formal dissolution agreement between the parties is reached that determines the disposition of the Business Entity. While the dissolution is proceeding, no owner may make changes to the business (e.g., change the payee, change the name of the business, etc.) until a formal dissolution agreement concerning the Business Entity is finalized and the Company is notified accordingly by the Primary Participant. Upon completion of the dissolution and/or the completion of **OPTAVIA**’s Business Transfer Procedures, the Business Entity shall be transferred to the individual who receives the Business Entity pursuant to the dissolution agreement (or court order if the dissolution is contested). Please note that **OPTAVIA** is unable to split a Business Entity in two, or to divide a commission between multiple parties. Therefore, if the owners or former owners enter into an agreement, or are ordered by a court, whereupon it is incumbent on **OPTAVIA** to split the commission or divide the Business Entity, the business shall be cancelled.

3.24 BUSINESS TRANSFER (SALE OF AN **OPTAVIA** COACH BUSINESS).

Coaches who have been paid at the rank of National Director or higher for six (6) of the preceding twelve (12) months may sell or transfer their business subject to obtaining **OPTAVIA**’s prior written approval by the Company’s Policy Committee. It is within **OPTAVIA**’s sole discretion whether to allow a business transfer or sale, but such authorization shall not be unreasonably withheld. However, no business that is on disciplinary probation, suspension, or under disciplinary investigation may be sold or transferred unless and until the disciplinary matter is resolved. A Coach wishing to sell or transfer his/her business (“Seller”) must first give notice of their intention to sell or transfer the business to the Company and the Company has the right of first refusal to purchase said business, at the same terms/conditions and sale price as that offered to other eligible purchasers. The Company shall have seven (7) business days within which to exercise its right of first refusal. If the Company declines to purchase the business within such time, the Seller may then offer to sell or transfer the business to other parties eligible to purchase. If the business is sold or transferred to an existing Coach, the buying Coach (“Purchaser”) must be at the rank of National Director or higher, for six (6) of the preceding twelve (12) months. The purchased Coach business will be operated as a second business and remain in its current position in the line of sponsorship, if the purchaser is already a Coach with **OPTAVIA**. Mergers of **OPTAVIA** Coach businesses are not permitted. Coaches are prohibited from using a business transfer/sale to manipulate the Integrated Compensation Plan or any other incentive offered by the Company. From time to time, the Company may elect to purchase a Coach business at its sole discretion, in which case, the Company may allow the business to “compress” or “roll-up” or the Company may continue to allow the business to operate and remain in its current position in the line of sponsorship. See the **OPTAVIA** Procedures for Details on Business Transfers/Sales.

3.25 BUSINESS TRANSFER UPON DEATH.

A Coach may devise his/her business to his/her heirs via a will or other testamentary instrument. A Coach shall not use, or attempt to use a testamentary transfer as a means to circumvent the Business Transfer Policy (Policy 3.24). If the Company believes that a testamentary transfer is being used as a device to circumvent the Business Transfer Policy, the transfer shall be handled pursuant to the Business Transfer Policy and the corresponding Procedures. Unless a testamentary instrument says otherwise, upon the death of a Coach, the rights and responsibilities of the Coach business remain with the Spouse, if said Spouse is a partner in the business. If a Spouse does not exist, the rights and responsibilities are passed on to the rightful heir(s), trustee(s), guardian(s) or conservator(s). The heir(s), trustee(s),

guardian(s) or conservator(s) shall be required to contact the Company in writing and shall be bound by the terms and conditions of the Agreement. See the **OPTAVIA** Procedures for Details on Business Transfers upon Death.

3.26 BUSINESS DISTRIBUTION UPON DIVORCE.

In cases in which a couple that jointly operates an **OPTAVIA** Coach business divorce, and one of the Spouses advises the Company in writing that they have filed for divorce, the Coach who is listed as the "Primary" on the account shall be responsible for fulfilling the obligations of the business until a divorce decree or order is entered and a court order rules on the disposition of the business (or the parties reach an agreement concerning the disposition of the business, as documented in writing, signed by both parties and notarized by a notary public). Neither party may make changes to the business (e.g., change the payee, change bank account information, change the name of the business, etc.) until a final divorce decree/order is entered (or the parties reach an agreement concerning the disposition of the business, as documented in writing, signed by both parties and notarized by a notary public). Upon entry of the divorce decree/order or reaching an agreement in writing (and the divorce decree/order being provided to the Company), the business shall be transferred to the individual ordered by the court or as agreed to in writing by the parties. Please note that **OPTAVIA** is unable to split a business in two, or to divide a commission between two parties. Therefore, if the Spouses or former Spouses enter into an agreement, or are ordered by a court to split the commission or divide the business, the business shall be cancelled. The Spouse not assuming the **OPTAVIA** Coach business may enroll as a new Coach immediately under the Sponsor of his or her choice. See the **OPTAVIA** Procedures for Details on Business Transfers upon Divorce.

3.27 INTERNATIONAL ACTIVITIES.

Coaches are only authorized to promote Company products and programs, conduct events or trainings, and enroll Clients or Coaches in countries that it has officially announced are opened for its Direct Selling operations. Coaches may not conduct advertising, sponsoring, or business activities of any nature in any foreign country that the Company has not announced is officially opened for its Direct Selling business. Company products cannot be shipped into or sold in any other country or to anyone in a country where **OPTAVIA** is not currently opened for business.

SECTION 4 - SPONSORING

4.1 BUSINESS OPPORTUNITY.

OPTAVIA Coaches have the opportunity to grow their businesses beyond acquiring and supporting Clients by building an organization of Coaches. To do so, **OPTAVIA** Coaches can sponsor other individuals as Coaches and, if desired, help them do the same.

4.2 BECOMING A SPONSOR.

Sponsorship opportunities are available to all Coaches; however, Coaches may only sponsor individuals or Business Entities who are residents of the United States, U.S. Territories or U.S. service members and their families at verified APO and FPO military addresses. Sponsoring is only permitted where the Company has officially announced it is open for business. See the **OPTAVIA** Procedures for Details on Sponsoring.

4.3 SPONSOR BUSINESS RESPONSIBILITIES.

Sponsoring Coaches must use their best efforts to provide, on an ongoing basis, bona fide mentoring and training of sponsored Coaches and the Coaches within their organization. Coaches must maintain ongoing contact, communication, and mentoring within their organization. Examples of such mentoring and training may include, but are not limited to:

- a. Providing ongoing contact, communication, encouragement, and support of personally sponsored Coaches and those within their downline organization;
- b. Product, program, and coaching training;
- c. Encouragement and support;
- d. Written correspondence;
- e. Personal and/or virtual meetings; Telephone contact, voice mail, and/or e-mail;
- f. Accompanying individuals to the Company and/or field training sessions and meetings;
- g. Assisting Coaches to set goals and create business strategies, etc.

4.4 COMPANY-APPOINTED SPONSORS.

Anyone interested in becoming an **OPTAVIA** Coach, but who does not have a specific Sponsor will have one appointed by the Company. These individuals will be distributed as "Business Leads" to qualified Sponsors in accordance with the Company's internal policies concerning Business Leads.

4.5 BUSINESS LEADS.

When the Company receives inquiries from individuals concerning the Company's products, programs, services and/or the business opportunity, the Company refers these individuals to **OPTAVIA** Coaches meeting certain qualifications as determined by the Company at its sole discretion.

4.6 PROTECTING THE LINE OF SPONSORSHIP.

OPTAVIA is a business built upon the creation of relationships with Clients and other Coaches.

Therefore, once a Coach is sponsored, in order to preserve the line of sponsorship and safeguard the hard work of all Coaches, with the exception of permitting a Coach to change sponsors within their first thirty (30) days of enrollment, **OPTAVIA** does not allow Coaches to change sponsors.

- a. ***Sponsor Changes within 30 Days of Enrollment.*** **OPTAVIA** does understand that there may be errors or other circumstances in the first 30 days of a Coach's enrollment where a change of sponsors may be warranted. As an accommodation, during a Coach's first 30 days only, a one-time transfer will be granted upon Company review and approval, however, approval is at the Company's sole discretion. In no way should this Policy be interpreted by a newly sponsored Coach as an opportunity to shop around within his/her first thirty (30) days for a different Sponsor, especially if their original Sponsor is reasonably fulfilling the role of Sponsor.
- b. ***Cancellation of an OPTAVIA Business.*** A Coach can voluntarily cancel or resign from their **OPTAVIA** business and if they remain inactive for six (6) full consecutive calendar months, following the six (6) calendar month period of inactivity, the former Coach may re-enroll under a new Sponsor of their choice. This requires the purchase of a new Business Kit. However, please note that:
 - i. The Coach will lose all rights to their former downline organization upon their cancellation and all rights to revenue produced through sales from their former organization;
 - ii. The Coach may not promote Company products, programs, earn compensation, or attend events or trainings during the six-month inactivity period;
 - iii. The Coach's Household family members, (e.g., Spouses, common law or domestic partners, and dependent children of one or both Spouses or domestic partners), are not permitted to enroll a business under a new sponsor during the six (6) month period;
 - iv. The Coach may not attempt to engage in any other actions that could be deemed, at the sole discretion of the Company, as an attempt to potentially circumvent this Policy; and
 - v. Once re-enrolled, the Coach is not permitted to solicit former Clients or induce Coaches or Clients from its former organization to change lines of sponsorship.

1. Coaches who fail to comply with the foregoing for the full six (6) calendar months may be required to sit out an additional six (6) months or may be prohibited from reenrolling as a Coach with the Company.

- c. **Waiver of Claims.** If a Coach improperly changes their Sponsor, **OPTAVIA** reserves the sole and exclusive right to determine the final disposition of the downline organization and any potential commissions that may have been earned, by the Coach in his/her second line of sponsorship. COACHES WAIVE ANY AND ALL CLAIMS AGAINST **OPTAVIA**, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM **OPTAVIA**'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION OR COMMISSIONS EARNED BY A COACH WHO HAS IMPROPERLY CHANGED THEIR SPONSOR.

4.7 CLIENT TRANSFERS.

Clients are free to choose the Coach they wish to do business with. If a Client wishes to change Coaches, he or she may do so. In addition, while a Client is free to choose the Coach they wish to do business with, a Coach may feel transferring a Client to a new Coach would best serve the Client (e.g. in the case of an inactive Client), if a Coach wishes to transfer the Client, the Coach may submit the change request on behalf of the Client. Client Transfers may not be used to circumvent any of the Policies outlined herein or to otherwise manipulate the Integrated Compensation Plan or any incentive offered by the Company. Client Transfer Requests may be reviewed by the Company's Compliance Department for approval and the Company reserves the right to decline any requests for Client Transfers at its sole and absolute discretion. See the **OPTAVIA** Procedures for Details on Client Transfers.

4.8 BULK CLIENT TRANSFERS.

OPTAVIA understands that, from time to time, a Coach may wish to transfer large numbers of frontline entities (inactive Clients, leads, etc.) to another downline Coach for ongoing support and service (hereinafter called "Bulk Client Transfers"). In order to better serve these frontline entities, **OPTAVIA** provides a process by which the Coach may transfer these frontline entities for an administrative fee proportional to the number of Clients to be transferred. However, please keep in mind that Clients always have the right to select their own Coach. In addition, Bulk Client Transfers may not be used to circumvent any of the Policies outlined herein or to otherwise manipulate the Integrated Compensation Plan or any incentive offered by the Company. Bulk Client Transfer Requests may be reviewed by the Company's Compliance Department for approval and the Company reserves the right to decline any requests for Bulk Client Transfers at its sole and absolute discretion. See the **OPTAVIA** Procedures for Details on Bulk Client Transfers.

4.9 CROSS-LINE COACH OR CLIENT SOLICITATION.

Coaches shall not directly or indirectly solicit, encourage, or induce a Coach in another Coach's downline to change lines of sponsorship, nor should a Coach directly or indirectly solicit a Client in another Coach's downline. Violation of this Policy will subject the Coach to potential disciplinary action, up to and including termination.

SECTION 5 - ADVERTISING

5.1 BUSINESS SUPPORT TOOLS & MATERIALS.

- a. **Definition of Business Support Tools & Materials.** Business Support Tools and Materials (hereinafter, "Business Support Materials") includes any and all electronic, printed, audio or video presentations, business building systems, materials and/or tools that a Coach uses to promote and/or advertise the offer or sale of **OPTAVIA** products, programs, services or the business opportunity. Some examples of Business Support Materials may include, but is not limited to: flyer's, posters, videos, PowerPoint presentations, mobile applications, websites, business cards, books, etc.

- b. **Use of Business Support Materials.** Subject to the exception under Policy 5.2, Coaches are only permitted to use Business Support Materials that have been produced and/or distributed by the Company for the promotion of their business, **OPTAVIA** products, programs, services and the business opportunity ("Company-Produced Business Support Materials"). Coaches may not create, prepare or use their own Business Support Materials.

5.2 COACH-CREATED BUSINESS SUPPORT MATERIALS.

While the Company endeavors to produce and distribute all the Business Support Materials a Coach may need to promote his/her business, the Company recognizes that there may be unique events or opportunities for which the Company does not have specific Business Support Materials prepared. Therefore, a Coach may wish to create certain Business Support Materials which contain the Company's protected trademarks for an event, meeting or other opportunity to advertise his/her business. Business Support Materials created by Coaches ("Coach-Created Business Support Materials") must be limited to flyer's, pamphlets, banners, and other printed materials. Coaches must submit all Coach-Created Business Support Materials they create to the Company for its prior review and written approval before use. The Company has the sole discretion of whether to approve such Coach-Created Business Support Materials. The Company reserves the right to rescind the approval of any Coach-Created Business Support Materials at its discretion, and COACHES WAIVE ANY CLAIM FOR DAMAGES OR REMUNERATION FOR ANY LOSSES THAT THEY MAY INCUR RESULTING FROM OR RELATING TO THE COMPANY'S DECISION TO RESCIND ITS PRIOR APPROVAL. See the **OPTAVIA** Procedures for Details on Approval of Coach-Created Business Support Materials.

5.3 INTERACTION WITH THE MEDIA.

In order to protect the **OPTAVIA** brand and to ensure a consistent message, **OPTAVIA** has determined that it is in the best interest of all Coaches to have designated company spokespersons handle all communications with the Media, except as otherwise allowed by these Policies. Accordingly, unless Coaches receive prior written consent from the Company, Coaches are not permitted to contact, solicit, respond to, interview with, or otherwise communicate with the Media about **OPTAVIA**, its products, programs, services, the business opportunity, their experience with **OPTAVIA**, or anything else relating to **OPTAVIA**, even if **OPTAVIA** is not mentioned by name. It is a violation of this Policy to provide any information to the Media without prior written approval from **OPTAVIA**, regardless of whether the information is positive or negative, accurate or inaccurate. "Media" is defined broadly to include, but is not limited to, all traditional news outlets, television, podcasts, radio shows, print media, as well as all internet-based journalistic communications, which may include blogs, forums, and bulletin boards relating to journalistic news or similar outlets. If the Media contacts a Coach, he or she must notify the Company and receive written authorization to speak to the Media BEFORE discussing **OPTAVIA** products, programs, services, the business opportunity, etc. with the Media. If appropriate, the Company shall appoint an authorized representative to serve as a spokesperson to the Media. Coaches who receive written authorization from the Company to interact with the Media shall also work with the Company to ensure that **OPTAVIA**'s products, programs and services are accurately presented to the Media. See the **OPTAVIA** Procedures for Details on Interaction with the Media.

5.4 PROHIBITED ADVERTISING PRACTICES & TOOLS.

In order to protect the image of the Company as well as our field of Coaches, certain advertising practices are strictly prohibited:

- a. **Printed Materials.** Except as allowed by these Policies, Coaches are prohibited from advertising their businesses or from using the Company name or any other Company trademark in printed advertising materials or in conjunction with other promotions; this includes:
 - i. National magazines, such as People or Rolling Stone;

- ii. National/regional magazines, such as Baltimore Magazine or New York Magazine;
 - iii. National newspapers, such as USA Today or The New York Times;
 - iv. Direct Selling publications;
 - v. Outdoor commercial advertising, such as transit ads, billboards, banners on brick and mortar buildings, etc.;
 - vi. Catalogs or catalog listing services;
 - vii. Promotions with other companies; such as the offering of **OPTAVIA** Lean & Green meals at an area restaurant.
- b. **Radio, Podcasts and Television.** Coaches are prohibited from advertising on national or regional radio, podcasts and television. Coaches are permitted to advertise on local radio to promote local **OPTAVIA** Coach events, however, Coaches may not engage in any radio advertising until the Company has provided written approval concerning the advertisement and the proposed local radio station (via an Advertising Request Form). The Company may decline to provide permission to the Coach at its sole and absolute discretion. With the exception of Company-approved (in writing) PR opportunities, such as Coach interviews on local news programs, Coaches may not advertise **OPTAVIA** products, programs or services on television.
- c. **Online Advertising and the Internet.** Coaches may not publish, create, or maintain any website, web page (including mobile application), other than their replicated **OPTAVIA** website, in connection with advertising or promoting their business.
- d. **Domain Names, URLs, Keywords, Meta Tags, and E-mail Addresses.** Coaches may not use, purchase, or register any domain names, URLs, keywords, meta tags, or e-mail addresses that include, in whole or in part, the Company name or any of the Company's trademarks, service marks, or product names, or any derivative thereof. To the extent that Coaches violate this Policy, they hereby acknowledge and agree that they will, upon Company request, immediately discontinue use and/or transfer to the Company (or its designee), at the Coaches' expense, any such materials. Without limitation, a Coach may not:
- i. Create, operate, or maintain any website or web page with the words **OPTAVIA**, Medifast, or any other Company trademark or acronym or derivative of a trademark, in whole or in part, in all or part of the URL (please see partial list of **OPTAVIA** trademarks attached as Appendix A to these Policies);
 - ii. Purchase a keyword from a search engine or other online service that comprises or includes the words **OPTAVIA** or any other Company trademark, irrespective of whether the results of searches for that term include the Company;
 - iii. Create an e-mail address that includes **OPTAVIA** or any other Company trademark.
- e. **Online Auctions, Markets and Outlets.** Coaches may not sell, auction, or attempt to sell Company products, programs, business tools, coupons/promotional codes, or the unique support services offered by a Coach on any online marketplace/storefront or auction sites (e.g., Amazon, eBay, etc.). Coaches are prohibited from using these sites to sell products or solicit/generate leads. Selling Company products, programs, or services online will subject the Coach to potential disciplinary action, up to and including termination.
- f. **Unsolicited Communications.** Coaches may not send, transmit, or otherwise communicate any spam or other unsolicited mail, e-mail, text, SMS, or other messages to any individual or group. Use of Company provided tools, such as the Back-Office, require that Coaches have a bona fide connection to their message recipients prior to sending correspondence of any kind. Coaches may not buy or use any third party generated e-mail or mailing address lists in conjunction with their **OPTAVIA** business.
- g. **Blogs and Vlogs.** Coaches cannot create or maintain independent blogs or vlogs (video blogs)

that contain the Company name or company trademarks or that describe Company products or programs without written Company approval. Vlogs specifically include, but are not limited to, YouTube and Vimeo.

- h. **Product Packaging.** Coaches may not re-label, repackage, or modify the Company's products in any way in conjunction with any advertising, presentation, or other endeavor. A Coach may, however, provide products for sampling purposes.
- i. **Similar Promotions or Incentives.** While Coaches are permitted to run compliant incentives or promotions within their organization as a method to grow their respective businesses, Coaches are prohibited from running incentives, contests and or promotions within their organizations that are confusingly similar in nature to those that are promoted by **OPTAVIA**. Coaches should also ensure that any promotions or incentives that they may choose to run are in compliance with any applicable local, state or federal regulations.
- j. **Company-Operated Social Media.** The Company (defined as **OPTAVIA** LLC and its parent company, Medifast, Inc.), has its own independent social media presence. From time to time, the Company may use "organic posts" and "paid social media advertisements" to promote the Company and its offerings, including, but not limited to, its products and programs. In order to preserve the intended purpose of these posts and prevent disruption within the **OPTAVIA** Community, **OPTAVIA** Coaches may not directly or indirectly, themselves or through their Clients, attempt to solicit, or recruit potential Client or Coach candidates on any Company social media postings or advertisements. "Attempting to solicit or recruit" shall be broadly construed, and examples include, but are not limited to:
 - i. "Come join my team;"
 - ii. "I can help you lose weight and my services as a Coach are at no extra cost;"
 - iii. "My team and I have a great time together;"
 - iv. "Come join my Coach's team."
 - v. "My Coach is so great! You should use [Coach name]."

5.5 PERMISSIBLE ADVERTISING PRACTICES & TOOLS.

While certain advertising practices are prohibited, Coaches may use a wide variety of resources to attract Clients and to acquire new Coaches. Please remember that Coaches may only use approved Business Support Materials when advertising their business.

- a. **Replicated OPTAVIA Website.** Coaches can advertise their business through their replicated **OPTAVIA** website.
- b. **Social Media.** Coaches may include a link on their social media sites (Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) to their replicated **OPTAVIA** website, and vice-versa. Coaches are responsible for the content of all material that they produce and all of their own postings on any social media site, as well as all postings on any social media site that they own, operate, or control. In addition to meeting all other requirements specified in these Policies, if a Coach uses any form of social media to advertise their business, including, but not limited to, Facebook, Twitter, LinkedIn, YouTube, Pinterest, or Instagram, the Coach agrees to each of the following:
 - i. No product sales or enrollments may take place directly or indirectly through any social media site;
 - ii. Coaches may not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks

on any individual, group, or entity, or is in violation of any intellectual property rights of the Company or any third party;

- iii. Any social media site that is directly or indirectly operated or controlled by a Coach that is used to discuss or promote **OPTAVIA**'s products, programs, services, or the business opportunity, may not link to any website, social media site, or site of any other nature that promotes the products, services, or business program of any Direct Selling company other than **OPTAVIA**;
 - iv. During the term of the Agreement and for twelve (12) calendar months thereafter, a Coach may not use any social media site on which they discuss or promote, or have discussed or promoted, the **OPTAVIA** business or **OPTAVIA**'s products, programs or services to directly or indirectly solicit **OPTAVIA** Coaches for another Direct Selling or network marketing program. A current or former **OPTAVIA** Coach shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other **OPTAVIA** Coaches relating to the Coaches' other Direct Selling business activities. Violation of this provision shall constitute a violation of the Non-Solicitation provision of these Policies;
 - v. If a Coach creates a business profile page on any social media site that promotes or relates to **OPTAVIA**, its products, programs, services or opportunity, the business profile page must relate exclusively to the Coaches' **OPTAVIA** business and **OPTAVIA** products, programs and services (Pinterest and similar sites are exempt from this exclusivity Policy). If the Coaches' **OPTAVIA** business is canceled for any reason or if the Coach becomes inactive, the Coach must deactivate the business profile page;
 - vi. Some social media sites are so robust that they can serve as websites. As Coaches are not permitted to operate independent websites to advertise **OPTAVIA**, its products, programs, services or opportunity, **OPTAVIA** reserves the right to require that a Coach discontinue using a social media site that the Company in its sole discretion determines to be the equivalent of a website.
- c. **Telephone Directories (Yellow and White Pages)**. Potential Clients seeking a Coach can look one up in the telephone directory. Coaches may list themselves in telephone books and other directories as their name, followed by "Independent **OPTAVIA** Coach" or "Independent Coach with **OPTAVIA**." Certified Coaches may identify themselves as such in telephone directories (as an "Independent Certified **OPTAVIA** Coach"). This rule also applies to local online directories or listings, including websites like www.patch.com and www.yellowpages.com. **OPTAVIA** Coach telephone directory listings must be approved by the Company.
 - d. **Community Newspapers and Local Classified Publications**. Publications such as PennySaver, local newspapers, and community bulletins are widely read by the people in the community. Coaches may advertise in these publications, so long as the advertisement is approved by the Company.
 - e. **Online Classifieds**. Many local newspapers and weekly publications are also available online. Coaches may wish to advertise their business through local online classified advertisements (including on Craigslist) to promote the Coach's **OPTAVIA** business and to locate potential new Coaches. However, Coaches are not permitted to use online classifieds for product sales; postings related to sales of products are strictly prohibited. Online classified advertisements must be approved by the Company.
 - f. **Supermarket Bulletin Boards**. Most local grocery stores have a bulletin board where local residents fill out cards advertising goods and services; Coaches may place Company approved business cards on such bulletin boards.
 - g. **Welcome to the Neighborhood**. When people move into a new neighborhood, they are on the lookout for new ways to buy familiar goods and services. Many communities offer gift baskets featuring special deals for new residents. Coaches may place approved Business Support Materials

or Company approved business cards in the welcome package.

- h. **Customized E-mail Signature.** Turn an e-mail signature into a mini-ad. It's a free, easy way to promote your **OPTAVIA** business. Keep it brief, but include what you think is important. In order to remain consistent with brand guidelines, be sure to hold yourself out as an "Independent **OPTAVIA** Coach" or "Independent Coach with **OPTAVIA**." Certified **OPTAVIA** Coaches can list themselves as an "Independent Certified **OPTAVIA** Coach" in an e-mail signature.

See the **OPTAVIA** Procedures for Details on Submitting Permitted Advertising Materials and Tools to the Company for Approval.

5.6 E-MAIL MESSAGES.

Coaches must comply with all laws regarding the sending of e-mail messages, including the CAN-SPAM Act, and it is a duty of the Coach to become and remain informed about the requirements of these laws. Coaches are prohibited from sending unsolicited e-mails regarding their replicated website or business to individuals who have not specifically requested information regarding the **OPTAVIA** business opportunity, products, programs or services. In the event an individual who has formerly agreed to receive e-mail information later requests that the Coach cease sending the individual any e-mail, the Coach must honor this request immediately and remove that individual from the Coach's e-mail distribution list.

5.7 COMPANY TRADEMARKS & COPYRIGHTS.

The name "**OPTAVIA**" and other names as may be adopted by the Company from time to time are proprietary trade names, trademarks and service marks of **OPTAVIA** (as partially outlined in Appendix A). The Company's trademarks and copyrights are valuable assets and, therefore, the Company strictly regulates the use of these trademarks and copyrights to ensure that they do not lose their value to the Company or to our independent field sales force. Coaches may not use the Company's trademarks, trade names, copyrights and other intellectual property rights, registered or otherwise, in any form except as specifically authorized by these Policies or as otherwise approved in writing by the Company. The Company may prohibit the use of the Company's trademarks or copyrights in any Business Support Materials or other medium. While the Company grants Coaches a limited license to use its trademarks and trade names in promotional media, that license exists only for so long as the Independent **OPTAVIA** Coach Agreement is in effect. Upon cancellation of a Coach's Agreement for any reason, the Coach's license shall expire and the Coach must immediately discontinue all use of the Company's trademarks and trade names. Violation of any of the Policies pertaining to Company Trademarks and Copyrights may subject the Coach to disciplinary action, up to and including termination.

- a. **Use of Company Trademarks.** Under no circumstances may a Coach use any of **OPTAVIA**'s trade names, trademarks, service marks or logos in any e-mail address, Business Entity name, website domain name, social media name or handle (or social media profile picture), address or phone number. In addition, Coaches are not permitted to use or apply the Company's trade names, trademarks, service marks or logos on any tangible items, including, but not limited to: customized license plates, apparel, products, tools or other materials, unless otherwise allowed in these Policies or as authorized by the Company in writing.
- b. **Live and Recorded Events.** **OPTAVIA** commonly puts on live and recorded events as well as webinars and telephone conference calls. During these events, Company executives or employees, Coaches, and guests may appear and speak. The content of such events is copyrighted material that is owned exclusively by the Company. Coaches may not record any Company events or functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium (Company events or functions include: "**OPTAVIA** Convention," "Sundance," "Healthy Habits for AllÆ," etc.).
- c. **Company Produced Business Support Materials.** Company-produced Business Support Materials,

videos, audio, podcasts, and printed material are copyrighted materials. While some of these materials may be available to Coaches in their Back-Offices for download, Coaches shall not copy, sell or license any such materials without the Company's prior written approval.

5.8 REPLICATED WEBSITES.

Upon enrollment, Coaches receive a replicated **OPTAVIA** website from which they can generate sales and enrollments of other Coaches. Replicated **OPTAVIA** websites are the only websites that Coaches are authorized to use in connection with their **OPTAVIA** business.

5.9 RETAIL OUTLETS.

Coaches may not sell **OPTAVIA** products in any retail, wholesale, warehouse, trade show or discount establishment (collectively "Retail Outlet"). This includes accepting orders, and/or accepting any form of payment for products and/or exchanging or transferring products to a buyer in a Retail Outlet.

5.10 TESTIMONIALS & CLAIMS.

- a. **Weight-Loss Testimonials.** If a Coach makes a weight-loss testimonial (including any statements or representations about weight-loss efficacy or statements disclosing or implying the amount of weight that any person has lost) in connection with **OPTAVIA**'s products and programs, the Coach must adhere to each of the following:
 - i. The Coach making the testimonial must clearly and conspicuously disclose that he/she is an independent **OPTAVIA** Coach;
 - ii. The testimonial must be true and accurate, and must disclose all additional material information that impacted their weight-loss (e.g., changes in lifestyle or exercise habits, use of diet pills, etc.);
 - iii. The testimonial must clearly and conspicuously include the most recent **OPTAVIA** disclaimers which are included in official **OPTAVIA** literature or posted on **OPTAVIA**'s official website and which may change or be updated from time to time. It is the Coach's obligation to be familiar with the latest **OPTAVIA** disclaimers.
- b. **Weight-Loss Statements/Testimonials Disclaimers.** Weight-loss statements/testimonials must include one of the following disclaimers, depending on whether (a) only total weight-loss is noted in the statement or (b) total weight-loss and a time duration is mentioned, for example:
 - i. "Average weight-loss for Clients on the Optimal Weight 5&1 Plan® is 12 pounds." Use this version for weight-loss statements where only total weight-loss is noted without any time duration mentioned, e.g., - "Susan lost 50 pounds;"
 - ii. "Average weight-loss for Clients on the Optimal Weight 5&1 Plan® is 12 pounds. Clients are in weight-loss, on average, for 12 weeks." Use this version for weight-loss statements where both total weight-loss and a time duration is mentioned, e.g., - "Susan lost 50 pounds in 4 months."
 1. For additional information on weight-loss disclaimers and claims, please see COACHANSWERS.OPTAVIA.com.
- c. **Prohibited Health Claims.** It is important to ensure that when you are advertising your business, any health claims are truthful, non-misleading and substantiated. There are a few conditions which improve for almost everyone when they lose weight. We, as a Company, are confident that we have enough scientific support to talk about these conditions, solely when talking about weight-loss. Just eating our Fuelings is not enough. Clients must follow the program and actually lose the weight. For example, with respect to weight-loss, it is typical that people see improvements in the following conditions:

- i. High blood pressure;
- ii. High cholesterol/high triglycerides; and
- iii. Type 2 diabetes.

At this time, we do not have the scientific support to advertise improvement of any other health-related condition. When discussing improvements of any of these 3 conditions, you must indicate that the improvement was due to weight-loss (e.g., "Thanks to losing weight, my type 2 diabetes has improved"). **OPTAVIA** and the Optimal Weight 5 & 1 Plan do not cure, prevent, diagnose, or treat any disease; Coaches may not make claims that **OPTAVIA**'s products and programs can or may help to prevent, cure, and/or mitigate any illness or disease. This prohibition against curative claims includes, but is not limited to, testimonials about **OPTAVIA**'s products and programs that are not contained in official **OPTAVIA** literature or posted on **OPTAVIA**'s official website for the U.S. market. **OPTAVIA** and its products and programs are not medical treatment or care and cannot and must not be conveyed as such. The following is a non-exclusive list of prohibited health claims:

- i. Medication Elimination (example of non-compliant statement; please do not use - "Thanks to **OPTAVIA**, I'm off all blood pressure medication.");
 1. While you may note that your medication was lowered or reduced DUE TO Weight-loss, not **OPTAVIA**, you may not discuss medication being lowered or reduced unless it was for one of the 3 conditions noted above - High Blood Pressure, High Cholesterol or Type 2 Diabetes.
- ii. Specific Weight Maintenance (example of non-compliant statement; please do not use - "I have maintained my weight-loss for five years.")
 1. While you may note that you are maintaining your weight, you are not permitted to include specific time spans when referring to maintaining your weight-loss.
- iii. Specific Improvements with High Blood Pressure, High Cholesterol or Diabetes or any other disease or condition (example of non-compliant statements; please do not use - "My blood pressure has dropped to 120/80," "My cholesterol has dropped below 200," or "My A1C levels are below 5 percent").
 1. Again, while you may note that you have general improvements in the aforementioned 3 conditions, DUE TO Weight-loss, you are not permitted to discuss specific improvements with respect to these 3 conditions.

Again, as mentioned above, these are only a few of the prohibited health claims that Coaches are not permitted to make or discuss when advertising their **OPTAVIA** Coach business.

- d. **Representing the Income Opportunity.** When presenting or discussing the **OPTAVIA** Integrated Compensation Plan or business opportunity, Coaches must include a proper income disclaimer (examples below) making clear to prospects that financial success in **OPTAVIA** is not guaranteed; that success requires, at a minimum, commitment, effort, and skill; and that success levels above small supplemental income are rare. When presenting or discussing the **OPTAVIA** opportunity or Integrated Compensation Plan or business opportunity to a prospective Coach, Coaches must provide the prospective Coach with a copy of **OPTAVIA**'s then-current Income Disclosure Statement ("IDS") to demonstrate the range of success that Coaches had in the past year. Coaches may not make any exaggerated income claim nor any claim that is false or deceptive. Moreover, Coaches must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:
 - i. The system will do the work for you;
 - ii. Just get in and your downline will build through spillover;

- iii. Just join and I'll build your downline for you;
- iv. The company does all the work for you;
- v. You don't have to sell anything;
- vi. All you have to do is buy your products every month.

The above are just examples of improper representations about the Integrated Compensation Plan and the business opportunity and are not an inclusive list. It is important that Coaches do not make these, or any other representations, that could lead a prospect to believe that they can be successful as a Coach without commitment, effort, and skill or that suggests they are guaranteed success even with commitment, effort, and skill.

- e. ***Income Disclosure Statement.*** The Company has developed the Income Disclosure Statement ("IDS") to convey truthful, timely, and comprehensive information regarding the income that **OPTAVIA** Coaches have earned (IDS is attached as Appendix B to these Policies). The IDS is not a projection of what may be earned in the future; it is a report of what Coaches have earned in the past and must be conveyed as such. A copy of the IDS must be made available to any prospective Coach any time the Integrated Compensation Plan or earning opportunity is presented or discussed or any type of income claim or earnings representation is made.
- f. ***Income Claims and/or Earnings Representations.*** Income claims and earnings representations (collectively, "income claims") are:
 - i. Any statement indicating a specific amount has been, may be, or will be earned;
 - ii. Any statement making a financial projection;
 - iii. Any statement providing possible ranges within which income can be earned;
 - iv. Statements of earnings ranges;
 - v. Income testimonials;
 - vi. Lifestyle claims (see below for examples); and
 - vii. Hypothetical claims.
- g. ***Lifestyle Claims.*** A "lifestyle claim" is a form of income claim. It typically includes discussion or pictures of large homes, vacation homes, boats, luxury cars, exotic vacations, expensive jewelry or other items suggesting or implying wealth. A photo of any of these things standing alone is a lifestyle claim. References to the achievement of one's dreams or having everything one always wanted are also lifestyle claims. Claims such as "My **OPTAVIA** income exceeded my salary after six months in the business," or "Our **OPTAVIA** business has allowed my wife to come home and be a full-time mom," or "I'm now able to send my kids to private school," or "Time freedom" are examples of lifestyle claims.
- h. ***Income Disclaimers.*** When discussing the **OPTAVIA** business opportunity or making any references to income or lifestyle claims, Coaches must disclaim these representations with a proper income disclaimer. An income disclaimer must: (1) be truthful and disclose when the representation is about above-average or exceptional performance (the more atypical the represented success, the more thorough the disclaimer should be); (2) be clear and conspicuous (i.e., use straightforward, simple language and a similar size and font for both the income claim and the income disclaimer); and (3) be provided at the time of the representation and must be visible (when in writing). The Company has developed the following income disclaimers that should be used by Coaches when sharing their success with **OPTAVIA**:
 - i. Typical Income Disclaimer - When sharing personal stories of typical or average success with **OPTAVIA**, such as providing the opportunity to help with paying for soccer camp, groceries, or help with a car payment, etc., the following disclaimer should be referenced:
 1. "**OPTAVIA** makes no guarantee of financial success. Success with **OPTAVIA** results

from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Please see the **OPTAVIA** Income Disclosure Statement (<https://bit.ly/idsOPTAVIA>) for statistics on actual earnings of Coaches.”

- ii. Atypical Income Disclaimer - When sharing personal stories of atypical success with **OPTAVIA**, such as providing the opportunity to take a European vacation, pay off a mortgage, invest in a vacation home, etc., the following disclaimer should be referenced:
 1. “This income testimonial is not representative of the average earnings that Coaches achieve with **OPTAVIA**; only a very small number of Coaches will achieve income that is within the range of this testimonial. **OPTAVIA** makes no guarantee of financial success. Success with **OPTAVIA** results only from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Please see the **OPTAVIA** Income Disclosure Statement (bit.ly/idsOPTAVIA) for statistics on actual earnings of Coaches.”
- iii. If sharing your success verbally, please make sure to give the appropriate verbal disclaimers regarding your success. For example:
 1. “This is my personal story. Clearly, I have been fortunate to have success as a Coach with **OPTAVIA**, but there is no guarantee of financial success and very few Coaches achieve the results that I did. Success with **OPTAVIA** results from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Take a look at **OPTAVIA**’s Income Disclosure Statement [which I will provide for you/which is on the sheet you received/is available at the website on the screen] for statistics on actual earnings of Coaches.” OR
 2. “What I’ve been discussing is my story. I’ve worked hard and been fortunate to be successful as a Coach with **OPTAVIA**. But, there are no guarantees of financial success with **OPTAVIA**. In fact, only a small number of Coaches achieve the results that I did. What it took for me to be successful in my sales efforts with **OPTAVIA** was hard work, diligence, skill, persistence, competence, and leadership. Take a look at **OPTAVIA**’s Income Disclosure Statement [which I will provide for you/which is on the sheet you received/is available at the website on the screen] for statistics on actual earnings of Coaches.”
- i. **Meetings.** In any meeting that is open to the public in which the Integrated Compensation Plan is discussed or any type of income claims are made, there must be a 3-foot x 5-foot or larger copy of the current IDS on display in the front of the room in reasonable proximity to the presenter(s). Alternatively, a Coach may provide all attendees with a copy of the current IDS. In any meeting in which any type of video display is used (e.g., monitor, television, projector, etc.), a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Integrated Compensation Plan or the making of an income or lifestyle claim. Alternatively, a Coach may provide all attendees with a hard copy of the current Income Disclosure Statement on a page that is at least 8”x10.” Provision of the IDS as required here does NOT serve as an income disclaimer, and you must still use the appropriate income disclaimers if there are references to income or lifestyle claims are made/displayed at a meeting.

5.11 HOLDING EVENTS & MEETINGS.

- a. **Field-Run Events.** Coaches are encouraged to get together with other Coaches for training, motivational, or business development purposes; these are deemed Meetings or Trainings for purposes of these Policies. Meetings and Trainings can be held between Coaches in the same organization or coaches in other lines of sponsorship. The Company does not need to be notified of their occurrence. Even when all attendees are Coaches, proper income disclaimers should be used if there are references to income or lifestyle claims are made/displayed.

- b. ***Client or Coach Acquisition Events.*** Coaches may also wish to hold Client acquisition or business opportunity events that are advertised, promoted, or open to the public. These gatherings are deemed “Events.” For Coach acquisition Events, **OPTAVIA** Coaches must abide by the following requirements:
 - i. Income Disclosure Policies must be adhered to;
 - ii. Only approved Business Support Materials (developed or approved by the Company) may be used at any Event;
 - iii. All other Policies herein must be adhered to when holding an Event, failure to do so is grounds for disciplinary action.
 - 1. While the Company does not need to be notified of the occurrence of Events, should a Coach have any doubt concerning whether or not he/she may be in compliance with all relevant **OPTAVIA** Policies when holding an Event, the Coach should contact the **OPTAVIA** Compliance Department.

5.12 TRADE SHOWS, FAIRS, & EXPOS.

- a. ***Promoting a Coach Business at Professional Events.*** We encourage Coaches to attend trade shows, fairs, and expositions to promote their businesses, when they are ready. However, Coaches must refrain from attending events that do not reflect well on the scientific and clinical heritage of the Company, its products and programs, or that could negatively reflect on the image of the Company.
- b. ***Qualification.*** Only Certified Coaches who are qualified at the rank of Executive Director or above may attend and promote **OPTAVIA** at trade shows and professional expositions. Other Coaches not yet qualifying at the rank of Executive Director may participate in a tradeshow only under the guidance of a Certified Executive Director personally present at the event.
- c. ***Turning Event Contacts into Active Clients.*** If a future Client wishes to place an order at the exposition, he/she can place the order through Client Services or place the order online via the Coach’s replicated website.
- d. ***Company Presence at Events.*** Members of the **OPTAVIA** corporate team often attend and participate in events, which emphasizes the importance of speaking with one voice from a brand perspective to uniformly promote our products and programs. Therefore, Coaches may not participate in events where there is a corporate presence, unless prior written approval is given by the Company. It is solely the Coach’s responsibility to comply with this Policy.
- e. ***Field Presence at Events.*** **OPTAVIA** is not responsible for managing the event schedule within the field and will not mediate disputes with event vendors or among members of the field.
- f. ***Registering for Events.*** Coaches should inquire with the event organizer prior to registration to determine if the Company will be attending the event. In cases where the Company will be present, Coaches should contact the Company before registration. The Company is not responsible for event registration fees and event costs associated with Coaches registering for events they cannot attend. Coaches may not register themselves as “**OPTAVIA**,” Coaches may only register as: “<Coach Name>, Independent **OPTAVIA** Coach” or “<Coach Name>, Independent Coach with **OPTAVIA**,” or Certified **OPTAVIA** Coaches can register themselves as “<Coach Name>, Independent Certified Coach with **OPTAVIA**.”
- g. ***Insurance.*** As previously mentioned in these Policies (Policy 3.4), **OPTAVIA** does not provide liability or other insurance coverage, which is sometimes required to participate in such events. Such coverage, if necessary, is the sole responsibility of the Coach.
- h. ***Approval.*** **OPTAVIA** further reserves the right to refuse authorization for participation in any function that it does not deem to be a suitable forum for the promotion of its products, programs, services, or the **OPTAVIA** business opportunity.

Appendix A – U.S. Partial List Of **OPTAVIA** Trademarks*

4 & 2 & 1 Plan®

5 & 1 Plan®

5 & 2 & 2 Plan®

Flavors of Home®

Healthy Habits for All®

Lifelong Transformation, One Healthy Habit at a Time®

OPTAVIA®

Optimal Health 3 & 3 Plan®

Optimal Weight 4 & 2 & 1 Plan®

Optimal Weight 5 & 2 & 2 Plan®

Optimal Weight 5 & 1 Plan®

Purposeful Hydration®

We make healthy eating second nature™

*This list is not complete and is subject to update at any time at the discretion of the Company. For a complete list of Intellectual Property and trademarks, please email the Compliance Department.

Appendix B - **OPTAVIA** Income Disclosure Statement - English

OPTAVIA 2021 U.S. INCOME DISCLOSURE STATEMENT*

2021 ANNUAL INCOME RANGES OF ALL INDEPENDENT **OPTAVIA** COACHES

| Range | % of Independent OPTAVIA Coaches | Average No. of Months in the business | Median No. of Months in the business |
|-----------------------------|---|---------------------------------------|--------------------------------------|
| NO EARNINGS | 19.83% | 12 | 12 |
| \$0.01 - \$100.00 | 7.25% | 14 | 12 |
| \$100.01 - \$250.00 | 11.34% | 13 | 10 |
| \$250.01 - \$500.00 | 10.66% | 16 | 11 |
| \$500.01 - \$1,000.00 | 11.71% | 19 | 12 |
| \$1,000.01 - \$2,500.00 | 13.46% | 20 | 12 |
| \$2,500.01 - \$5,000.00 | 8.06% | 21 | 13 |
| \$5,000.01 - \$7,500.00 | 3.66% | 22 | 15 |
| \$7,500.01 - \$10,000.00 | 2.17% | 23 | 16 |
| \$10,000.01 - \$15,000.00 | 2.65% | 23 | 16 |
| \$15,000.01 - \$20,000.00 | 1.83% | 24 | 17 |
| \$20,000.01 - \$30,000.00 | 2.49% | 27 | 19 |
| \$30,000.01 - \$50,000.00 | 2.59% | 32 | 22 |
| \$50,000.01 - \$100,000.00 | 1.60% | 41 | 33 |
| \$100,000.01 - \$200,000.00 | 0.46% | 52 | 44 |
| \$200,000.01+ | 0.24% | 82 | 64 |

*Based on 2021 Annual Income Ranges of ALL Independent **OPTAVIA** Coaches operating in the U.S. under the U.S. Compensation Plan.

These figures are not guarantees or projections of expected earnings or profits, and the income levels represented do not include expenses independent **OPTAVIA** Coaches may have incurred in building their businesses. **OPTAVIA** makes no guarantee of financial success. Success with **OPTAVIA** results from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership.

Appendix B - **OPTAVIA** Income Disclosure Statement - Spanish

DECLARACIÓN DE DIVULGACIÓN DE INGRESOS DE EE. UU. DE **OPTAVIA** 2021.*

RANGOS DE INGRESOS ANUALES DE 2021 DE TODOS LOS COACHES INDEPENDIENTES DE **OPTAVIA**

| Rango | % de Coaches Independientes de OPTAVIA | N.º Promedio de Meses en el Negocio | N.º Medio de Meses en el Negocio |
|-----------------------------|---|-------------------------------------|----------------------------------|
| SIN GANANCIAS | 19.83% | 12 | 12 |
| \$0.01 A \$100.00 | 7.25% | 14 | 12 |
| \$100.01 A \$250.00 | 11.34% | 13 | 10 |
| \$250.01 A \$500.00 | 10.66% | 16 | 11 |
| \$500.01 A \$1,000.00 | 11.71% | 19 | 12 |
| \$1,000.01 A \$2,500.00 | 13.46% | 20 | 12 |
| \$2,500.01 A \$5,000.00 | 8.06% | 21 | 13 |
| \$5,000.01 A \$7,500.00 | 3.66% | 22 | 15 |
| \$7,500.01 A \$10,000.00 | 2.17% | 23 | 16 |
| \$10,000.01 A \$15,000.00 | 2.65% | 23 | 16 |
| \$15,000.01 A \$20,000.00 | 1.83% | 24 | 17 |
| \$20,000.01 A \$30,000.00 | 2.49% | 27 | 19 |
| \$30,000.01 A \$50,000.00 | 2.59% | 32 | 22 |
| \$50,000.01 A \$100,000.00 | 1.60% | 41 | 33 |
| \$100,000.01 A \$200,000.00 | 0.46% | 52 | 44 |
| \$200,000.01+ | 0.24% | 82 | 64 |

*Basado en los rangos de ingresos anuales de 2021 de TODOS los Coaches independientes de **OPTAVIA** que operan en los EE. UU. conforme al Plan de Compensación de los EE. UU.

Estas cifras no son garantías ni proyecciones de ganancias o utilidades esperadas, y los niveles de ingresos representados no incluyen gastos en los que los Coaches independientes de **OPTAVIA** puedan haber incurrido para desarrollar sus negocios. **OPTAVIA** no garantiza el éxito financiero. Solo se obtendrán resultados satisfactorios con **OPTAVIA** si se realizan esfuerzos de ventas satisfactorios, que requieren trabajo arduo, diligencia, habilidad, persistencia, competencia y liderazgo.

Appendix C – Guidance on Handling Payment Card Information For Independent **OPTAVIA** Coaches

PURPOSE

Payment card information (which we sometimes call “Card Information”), including credit or debit card numbers, expiration dates, security codes, cardholder names, and other information collected when a person uses their credit or debit card, is sensitive information, and **OPTAVIA** is committed to protecting the information of all members of the **OPTAVIA** Community, including our Coaches and Clients.

We want to make sure you have the guidance you need to continue to appropriately protect sensitive information, so we have put together some guidance on how you as our independent **OPTAVIA** Coaches can help take the lead in safeguarding the Card Information of your Clients.

YOUR RESPONSIBILITIES AS COACHES

You can help us by:

- Limiting your access to and storage of Card Information;
- Following the guidance on Card Information below; and
- Letting us know immediately if you know or suspect that someone has seen Card Information when they shouldn't have. You can contact us here:
 - For U.S. Coaches: compliance@OPTAVIA.com
 - For Hong Kong Coaches: hkcompliance@OPTAVIA.com
 - For Singapore Coaches: sgcompliance@OPTAVIA.com

HOW TO HANDLE CARD INFORMATION

Assisting Clients with Account Creation and Order Placement

A Client may, at times, seek your help in creating an account or placing an order. During this process, the Client may trust you with their Card Information.

- Don't feel like you have to process orders on behalf of your Clients – if they decide they want to place orders themselves that is perfectly okay!
- If a Client gives you their payment card information to complete an order, you should only use it to place the exact order they requested – no more and no less!
 - Do not opt the Client in to our autoship program (**OPTAVIA** Premier) without asking them if that is what they want and letting them know the recurring charge amount.
 - The Client may be presented with exclusive offers - products at a discounted price that are related to the items that they are purchasing - but do not assume that the Client would like to take advantage of these offers. These products should only be added to the Client's order if they understand what they are ordering and the additional cost.
- Confirm with the Client what they would like to order before assisting them with any phone orders. As a reminder, telephone orders are placed by calling:
 - For U.S. Coaches and Clients: 1.888.678.2842
 - For Hong Kong and Singapore Coaches and Clients: (852) 800 931 717
- Never use a Client's payment card for any purpose besides helping Clients who request your assistance to create an account or place an **OPTAVIA** order.

KEEPING CARD INFORMATION CONFIDENTIAL

- Never share a Client's Card Information with anyone other than the Client or an **OPTAVIA** Client or Coach Support representative while assisting a Client in placing an order. If a Client's friend or family member asks you to place an order using the Client's Card Information, always check with the Client first.
- To the extent you are temporarily recording or storing it, always keep Card Information confidential—you can make sure other people can't access your Clients' Card Information by doing things like not leaving it laying around face-up on a notepad or reading out card numbers over the phone in public.
- If you've written down Card Information, don't bring it anywhere where you might accidentally lose it (like forgetting it on the bus or in a coffee shop).
- Keep your Clients' account user names and passwords confidential. Just like you would do with your own passwords, make sure you don't share their login information with anyone else.
- Always log out of a Client's account when you're finished using it for the purpose requested by the Client (including when you are away from your computer or phone).

KEEPING CARD INFORMATION SAFE

- If a Client gives you their Card Information to complete an order, place the order as soon as possible. It is best not to write down or store their Card Information on your phone or computer, even temporarily.
- If you need to contact a Client about their Card Information, make sure you speak to them directly either in person or over the phone. Don't text, email, or leave a voicemail.
- Coaches have a responsibility to their Clients to keep their information safe, which means they should never email, fax, mail, or text the information to a third party or discuss it over the phone with anyone besides an **OPTAVIA** Client or Coach Support representative.
- Be mindful of who's around you—if there are other people in the room, you should wait before repeating Card Information out loud over the phone. If you're placing an order online, make sure nobody else can see your screen.
- Never use speakerphone or another loud or widely audible form of communication when you're placing an order.
- Your Client's Card Information belongs to them. That's why it's important to communicate only with them, and not their friends or family, if you're discussing it.

WHEN YOU NO LONGER NEED A CLIENT'S CARD INFORMATION

- If you do happen to have a Client's Card Information in written form, please dispose of it as soon as you can.
- Make sure you dispose of any Card Information in your possession appropriately – throwing it in the trash or recycling bin it is not enough. You need to shred or destroy the information so that it's totally unreadable. If you're not sure how to dispose of Card Information, you can contact us here:
 - For U.S. Coaches: compliance@OPTAVIA.com
 - For Hong Kong Coaches: hkcompliance@OPTAVIA.com
 - For Singapore Coaches: sgcompliance@OPTAVIA.com

- Coaches should also never collect or keep Card Information in electronic form (like on a laptop, phone, or tablet.) However, if you somehow do have any Card Information in electronic form, you should make sure to delete it as soon as possible. Make sure it's completely deleted (for example, by emptying your "trash" on your computer). In addition, do not invite Clients to provide Card Information in electronic form (such as email or text message). If you're not sure how to dispose of Card Information that's stored electronically, you can contact us here:
 - For U.S. Coaches: compliance@OPTAVIA.com
 - For Hong Kong Coaches: hkcompliance@OPTAVIA.com
 - For Singapore Coaches: sgcompliance@OPTAVIA.com
- If you do have to destroy or delete your Clients' Card Information, consider keeping a record of the fact that you did that. For example, write down the date, time, how you disposed of the information, and what the information was. Remember not to write the Card Information in the log! Here's an example:
 - December 20, 2019, 4pm: Shredded Jane Smith's credit card number.
 - December 21, 2019, 11:15am: Deleted John Smith's debit card number off of the notes app on my phone.

BUILDING TRUST

- Ultimately, you hold the responsibility for keeping any Clients' Card Information safe that you receive or hold temporarily at their request. If Card Information gets into the wrong hands, someone else might make fraudulent charges on their card or steal their identity. Trust is a huge part of how we build confidence in **OPTAVIA** and our Coaches, and you are on the front lines.
- We might check in from time to time to make sure you're following this guidance or investigate if we get a complaint about your collection of Card Information. Keep in mind that it could harm the Company and your independent **OPTAVIA** Coach business if you fail to follow these Guidelines. If something happens because you did not follow these guidelines, and your Client's Card Information is compromised, you may be responsible for some of the consequences, fall out of good standing with the Company, or face disciplinary action with respect to your Coaching business.

LET'S BE IN TOUCH!

- Our goal is to help our Coaches help their Clients. If there's anything in this guidance that you want more information about or if you have any questions about how to handle your Clients' Card Information, reach out! You can contact us here:
 - For U.S. Coaches: compliance@OPTAVIA.com
 - For Hong Kong Coaches: hkcompliance@OPTAVIA.com
 - For Singapore Coaches: sgcompliance@OPTAVIA.com

Appendix D – **OPTAVIA** PROCEDURES – U.S.

Enrolling as an Independent **OPTAVIA** Coach

You may enroll as an independent **OPTAVIA** Coach by completing the following steps:

- i. By agreeing to the terms and conditions of the Independent **OPTAVIA** Coach Agreement; and
- ii. Purchasing an **OPTAVIA** Business Kit from the Company. Business Kits can be purchased via your **OPTAVIA** shopping cart or by calling the Coach Support Team at 888.**OPTAVIA** (888.678.2842). You are not required to purchase any other products or other materials to become a Coach with **OPTAVIA**.

If at the time of enrollment you do not agree to the terms and conditions of the Agreement, your sole recourse is to notify the Company and cancel your business. Failure to cancel within five (5) days of purchasing your **OPTAVIA** Business Kit constitutes your acceptance of the Agreement.

Enrolling as a Married Couple

Spouses that wish to start an Independent **OPTAVIA** Coach business together are required at the time of enrollment to:

- i. Agree to the terms and conditions of the Independent **OPTAVIA** Coach Agreement;
- ii. Submit one W-9 form for the Coach Account; and
- iii. If the spouse Coaches wish to have communications from their business originating from both spouses, designate the Coach business as “Susan and Tom Smith” in the primary account holder position. If the Coaches wish for communications to come from one spouse only, Coaches will need to submit a Co-Applicant Account Add-On Form to add a Co-Applicant (in a secondary account holder position); Coaches will be required to designate only one spouse in the “primary” account holder position, for example, “Susan Smith” as the “primary” and Tom Smith as the “secondary/Co-Applicant.”

If the spouse of an existing **OPTAVIA** Coach business later wishes to become an **OPTAVIA** Coach, he/she can be added to the Coach Account by:

- i. Agreeing to the terms and conditions of the Independent **OPTAVIA** Coach Agreement;
- ii. Updating the W-9 form, if necessary; and
- iii. Updating the Coach business name in the primary account holder position or submit a Co-Applicant Account Add-On Form as outlined under step iii.

Renewing an **OPTAVIA** Coach Business

Coaches are responsible for ensuring the timely renewal of their business. Coaches may renew their businesses by placing an order for a Business Renewal via the **OPTAVIA** Shopping Cart or by contacting the Coach Support Team at 888.**OPTAVIA** (888.678.2842).

Reinstatement of an **OPTAVIA** Coach Business Within 30 Days of Conversion

Should an **OPTAVIA** Coach fail to timely renew his/her business, the business will convert to “Client” status. Once the business is converted, the Coach’s downline organization (including all personally sponsored Clients and Coaches) will automatically “roll-up” to the Coach’s Sponsor/Business Coach. Coaches that wish to reinstate their business are permitted to do so (at the discretion of the Company) subject to the following requirements:

- i. Coaches that wish to reinstate their **OPTAVIA** Coach business within thirty (30) calendar days of conversion may do so by paying an administrative fee, in addition to the renewal fee. Personally sponsored Coaches and Clients will not be restored without a submitted request from the converted Coach’s Sponsor/Business Coach via the **OPTAVIA** [Bulk Client Transfer Request Form](#). All Coaches and Clients must be included on this form in order for them to be restored. Alternatively, the Coach’s Sponsor/Business Coach or the Coach that rolled up may email changes@OPTAVIA.com

Please note, the request to restore personally sponsored Coaches that rolled up must be received within thirty (30) calendar days of the Coach’s conversion, otherwise, personally sponsored Coaches will not be restored to a reinstated Coach.

OPTAVIA reserves the right to accept or decline a request for reinstatement of an **OPTAVIA** Coach business at its sole discretion.

Reinstatement of an **OPTAVIA** Coach Business More Than 30 Days After Conversion

Again, should an **OPTAVIA** Coach fail to timely renew his/her business, the business will convert to “Client” status. Once the business is converted, the Coach’s downline organization (including all personally sponsored Clients and Coaches) will automatically “roll-up” to the Coach’s Sponsor/Business Coach. Coaches that wish to reinstate their business are permitted to do so (at the discretion of the Company) within the following time-frames and subject to the following requirements:

- i. Coaches that wish to reinstate their **OPTAVIA** Coach business more than thirty (30) calendar days from the date of conversion must purchase a new **OPTAVIA** Coach Business Kit under the same Sponsor/Business Coach. Personally sponsored Clients will not be restored without written communication via fax, letter, or e-mail (e-mail address must match what is on file with **OPTAVIA**) from the converted Coach’s Sponsor/Business Coach.
- ii. Personally sponsored Coaches will not be restored to a reinstated Coach.

OPTAVIA reserves the right to accept or decline a request for reinstatement of an **OPTAVIA** Coach business at its sole discretion.

Enrolling as a Business Entity

If you wish to enroll your **OPTAVIA** Coach business as a Business Entity (corporation, partnership, limited liability company, trust, etc.), you are required to complete, sign and submit a [Business Entity Addendum](#). A hard copy of the Business Entity Addendum, signed by all owners of the Business Entity, must also be submitted along with the electronic form.

Please note, if changes are subsequently made to an existing Business Entity (such as changes in ownership, entity type, etc.), an amended Business Entity Addendum must be submitted. A hard copy of the amended Business Entity Addendum, signed by all owners of the Business Entity, must also be submitted along with the electronic form.

Reporting Policy Violations

If a Coach observes any Policy violations by other Coaches in the field, he/she shall provide written details of the incident (such as dates, number of occurrences and names of individuals involved, etc.) along with any supporting documentation (such as screen shots of the Policy violation, etc.) and provide same to the Company via the Policy Violation Form. While Coaches may include their contact information when submitting the Policy Violation Form, they are not required to do so.

Returning Products, Business Kits, and Business Support Materials upon Cancellation or Termination of an **OPTAVIA** Coach Business

Upon voluntary cancellation or termination of an independent **OPTAVIA** Coach business, the Coach may return his/her Business Kit and any Company-produced Business Support Materials that he or she personally purchased from **OPTAVIA** within twelve (12) months from the Coach's date of purchase (the one year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in currently marketable condition. Any Business Support Materials that are produced by a third party, i.e. non-Company produced, shall not be subject to this return Policy (please note, all products sold at www.OPTAVIAGEAR.com are produced by a third party). In addition, residents of Georgia, Idaho, Louisiana, Maryland, Montana, Massachusetts, Oklahoma, Texas, Wyoming, and Puerto Rico may return any products that they purchased from the Company within one (1) year prior to the date of their cancellation so long as the products are in currently marketable condition.

Upon the Company's receipt of returned goods and/or Business Support Materials and confirmation that they are in currently marketable condition, the Coach will be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are in "currently marketable condition" if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, is not in currently marketable condition. The merchandise must be returned within thirty (30) days from the date of the Coach's cancellation/termination.

Returns may be submitted by written request and must be accompanied by proof of payment, invoice, or packing slip and a Return Authorization Number. Shipping labels related to the return of Business Kits will be provided by the Company at no cost to the Coach. Upon receipt and inspection of the return, the Company will process any appropriate refund, minus any setoffs owed to the Company for returned products, etc.

Order Returns & Refunds

OPTAVIA's U.S. Return Policy may be found at www.OPTAVIA.com/return-policy.

Canceling an **OPTAVIA** Coach Business

An **OPTAVIA** Coach can cancel his/her business by:

- i. Declining to renew his/her **OPTAVIA** business after twelve (12) months. Clients and personally sponsored Coaches will roll-up to the canceling Coach's Sponsor/Business Coach; OR
- ii. Resigning in writing at any time, regardless of reason. Resignation must be submitted to the Company from the e-mail address that is on file with the Company to: renewals@OPTAVIA.com. Upon receipt of resignation from the Coach, the **OPTAVIA** Coach business will be cancelled, all commissions and bonuses will be forfeited and all Clients and personally sponsored Coaches will roll-up to the resigning Coach's Sponsor/Business Coach.

Please note, Coach commissions are calculated on a weekly and monthly basis in arrears to account for any adjustments to commissions that may be needed after the close of the week and/or month. Therefore, commissions are not finalized and payable to the Coach until several days after the close of the week and/or month, once the Company has completed the calculation of commissions.

If a Coach resigns from his/her Coaching business, no further commissions will be paid to the Coach from the date the resignation is submitted to the Company, therefore, if the Coach resigns before the weekly or monthly commissions are finalized, the Coach will forfeit those unpaid commissions.

The Company suggests that, before cancelling or resigning his/her business, that the Coach reach out to renewals@OPTAVIA.com to coordinate their resignation to ensure receipt of payment of any weekly or monthly bonuses that may not have been finalized.

Appealing Disciplinary Sanctions

OPTAVIA has the right to impose any of the disciplinary sanctions outlined in the Policies. Should the Company elect to institute disciplinary sanctions against a Coach, the Coach has the ability to appeal the sanctions as follows:

- i. The Coach will have twenty (20) days from the date of the Company's letter outlining the disciplinary sanctions in which to submit an appeal. The Company must receive the Coach's written appeal correspondence within twenty (20) days of the date of the Company's letter. If the appeal is not received within the 20-day period, the disciplinary sanction(s) will automatically be deemed final;
- ii. If the Company receives a timely appeal of the disciplinary sanction(s), the Company's Policy Committee will review and reconsider the disciplinary sanction(s), consider any other appropriate action(s), and notify the Coach, the Coach's Sponsor and other members of the Coach's upline as the Company deems appropriate, of its decision concerning the Appeal;
- iii. The Policy Committee's decision concerning the appeal will be final and subject to no further review. In the event a termination or suspension is not rescinded, the termination or suspension will be effective as of the date of the Company's original letter to the Coach.

Business Transfer (Sale of an **OPTAVIA** Coach Business)

To effect a transfer or sale of an **OPTAVIA** Coach business, the following must take place:

- i. The Seller Coach ("Seller") must submit a [Business Transfer/Sale Request Form](#), this Form will also serve as notice to the Company of the Seller's intention to transfer/sell the business;
- ii. Once the Company receives the [Business Transfer/Sale Request Form](#) from the Seller, the Company has the right of first refusal to purchase the business, at the same terms and conditions and sale price as that offered to other eligible purchasers. The Company shall have seven (7) business days from receipt of the [Business Transfer/Sale Request Form](#) within which to exercise its right of first refusal.
- iii. If the Company declines to purchase the business within 7 days, the Seller may then offer to transfer/sell the business to other parties eligible to purchase;
- iv. The Seller must receive prior written authorization to transfer/sell the business before the Seller may proceed with the transaction;
- v. If the Company approves the transfer/sale and the purchasing Coach ("Purchaser") is an existing **OPTAVIA** Coach, the transferred business will be operated by the Purchaser as a second business and remain in its current position in the line of sponsorship;
- vi. If the Company approves the transfer/sale and the Purchaser is an individual who is not a current **OPTAVIA** Coach, the Purchaser must submit a signed Independent **OPTAVIA** Coach Agreement to the Company;
- vii. If the business being transferred/sold is an entity (corporation, partnership, limited liability company, trust, etc.), the Purchaser is required to complete, sign and submit an amended [Business Entity Addendum](#). A hard copy of the amended Business Entity Addendum signed by all owners of the Business Entity must also be submitted along with the electronic form.

Business Transfer Upon Death

To effect the transfer of an independent **OPTAVIA** Coach business upon the death of a Coach, the successor to the **OPTAVIA** Coach business must provide the following to the Company:

- i. A copy of the deceased Coach's death certificate;
- ii. A certified copy of the will or other testamentary instrument establishing the successor's right to the business;
- iii. If the successor to the **OPTAVIA** Coach business is not an existing Coach, the individual must submit a signed Independent **OPTAVIA** Coach Agreement to the Company. If the individual is an existing **OPTAVIA** Coach, the transferred business will be operated as a second business by the successor Coach and remain in its current position in the line of sponsorship;
- iv. If the business is an entity (corporation, partnership, limited liability company, trust, etc.), the successor to the **OPTAVIA** Coach business is also required to complete, sign and submit an amended [Business Entity Addendum](#). A hard copy of the amended Business Entity Addendum signed by all owners of the Business Entity must also be submitted along with the electronic form.

All testamentary documentation must be provided to the **OPTAVIA** Compliance Department (compliance@OPTAVIA.com)

Business Transfer Upon Divorce

To effect the transfer of an **OPTAVIA** business upon the divorce of spouses running the business, the following must be provided to the Company:

- i. A final divorce decree, court order or written agreement (signed by both spouses and notarized by a notary public) concerning the disposition of the independent **OPTAVIA** Coach business.

Upon Company's receipt of the divorce decree, court order or written agreement concerning the disposition of the business, the business shall be transferred to the individual ordered by the court or as agreed to in writing by the parties.

The Company reserves the right to verify all documentation provided by the Coaches concerning the disposition of the business. Please submit all divorce documentation to the **OPTAVIA** Compliance Department (compliance@OPTAVIA.com).

Becoming a Sponsor

Sponsoring a new Coach is simple, please direct the individual to:

- i. Visit your replicated **OPTAVIA** website to purchase an **OPTAVIA** Business Kit; OR
- ii. Call the Coach Support Team at 888.**OPTAVIA** (888.678.2842), to purchase an **OPTAVIA** Business Kit. Be sure the individual has his/her credit card information, your name and your Coach ID number.

Coach Sponsor Transfer Requests Within 30 Days of Enrollment

For Coach Sponsor Transfer requests submitted within 30 days of the Coach's enrollment:

- i. The Coach must submit a [Sponsor Transfer Request Form](#);
- ii. The [Sponsor Transfer Request Form](#) must include an explanation for the change, along with the name and Coach Identification number of the requested Sponsor;
- iii. The Company will review; and
- iv. If approved (approval is at the Company's sole discretion), the Company will administratively move the Coach to the requested Sponsor.

Client Transfers (Client-Initiated)

Client support is very important to **OPTAVIA**. Occasionally, a Client may request the support of a different Coach than the Coach who initially introduced him or her to **OPTAVIA**. Clients have the

right to select the Coach that best meets their individual support needs. If a Client wishes to transfer to a new Coach:

- i. The Client may submit a request from their "My Account" page. Detailed instructions on how to request a transfer can be found here: <https://ANSWERS.OPTAVIA.com/help/how-to-change-your-coach>

Transfers may take between 1 to 3 business days to process, and once approved, will be made effective the date the request was received by the Company.

All volume that appeared prior to the date the Company receives the Request will not move with the Client, but remain with the previous Coach. Any orders placed after the transfer has been received and approved will be credited to the new Coach.

Client Transfers (Coach-Initiated)

A Coach may feel transferring a Client to a new Coach would best serve the needs of the Client (e.g. in the case of an inactive Client), if a Coach wishes to transfer the Client:

- i. The Coach can submit a [Client Transfer Request Form \(Coach-initiated\)](#) on the Client's behalf.

Transfers may take between 1 to 3 business days to process, and once approved, will be made effective the date the request was received by the Company.

All volume that appeared prior to the date the Company receives the Request will not move with the Client, but remain with the previous Coach. Any orders placed after the transfer has been received and approved will be credited to the new Coach.

Bulk Client Transfers

Coaches requesting to transfer ten (10) or more personally sponsored Clients to a new Coach must submit a [Bulk Client Transfer Request Form](#). Due to the administrative effort involved, bulk transfers of Clients require payment of an administrative fee according to the following schedule below:

- i. \$25.00 for 10-25 frontline Clients
- ii. \$50.00 for 26-50 frontline Clients
- iii. \$75.00 for 51-75 frontline Clients
- iv. \$100.00 for 76-100 frontline Clients
- v. \$250.00 for 101-250 frontline Clients; and
- vi. \$500.00 for 251 + frontline Clients.

The administrative fees will be assessed based on the total number of Bulk Transfers requested within a commission week (Monday - Sunday). For example, if a Business Coach opts to give 5 frontline Clients each to 10 downline Coaches, a \$50 fee will be levied, since the total transfer of frontline Clients equals 50.

Please keep in mind that Clients always have the right to select their own Coach. No fee will be assessed for Client-initiated transfers.

In addition, the Company has the right to review and approve all Bulk Transfers to ensure that they are in compliance with **OPTAVIA** Policies. Bulk transfers take between 1 to 3 business days to process and will not be considered until payment of the administrative fee is received. Please contact the Coach Support Team at 888.**OPTAVIA** (888.678.2842) to submit your payment.

Again, all volume that appeared prior to the date the Company receives the Request will not move with the Client, but remain with the previous Coach. Any orders placed after the transfer has been received and approved will be credited to the new Coach.

Coach-Created Business Support Materials

OPTAVIA has arranged for approved Business Support Materials to be available to Coaches for use in promoting the Company's products and programs. These materials are available on **OPTAVIA** CONNECT and **OPTAVIA** COACH ANSWERS.

However, if Coaches have particular needs for **OPTAVIA** Business Support Materials that are not available through the Company, the Coach may create and submit certain Coach-Created Business Support Materials (such as flyer's, pamphlets or banners) for the Company to review; Coaches are NOT permitted to create branded merchandise or apparel (such as hats, water bottles, t-shirts, etc.).

Coaches shall submit a [Business Support Materials Request Form](#) along with a copy or mock-up of the proposed Materials for the Company to review.

Please note, **OPTAVIA** is under no obligation to approve Coach-Created Business Support Materials submitted. In addition, to the extent that the Company approves any Coach-Created Business Support Materials, the Company reserves the right to rescind the approval of same at its sole discretion. Coaches waive any claim for damages or remuneration for any losses that they may incur resulting from or relating to the Company's decision to rescind its prior approval.

Permitted Coach Advertising

Coaches are permitted to place certain advertisements pursuant to the **OPTAVIA** Policies, for example, advertisements on local radio to promote local **OPTAVIA** Coach events. Coaches are also permitted to advertise their services in Telephone Directories (Yellow and White Pages), via Community Newspapers/ Local Classified Publications, and Online Classifieds. However, these aforementioned advertisements must be reviewed by the Company before being placed by the Coach. The Coach should submit a [Coach Advertising Request Form](#) in order to obtain approval.

Please note, **OPTAVIA** is under no obligation to approve Coach Advertisements submitted. In addition, to the extent that the Company approves any Coach-Created Advertisements, the Company reserves the right to rescind the approval of same at its sole discretion. Coaches waive any claim for damages or remuneration for any losses that they may incur resulting from or relating to the Company's decision to rescind its prior approval. .

Field-Training Materials

Materials used to support and train a Coach's personally sponsored Coaches or others in his/her downline organization are not required to be reviewed by the Company, so long as they are in compliance with **OPTAVIA** Policies. However, should a Coach have any doubt concerning whether or not Field Training Materials are in compliance with all relevant **OPTAVIA** Policies, the Coach should submit a [Field Training Materials Request Form](#).

Interaction with the Media

All media contacts, inquiries and/or opportunities should be immediately referred to the Company. If you are contacted by the Media, please submit a [Public Relations Opportunity Form](#). Our Public Relations team will be in touch with you shortly thereafter.

Please note, unless you receive approval from the Company, Coaches are not permitted to speak with the Media.

Appendix E



DIRECT SELLING ASSOCIATION

Code of Ethics

Code of Ethics

Explanatory provisions in italics.

Preamble

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

A. Code of Conduct

1. Deceptive or Unlawful Consumer or Recruiting Practices

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

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

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

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

1. CONTINUED...

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

2. Products, Services and Promotional Materials

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

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

3. Terms of Sale

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

4. Warranties and Guarantees

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

5. Identification and Privacy

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

6. Pyramid Schemes

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

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

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

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

7. Inventory Purchases

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

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

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

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

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

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

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

7a. CONTINUED...

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

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

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

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

8. Earnings Representations

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

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

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

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

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

9. Inventory Loading

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

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

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

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

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

10. Payment of Fees

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

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

- c. Any commissions paid on fees charged to become or stay an independent salesperson, which are, in effect, remuneration for recruitment into a sales system, shall be prohibited.**

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

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

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

11. Training and Materials

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

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

B. Responsibilities and Duties

1. Prompt Investigation and No Independent Contractor Defense

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

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

2. Required Code Communication

- a. All member companies are required to publicize the DSA Code of Ethics and the process for filing a Code complaint to their independent salespeople and consumers. At a minimum, member companies must have one of the following:

1. an inclusion on the member company’s website of the DSA Code of Ethics with a step-by-step explanation as to how to file a complaint; or
2. a prominent link from the member company’s website to the DSA Code of Ethics web page, with a separate mention of, or separate link to, the Code complaint filing process; or
3. an inclusion of the member company’s Code of Ethics and its complaint process on its website with an explanation of how a complainant may appeal to the Administrator in the event the complainant is not satisfied with the resolution under the member company’s Code of Ethics or complaint process, with a reference to the DSA Code of Ethics web page.

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

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

3. Code Responsibility Officer

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

4. Extraterritorial Effect

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

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

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

C. Administration

1. Interpretation and Execution

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

2. Code Administrator

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

3. Procedure

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

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

D. DSA Code of Ethics Enforcement Procedures

1. Receipt of Complaint

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

2. Cooperation with the Code Administrator

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

3. Investigation and Disposition Procedure

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

4. Appeals Review Panel

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

5. Appeals Review Procedure

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

E. Powers of the Administrator

1. Remedies

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

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

2. Case Closed

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

3. Refusal to Comply

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

4. Appeal for Reinstatement after Suspension or Termination

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

5. Referral to State or Federal Agency

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

F. Restrictions

1. Conferring with Others

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

2. Documents

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

3. Pending Members of DSA

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

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

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

G. Resignation

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

H. Amendments

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

As Adopted June 15, 1970

As Amended by Board of Directors
through December 13, 2018



DIRECT SELLING ASSOCIATION

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www.dsa.org

Código de Ética

Las notas aclaratorias de las disposiciones se hallan en cursiva

PREÁMBULO

Por el presente, Direct Selling Association (“**DSA**”, **la Asociación De Ventas Directas**), reconociendo que las compañías involucradas en ventas directas asumen ciertas responsabilidades hacia sus clientes, las cuales emanan de un método de distribución de sus productos y servicios que se basa en un contacto personal, establece los principios y prácticas de naturaleza básica, equitativa y ética, que las compañías miembros de la Asociación seguirán cumpliendo al efectuar sus negocios.

A. CÓDIGO DE CONDUCTA

1. **Prácticas engañosas o ilegales para reclutamientos del personal o para engañar al consumidor**

- a. Ninguna compañía miembro o vendedor independiente que trabaja para la misma usará prácticas engañosas, falsas, inmorales o ilegales hacia el consumidor o para el reclutamiento del personal. Las compañías miembros asegurarán que no se ha hecho ninguna declaración, promesa o testimonio que pueda engañar al consumidor o a posibles vendedores independientes.
- b. Compañías miembros y sus vendedores independientes deben cumplir con todos los requisitos de la ley. Aunque este Código no reitera todos los deberes legales, el cumplimiento de todas las leyes pertinentes, por parte de las compañías miembros y sus vendedores independientes, es una condición previa y posterior a su aceptación como miembro de DSA.
- c. Las compañías miembros efectuarán sus actividades hacia los demás miembros cumpliendo con este Código y todas las leyes pertinentes.
- d. La información proporcionada por las compañías miembros y sus vendedores independientes a otros posibles o actuales vendedores independientes sobre la oportunidad ofrecida, y los derechos y obligaciones asociados a la misma, debe ser precisa y completa. Las compañías miembros y sus vendedores independientes no harán ninguna declaración a posibles vendedores independientes que no puede ser verificada, ni harán promesas que no pueden ser cumplidas. Las compañías miembros y sus vendedores

independientes no deben presentar una oportunidad de venta a un posible vendedor independiente de un modo falso, engañoso o falaz.

- e. Las compañías miembros y sus vendedores independientes no inducirán a que una persona compre sus productos o servicios basándose sobre la declaración de que el consumidor puede recobrar todo o parte del precio de compra con sólo referirles otros consumidores, si tales reducciones o recuperaciones infringen las leyes aplicables sobre la referencia de ventas.
- f. Las compañías miembros proveerán a sus vendedores independientes, sea un contrato en forma escrita para ser firmado tanto por la compañía miembro como por el vendedor independiente, o sea una declaración por escrito que contiene los detalles esenciales de las relaciones entre el vendedor independiente y la compañía miembro. Las compañías miembros informarán a sus vendedores independientes de cuáles son sus obligaciones legales, incluso qué responsabilidad tienen con respecto a todo tipo de licencia, registro o impuesto de aplicación.
- g. Las compañías miembros proveerán a sus vendedores independientes cuentas regulares, incluso, según sea de aplicación, ventas, compras, detalles de ganancias, comisiones, bonos, descuentos, envíos, cancelaciones, y todos los demás datos pertinentes, de acuerdo con las disposiciones que las compañías miembros hagan con sus vendedores independientes. Todos los dineros debidos deberán ser pagados y toda retención deberá ser efectuada de un modo razonable desde el punto de vista comercial.
- h. Los vendedores independientes deben respetar la falta de experiencia comercial de sus clientes. Los vendedores independientes no abusarán de la confianza de clientes individuales, ni tratarán de explotar la edad, enfermedad, discapacidad o falta de entendimiento o conocimiento del idioma de un consumidor.

-
- 1. *Esta sección no incluye bajo la jurisdicción del Código disputas tales como se “hace proselitismo” o se “efectúan redadas de vendedores”, a menos que tales disputas involucren alegatos de conducta o prácticas de reclutamiento engañosas, inmorales o*

ilícitas hacia posibles vendedores. En estos últimos casos, esta sección es de aplicación. Según se usa en esta sección la palabra “inmoral” significa que se está en violación del Código de Ética de DSA de los EE.UU.

El Administrador del Código de DSA, nombrado a conforme de Sección C.1 (“Administrador”) está autorizado para hacer la determinación de cuáles son las prácticas engañosas, ilícitas o inmorales efectuadas durante el reclutamiento y en contra del consumidor, usando como guía los estándares legales prevalecientes. Cumplimiento con cualquier ley, reglamento o disposición del Administrador no es una defensa contra una determinación, por parte del Administrador, que una práctica es engañosa, ilegal o inmoral. Por ejemplo, en el caso de una venta al consumidor, el haber cumplido con la Regla del Período de Anulación de una Compra (Cooling-Off Period) de la Comisión de Comercio Federal (Federal Trade Commission – FTC) no impide que el Administrador del Código DSA haga la determinación que una práctica de venta en particular es engañosa, ilegal o inmoral y que se debe hacer un reembolso o compensación.

1 & 2. Estas secciones abarcan no solo declaraciones hechas acerca de la propia compañía sino también de cualquier otra compañía. Por ejemplo, esta sección cubre declaraciones engañosas hecho por un vendedor independiente acerca de la compañía B y/o sus productos a consumidores o posibles vendedores independientes.

2. Productos, Servicios y Materiales Promocionales

- a. La oferta de productos o servicios en venta por compañías miembros de la Asociación debe ser precisa y veraz en cuanto a precio, grado, calidad, marca, valor, ejecución, cantidad, actualidad del modelo y disponibilidad. Todos reclamos de productos hechos por compañías miembros y sus vendedores independientes deben ser apoyado de corroboración por evidencia competente y fiable y no deben ser engañoso. La orden del consumidor para productos y servicios debe ser cumplida de forma oportuna.
- b. Ni las compañías miembros de la asociación ni sus vendedores independientes no deben hacer comparaciones engañosas acerca de la oportunidad de venta directa de otra compañía. Toda comparación debe estar basada en hechos que pueden ser verificados objetivamente y apoyado por comprobación por evidencia competente y fiable. Compañías miembros de la asociación no denigrarán a otras compañías miembros, sus negocios, productos o servicios, directamente o por implicación, de forma falsa o engañosa y no se aprovecharán deshonestamente de la buena fe que tiene la marca y el símbolo de cualquier compañía, negocio, producto o servicio.
- c. Literatura promocional, publicidades y envíos por correo no deben contener descripciones de productos, reclamos, fotos o ilustraciones que son falsas, engañosas o falaces. (La literatura promocional debe contener el nombre y dirección, o el número de teléfono de la compañía miembro y puede incluir el número de teléfono de un vendedor independiente).
- d. Vendedores independientes deben ofrecer al consumidor datos precisos sobre el precio, términos de crédito, términos de pago, período de anulación de la compra, incluso la política para devoluciones, los términos de las garantías, servicios ofrecidos después de la venta y fechas de entrega. Vendedores independientes harán respuestas comprensibles y precisas a las preguntas de los consumidores. En la medida en que se hacen afirmaciones con respecto a productos, los vendedores independientes harán sólo las afirmaciones de productos autorizados por la compañía miembro de la asociación.

3. Términos de Venta

- a. Se entregará al consumidor por escrito una orden o recibo en el momento mismo de la venta inicial o con anterioridad al mismo. En el caso de una venta hecha por correo, teléfono, Internet u otro modo que no fuera cara a cara, se debe proporcionar con anterioridad una copia de la orden, o se debe incluir tal copia con la orden inicial, o proporcionar en forma capaz de ser imprimida o descargada por el Internet. La orden debe indicar clara y legiblemente, sin ambigüedades lo siguiente:
 - i. Los términos y condiciones de la venta, incluso el monto total que el consumidor deberá pagar, junto con todo interés, cargo y honorario a pagar por servicios efectuados, además de otros costos y gastos requeridos por las leyes federales y estatales;
 - ii. Identificar a la compañía miembro y al vendedor independiente, e incluir el nombre entero, la dirección permanente y el número de teléfono de la compañía miembro o del vendedor independiente, además de todos los términos significativos de la venta; y
 - iii. Los términos de garantías o promesas, los detalles y limitaciones de los servicios a proporcionar después de la venta, el nombre y la dirección de la entidad garantizante, el plazo de la garantía y las medidas correctivas disponibles al consumidor. En la alternativa, estos datos pueden ser proporcionados con los demás folletos que acompañan al producto o servicio.
- b. Compañías miembros y sus vendedores ofrecerán un período de anulación de la venta (Cooling-Off Period) por escrito, claramente expresado, permitiendo que el consumidor se libere de la venta dentro de un mínimo de tres días hábiles a partir de la fecha de la compra y pueda recibir un reembolso completo del precio de la compra.
- c. Compañías miembros y sus vendedores independientes que ofrecen el derecho de devolver el producto, sea esta devolución condicionada sobre el acontecimiento de ciertas eventualidades, lo harán por escrito.

4. Garantías y Prestaciones

Los términos de toda prestación o garantía ofrecida por el vendedor en conexión con una venta debe ser proporcionada al comprador en conformidad total con las leyes o reglamentos de garantías o prestaciones federales o estatales. El fabricante, distribuidor y/o vendedor deberá ejecutar las mismas por completo y de modo oportuno, según los términos de todas las promesas y garantías ofrecidas al consumidor.

5. Identificación y Privacidad

- a. Al comenzar su presentación de venta, el vendedor independiente debe indicar, precisa y claramente, quién es, cuál es su compañía, cuáles son los productos y servicios que ofrece su compañía y porqué hace esta solicitud. Todo contacto con el consumidor se debe hacer de forma respetuosa y durante horas razonables. Se debe poner fin a toda demostración o presentación de venta apenas lo pida el consumidor.
- b. Compañías miembros y sus vendedores independientes deben tomar medidas apropiadas para salvaguardar la protección de todo dato privado proporcionado por un consumidor actual o futuro, u otro vendedor independiente actual o futuro.

6. Timos Piramidales

Para los propósitos de este Código, timos piramidales o timos en cadena sin fin se considerarán justiciables bajo este Código. El Administrador del Código determinará si tales timos piramidales o timos en cadena sin fin constituyen violaciones de este Código según las leyes o reglamentos federales, estatales o ley o regulación local.

6. La definición de “ardid/timo piramidal ilegal” está basada en normas legales actuales como reflejo del caso de In Re. Amway 93 FTC 618 (1979) y estatutos contra-timo piramidales de varios estados. A conforme con estos leyes, compañías miembros deben remunerar a sus vendedores independientes principalmente por base de las ventas de productos, incluidos los servicios, compró por cualquier persona para su uso o consumo real. Tal remuneración puede incluir compensación basada en compras que

no son simplemente incidentales a la adquisición de un derecho a participar en el programa. Véase la Sección 9 para más clarificación.

7. Compras de Inventario

- a. Alguna compañía miembro con un plan de mercadeo que involucra la venta de productos directa o indirectamente a vendedores independientes, adoptará y comunicará como régimen en su literatura de reclutamiento, manual de venta o contrato con vendedores independientes que la compañía volverá a comprar bajo términos comerciales razonables el inventario actualmente comercializable en posesión de tal vendedor independiente y comprado por el mismo para reventa, antes de la fecha de terminación de sus relaciones comerciales con la compañía. Para propósitos de este Código la frase “términos comerciales razonables” incluyen volver a comprar el inventario comercializable dentro de doce (12) meses de la fecha de la compra por parte del vendedor, a no menos del 90% del costo neto original incurrido por el vendedor, menos compensaciones y reclamos apropiados, si los hubiere. Para propósitos de este Código, los productos no se considerarán “actualmente comercializables” si se han devuelto después que el período de caducidad y vida útil del producto haya pasado; tampoco se considerarán “actualmente comercializables” si la compañía declara claramente a sus vendedores antes de la compra que los productos son estacionales, se han descontinuado o son productos de promoción especial, por lo que no están sujetos a la obligación de la compañía de readquirirlos.

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7. *a. El propósito de la recompra es de eliminar el posible daño causado al obligar que alguien “cargue inventario excesivo”; eso es, la práctica de cargar a los vendedores con inventario que no pueden o que es muy probable no podrán vender o usar dentro de un período razonable de tiempo. La carga de inventario ha sido históricamente llevada a cabo por los vendedores dar incentivos económicos para las ventas sin respecto a las ventas finales o uso por los consumidores reales. Las disposiciones de recompra del Código tienen por motivo para impedir que se cargue un inventario excesivo y proteger a los distribuidores para que no incurran los daños financieros que puedan surgir a partir de la práctica de cargar excesivamente el inventario.*

Se considera que la palabra “inventario” incluye tanto productos tangibles como intangibles, eso es, tanto bienes como servicios. “La comerciabilidad actual” del inventario se determina con base en la condición específica del producto. Los factores que el Administrador del Código (nombrado a conforme de Sección C.1) tendrá en mente al determinar “la comerciabilidad actual” son la condición de los bienes y si los productos han sido usados o abiertos.

Cambios en la demanda del mercado, o en la formulación o etiqueteo del producto no son argumentos suficientes para que la compañía haga un reclamo de que el producto ya no es “comercializable”. La naturaleza ingestible de ciertos productos tampoco limita en sí la comerciabilidad actual de esos productos. Reglamentos gubernamentales que pueden discutiblemente restringir o limitar la recompra de un producto no limitan su “comerciabilidad actual” para propósitos del Código.

Los estatutos estatales ordenan que se debe incluir en el contrato del vendedor independiente la descripción de ciertas disposiciones de recompra requeridas por la ley. Aún reconociendo que el contrato probablemente es el lugar más eficaz para incluir tales datos, el Código de DSA permite que tales disposiciones sean incluidas o en la literatura de reclutamiento o en el contrato. Sin embargo que la divulgación debe hacerse por escrito y que la declaración al respecto debe quedar bien clara. Dondequiera que se divulgue, el requerimiento de recompra se considerará una obligación contractual incurrida por la compañía.

Una compañía miembro no pondrá impedimentos poco razonables (por ejemplo, de naturaleza procesal) como obstáculo para impedir que los vendedores revendan los productos a la compañía.

El proceso de recompra debe ser lo más eficaz posible y debe ser diseñado para facilitar la recompra de productos. Las disposiciones de recompra se aplican a todos los distribuidores que finalizan sus relaciones comerciales con la compañía y que de otro modo califican para tal recompra, inclusive distribuidores que no trabajan por primera vez para la compañía o que han dejado de trabajar para esa compañía para ir a vender en otra.

La política de recompra se debe publicar en muchos distintos lugares y formatos y comunicar de tal forma que es fácilmente entendida por un vendedor independiente típico. El objetivo de cada miembro es de asegurarse que el vendedor independiente típico está al tanto de la política de recompra de la compañía. Por lo tanto, cada miembro debe empeñar sus mejores esfuerzos para asegurar que la política de recompra ha sido eficazmente comunicada a sus vendedores.

7.b. Los soportes y equipos de venta y los materiales de promoción, no se consideran inventario, estrictamente hablando, o necesariamente previstos para la venta, están sujetos al requisito de recompra, si la compañía miembro requiere su compra o si existe un incentivo financiero asociado con su venta. Se ha reconocido que el hecho de obligar a que alguien lleve un “inventario excesivo” de estos artículos puede causar el mismo daño a los participantes del plan como llevar un “inventario excesivo” de productos y servicios.

Con respecto al párrafo final de la Sección 7b, divulgación de la elegibilidad o ineligibilidad de algún artículo para recompra es clave. Siempre que la recompra no haya sido requerida por esta disposición del Código, para aquellos artículos que la compañía decide no volver a comprar, la compañía miembro debe haber divulgado claramente y de forma conspicua al vendedor independiente actual o futuro que estos artículos no están sujetos al requerimiento de recompra. Habiendo hecho tal divulgación, el hecho de negarse a recibir la devolución de un artículo, no constituye una violación, siempre que la compañía miembro esté actuando de buena fe y no esté tratando de evadir el requerimiento de recompra.

Esta disposición del Código no se debe considerar como aprobación de planes de mercadeo que proporcionan beneficios financieros a vendedores independientes para la venta de materiales de promoción, soportes o equipos de venta (“herramientas”) producidos por la compañía. Aunque estos materiales pueden ser importantes para ciertos vendedores individuales, el Código requiere que las compañías miembros compensen a sus vendedores independientes principalmente en base a la venta de productos, incluso servicios, comprados por cualquier persona, para uso o

consumo actual (Vease la Sección 6 del Código y la disposición aclaratoria que la acompaña) y no para la venta de herramientas. En circunstancias donde un beneficio financiero se provee a vendedores directos individuales como resultado de la venta de materiales de promoción, soportes o equipos (herramientas) de venta, producidos por la compañía, y no existe violación del Código de ningún otro modo, esta Sección requiere que estas herramientas sean recompradas bajo términos comerciales razonables.

b. El Administrador del Código, nombrado a conforme de Sección C.1, después de encontrar que una compañía miembro ha participado en una práctica de reclutamiento falsa, engañosa o fraudulenta puede utilizar cualquier remedio apropiado para asegurar que algún demandante no incurra una pérdida financiera significativa como resultado del comportamiento prohibido, incluye pero no se limite al requiriendo por parte de la compañía miembro la recompra del inventario, soportes, materiales promocionales comprado por el demandante.

8. Representación de Ingresos

Lo siguiente se considera representaciones de ingresos por este Código.

- (1) Cualquier representación oral, visual o escrito que transmite, expresamente o por implicación:
 - (a) un nivel específico o una gama de ventas reales o potenciales; o
 - (b) ingresos brutos o beneficios, lo que incluyen pero no se limiten a representaciones que expresamente o implícitamente implican que compras de estilo de vida, incluyendo casas, vehículos, vacaciones y demás están relacionados al ingresos ganados.
- (2) Cualquier declaración, representación o situación hipotética desde que un vendedor independiente, prospectivo razonablemente inferirá que él/ella ganaría un nivel mínimo de renta.
- (3) Cualquier gráfica, tabla o calculación matemática demostrando renta posible, ventas reales o potenciales, beneficios brutos o ganancias basados por una combinación de variables.
- (4) Materiales de marketing y publicidad explícitamente que describan o prometen ingresos potenciales o estilos de vida basado en mercancías/materiales;

(5) Cualquier premio o anuncio de compensación con una descripción de los ingresos previos o futuros de ventas de vendedores, viajes o reuniones, y comisiones, bonificaciones o beneficios, no deben considerarse representaciones si no disponen con una indicación de su valor.

(a) Compañías miembros deben cumplir, y obligar a sus vendedores independientes también cumplen con las siguientes normas:

(i) representaciones de ingresos cifras de ventas debe ser veraz, exacta, y presentado de una manera que no es falsa, dudosa o engañosa

(ii) Vendedores independientes reales u prospectivos deben ser proporcionado información suficiente para comprender que:

(a) Las ganancias reales pueden variar significativamente y dependen del tiempo cometido, nivel de capacidad y de otros factores;

(b) No todo el mundo va a alcanzar el nivel representado de ingresos;

(c) Tales cantidades son antes de gastos, en su caso.

(iii) Vendedores independientes actuales y prospectivos deben ser proporcionado por información suficiente que permita una evaluación razonable de la oportunidad de obtener ingresos.

(iv) Si la comisión de un vendedor independiente específico o bono pagos están incluidos en una representación de ingreso, cualquier distribuciones hechas por esos pagos a los otros en la organización de ventas debe ser divulgada o se deducirá de la figura(s) que se utiliza.

(v) Ventas y representaciones de ingresos deben ser documentados y corroborados. Las compañías miembros y su los vendedores independientes deben mantener este documentación y corroboración, haciéndolo disponible al Administrador sobre su solicitud escrito.

(vi) Data de toda la industria – incluyendo lo que es producido por DSA – financieros, ingresos o información sobre el rendimiento no se puede utilizar como fuente primaria en la documentación o que justifique o de una compañía miembro representaciones

del vendedor independiente. Dicha información puede, sin embargo, ser utilizado de una manera general.

(b) En la evaluación si una representación ingresos viola esta Sección del Código, el Administrador deberá considerar toda la información pertinente hechos e información, incluyendo pero no limitado a, los factores como se describen en esta sección.

8. Existen muchos precedentes legales en la forma de decisiones de la Comisión Federal de Comercio (Federal Trade Commission – FTC) que proporcionan una guía sobre el tema de la representación de ingresos. Aunque no constituyen un factor determinante, estos precedentes deben ser usados por el Administrador del Código al hacer éste sus determinaciones sobre la verificación de los reclamos de la compañía miembro en cuanto a ingresos.

En parte, el objetivo de la simple prohibición del Código sobre declaraciones falsas fue de evitar que nuevas empresas con muy poca historia concreta de ingresos derivados de su plan de compensación o compañías establecidas que ensayan o lanzan nuevos planes de compensación, queden indebidamente agobiadas. El enfoque de la prohibición tiene como objetivo requerir que compañías en estas circunstancias deben sólo asegurarse de que su literatura promocional y sus declaraciones públicas indiquen claramente que el plan de compensación es nuevo y que cualquier gráfico, ilustración y ejemplo de ingreso bajo el plan es sólo de naturaleza posible y no se basa en el desempeño real de ningún individuo.

9. Cantidades Excesivas de Inventario

Una compañía miembro no requerirá ni alentará a que un vendedor independiente compre inventario en cantidades excesivas que sobrepasan irrazonablemente lo que puede volver a vender y/o consumir un vendedor independiente dentro de un plazo razonable de tiempo.

Compañías miembros tomarán medidas claras y razonables para asegurar que los vendedores independientes están consumiendo, usando o revendiendo los productos y servicios que han comprado.

Se considerará una práctica de reclutamiento injusto y engañoso para una compañía miembro o vendedor independiente que requieren o alientan un vendedor independiente de compra de cantidades razonables de inventario o ventas ayudadas. El Administrador puede emplear cualquier apropiada remediar para asegurar cualquier vendedor individual no incurrirá significativa pérdida financiera como resultado de tales comportamientos prohibidos.

9. *Véase la Sección aclaratoria 7.a. sobre la carga de inventario.*

Esta disposición debe ser interpretada en vista a la admonición reguladora que se deben generar comisiones en base de ventas que no son simplemente incidentales a la compra del derecho de participar en el programa (Véase la Opinión Consultiva en forma de Carta de la FTC a la DSA de 2004). Compañías miembros de venta directa que implementan procedimientos que demuestran que vendedores están comprando el producto para reventa, para su propio uso o consumo (eso es, autoconsumo, consumo personal o consumo interno) o por otros propósitos legítimos, estarán en mejores condiciones para cumplir con los requisitos de la Sección 9. El Código reconoce lo anterior, como una práctica bien aceptada y de larga data en los círculos de venta directa y no prohíbe la comepeñsación basada en la compra hecha por vendedores para uso personal.

Además, el Código no establece estándares o requisitos específicos que un nivel mínimo de ventas se debe hacer fuera y aparte del grupo de vendedores.

Se considerará una práctica injusta y engañosa de reclutamiento para una compañía miembro o vendedor independiente que exigen o fomentan un vendedor independiente para la compra de cantidades razonables de inventario o ayudas de ventas. El Administrador puede emplear cualquier forma remedio adecuado para asegurar que

cualquier vendedor individual no incurrirá una pérdida financiera significativa como resultado de tales comportamientos prohibidos.

10. Pago de Honorarios

Ni las compañías miembros ni sus vendedores independientes pedirán que individuos paguen altos honorarios de entrada, de entrenamiento, de franquicia, por materiales promocionales u otros honorarios asociados solamente al derecho de participar en el negocio de la compañía miembro. Cualquier honorario pagado para ser un vendedor independiente debe estar directamente relacionado al valor de los materiales, productos o servicios provistos como intercambio.

10. *Altos honorarios de entrada pueden ser un elemento de timos piramidales, en los que se alienta a que individuos paguen altos costos iniciales, sin recibir un producto de valor equivalente. Estos honorarios se tornan en el mecanismo que da ímpetu a la pirámide y pone a los participantes en riesgo de sufrir daños financieros. Algunas leyes estatales tienen requisitos que los honorarios deben ser devueltos, requisitos parecidos a las disposiciones de recompra en la Sección 7.a. del Código. El Código elimina el daño hecho por grandes honorarios irrazonables prohibiéndolos.*

El Administrador está autorizado para determinar cuando un honorario es “irrazonable por ser demasiado alto.” Por ejemplo, si se ofrece un reembolso por sólo una porción de un honorario de entrada, para cubrir lo que se describe como el inventario, y no se da o recibe nada por el saldo del honorario de entrada, tal como un programa de entrenamiento, el Administrador del Código puede considerar que aquella parte del honorario de entrada es “irrazonable por ser demasiado alta.” Esta sección del Código confirma la disposición de la Parte B del Código de Responsabilidades y Deberes, que requiere que las compañías presten atención a las violaciones del Sección B en cuanto se refiere a sus vendedores independientes.

11. Entrenamiento y Materiales

- a. Compañías miembros deben proporcionar entrenamiento adecuado para facilitar que sus vendedores independientes operen de forma ética.
- b. Compañías miembros prohibirán que sus vendedores independientes comercialicen o requieran la compra por parte de otros de cualquier material incompatible con las políticas y procedimientos de la compañía miembro.
- c. Vendedores independientes que venden materiales promocionales o de entrenamiento aprobados por la compañía miembro, deben:
 - (i) Usar solamente materiales que cumplen con los mismos estándares usados por la compañía miembro;
 - (ii) No hacer de la compra de tales materiales un requisito para que otros vendedores independientes participen en el programa;
 - (iii) Proveer tales materiales a un precio en que materiales parecidos están generalmente disponibles en el mercado, y
 - (iv) Ofrecer una política de devolución por escrito que es la misma que la ofrecida por la compañía miembro que el vendedor independiente representa.

B. RESPONSABILIDADES Y DEBERES

1. Investigación oportuna y Se prohíbe usar el argumento de contratista independiente” como defensa

- a. Compañías miembros establecerán, anunciarán e implementarán procedimientos para asegurar la resolución pronta de todas las quejas.
- b. En el caso de que algún consumidor se queje que el vendedor independiente que le ofreció a venta los productos o servicios de una compañía miembro se ha conducido inapropiadamente durante el curso de la presentación del producto o servicios, la compañía miembro investigará en seguida la queja y tomará las medidas que considere apropiadas y necesarias bajo las circunstancias para rectificar los errores que según los hallazgos de su investigación se han cometido.
- c. Las compañías miembros se considerarán responsables de las violaciones del Código, cuando el Administrador descubre, que ha habido una violación del Código, después de considerar todos los hechos. Para propósitos de este Código, y con el fin de fomentar la protección del consumidor, las compañías miembros

voluntariamente no recurrirán a la defensa, contra alegatos de que se ha violado el Código, que el vendedor es un contratista independiente, y que es él quien distribuye los productos o servicios bajo la marca registrada o nombre comercial de las mismas. Sin embargo, no se debe interpretar que al tomar tal acción, las compañías renuncian al derecho de recurrir a esa defensa bajo cualquier otra circunstancia.

- d. Las compañías miembros deben ser diligente para generar en sus empleados y/o vendedores independientes sobre las obligaciones de las compañías miembros bajo el Código. Ningún miembro suscrito tratará de persuadir, inducir o forzar que un colega viole este Código, y los miembros suscritos por ente están de acuerdo de que el hecho que alguien trate de hacer que otro viole este Código de por sí se considera una violación del mismo.
- e. Vendedores independientes no están sujetos directamente a este Código, pero como condición de su participación en el sistema de distribución de una compañía miembro, se les requiere adherir a las reglas de conducta que cumplen con los estándares de este Código, en virtud de sus vínculos con la compañía miembro con la cual se han afiliado.
- f. Este Código no es una ley, pero sus obligaciones requieren que las compañías miembro y sus vendedores independientes exhiban un nivel de conducta ética consistente con las disposiciones de los requisitos jurídicos existentes. El incumplimiento con respecto a este Código no crea responsabilidades u obligaciones civiles. Cuando la compañía deja de ser miembro de DSA, ésta no tiene la obligación de cumplir con este Código. Sin embargo, las disposiciones de este Código siguen siendo aplicables a acontecimientos o transacciones que ocurrieron durante el plazo en que la compañía fue miembro de DSA.

2. Requisito de Dar Publicidad al Código

- a. Todas las compañías miembros deben dar publicidad al Código de Ética y el proceso por presentar una queja informando a sus vendedores y consumidores. Como mínimo, las compañías miembros deben tomar una de las siguientes medidas:
 - (i) Incluir en el sitio web de la compañía el Código de Ética de DSA, explicando paso por paso cómo se debe presentar una queja;

- (ii) Incluir un enlace entre el sitio web de la compañía y la página web del Código de Ética de DSA que menciona el proceso de presentar una queja;
 - (iii) Incluir el Código de Ética de la compañía, en su sitio web con mención aparte, o un enlace sobre el proceso de presentar una queja; o en su proceder para querellantes; o con una explicación de cómo un querellante puede presentar una apelación al Administrador del Código DSA, en caso que el querellante no esté satisfecho con la solución obtenida bajo el código de la compañía; o en su proceder para querellantes, refiriéndose al sitio web del Código de Ética de DSA.
- b. Todas las compañías miembros, después de someter su programa, al pagar su cuota, deben declarar anualmente que el programa sigue siendo efectivo o indicar si ha habido algún cambio.
-

2. a. El enlace debe ser claro y conspicuo. El enlace en el sitio web de la compañía se debe ubicar prominentemente para que sea visible y accesible a vendedores y consumidores; las compañías deben colocar el enlace en la página web que vendedores y consumidores suelen acceder más comúnmente. También es ideal incluir una declaración, tal como, "Con orgullo anunciamos que somos miembros de la Asociación de Venta Directa (Direct Selling Association—DSA). Para ver el Código de Ética que obedecemos hagan clic aquí." Y "Para presentar una queja, por favor contacte con nosotros en [correo electrónico de la compañía miembro y / o número de teléfono]. Si usted es insatisfecho con la resolución, usted puede escalar su queja a

DSA haciendo clic aquí ", también son ideales. Las compañías miembros deberían vincular específicamente a www.dsa.org/consumerprotection/Code y www.dsa.org/consumerprotection/filing-a-code-complaint.

3. Oficial Responsable del Código

Se requiere que cada compañía miembro, tanto actual como pendiente, nombre un Oficial Responsable del Código DSA. El mismo es responsable de facilitar el cumplimiento del Código por parte de su compañía y de responder a las investigaciones del Administrador nombrado a conforme de Sección C.1. Tal oficial servirá como el contacto principal de la compañía miembro encargado de comunicar los principios del Código de Ética a sus vendedores independientes, empleados, clientes y el público en general.

4. Efecto Extraterritorial

Cada compañía miembro debe cumplir con el Código de Conducta de la Federación Mundial de la Asociación de Venta Directa (World Federation of Direct Selling Associations--WFDSA) con respecto a actividades de venta directa efectuadas en el exterior, en la medida en que el Código WFDSA no sea incompatible con las leyes de los EE.UU., a menos que tales actividades se encuentren bajo la jurisdicción del código de conducta de la DSA de otro país al cual la compañía miembro también pertenece.

C. ADMINISTRACIÓN

1. Interpretación y Ejecución

La Junta de Directores de la Asociación de Venta Directa (DSA) nombrará un Administrador del Código "Administrador" que servirá durante un plazo fijo establecido por la Junta antes de su nombramiento. La Junta tendrá la facultad de despedir al Administrador sólo con motivo suficiente. La Junta dará al administrador suficiente autoridad para permitir que el mismo enfrente debidamente las responsabilidades que le han sido confiadas bajo este Código. El Administrador será responsable directamente y solamente a la Junta.

2. Administrador del Código

- a. El Administrador debe ser una persona de integridad reconocida, que conoce bien a la industria, y cuya importancia inspira respeto en la industria y en el público. El mismo nombrará un personal adecuado y competente para que le ayude a encarar sus obligaciones. Durante su gerencia ni el Administrador ni cualquier miembro de su personal puede ser oficial, director, empleado o inversor de cualquier ente miembro o afiliado de la DSA. El Administrador divulgará todas las acciones que tiene en una

compañía miembro antes de ser nombrado y también divulgará toda compra subsiguiente de tales acciones a la Junta de Directores. El Administrador también tendrá los mismos derechos de indemnificación como los que gozan los Directores y Oficiales bajo los estatutos de DSA.

- b. El Administrador establecerá, anunciará e implementará procedimientos transparentes para el manejo de quejas para asegurar que todas ellas se resuelvan oportunamente.
- c. El Administrador, de acuerdo a los reglamentos establecidos por la Junta de Directores , según aquí previstos, oír y determinará todas las denuncias contra los miembros suscritos al mismo, dando a los miembros o personas la oportunidad que se los oiga por completo. El Administrador tendrá el poder the originar procesos, y tendrá en todo momento la cooperación completa de todos los miembros.

3. Procedimiento

- a. El Administrador tendría todo el conjunto a determinar si ha ocurrido una violación del Código. El Administrador responderá lo antes posible a todas las indagaciones relacionadas al Código y su aplicación, y, cuando sea apropiado, puede sugerir, para la consideración de la Junta de Directores, nuevas modificaciones o nuevas implementaciones para que el Código sea más efectivo.
- b. Si, a juicio del Administrador, alguna queja esté fuera de la experiencia o recursos del mismo, éste puede renunciar al ejercicio de su jurisdicción y puede, recomendar que el querellante se dirija a otro foro al cual puede dirigir su queja.
- c. El Administrador, puede mantener y mejorar todas las relaciones con Better Business Bureaus (Oficinas de Mejores Prácticas Comerciales) y otras organizaciones, tanto privadas como públicas, con vista a mejorar las relaciones de la industria con el público y recibir datos a partir de tales organizaciones con respecto a las actividades de venta de la industria.

D. CUMPLIMIENTO DEL CÓDIGO DE ÉTICA DE DSA

1. Cuando se recibe una queja

Cuando se recibe una queja autentico de parte de un consumidor de buena fe o cuando el Administrador tiene motivo de creer que un miembro ha violado el Código de Ética, el Administrador enviará una copia de la queja, si la hubiere, al miembro acusado junto con una carta propia notificando al miembro que se ha entablado una investigación preliminar de una posible violación específica, según la

Sección 3, solicitando la cooperación del miembro para que le suministre los datos, documentación y aclaración necesarios. Si la investigación del Administrador no se basa en una queja escrita, entonces el mismo proveerá una notificación por escrito, explicando en qué se basa su motivo de creer que ha ocurrido una violación. Además, el Administrador del Código honorará todo pedido hecho por la parte querellante que su identidad sea tratada con confidencialidad.

2. Cooperación con el Administrador del Código

Si un miembro se niega a cooperar con el Administrador y a suministrarle los datos, documentación, el Administrador enviará al compañía miembro por correo registrado una notificación otorgando a este último la oportunidad de aparecer ante el Panel de Revisión de Apelaciones, a una fecha dada, para indicar porqué no se debe terminar su participación como miembro de la Asociación de Venta Directa. Si el miembro se niega a cooperar con el Administrador o a solicitar que el Panel de Revisión de Apelaciones revise sus conclusiones, es posible que la Junta de Directores de DSA, vote para terminar su participación como miembro de la asociación.

3. Investigación y Procedimiento de Disposición

- a. El Administrador efectuará una investigación preliminar, haciendo los contactos investigativos necesarios para llegar a una decisión bien informada sobre el alegato de violación del Código. Si el Administrador determina, después de una investigación informal que no es necesario tomar otras medidas o que el alegato de violación no tiene mérito, se pondrá fin a toda subsiguiente investigación y acción administrativa sobre el tema y la parte querellante recibirá una notificación al respecto.
- b. El Administrador puede remediar, a su criterio, el alegato de violación del Código mediante una comunicación informal, oral y escrita con la compañía miembro delatada.
- c. Si el Administrador determina que violaciones aparentes son de naturaleza, alcance o frecuencia, con miras al mejor interés de los consumidores, DSA y la industria de venta directa, entonces notificará al miembro cuál es su decisión, y qué razonamiento y hechos dieron lugar a la misma, además de la naturaleza de la corrección que debe ser efectuada. La notificación del Administrador ofrecerá al miembro la oportunidad de aceptar voluntariamente las medidas correctivas sugeridas sin tener que

aparecer a una audiencia según la Sección E.1. Si el miembro desea resolver el asunto de este asunto, deberá avisar al Administrador por escrito dentro de 20 días. La carta que la compañía miembro envía al Administrador puede indicar que el hecho que está dispuesta a consentir no constituye una admisión o creencia de su parte que hubo una violación del Código.

4. Panel de Revisión de Apelaciones

Si una compañía miembro ha presentado una solicitud de reconsideración de conformidad Sección D.2. o una apelación de medidas correctivas del Administrador a conforme a la Sección D.3., un Panel de Revisión de Apelaciones que consiste de tres representantes de las compañías miembros activos serán seleccionados por el Comisión Delegada del Consejo de Administración de la DSA dentro de 20 calendario día. Las tres compañías miembros serán seleccionados de manera que representa una sección transversal de la industria. Cuando sea posible, ninguna de los tres deberá vender un producto que compite específicamente con la compañía miembro que busca el Panel de Revisión de Apelaciones (en adelante, "El apelante"), y todos los esfuerzos se harán para evitar conflictos en seleccionar el panel. Si por cualquier razón, un miembro del Grupo Especial no puede cumplir con sus funciones, el Presidente de la Junta de DSA puede reemplazar esa persona con una nueva cita. Los representantes sirviendo en el Panel de Revisión de Apelaciones durante su tiempo en el Panel de tener los mismos derechos de indemnización de los directores y funcionarios por los estatutos de la DSA.

5. Procedimiento para la Revisión de Apelaciones

- a. Una compañía miembro debe hacer una solicitud para convocar una Apelaciones Revise Panel por escrito al Administrador dentro de los 20 días naturales de notificación del administrador de la insuficiencia de la compañía miembro para cumplir o medidas correctivas recomendadas por el Administrador. dentro de las 10 días naturales siguientes a la recepción de la solicitud, el Administrador notificará el Presidente de la Junta de DSA. El Comité Ejecutivo entonces vendrá seleccione el panel de tres personas como se establece en la Sección D.4.
- b. Apenas seleccionado el panel, el Administrador informará al Recurrente cuáles son los nombres de los participantes del mismo, incluso el nombre del que lo preside. Dentro de 14 días de tal

notificación, el Administrador enviará una copia de la Queja, todos los documentos pertinentes, junto con una explicación de los motivos en qué se basa su decisión de imponer medidas correctivas, a todos los participantes en el panel con copia al Recurrente. Una vez que haya recibido tal información, el Recurrente tendrá 14 días para presentar al panel las razones por las cuales las medidas correctivas no se deben imponer, junto con cualquier documento adicional pertinente. Copias de tal información también deben ser enviadas al Administrador.

- c. Una vez que los datos del Administrador y de la compañía miembro hayan sido recibidos por los participantes del panel, éste debe completar su examen dentro de 30 días naturales o tan pronto como sea posible. Si la revisión se refiere a si la pertenencia de la demandante en el DSA debe darse por concluido, el Panel decidirá si el fracaso de la compañía miembro de trabajar con el Administrador justifica la suspensión o terminación de la membresía de la demandante en el DSA. Si la revisión se refiere a la acción correctiva sugerida por el Administrador, el panel debe decidir si la decisión del Administrador de imponer medidas correctivas fue razonable en vista de todos los hechos y circunstancias involucrados y debe, o confirmar la decisión del Administrador, o revocarla, o imponer una sanción menor según Sección E. El panel podrá ponerse en contacto con el Administrador y el Recurrente y cualquier otra persona que sea testigo pertinente a la queja, según lo considere apropiado. La decisión del panel es definitiva, y debe ser comunicada oportunamente, tanto al Administrador como al Recurrente. Los costos de la apelación, tal como los costos de fotocopias, teléfonos, facsímiles y correo corren por cuenta del Recurrente.

E. PODERES DEL ADMINISTRADOR

1. Remedios

El Administrador que determine, conforme a la investigación provista en la Parte D, 3, que el miembro delatado ha cometido una o varias violaciones del Código de Ética, tiene el poder de recomendar a la compañía miembro acusado, remedios apropiados, sea individual o simultáneamente lo que incluye pero no se limite a lo siguiente:

- a. Restitución completa al querellante de las sumas que éste pagó por los productos del miembro acusado, que fueron asunto de la queja bajo el Código;
- b. Reemplazo o reparación del producto del miembro acusado, la venta del cual dio raíz a la queja bajo el Código;
- c. Pago de una contribución voluntaria a un fondo especial de contribuciones que será usado para propósitos publicitarios para diseminar el Código y datos pertinentes. La gama de tales contribuciones puede elevarse a \$1,000 por violación del Código.
- d. Sumisión al Administrador un cometido por escrito de cumplir con el Código de Ética en futuras transacciones y de ejercer la debida diligencia para asegurar que no habrán repeticiones de las prácticas que dieron raíz a la queja bajo el Código.
- e. Cancelación de las órdenes, devuelvan los productos comprados, cancelen o terminen las relaciones contractuales con el vendedor independiente u otros remedios.

2. Cierre del Caso

Una vez que haya determinado que se han cumplido todos los remedios impuestos en un caso en particular, el Administrador debe ser considerado como cerrado.

3. Cumplimiento Denegado

Si una compañía miembro se niega a cumplir voluntariamente con cualquier remedio que impone el Administrador, y no solicita revisión por parte del Panel de Revisión de Apelaciones, la Junta de Directores de DSA, o parte nombrada de la misma, puede decidir que se debe suspender al miembro o terminar su posición como miembro de la Asociación.

4. Solicitud de Readmisión después de una Suspensión o Terminación

Si la Junta de Directores, o un grupo designado de lo mismo, suspende o termina una compañía miembro de conformidad con las disposiciones de este Código, el DSA notificará a la compañía miembro de una decisión de este tipo por correo certificado. Una compañía miembro suspendido, después de al menos 90 días naturales día siguiente al aviso, y una compañía miembro de terminado, después de al menos un año después de que la notificación , podrán solicitar la oportunidad tener su suspensión o terminación revisado por una

Revisión de Apelaciones Panel , que puede , a su discreción recomendar que la Junta de Directores reinstaurar membresía.

5. Referencia a una Agencia Estatal o Federal

En el caso de una compañía miembro se ha suspendido o cancelado por el Consejo de Administración, o parte designada del mismo DSA, de conformidad con las disposiciones de este Código, el DSA informarán a la Comisión Federal de Comercio ("FTC") de dicha suspensión o terminación y deberá, si así lo solicita la FTC, presentar toda información útil sobre la base para la suspensión o terminación.

F. RESTRICCIONES

1. Consulta con Terceros

En ningún momento durante la investigación y audiencia de cargos contra un miembro, debe el Administrador, o miembro del Panel de Revisión de Apelaciones, consultar a ninguna persona sobre algún alegato de violación del Código, con excepción de lo que se dispone en este documento y según sea necesario para conducir la investigación y celebrar la audiencia. En ningún momento durante la investigación o audiencia de cargos, debe el Administrador o miembro del Panel de Revisión de Apelaciones consultar a un competidor del miembro que se alega ha violado el Código, a menos que sea necesario llamar a un competidor para aclarar los hechos, en cuyo caso la consulta con el competidor se hará con el único propósito de discutir los hechos. En ningún momento podrá un competidor participar en la disposición de un asunto por parte del Administrador o Panel de Revisión de Apelaciones.

2. Documentos

A solicitud del Administrador para cualquier compañía miembro, todos documentos directamente relacionados con una presunta violación se entregarán al Administrador. Cualquier información que se identifica como propietario por la parte que la producción se llevará a cabo en la confianza. Siempre que el Administrador, ya sea por su propia determinación o en virtud de una decisión de un Panel de Revisión de Apelaciones, se cierra una investigación, toda documentos o bien deberán ser destruidos o devueltos, que se consideren apropiarse por el Administrador, salvo en la medida necesaria para la defensa de un desafío legal al Administrador de Apelaciones o de la opinión El manejo del panel de un asunto, o para la presentación de los datos pertinentes relativos a una queja a una

agencia local, estatal o federal. En ningún momento durante el procedimiento previsto en este Código deberá Administrador o un miembro de un Panel de Revisión de Apelaciones de forma unilateral o mediante la emisión DSA un comunicado de prensa en relación con las denuncias o conclusiones de una violación de la Código menos que sea autorizado expresamente para ello por el Comité Ejecutivo de la Junta de Directores de la DSA.

3. Miembros Pendientes de DSA

Nada en la sección F impedirá que el administrador de notificar, por lo su discreción, los miembros del personal DSA de un supuesto violaciones del Código que han llegado a su conocimiento y que puede tener relación con las calificaciones de una compañía miembro pendiente para ser miembro activo.

4. Informes Públicos del Código de Ética Quejas y Esfuerzos de Cumplimiento por Compañías Miembros

El Administrador podrá emitir informes periódicos sobre el Código de Ética cumplimiento incluyendo la divulgación de los números y tipos de quejas así como los esfuerzos de la compañía de condicionalidad. La emisión de estos informes no identificará quejas individuales.

G. RENUNCIA

Renuncia a la posición de miembro por parte de una compañía acusada antes de completar los procedimientos establecidos bajo este Código no justifica terminación de los mismos, y una determinación de si existe una violación del Código será tomada por el Administrador a su juicio, sin tomar en cuenta si la compañía acusada sigue siendo miembro de la Asociación o participa en procesos por resolver la queja.

H. ENMIENDAS

Este Código puede ser enmendado mediante el voto de dos tercios de los miembros de la Junta de Directores.

Según fue adoptado
El 15 de junio de 1970

Según fue enmendado
El 8 de diciembre 2015.