



# Policies and Procedures

Revised 11/6/2023

# Introduction

Reliv, Inc. (hereinafter referred to as “ Reliv” or the “Company”) has established the following rules, regulations, policies and procedures which apply to all Independent Reliv Distributors who have signed a Distributor Application and Agreement (“Distributor Agreement”) with Reliv. The purpose of these policies and procedures is to provide consistent standards for all Distributors of Reliv, to maintain the integrity of the marketing plan and to promote compliance by Reliv and all Distributors with applicable federal, state and local laws and regulations affecting direct selling companies. Separate policies and procedures have been established by each of the other operating subsidiaries of Reliv International, Inc., which govern the Distributors of each of those other subsidiaries in the countries in which they operate.

It is your responsibility as a Reliv Distributor to study, understand and abide by the most current version of these Policies and Procedures and other Distributor materials, including the Distributor Agreement. Please note that Reliv reserves the right to amend these Policies and Procedures, and any other Reliv publication, including the Company’s compensation plans or programs, at any time, and that those amendments will be effective when published. Reliv may publish amendments to these Policies and Procedures and any other Reliv publication by various means, including but not limited to, the Company internet website, periodic publications to Distributors, email messages, and/or mailing a notice of amendment to Distributors at the addresses on record with the Company. Inconsistencies or conflicts between these Policies and Procedures and the Distributor Agreement shall be resolved in favor of these Policies and Procedures, as amended from time to time. When sponsoring a new Distributor, it is your responsibility to provide the most current version of the Distributor Agreement and Policies and Procedures, prior to the applicant joining the Company. Additional copies of these Policies and Procedures can be obtained from the Company or viewed on the Company’s website by logging in to reliv.com and clicking My Distributor Resource Center and then Distributor Resources. We strongly encourage you to review the information in these Policies and Procedures regularly to refresh your understanding. Upon becoming a Distributor, you acknowledge and agree that you have read, understood and accepted these Policies and Procedures. Should you have any questions, please contact your Master Affiliate, upline leader or the Distributor Services Center at Reliv.

## **A. PROFESSIONAL ETHICS**

### **The Reliv Professional Code of Ethics**

I will be honest and fair in all my dealings while acting as a Distributor of Reliv products.

I will perform all my professional activities in a manner that will enhance my reputation and the positive reputation established by Reliv.

I will be courteous and respectful to every person contacted in the course of my Reliv business.

I will fulfill my leadership responsibilities as a sponsor and otherwise supporting the Distributors in my sales organization.

I will not misrepresent the Reliv products, programs or Compensation Plan, nor will I engage in any deceptive or illegal practice.

I will make no claims for any Reliv product that are not contained in official Reliv literature.

I will make no diagnostic or prescriptive claims for any Reliv products.

Nor will I represent my personal experiences with Reliv products as indicative of the experience that others may expect.

Except as specifically authorized in writing by Reliv, I will make no statement as to income potential of the Reliv Compensation Plan, nor will I make any statement as to specific income or revenue figures that can be earned by a Distributor.

I understand and agree that I am solely responsible for all financial and/or legal obligations incurred by me in the course of my business as a Distributor of Reliv products and/or services.

I will not solicit from the proprietary rolls or “genealogical” printouts of other direct selling companies.

I will not use sales materials or professional associations that may be regarded as proprietary by other companies.

I will conduct my Reliv business in a way that respects the products and professionalism of other companies.

## **B. DISTRIBUTOR STATUS**

### **B.1 Becoming a Distributor**

An applicant becomes a Distributor of Reliv when both of the following requirements are completed:

A) The applicant signs up as a new Distributor, which includes a \$20 fee to get started and receives an email link for a Reliv Distributor Online Enrollment Kit.

B) The applicant’s completed and signed Distributor Agreement has been received and accepted by the Reliv home office.

**Reliv reserves the right to decline any applicant in its sole and absolute discretion.**

### **B.2 No Purchase is Required**

No person is required to purchase any Reliv product or service in order to become a Distributor.

The only fee required is a \$20 registration fee plus taxes, if applicable. Any statement or suggestion to the contrary by a Reliv Distributor is strictly prohibited.

### **B.3 Legal Age**

Distributors must be of legal age in the state of their residence.

### **B.4 Married Couples**

Married couples and their dependent children must share a single Distributorship. Applicants who will be actively participating in the business must sign the Distributor Agreement. The tax identification number of the first listed applicant is used for tax reporting purposes. Single Distributors who thereafter marry may elect to maintain separate Distributorships unless one is the direct sponsor of the other, in which case their Distributorships must be consolidated, except as otherwise authorized by Reliv.

### **B.5 Actions of Household Members and Others**

Distributors are responsible for the actions of household members and if any action taken by a household member violates these Policies and Procedures, then such violation will be deemed a violation by the Distributor.

### **B.6 Simultaneous Interests**

Individuals may not have simultaneous beneficial interests in more than one Distributor entity without the prior written consent of Reliv or as otherwise provided in Section C.12. For example, a shareholder of a corporation that is a Reliv Distributor may not become a Reliv Distributor individually.

### **B.7 Entities**

Corporations, Partnerships, Limited Liability Companies and Trusts (and other entities as approved by Reliv, each an "Entity") may be Distributors subject to the following rules and conditions:

- A) A Distributor Agreement must be submitted in the name of the Entity accompanied by the Supplement form for Entities. The Distributor Agreement must be filled out completely and signed on behalf of the Entity by an authorized officer, member, manager, partner or trustee, and the Supplement must be signed individually by each of the shareholders, partners, members, trustees, beneficiaries or other stakeholder of the Entity (each a "Principal").
- B) By executing the Supplement, each Principal will be bound, individually, by the terms of the Distributor Agreement and these Policies and Procedures. In addition, each Principal certifies and agrees that, except with the written consent of Reliv, he or she will be active in the conduct of the business of the Entity as a Distributor of Reliv.
- C) Reliv is entitled to terminate the Distributor Agreement of any Entity, if, without the express prior written consent of Reliv, (i) the Entity or any Principal sells or issues any equity or other interest in the Entity to any person not included on, and signing, the original Distributor

Agreement and Supplement, or (ii) there is a transfer of any equity or other interest in the Entity (except as transferred pursuant to Section C.11). No Principal of the Entity will be relieved of any obligation under the Distributor Agreement because of the transfer of an interest to a third party, except with the prior written agreement of Reliv.

D) Except as otherwise expressly set forth in these Policies and Procedures, a person may be a Principal of only one Reliv Distributorship and that person may not also be a Reliv Distributor individually.

E) A Reliv Distributor may assign his/her Distributorship to an Entity by completing a Distributor Agreement in the name of the Entity and assigning the Distributorship to the Entity in the form approved by Reliv. Changes in the form, structure or name of an Entity may be made only with the prior written consent of Reliv.

F) If any individual (including spouses) associated with the Entity violates the Distributor Agreement, which incorporates these Policies and Procedures, such action will be considered a violation by the Entity and Reliv may take such disciplinary action as it deems appropriate in its sole and absolute discretion.

## **B.8 Assumed Names**

A person or Entity may apply under a legally registered assumed name, if the application includes the signatures of all persons acting under or holding an interest in the assumed name.

## **B.9 Annual Distributor Renewal**

To remain a Distributor, you must renew your Distributorship annually. An annual renewal fee is due on the anniversary of your enrollment date. Although it is each Distributor's responsibility to renew his or her Distributorship, Reliv reminds Distributors when their renewal fee is due. For those Distributors who receive payments directly from Reliv, Reliv will automatically renew your account and include a "renewal deduction" under the adjustment portion of your statement for your renewal fee. If you do not renew your Reliv Distributor status by the required deadline, your Distributorship with Reliv may be terminated at Reliv's discretion and, if terminated, you forfeit all sponsorship rights, position earned, and corresponding compensation.

## **Annual Preferred Customer Renewal**

To remain a Preferred Customer, an annual Preferred Customer fee is required.

## **B.10 Independent Contractor Status**

All Distributors are independent contractors of Reliv. They are not franchisees, joint venturers, partners, employees, or agents of Reliv. Distributors have no authority to make any representation, agreement, or commitment of any kind for or on behalf of Reliv or to bind Reliv in any manner. Reliv does not control the time, location or amount of work that a Reliv Distributor performs.

## **B.11 Indemnity Agreement**

Every Distributor agrees to indemnify and hold harmless Reliv, its officers, agents, and directors, against any claim, demand, liability, loss, cost, or expense including, but not limited to, attorneys' fees, arising or alleged to arise in connection with the conduct of the Distributor. Each Distributor waives and releases any claims which he or she may have against Reliv or any of its affiliate organizations and each of their respective officers, directors, employees and agents arising out of any act, omission, statement or representation of a Distributor related to his or her Reliv business. In no event will Reliv be liable to a Distributor (or anyone claiming through a Distributor) for any consequential or special damages.

## **B.12 Taxation**

Distributors will not be treated as employees for federal or state tax purposes. Further, Distributors will not be treated as employees, franchisees, joint ventures, partners, or agents with respect to the Internal Revenue Code, Social Security Act, federal unemployment acts, or any other federal, state, or local statute, ordinance, rule, or regulation. Distributors are responsible for filing and paying all applicable federal, state and local taxes with respect to amounts earned by their Distributorship.

The Company will issue Internal Revenue Service Form 1099-Misc. to Distributors that Reliv has paid commissions or other compensation.

## **B.13 Compliance**

Distributors shall comply with all federal and state statutes and regulations and local ordinances and regulations concerning the operation of their businesses. Distributors are responsible for their own managerial decisions and expenditures, including all estimated income and self-employment taxes.

The Distributor Agreement, which incorporates these Policies and Procedures, sets forth the terms of the relationship between the Company and its Distributors. Violations of the Distributor Agreement or any illegal, fraudulent, deceptive, improper, threatening or unethical business conduct by a Distributor may result, in Reliv's sole and absolute discretion, in one or more corrective measures, including but not limited to: (1) issuance of a written warning letter; (2) suspension of Distributor's status; (3) suspension or loss of rights to commissions or other compensation; (4) involuntary termination of the Distributor Agreement; (5) legal proceedings for monetary and/or equitable relief; or (6) any combination of the above.

## **B.14 Identification Numbers**

Reliv will issue a Record Control Number (RCN) for your Reliv Distributorship. For an individual distributorship, your Social Security Number will be the RCN. An Entity's RCN may be either the Social Security Number of one of the Principals (whose name must be on the Distributorship Agreement) or the Entity's Federal Tax I.D. Number. Always include your RCN

in correspondence with Reliv. Failure to do so may result in unnecessary delay of your requests, including delay of payments.

### **B.15 No Exclusive Territories**

There are no exclusive territories for marketing or recruiting purposes, nor shall any Distributor imply or state that he or she does have an exclusive territory. A Distributor may conduct the Distributor's Reliv business in any state, country or territory in which Reliv has an established business, subject to the laws and regulations of each country.

### **B.16 Confidential Information**

Each Distributor acknowledges and agrees that all information concerning Reliv Distributors, including, but not limited to, customer and Distributor lists, whether compiled or stated individually (hereinafter "Confidential Information"), was obtained by Reliv at great effort and expense, is of great value to Reliv, and is maintained by Reliv as confidential and trade secret information. This includes names, physical and e-mail addresses, telephone numbers, genealogies and other information relating to Reliv Distributors and customers. Each Distributor further acknowledges and agrees that Confidential Information received or obtained, whether in the form of lists prepared by Reliv or otherwise, is received in confidence and on the condition and agreement that such information will be kept confidential. Each Distributor also agrees that he or she will not disclose Confidential Information to anyone except when authorized in writing by Reliv and will not use Confidential Information for any purpose other than the performance of functions and duties as a Reliv Distributor. From time to time, the Company may furnish data reports to a Distributor that provide information related to the Distributor's downline organization, sales volume, compensation, etc. These reports and the information provided therein are confidential and constitute trade secret information of the Company. These reports are provided to a Distributor solely for the development of his or her Reliv business. Distributors are prohibited from using these reports for any purpose other than the performance of functions and duties as a Reliv Distributor including, without limitation, directly or indirectly disclosing the information contained in these reports to any third party; using the information to compete with the Company; or soliciting or recruiting any Distributor on the report to alter their relationship with the Company.

The obligations of this Section shall survive any expiration or termination of a Distributor's Distributor Agreement for a period of five years.

### **B.17 Non-Solicitation/Other Business Activities**

Generally, Reliv Distributors are not restricted from being employed by, or providing services to other business entities, or from engaging in other business activities. A Distributor is prohibited, however, from using the name Reliv, any trademarks of Reliv or the names of Reliv products in connection with any other business activity. Each Distributor agrees that, while a Distributor, and for a period of 12 months from the expiration or termination of the Distributorship, he or she will not, directly or indirectly, (i) solicit any Reliv Distributor to become a Distributor for, or associate with any person or entity (other than Reliv) engaged in marketing or selling any

product or service by means of direct sales, network marketing or multi-level marketing method or organization, or (ii) solicit for the sale, or sell, any competing product or service to a Reliv Distributor, other than products or services sold by Reliv or (iii) alter in any way a Reliv Distributor's relationship with the Company. The term "solicit" includes any actual or attempted promotion, recruitment, recommendation, encouragement, suggestion, inducement, or effort to influence in any other way, either directly or through a third party, another Reliv Distributor or customer to enroll or participate in another direct selling opportunity. "Solicit" also includes actions that are in response to an instigated inquiry by another Reliv Distributor or customer.

All rights and obligations of this Section will survive any expiration or termination of a Distributor's Distributorship

### **B.18 International Sponsoring**

Reliv Distributors may only sponsor other Distributors in countries where Reliv has an established business. Reliv shall make available a listing of countries in which it does business.

A) Distributors may only offer for sale and distribution Company products and sales materials registered for, or authorized for sale in, the given market. Generally, products authorized for sale in a particular country or market are offered for sale to Reliv Distributors by the Reliv International affiliate operating in that country or market.

B) In conducting business internationally in officially opened and authorized countries or territories:

1. A Distributor should promote Company products and the business opportunity through personal contact to ensure proper product orientation and customer service.
2. Distributors in good standing have the right to sponsor in all countries where an affiliate of Reliv International has established operations and sponsoring is authorized.
3. Each Distributor is responsible for learning and complying with all applicable laws, regulations, rules, tax requirements, and other requirements of the country, including the country-specific Policies and Procedures.
4. Each Distributor accepts sole responsibility for conducting his or her independent business lawfully within the country. The Distributor also agrees to indemnify and hold harmless Reliv and any affiliated company of any claim, action or liability asserted that arises out of his or her actions, omissions or representations in sponsoring or conducting his or her independent business in the country.

C) No business or promotional activities may occur in a country before it is officially opened. A Distributor must refrain from the following in unauthorized countries:

1. Selling or distributing in any manner Company products or product samples.
2. Promoting the Reliv business opportunity in an unauthorized country, including but not limited to:
  - a. Placing social media ads or any ad that advertise an independent Distributorship, Company products or the business opportunity;
  - b. Promoting or conducting any type of business opportunity, product or training meeting with any number of individuals;
  - c. Establishing a business office or renting a facility for promoting Company products or the business opportunity;

- d. Establishing an agent or agents to promote the business opportunity and/or Company products;
  - e. Soliciting or negotiating a contract or other formal or informal agreement for committing a potential Distributor to the business opportunity, specific sponsor or line, and
  - f. Accepting money or other consideration or being involved in any financial transactions with any person, either personally or by agent, before the official opening for business.
3. Signing up a potential Distributor in an unauthorized country under a Distributor Agreement in an authorized country.
  4. Holding meetings in an authorized country or territory with potential Distributors from unauthorized countries or prematurely training or promoting the business opportunity or products in unauthorized countries.
  5. Representing that he or she is the sole agent for the Company or has the exclusive Distributor rights in any country.
  6. Promoting or conducting any type of activity that the Company, in its sole discretion, deems to be contradictory to or inconsistent with the Company business.
- D) Reliv attempts to sustain a seamless operation from one country to another. However, differences can occur in product pricing, compensation plans, promotions, currency and other areas of operation. To respond to these differences:
1. Reliv pays each Distributor in the currency of his application or “home country.”
  2. For purposes of determining business volume, for a particular distributor whose downline includes Distributors of a different country (“Foreign Distributors”), all business volume of the Foreign Distributors is converted to volume in the Distributor’s country.

## **C. DISTRIBUTOR OPERATIONS**

### **C.1 Sponsoring**

A Reliv Distributor is entitled to sponsor other Distributors into the Reliv business. A Distributor will not be compensated for enrolling new Distributors. However, he or she will be compensated under the Reliv Compensation Plan based on the volume of product sales. There are no assurances or guarantees of any compensation or commissions.

### **C.2 Multiple Applications**

If one applicant submits multiple Distributor Agreements listing multiple sponsors, only the first completed form received by Reliv will be accepted.

### **C.3 Training Support**

A Distributor must ensure that new Distributors he or she sponsors are properly trained in how to operate their Reliv Business, which includes an understanding of the Distributor Agreement, including these Policies and Procedures, and the Compensation Plan.

#### **C.4 Changing Sponsorship**

Transfer of sponsorship is rarely permitted and is actively discouraged. Maintaining the integrity of sponsorship is critical for the success of the overall organization. A Distributor may seek a change of sponsorship by making written request to Reliv, accompanied by signed letters of approval from all five immediate upline Master Affiliates and any distributors between the Distributor and the Distributor's upline Master Affiliate. The form must state clearly that all parties involved understand the consequences of the sponsorship transfer. Any change of sponsorship is subject to final approval by Reliv. Alternatively, a Distributor may change sponsorship by voluntarily terminating his or her existing Distributorship and maintaining no activity for a period of six months. The Distributor may then enroll as a new Distributor under any sponsor he or she chooses. If the annual renewal has expired and a period of six months has lapsed with no activity, the Distributor may enroll as a new Distributor under the sponsor of his or her choice.

#### **C.5 Voluntary Termination**

A Distributor may voluntarily terminate his or her Distributor Agreement at any time by sending written notice to Reliv. Voluntary termination is effective upon receipt of such notice by Reliv. A Distributor who voluntarily terminates a Distributorship must wait six months before being eligible to enter into a new Distributor Agreement.

#### **C.6 Involuntary Termination or Suspension**

Reliv may immediately terminate or suspend the status of any Distributor for cause. "Cause" means and includes (i) any violation of the Distributor Agreement which incorporates these Policies and Procedures, all of which may be amended from time to time, (ii) any wrongful taking of property from Reliv or a Reliv Distributor, (iii) any act of dishonesty regarding Reliv or a Reliv Distributor, (iv) the commission of a felony or act of moral turpitude, or (v) the use or sale of illegal drugs or the excessive use of alcohol or other personal conduct which, in the reasonable opinion of Reliv, may reflect adversely on Reliv. Each Distributor acknowledges that Reliv has a legitimate and substantial interest in maintaining high standards of integrity and responsibility in its Distributors. In addition, Reliv may terminate the status of any Distributor in its sole and absolute discretion without cause by giving 30 days written notice to the Distributor.

#### **C.7 Effect of Suspension**

If a Distributor is suspended for cause, (i) the Distributor shall not be entitled to act as or receive any of the benefits of a Reliv Distributor for the term of the suspension, (ii) the Distributor shall not be entitled to receive any compensation as a Distributor during the suspension period, including without limitation any commissions or overrides (except payments that may have been due for periods prior to the suspension), (iii) at the sole and absolute discretion of Reliv, the Distributor's sponsored downline organization, for the period of suspension, may be moved up to the next sponsor in the suspended Distributor's upline and remain there during the term of

suspension. The suspension of a Distributor shall be effective the first day of the month in which notice is given.

### **C.8 Effect of Termination**

Voluntary or involuntary termination results in the Distributor's loss of rights to his or her sponsored downline organization, which at the sole and absolute discretion of Reliv, may move up to the next sponsor in the terminating Distributor's upline and remain there whether or not the terminating Distributor subsequently re-enrolls as a Distributor following the six-month waiting period. Termination is retroactive to the beginning of the month in which the notice of termination is given. Thus, payment of commissions and overrides will be made only for business completed during the last full calendar month prior to notice of termination. No terminated Distributor shall represent himself or herself as a Distributor of Reliv.

### **C.9 Solicitation of Prospects**

Distributors shall not attempt to sponsor a person as a Reliv Distributor if they are aware the person has already been in contact with another Reliv Distributor for that purpose. Reliv considers such conduct to be in violation of its code of ethics and may take disciplinary action in Reliv's discretion with respect to such violations. Generally, the first Reliv Distributor to contact a prospect concerning Reliv should be the prospect's sponsor. Reliv and its Distributor organization seek to foster an "open" system in which prospective customers and Distributors may attend and participate in Reliv Distributor functions in any geographic area — whether or not the Reliv Distributor who has initially contacted the prospect will participate or be present. We believe that mutual support by Reliv Distributors of the efforts of other Reliv Distributors provides a source of strength for the growth of our organization as a whole. The "open" system depends heavily on ethical conduct by all Reliv Distributors, and in particular relies on the understanding among them not to solicit the prospects of another Distributor. Ordinarily, Reliv corporate will not become involved in, or attempt to resolve, a dispute over the proper sponsorship of a new Distributor. We encourage Distributors to resolve conflicts over proper sponsorship by agreement, respecting the policy stated here. However, Reliv reserves the right in circumstances Reliv deems appropriate to make the determination of proper sponsorship which determination will be binding on all parties. Distributors who are unable to resolve a dispute regarding sponsorship by agreement may request arbitration of the matter as is provided in Section H.8 of these Policies and Procedures.

### **C.10 Sale, Assignment or Transfer of Reliv Distributorships**

No sale, assignment or transfer of a distributorship shall be valid without the prior express written approval of Reliv, which approval may be granted or withheld in Reliv's sole and absolute discretion. A current Distributor desiring to acquire any interest in another Distributor's business must terminate his or her existing Distributorship before becoming eligible for such acquisition. Please contact Reliv for further information and procedures to effect a sale, assignment or transfer.

### **C.11 Succession**

Upon the death of an individual Distributor or any Principal of an Entity that is a Distributor, the decedent's interest in the Distributorship will pass to his or her successors in interest as provided by law, will or other instrument. However, Reliv will not recognize the transfer until the successor submits certified copies of the death certificate, will, trust or other documentation reasonably requested by Reliv. If a Distributorship is bequeathed or transferred to or for the benefit of more than one person, Reliv may require the distributorship to be transferred to, an Entity, as otherwise permitted in these Policies and Procedures. A successor who is currently a Distributor may elect to maintain his or her current Distributorship and hold an interest in the transferred Distributorship. Please contact Reliv for further information and procedures to affect a transfer upon the death of an individual Distributor or any Principal.

### **C.12 Agreements Among Distributors**

The relationship between Distributors will be governed by the Distributor Agreement, of which these Policies and Procedures are a part, with respect to compensation, sponsoring, payment of commissions and overrides, and all other facets of a Distributor's Reliv business. No agreement between Distributors relating to the conduct of their Reliv business or the allocation of compensation from their business shall be effective, unless Reliv consents to the agreement in writing.

### **C.13 Reliv Distributor Genealogies**

A) Each Distributor agrees:

- 1) To hold confidential and not disclose any genealogy (downline Distributor list) or portion thereof to any third person, including but not limited to, existing Distributors, competitors, and the general public.
- 2) To limit use of genealogies to the intended scope of the genealogy and in furthering a Distributor's Reliv business.
- 3) That any intended or unintended use or disclosure of a genealogy other than as authorized herein, or for the benefit of any third person, constitutes misuse, misappropriation, and a violation of the Distributor Agreement, which may cause irreparable harm to Reliv.
- 4) That, upon any violation under this section, Reliv is entitled to appropriate injunctive relief, enjoining such use under applicable law and to the recovery of all genealogies previously provided to the Distributor.
- 5) That misuse of a genealogy is cause for termination of a Distributorship, whether or not such misuse causes irreparable harm to Reliv or one of its Distributors.
- 6) That the obligations under this section will survive the termination of the Distributor Agreement.

B) Reliv reserves the right to pursue all appropriate remedies under applicable laws to protect its rights to the genealogies as proprietary information of Reliv; any failure to pursue such remedies will not constitute a waiver of the rights.

## **C.14 Dissolution or Division of a Distributorship**

A) Reliv acknowledges that Distributorships involving more than one person or by an Entity may be dissolved or divided by agreement or in the course of a legal proceeding such as for a divorce or entity dissolution. Reliv requires that the parties to or beneficiaries of such a Distributorship, in connection with and during the course of such division or dissolution, conduct themselves in accordance with these rules and in a manner which will not adversely affect Reliv or the interests, business or income of sponsored downline Distributorships or upline sponsors. During the course of any proceeding affecting a Distributorship, the parties shall refrain from engaging or involving Reliv or Reliv Distributors in any controversy or dispute among them. Violation of this provision shall be deemed personal conduct which may reflect adversely on Reliv and may result in disciplinary action including Distributorship termination.

B) While a proceeding affecting a Distributorship is pending, the parties must adopt one of the following methods of operation:

1) If one of the parties is willing to relinquish his or her right and interest in the Distributorship, thereby leaving his or her fellow Co-Applicant (e.g.. spouses) or Principals to carry on the business, he or she may do so by executing an Assignment form which is available from Reliv. When the Assignment is signed by the withdrawing party and filed with Reliv, Reliv's records will be changed to show ownership of the Distributorship in the sole name(s) of the remaining Distributor or Principals.

2) If both spouses in a divorce situation agree that they can continue to operate the Distributorship jointly on a "business-as-usual" basis while the divorce action is pending, they may do so. In this case, all compensation will continue to be paid in the joint names of the Distributors involved.

3) If all Co-Applicants of a Distributorship or all Principal of an Entity agree that, despite their desire to divide the Distributorship or dissolve the Entity, they can continue to operate the Distributorship jointly on a temporary basis, they may do so, provided they continue to perform all the responsibilities of a Distributor. All compensation will continue to be paid in the name of the Co-Applicants or Entity pending the final agreement of division or dissolution.

4) If the parties in a division action (i.e. divorce) or in an Entity dissolution are not agreeable to operate under alternatives 1, 2, or 3, then they must make arrangements to have their Distributorship operated by a third party until the division or Entity dissolution action is completed. Their sponsor, another Distributor or a third party acceptable to all may be selected to act as a receiver while the divorce or dissolution action is pending. The parties must reasonably compensate the "receiver" for handling the Distributorship during this time.

C) While a divorce is pending, neither party may operate or participate in the operation of any other Distributorship. Section B.4 of the Policies and Procedures provides that if a husband and wife both wish to be Distributors of Reliv products, they must be sponsored together as a single Distributorship in the same line. They may not sponsor each other. The one exception being when single Distributors marry, provided neither is the direct sponsor of the other as set forth in Section B.4. This policy applies until the parties are no longer husband and wife as determined by a Final Order or Judgment entered by a court of law, or they are no longer living together. The restriction against husband and wife operating separate Distributorships does not end until a court of competent jurisdiction has entered

Final Decree or Judgment of Divorce and certified copy of the Decree Judgment has been filed with Reliv.

D) Co-Applicants (e.g., spouses) or parties dissolving an Entity may, after Final Decree or Judgment of Divorce or final dissolution, operate as a single Distributorship or separate Distributorships in accordance with the following provisions:

- 1) Divorcing parties may agree to continue to operate their business in the form of an Entity or as Co-Applicants even though they are no longer husband and wife. In such a case, however, they must enter into a new Distributor Agreement and Supplement that defines their respective rights and obligations and file an executed copy with Reliv.
- 2) The parties may split their Distributorship into two or more separate Distributorships, which are then sponsored by their original sponsor. A new Distributor Agreement must be completed for each new Distributorship. In the event of dividing a Distributorship into two or more separate Distributorships, the existing lines of sponsorship beneath the original Distributorship must remain intact.
  - a) The parties can only reallocate among them their first-level, personally-sponsored Distributors.
  - b) This notification must be supplied in writing to Reliv no later than 30 days from receipt of written notice from the upline that they wish to divide the Distributorship.
- 3) One former spouse or Principal of an Entity may completely relinquish all rights in the original Distributorship, including all sponsored Distributors, to the other parties. At this time, the withdrawing party is free to (a) sign as a Distributor under his or her former Distributorship, (b) sign as a Distributor under his or her original sponsor, or (c) sign as a Distributor in a completely different line of sponsorship of his or her choosing.
- 4) Reliv may require documentation provided to support a division of a distributorship in a divorce or other dissolution to be notarized or certified.

### **C.15 Addition of Co-Applicants**

If a Distributor (either an individual or Entity) wants to add a co-applicant to an existing Distributorship, the Company requires a written request and a new Distributor Agreement with all applicants' signatures and information. If the co-applicant is currently a Distributor, he or she must voluntarily terminate his or her existing Distributorship. The original applicant must remain a party to the Distributorship. If the original applicant wants to terminate his or her relationship with the Company, he or she must follow the procedure in Section C.10. If the above procedure is not followed, the Distributorship shall be terminated upon withdrawal of the original applicant.

### **C.16 Change of Information for Entity or Multiple Individual Distributorships**

Where a Distributor is an Entity or where more than one individual (e.g., spouses) are parties to a Distributor Agreement, Reliv will not change any account information or other information in Reliv's records without the appropriate form or written request signed by all individuals that are parties to the Distributor Agreement and/or Supplement.

## **D. LITERATURE AND ADVERTISING**

### **D.1 Trademarks**

The name Reliv and the name of all Reliv products are trademarks of Reliv. Only Reliv is authorized to produce and market products and literature under these trademarks. Use of the name Reliv, or the names of Reliv products, in any way not provided for within these Policies and Procedures is strictly PROHIBITED.

### **D.2 Reliv Literature and Sales Materials**

Only official Reliv literature may be used in representing Reliv products and/or the Reliv Compensation Plan. You may use instructions provided by Reliv to order business cards, letterhead and stationery bearing the Reliv name and logo. These items may be reproduced by local suppliers of your choice, adhering strictly to the enclosed printing guidelines. Reliv literature, brochures, inserts or other sales aid items available from Reliv may not be reproduced, duplicated or reprinted.

### **D.3 Print Advertising**

Only Reliv approved materials may be used in the placement of print advertising. No one may use the Reliv product names, logos, trademarks, or copyrighted material in advertising not produced by Reliv or in a manner prescribed by Reliv.

### **D.4 Distributor Websites**

Distributors are strongly encouraged to use a Reliv personal website in the form Reliv has made available. Otherwise, Distributors may utilize the Internet to promote their business with the prior approval of Reliv's Compliance Department. Proposed content should be submitted to [compliance@relivinc.com](mailto:compliance@relivinc.com) for review before it is made available online. Allow at least two (2) to three (3) working days for the review and approval process. Distributors understand and acknowledge that Reliv, in its sole and absolute discretion, may require changes to a website's content before granting approval. After initial approval of the website is granted, the Distributor may not change or modify the content without submitting the requested modifications to Reliv for additional approval.

The following are requirements when developing a website:

- (a) Distributors must prominently place the phrase "Independent Reliv Distributor" in the banner at the top of the Distributor's homepage. The phrase must also appear on every web page on which a Reliv logo or trademark appears and following the Distributor's name where contact information is provided.
- (b) Distributors may not utilize a shopping cart or any other means to make sales directly from their website.

(b) Distributors are strictly prohibited from using any Reliv trademark in a website's domain name.

The following are general guidelines to follow while developing site content:

- (a) Distributors may use material found in Reliv's Distributor portal,
- (b) Subject to Reliv's review and approval, Distributors may include a personal testimonial and the testimonial of a limited number of other Distributors or customers who have provided Reliv with written permission for the use of their testimonial on the website (please refer to Sections H.1 and H.2 of Reliv's Policies and Procedures and Reliv's advertising guidelines at <https://reliv.com/advertising-guidelines> for guidance).
- (c) Distributors may link to the Reliv corporate home page or any other website produced and maintained by Reliv. A Distributor may not link to any third-party website without the prior approval of Reliv.

As required by these Policies and Procedures, a Reliv Distributor that sponsors another Distributor through use of his, her or its website is required to provide adequate training and support to the sponsored Distributor with respect to the Reliv business opportunity. If Reliv, in its sole and absolute discretion, determines that a Distributor has refused or failed to provide the necessary support and training to a sponsored Distributor, Reliv may reassign the sponsored Distributor to a new sponsor at Reliv's discretion.

Subject to prior approval by Reliv, Distributors may feature Reliv advertisements on non-Reliv websites so long as, in Reliv's sole and absolute discretion, the applicable website(s):

- (a) Is unconnected to any religious or political organization;
- (b) Does not damage or impugn the name or reputation of Reliv, its products or its Distributors;
- (c) Does not misuse Reliv's trademarks, product names, or other intellectual property;
- (d) Does not directly or indirectly promote any other direct selling or network marketing companies (regardless of products offered) or any products which are competitive with those sold by Reliv (including, but not limited to nutritional supplements and skin care products).

Reliv periodically conducts Internet searches to confirm Distributors are operating in accordance with this Section D.5. In case of violation, Reliv may require the offending Distributor to immediately remove the advertisement, website and/or information which is in violation of Reliv Policies and Procedures. If a Distributor fails to remedy a violation in strict accordance with Reliv's request or repeatedly violates this Section D.4, Reliv may take any other disciplinary actions deemed appropriate against the offending Distributor, including suspension or termination of the Distributor.

## **D.5 Social Media**

Distributors may utilize social networking sites e.g. Facebook, Instagram, Twitter, LinkedIn,

blogs, forums and chat rooms or other social shared interest sites to communicate information about the Reliv products and business opportunity.

The following are requirements when using any form of social networking or social media:

A. Distributors must include their name and clearly identify themselves as an “Independent Reliv Distributor” on all posts or profiles generated in any social community where the individual mentions or discusses Reliv.

B. Distributors are prohibited from using any Reliv trademark, product name or logo in their username, profile photo, blog name or fan/group pages of any social community. Reliv Distributors may use the approved “Independent Distributor Logo” approved for social media from the <http://www.flickr.com/photos/reliv/sets> . This is the only approved logo for social media use.

C. For those Distributors who have existing fan pages, group names or domain names that include the Reliv trademark, product names or company logos they will need to change or delete this information in accordance to Reliv’s Policy and Procedures. Reliv is aware that some sites such as Facebook do not allow users to change existing fan pages. For this reason, users with existing fan pages will need to create a new page and redirect users accordingly.

D. Distributors are personally responsible for the content they publish in the social community. In addition, as the site administrator, owner, or moderator, you are responsible for the content posted by others including personal testimonies. Any information provided through social media must comply with Reliv’s Policy and Procedures in addition to Reliv’s advertising guidelines. (Please refer to Sections H.1 and H.2 of Reliv’s Policies and Procedures and Reliv’s advertising guidelines for guidance).

E. Distributors must make it clear that they are speaking for themselves and not on behalf of Reliv International, Inc. Visitors to any Distributor’s blog site, fan page, group, tweets or any other form of social networking should not be left with the impression that the content is being published by or on behalf of Reliv International, Inc.

The following are guidelines to follow when using social media and social networking:

1. Respect your audience. Do not make ethnic slurs, religious, racial or personal insults, use obscenity or engage in any conduct that would not be acceptable to Reliv. Distributors should also show proper consideration for other’s privacy and for topics that may be considered objectionable.

2. Add value with your posts and comments. Provide meaningful information. What you publish may reflect on not only you and your personal organization but also Reliv as a whole.

3. Distributors may link to the Reliv corporate home page, Reliv corporate Facebook Fan Page or any other website produced and maintained by Reliv, such as your Reliv personal website. A Distributor may not link to any third-party website in connection with the promotion or discussion of the Reliv products or business opportunity without the prior approval of Reliv’s Compliance Department.

4. When in doubt do not publish it. Remember that there are always consequences to what you publish. You have sole responsibility for what you post and what is published on your blog, profile, or in any form of online social media.

As required by these Policies and Procedures, a Reliv Distributor that sponsors another Distributor through the use of his/her social media site is required to provide adequate training and support to the sponsored Distributor with respect to the Reliv business opportunity. If Reliv, in its sole and absolute discretion, determines that a Distributor has refused or failed to provide the necessary support and training to a sponsored Distributor, Reliv may re-assign the sponsored Distributor to a new sponsor at Reliv's discretion.

Distributors should be aware that when using blogs, chat rooms, forums, social networks or other online methods to communicate information about Reliv's products or business opportunity that those communications may be regarded as advertising. To the extent those methods of communication are used, the Distributor is responsible for ensuring the content complies with Reliv's Policies and Procedures and any other applicable laws and regulations or guidance set forth by the Food and Drug Administration (FDA) or the Federal Trade Commission (FTC). This includes the prohibition on the use of any income claim about the Reliv business opportunity or claims about Reliv products that are not specifically authorized by the Reliv.

#### **D.6 eBay and Internet Sales**

Except for orders of Reliv products made through use of the Reliv corporate website, Distributors are strictly prohibited from marketing or selling Reliv products through use of Internet auctions, websites or other means utilizing the Internet as a means to complete a sale. For example, any sales of products through eBay or a website (other than Reliv's corporate website) containing a shopping cart or similar capabilities are prohibited. Such sales divert potential customers from Reliv Distributors and threaten the integrity of the Reliv business model. Accordingly, any violation of this Policy and Procedure may result in immediate termination of the offending Distributor.

#### **D.7 Domain Names**

As provided for above, Distributors are free to use social media to communicate information about Reliv products and the business opportunity. However, Distributors are strictly prohibited from using, including, or registering any of Reliv's names, trademarks, product names, service marks, or anything confusingly similar to these names or marks, for any Internet domain name, display banner, URL, forum, Google ad, website, hash tag, blog or chat room name, etc. If a Distributor fails to remedy a violation in strict accordance with Reliv's request or repeatedly violates this Section D.7, Reliv may take any disciplinary actions deemed appropriate by the Company against the offending Distributor, including suspension or termination of the Distributor.

#### **D.8 Media**

Occasionally, Distributors may be contacted by media representatives requesting interviews or comments on the Reliv products and business opportunity. However, Distributors may not represent Reliv in public arenas or in response to any media request. Only authorized Reliv

representatives are allowed to correspond with the media on Reliv's behalf. Distributors are advised not to intentionally invite members of the media to Reliv functions. All inquiries from media (radio, television, newspapers, magazines or any other periodicals or media) are to be referred to Reliv. This will ensure that consistent and accurate information is provided to the public.

### **D.9 Radio and Television**

Reliv Distributors are prohibited from using live radio advertising to publicize Reliv or its products. Pre-recorded radio advertising is permitted, subject to the prior written approval of Reliv. Scripts should be submitted to Reliv prior to booking time or committing to programming. Reliv Distributors are strictly prohibited from using television and cable television to publicize Reliv or its products.

### **D.10 Advertising and Sales Support Material Approvals**

In general, Distributor-created advertising is discouraged. Reliv provides classified and display advertising slicks for Distributor use. Unless you are using Reliv designed and approved classified or display ads, you must submit for approval in writing all advertising to Reliv before placing it or arranging for placement. All advertising on electronic media (Internet and radio) must also be approved by the Reliv Compliance Department prior to placement. Please email written copies of LANGUAGE and LAYOUT for all Distributor-created advertising to: [compliance@relivinc.com](mailto:compliance@relivinc.com)

Allow 2 to 3 working days for approval. Distributors may not reproduce Reliv created brochures or portions of brochures including, but not limited to, layout and pictures.

### **D.11 Liability**

Violation of these Policies and Procedures is subject to disciplinary action by Reliv. Disciplinary action may include, but is not limited to, termination of the Distributorship and loss of Distributorship privileges, including downline organization, income, etc. The violating Distributor may also be liable for damages resulting from unauthorized use of Reliv copyrights, trademarks and materials.

### **D.12 Repackaging Prohibited**

Distributors may not open and repackage the consumable contents of Reliv products for sample or resale in any way.

### **D.13 Recordings**

Distributors may not use or produce for distribution or sale any recorded company events or speeches, nor may Distributors reproduce for distribution, sale or personal use any recording of company-produced audio or video tape representations.

#### **D.14 Phone/Voicemail**

Distributors may not answer the telephone by saying “ Reliv,” or in any manner that would lead the caller to believe he or she has reached the corporate offices of Reliv. They may, however, state that they are an Independent Reliv Distributor. This restriction also applies to greetings on voice mail and other voice messaging services.

#### **D.15 “800” Telephone Listings**

Distributors are prohibited from listing their “800” toll-free telephone numbers under the Company’s name or in a manner that could indicate the listing is for the Company.

#### **D.16 Independent Distributor Telephone Solicitation**

The Reliv name or copyright materials may not be used with automatic calling devices either to solicit Distributors or retail customers.

#### **D.17 Sales Forums/Retail Outlets**

Except as provided for below, or with the express written consent of the Company, Products and promotional materials for Reliv cannot be sold or displayed for public (casual foot traffic) view in retail outlets. Two general exceptions to this rule are: 1) Private clubs, such as health spas and fitness salons; and 2) “Appointment only” businesses, such as doctor’s offices and beauty salons. With regard to private clubs and appointment-style businesses, Reliv products and promotional materials may be publicly displayed in a manner visible to clientele. Examples of businesses through which the sale of Reliv products is prohibited include:

Supermarkets	Health Food Stores
Drug Stores/Pharmacies	Shopping Mall Kiosks

This policy does not prohibit a store owner, for example, from being a Distributor. Meetings may be held in retail outlets after the close of regular business hours, and Reliv products may be sold at these meetings.

#### **D.18 Use of Distributor Name, Likeness and Image**

Each Distributor consents to Reliv’s use of his or her name, testimonial (or other statements relating to his or her experiences as a Reliv Distributor in printed, electronic or recorded form, including translations and paraphrases of the same) and image or likeness (as produced or recorded in any form of media) in connection with the advertisement and promotion of Reliv, its products, business opportunity or any Reliv-related or sponsored events and materials.

### **E. COMMISSIONS**

#### **E.1 Application and Agreement**

Commissions are paid when both the Distributor's and his or her sponsor's Distributor Agreement are received and accepted by Reliv and monthly requirements are fulfilled.

## **E.2 Calendar Month**

Commissions and achievement levels are calculated on a calendar month basis.

NOTE: ALL ORDERS MUST BE IN-HOUSE NO LATER THAN 12:00 MIDNIGHT CENTRAL TIME ON THE LAST PHYSICAL DAY OF THE MONTH (UNLESS OTHERWISE INDICATED BY RELIV).

## **E.3 Payment Date**

Commission checks are paid and mailed on the 15th day of the month following the month in which those commissions were earned. Those electing Direct Deposit will receive payment on the 15<sup>th</sup> of the month. For example, commissions based on sales made in January are paid on February 15th. If the 15th falls on Saturday, Sunday or banking holiday, commissions will be paid the business day immediately preceding the 15th.

## **F. PRODUCT SALE RULES**

### **F.1 Marketing Plan Manipulation**

The following are some, but not all of, practices that are considered to be manipulation of the Reliv Compensation Plan and are prohibited and may result in disciplinary action including suspension or termination:

- a) Purchase of Reliv products from Reliv (or from other Reliv Distributors) in excess of amounts which are reasonably necessary and appropriate to establish and maintain an inventory of products for resale to retail customers, to other Reliv Distributors in their downline, and for personal use and consumption, as well as suggesting, encouraging or inducing any other Distributor to make excessive purchases of Reliv products.
- b) The purchase of Reliv products, or encouragement of such purchases, for the purpose of qualification or advancement under the Reliv Compensation Plan, or for qualification for any bonus, award or discount, or to otherwise manipulate the Reliv Compensation Plan.
- c) Placing orders under another Distributor's or customer's account (or using your credit card to pay for another Distributor's or customer's order or otherwise paying for such orders) for the purpose of qualification or advancement under the Reliv Compensation Plan, or for qualification for any bonus, award or discount, or to otherwise manipulate the compensation plan. Product being delivered to an address other than the address of the Distributor or customer named on the order is often an indicator of manipulation.
- d) Signing up minors or others as Distributors or customers for the purpose of qualification or advancement under the Reliv Compensation Plan, or for qualification for any bonus, award or discount or to otherwise manipulate the compensation plan.
- e) Signing up distributors under the sponsor, or under downline Distributors, for the purpose of qualification or advancement under the Reliv Compensation Plan, or for qualification for any bonus, award or discount, or to otherwise manipulate the compensation plan.

## **F.2 Prices of Reliv Products**

Reliv reserves the right to change the prices for any or all of its products at any time without prior notice.

## **F.3 Retail Pricing**

Reliv provides a list of suggested retail prices. This list forms the basis for the discounted purchase price at which you may purchase products from Reliv and may assist you in product pricing for retail sales. Although Distributors alone are responsible for setting prices for Products they sell to their customers, in order to maintain Reliv's premium brand image, any advertising of our Products that includes pricing, may only include the suggested retail price. Advertising product discounts is prohibited whether as "special offer," "\_\_\_\_% off," "free shipping", "special discounts" or otherwise. This restriction on price advertising applies to all forms of media, including, but not limited to, television, radio, telephone, Internet, social media, newspapers, magazines, flyers, leaflets, handbills, and all forms of signage. In addition, Members may not modify Reliv-produced literature or material which in its original form features suggested retail prices, including relevant pages of Reliv's website.

## **F.4 Sales Tax**

Reliv Distributors must comply with all federal, state and local tax rules and regulations and licensing requirements which govern the sale of Reliv products. Reliv products, services and sales aids may be subject to sales tax in the state, county or city in which the sales are made. Some states consider several of our products as food. Please contact the Distributor Services Center for details.

Reliv Distributors have a choice in how they wish sales tax to be handled:

- 1) Reliv charges Distributors and customers sales tax on the RETAIL amount of the product. The SHIP TO city and state determine the sales tax rate. Reliv files sales tax returns and remits the sales tax collected in all states and US jurisdictions that have a sales tax. The Distributors charge customers sales tax on the retail amount to recoup the sales tax they have already paid to Reliv.
- 2) Distributors may choose instead to file their own sales tax return. If you wish to do this, contact your state's Department of Revenue or Sales Tax Department and apply for a sales tax license number. Furnish Reliv with a completed exemption certificate form containing your sales tax number and copy of your license or registration received from the state. After both copies are received, from that day forward, Reliv will not charge you sales tax. If you choose to file your own sales tax returns, you will not be subject to sales tax when you order from Reliv as long as you ship to the same state in which you are registered for sales tax.

Reliv has researched the taxability of our products, and not all of Reliv's products are subject to sales tax in all states. Contact Reliv to inquire about which products are taxable in your

state, any tax rates in question, or to obtain the sales tax exemption certificate form for your particular state.

Reliv recommends that you have your retail and Preferred customers place their orders directly with the company, especially those customers located in states other than your own. You will receive credit for the sale and the quantity of product ordered. The product is shipped directly to the customer and the sales tax charged is based on net sales price (retail price less any applicable discounts) using the tax rates of the SHIP TO location.

As stated above, Reliv charges sales tax based upon the retail price of products purchased with the assumption that the products will eventually be sold at full retail price. Distributors who purchase nutritional products directly from Reliv for personal consumption by themselves and their immediate families are entitled to sales tax reimbursement on the difference between the retail price and wholesale (after discount) price. To request this sales tax reimbursement, a distributor must fully complete and sign a Personal Consumption by Product form for each invoice upon which reimbursement is requested. Personal Consumption by Product forms will be accepted for up to the preceding 12 months. Reimbursement will be in the form of a credit on the distributor's account and may be applied to distributor's next order.

## **G. THE RELIV GUARANTEE POLICY**

### **G.1 Customer Returns**

Reliv offers and requires each Reliv Distributor to offer a 100% unconditional 30-day money-back guarantee to all retail customers. Every Reliv Distributor is required to honor this guarantee. If your retail customer is dissatisfied with a Reliv product for any reason, the customer may return the product to you; or to the company if the customer purchased directly from Reliv within 30 days of the purchase date. As the Reliv Distributor, you are responsible for ensuring the amount of product you retail to a customer is an amount reasonably consumed personally by the retail customer in that 30-day period.

Returns on sales made by you, the Distributor, direct to the customer should be refunded by you. Reliv will replace the returned product to you if, within 30 days after the product is returned to you, Reliv receives the following:

- A) A signed Customer Request for Refund form with a statement from the retail customer identifying the reasons for return;
- B) A copy of the original signed Retail Customer Sales Receipt form; and
- C) The unused portion of the product including cans.

Reliv requires this documentation to be completed and submitted with the unused product before processing a replacement to Distributors on customer returns. Reliv reserves the right to request additional documentation and/or to contact the customer directly to substantiate the retail sale and subsequent refund. The Reliv Distributor should retain proof of payment as well as proof of refund. Reliv will not refund the purchase price to any Reliv Distributor on customer returns. Returns on sales made through Reliv direct to your customer will be refunded

directly to the customer. This refund will include the original retail purchase price plus any applicable taxes and will be processed after Reliv receives the unused portion of the product.

## **G.2 Quality of Product**

Reliv will replace any product within 60 days of purchase for reasons of substandard quality. Please contact our Distributor Services Center at 1-800-735-4887 to report an issue.

## **G.3 Termination Returns**

Reliv will repurchase from a Distributor who terminates his or her Distributorship all products that were purchased from Reliv within the 12 months immediately preceding the Distributor's termination date for the purchase price paid. A Distributor will not receive a refund of the original shipping and handling charges. The amount refunded will be less any discounts, commissions and bonuses you received relating to the purchase of the products, subject to the following terms:

- A) You must submit to Reliv a written request terminating the Distributorship, including a request for refund, and accompanied by proof of payment and a copy of the Purchase Order form or packing slip for the product to be returned.
- B) Reliv reserves the right to offer the upline of the terminating Distributor the opportunity to purchase the products directly for a period not to exceed two weeks.
- C) If the upline does not purchase the goods, the Distributor shall return the products to the location specified by Reliv.
- D) All products to be repurchased must be unopened and in reasonably resalable and reusable condition. Reliv reserves the right to inspect all returned product and to determine whether such product is in reasonably resalable and reusable condition.
- E) Terminating Distributors have two weeks from the date of notification of termination, or in the event Reliv offers the Distributor's upline the opportunity to purchase the products two weeks from the end of such offer period, to return the products to Reliv for a refund.
- F) Reliv will repurchase un-opened Sales Aids returned to Reliv in reasonably resalable or reusable condition at the Distributor's cost.
- G) Reliv shall have the right to recover from Distributors upline to a terminating Distributor all commissions paid to such upline Distributors with respect to product repurchased by Reliv from the terminating Distributors. Reliv shall be entitled to recover such commissions and bonuses by deducting the amounts from commissions that become due after the date of repurchase from the terminating Distributor. The terminating Distributor will be responsible for all shipping expenses incurred in returning product to Reliv. Upon receipt and inspection of the products returned, Reliv will make a refund payment. Any products returned which are not found to be in resalable or reusable condition will be destroyed.

## **G.4 Buyer's Right to Cancel**

Federal law allows a buyer a "Cooling-Off Period" or a right to cancel certain sales without penalty prior to midnight of the third business day after the transaction. This rule covers consumer sales of \$25 or more that occur away from the seller's main office. The Reliv Retail

Sales Receipt contains all legally required notices. It must be signed by the buyer and a copy given to him or her on every sale. In addition, the Distributor must insert the date of the sale and cancellation date on the notice and orally inform the buyer of the three-day right to cancel at the time the buyer signs the contract of sale or purchases the goods.

### **G.5 Distributor's Responsibility**

If a customer mails or delivers to you a valid notice of cancellation prior to midnight on the third business day after ordering or purchasing the product, it must be honored. If the buyer has received any products, they must be returned with the notice in substantially as good condition as when delivered. Within 10 business days after receiving the notice, you must refund all payments made under the contract of sale.

## **H. GENERAL PROVISIONS**

### **H.1 Product Claims**

You acknowledge that Reliv products are not represented as drugs and that you are not authorized to make any diagnosis of any medical condition, make drug-type claims for, or otherwise indicate that Reliv products diagnose, prevent, treat or cure any disease or condition. Distributors may not use words such as: cures, heals, therapy, therapeutic, promotes healing, or any other medical claims for specific ailments. Distributors are prohibited from saying or implying that Reliv products are FDA-approved. When selling products, you also acknowledge that you are not authorized to use, quote from or summarize (in any written or graphic form) any materials or to make any product claim or representation not authorized in writing by Reliv. Distributors may make claims about the Company's products that have been approved by the Company and provided in sales and training materials. The Company assumes no responsibility or liability for any written or oral claims made by its Distributors.

### **H.2 Income Claims**

Except as specifically authorized by Reliv in writing, you may make no statements or claims concerning the sales or income, or potential sales or income, of being or becoming a Reliv Distributor. You must not misstate or overstate the actual sales or earnings of Reliv or Reliv Distributors. Any statement you make regarding sales must be truthful, accurate and capable of substantiation, and must be made only in accordance with applicable federal, state and local laws and regulations. No statement should be made that earnings are easily achieved or can be attained without effort. Reliv believes firmly that the income potential of a Reliv Distributor is highly attractive in reality without resorting to artificial or unrealistic claims.

### **H.3 Governmental Endorsement**

Federal and state regulatory agencies do not approve or endorse direct selling programs. Therefore, you may not represent or imply, directly or indirectly, that the Reliv program has been approved or endorsed by any governmental agency.

#### **H.4 Amendments**

Reliv reserves the right to amend the Distributor Agreement, including these Policies and Procedures, its wholesale or suggested retail prices, product availability and formulations, the Compensation Plan, and any other published materials and forms as it deems appropriate. Amendments will be communicated to Distributors through an appropriate Reliv publication or other means, including the methods stated in the Introduction above. Amendments are effective and binding on all Distributors when issued. The continuation of a Distributor's Reliv business or a Distributor's acceptance of compensation (commissions, bonuses) constitutes acceptance of any and all amendments.

#### **H.5 Non-Waiver Provision**

Reliv has the right to exercise any power under these Policies and Procedures or to insist upon your strict compliance with any obligation or provision herein. No custom or practice of the parties at variance with these Policies and Procedures will constitute a waiver of Reliv's right to demand exact compliance with these Policies and Procedures. Waiver by Reliv can be affected only in writing by an authorized officer of Reliv.

The Company's waiver of any particular default by a Distributor will not affect or impair Reliv's rights with respect to any subsequent default, nor will it affect in any way the rights or obligations of any other Distributor. Nor will any delay or omission by Reliv to exercise any right arising from default affect or impair Reliv's rights as to that or any subsequent default.

#### **H.6 Severability**

If any provision of the Distributor Agreement which incorporates these Policies and Procedures, or any part thereof or application thereof to any person or circumstance shall be finally determined, in arbitration or by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of such document or the remainder of such provision or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall not be affected thereby and each provision of such document shall remain in full force and effect to the fullest extent permitted by law. The parties also agree that all provisions of the document will be interpreted and construed to the fullest extent possible so as to be valid and enforceable. Further, the parties agree that, if any portion of the document, or any part or application to any person or circumstance is determined by arbitration or by a court of competent jurisdiction to be invalid or unenforceable to any extent, the arbitrator(s) or any court may so modify the objectionable provision so as to make it valid, reasonable and enforceable.

#### **H.7 Entire Agreement**

These Policies and Procedures are incorporated into the Distributor Agreement and together these documents, along with any corresponding supplements, constitute the entire agreement of the parties regarding their business relationship.

## **H.8 Arbitration**

The Distributor Agreement and these Policies and Procedures are governed by and construed in accordance with the laws of the State of Delaware. Any and all disputes arising out of or relating to these documents will be resolved and determined by arbitration in accordance with existing rules and regulations of the American Arbitration Association, unless the laws of the state where the Distributor resides provides otherwise. The exclusive location for such arbitration shall be St. Louis, MO. The decision of the arbitrator(s) will be final and binding on all parties. Demands for arbitration must be filed by the Distributor within six months of the occurrence of the event or action which is the subject of the dispute. Failure to make a demand for arbitration within this period will result in the waiver and loss of all claims by the Distributor with respect to the dispute. This Section H.8 shall survive any termination or expiration of the Distributor Agreement. Reliv has the right to bring suit in a court of competent jurisdiction to seek an injunction, temporary or permanent, or other equitable relief, to prevent or enjoin a breach of a Distributor's obligations and will be entitled to include in this action any and all claims it may have.

## **I. FIELD ENFORCEMENT PROCEDURES**

This is a step-by-step summary of the methods by which Reliv Distributors may deal with observed violations of Reliv's Policies and Procedures.

### **STEP 1**

If you learn of or observe a violation, your first duty is to inform the offending Distributor of the rule being violated. Often a misunderstanding of the Policies and Procedures can be reconciled in the field through this type of amicable communication. If this is the case, the problem is considered solved, and does not need to be referred to Reliv, although your Master Affiliate or group leader should be notified.

### **STEP 2**

In cases where the offender refuses to comply with the rules or believes that he or she is in compliance, a detailed letter must be forwarded to the Distributor Services Center. Names, places, events and any pertinent documentation should be included, and the letter must be signed. Maintain communication with the offender both before and after contacting Reliv. Be sure you have a strong foundation for the complaint, as false reporting of violations is also a serious offense.

### **STEP 3**

Once the complaint is received by Reliv, the Company will take all measures deemed necessary to correct any transgressions. No action will be taken until all available information can be reviewed. Reasonable opportunity for explanation and appeal will be extended to the offender. The Company reserves the right to take action or no action in order to ensure compliance with the Policies and Procedures and decisions in these matters rest ultimately with Reliv in its sole and absolute discretion.



**DIRECT SELLING ASSOCIATION**

# *Code of Ethics*

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# Code of Ethics

*Explanatory provisions in italics.*

## Preamble

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

## A. Code of Conduct

### 1. Deceptive or Unlawful Consumer or Recruiting Practices

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

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

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

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

1. CONTINUED...

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

## 2. Products, Services and Promotional Materials

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

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

### **3. Terms of Sale**

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

### **4. Warranties and Guarantees**

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

## 5. Identification and Privacy

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

## 6. Pyramid Schemes

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

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

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

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

## 7. Inventory Purchases

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

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

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

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

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

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

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

7a. CONTINUED...

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

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

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

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

## 8. Earnings Representations

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

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

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

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

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

## 9. Inventory Loading

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

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

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

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

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

## 10. Payment of Fees

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

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

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

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

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

## 11. Training and Materials

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

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

## B. Responsibilities and Duties

### 1. Prompt Investigation and No Independent Contractor Defense

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

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

## 2. Required Code Communication

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

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

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

### **3. Code Responsibility Officer**

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

### **4. Extraterritorial Effect**

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

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

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

## C. Administration

### 1. Interpretation and Execution

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

### 2. Code Administrator

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

### 3. Procedure

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

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

## **D. DSA Code of Ethics Enforcement Procedures**

### **1. Receipt of Complaint**

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

### **2. Cooperation with the Code Administrator**

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

### **3. Investigation and Disposition Procedure**

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

### **4. Appeals Review Panel**

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

## 5. Appeals Review Procedure

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

## **E. Powers of the Administrator**

### **1. Remedies**

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

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

### **2. Case Closed**

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

### **3. Refusal to Comply**

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

#### **4. Appeal for Reinstatement after Suspension or Termination**

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

#### **5. Referral to State or Federal Agency**

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

### **F. Restrictions**

#### **1. Conferring with Others**

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

## **2. Documents**

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

## **3. Pending Members of DSA**

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

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

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

### **G. Resignation**

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

### **H. Amendments**

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

As Adopted June 15, 1970

As Amended by Board of Directors  
through December 13, 2018



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