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## 1. General Information

### 1.1. Associate Policies and Procedures

The Associate Policies and Procedures ("Policies and Procedures") are an integral part of the Mannatech Associate Application and Agreement ("Application") (hereinafter collectively referred to as "Agreement"). As an Independent Associate, you must comply with all the terms and conditions set forth by Mannatech Swiss International GmbH (hereinafter referred to as the "Company") within the Policies and Procedures, the Associate Application and Agreement, Compensation Plan, all provisions indicated on Company produced forms and all Company announcements, as well as honor all applicable laws and regulations in the state, province, country or other political subdivision where you live and in which you operate your Company business. Please study this document carefully. Each Mannatech Independent Associate (the "Associate") is responsible for adhering to the Agreement and Policies and Procedures. The Policies and Procedures apply to all Associates and will be enforced as such. Violation may result in the termination of the Agreement. The Board of Directors ("Board") reserves the right to waive any rules embodied in the contents herein as deemed appropriate without explanation.

### 1.2. Independent Associate

"Associate" is a term used to describe an independent distributor. An independent distributor is an Associate who purchases Company products for himself or herself and/or for retail to consumers and earns commissions through the Career and Compensation Plan by meeting certain volume requirements. As an independent Associate of the Company, you have the following rights and responsibilities:

1.2.1. To earn commissions and bonuses on sales of Company products throughout South Africa, United States, Canada, Australia, New Zealand, Germany, Denmark, South Korea, Taiwan, the United Kingdom and Japan, as well as any other Country of Operation as defined in Section 3.

1.2.2. You are an independent contractor for all purposes, including legal purposes and governmental tax purposes. There is no employer/employee relationship, partnership or joint venture relationship between an

Associate and the Company. Associates set their own business hours and determine their own methods of procuring orders. Associates are solely responsible for paying all taxes or duties required by law, including income tax, national insurance contributions and the proper reporting, submission and payment of tax on sales and bonuses/commissions/incentives and complying with all exchange control obligations under South African law. You will keep all proper records necessary to ensure the proper assessment and payment of any such taxes and duties and to demonstrate compliance with exchange control obligations.

1.2.3. You may not bind the Company or incur any debt or expense in the name of the Company or open any checking account on behalf of, for or in the name of the Company.

1.2.4. The Company shall not be liable for any debts or liabilities that you may incur, whether or not such liabilities are incurred during the term of the Agreement.

1.2.5. You must always identify yourself as an "Independent Associate" in all written and verbal communications.

1.2.6. The Company reserves the right to request information about your business and downline to ensure compliance with the Agreement.

1.2.7. You do not earn bonuses on your own personal product purchases and acknowledge that bonuses/commissions/incentives are paid only on product sales. No benefits or bonuses are paid or received solely from sponsoring other Associates in the Company Compensation Plan, and no earnings are guaranteed from mere participation in the Compensation Plan.

1.2.8. You must operate your business in accordance with applicable laws and/or regulations.

1.2.9. You are prohibited from promoting or selling to existing Associates or prospective Associates any competing products, services or opportunities not directly produced or approved by the Company, whether at any of the Company's presentations, training events or otherwise as stated in Section 4.9.

1.2.10. You shall not utilise the services of an Associate

that has been terminated by the Company, or any shareholder, member or partner of such terminated Associate in conjunction with your Mannatech business.

1.2.11. You shall not utilise the services of a person, whether acting as your agent or on your behalf, who has been determined by the Company to be acting in derogation of these Policies and Procedures.

1.2.12. You cannot serve as an officer, director or employee of the M5M Foundation during the time you are an Independent Associate of Mannatech.

### 1.3. Associate Application and Agreement/ Identification Numbers

1.3.1. Any person, corporation or other entity desiring Associate status must complete a Company Associate Application and Agreement. The Company reserves the right to refuse to accept any prospective applicant without explanation and in its sole discretion. The prospective applicant must possess and provide a copy of a valid South African identity document identification number (IDN) and an income tax number. A company or close corporation seeking Associate status must submit a company registration number and tax registration number (TRN). [All accounts must have a valid contact name (a natural person residing in the country of operation in which the application is submitted.) and telephone number listed on the account. Accounts submitted with false information will be immediately terminated and the individual enrolling the account will be subject to disciplinary and/or legal action.]

1.3.2. The Company will reject any application, at its sole discretion, in the event the prospective applicant fails to provide this information. Applicants who choose not to provide the information may sign up as a Preferred Customer. Any Associate found not to be 21 years of age will be terminated immediately unless a parent or guardian assumes responsibility for the minor's Company business and provides indemnity by completing a Consent Form for Minor Children, or if the minor is emancipated by court order, or unless the law of the state/province where the Associate resides provides otherwise.

- 1.3.3. The Company must receive a fully completed and signed (by the prospective applicant) Associate Application and Agreement. The Agreement does not become effective until it is accepted by the Company and you have been assigned an account number. No commissions/bonuses/incentives are earned until the Company receives valid documents and/or support application documentation (to include but not limited to signed agreement and terms and conditions, minor consent form or business, corporation, partnership or trust forms). If requested documents, support documentation or forms are not received within thirty (30) days from the date of enrolment, the account is subject to automatic termination.
- 1.3.4. Upon acceptance of the Application by the Company, you are assigned a Company account number ("account number") to serve as your official identification number when sponsoring new Associates or placing product orders. This account number is cross-referenced to your IDN or TRN.
- 1.3.5. You must report changes to your account, DBA, sole proprietorship, Associate name or address in writing to the Company within fourteen (14) days of the change occurring.
- 1.3.6. If you submit a false IDN or TRN to the Company, your Agreement may be subject to immediate termination. No IDN or TRN may be used in connection with an Associate Application or order without that person's prior consent. If you submit forged signatures or other information on any Company forms for yourself or on behalf of another individual without the express written consent from the Associate and/or individual granting permission, your Agreement may be subject to immediate termination.
- 1.3.7. A new Associate may process an application by phone. However, the Company must receive a signed Application and Agreement or Signature form for Application by Phone from all new Associates within thirty (30) days from the date of enrolment. If the signed agreement or signature form is not received within thirty (30) days, the account is subject to automatic termination. See Section 1.3.3. and 1.4.1.
- 1.3.8. You are solely responsible for registering and/or obtaining any city or provincial licences required to sell Company products.
- 1.4. Establishing a Corporation, Partnership or Trust**
- 1.4.1. If your application is in the name of a corporation, partnership or trust, you must identify the partners, beneficiaries and/or shareholders, as well as all officers and directors or trustees of the corporate, partnership or trust entity by completing Form C-1 Disclosure of Partnerships or Disclosure of Corporate (institution, organisation, association, etc.) Members or a Form C-1 (a) Disclosure of Trust Beneficiaries and Trustees. Any and all officers and directors or trustees of the Corporation or Partnership must provide a Statement of Guarantee and Indemnity (Form C-2 or Form C-2 [a]), respectively to the Company at the time the Associate Application and Agreement is submitted. The appropriate disclosure forms must be submitted to the Company within thirty (30) days from the date of enrolment. If the form(s) are not received within thirty (30) days, the account is subject to automatic termination. See Section 1.3.3.
- 1.4.2. The Associate Application and Agreement may not be processed without all of the proper attachments. If the business entity adds new officers, trustees and/or directors, an additional Statement of Guarantee and Indemnity, Form C-2 or Form C-2 (a), must be completed and submitted to the Company for each such person. You must notify the Company of changes in individual partners, beneficiaries, trustees, officers or directors within fourteen (14) days of the change occurring.
- 1.4.3. You may not use the name "Mannatech" or any of its product or trade names in your business name which might be confused with the Company. The Company reserves the right to approve or disapprove your change of business name ("DBA Name") in the event it is offensive or conflicts with its trade names, trademarks, service marks or South African law. If the Company approves such a change, the organisation's name and the names of the principals of the organisation must appear on the Change of Associate Information form, or a disclosure form with signed Guarantee
- of Indemnity.
- 1.5. Combining a Third-Party Agreement with Your Mannatech Business**
- 1.5.1. A "third party" includes, but is not limited to, another Independent Associate or an unrelated individual/company offering business-building services or related/non-related goods and services.
- 1.5.2. The Company does not endorse or permit any third-party income representations, guarantees or other such representations to build your downline organisation. In addition, the Company does not endorse any third-party individual or company making income representations through the use of third-party sales aids.
- 1.5.3. If you choose to enter into any such agreement with a third party, you do so at your own risk. The Company will not be bound by any such agreement or contract. The Company will not reimburse you for costs incurred as a result of any such agreement or contract described above.
- 1.5.4. You may not enter into third-party contracts combining any aspect of the Company business, as presented by the Company, with another offering having to do with the sale of the Company products, opportunity or the Compensation Plan with any other non-Company component, agreement, business plan, method or device. The Company does not honor these agreements. The Company will not settle disputes resulting from third-party agreements or between Associates.
- 1.5.5. The Company does not allow the Company Products or Compensation Plan to be presented/offered in conjunction with any other business plan or other form of business. Violation of this Policy will be considered a breach of your Agreement and may result in termination of your Agreement.
- 1.5.6. You must not induce third parties to acquire the Company's products by representing to that third-party that they would, after the acquisition of the Company's products, receive cash bonuses, commissions or any other benefit from you in return for assisting you to supply the Company's products to others.

## 1.6. Responsibilities to Your Downline Organisation

- 1.6.1. You are responsible for training your downline organisation on effective and lawful methods of building a successful business and you are restricted from advising Associates to restructure their downline in a fashion that gives the Sponsor or upline Associates an income advantage, doing potential long-term damage to his or her Associate position.
- 1.6.2. You are responsible for answering questions for Associates whom you have personally sponsored. Associates who have questions about any aspect of the Company should contact their upline Sponsors for assistance.
- 1.6.3. You are responsible for discussing and determining with your downline (prior to completing a new Associate Application) or otherwise enrolling a new position, which party will receive the Direct Bonus. The Company will not settle any disputes among Associates regarding these or other types of financial agreements. The Company will pay commissions to the party listed in its computer database as supplied to the Company.
- 1.6.4. You are responsible for fully explaining the Satisfaction Guaranteed policy as set forth in Section 5.13.1 of these Policies and Procedures.
- 1.6.5. **Voluntary Termination from the Company**
- 1.6.6. An Associate who wishes to terminate an Associate account must submit such request in writing (South African identity document, identification number (IDN), income tax number, company registration number or tax registration number (TRN), Associate account number and signature must be included) or by completing the Voluntary Termination form.
- 1.6.7. An Associate who voluntarily terminates may apply for reinstatement after the expiration of six (6) full Qualification Periods (the "waiting period"). Qualification Period is the same as a calendar month. Applications submitted under this section shall not be processed until the first day after the expiration of the waiting period. Spouses, dependent children or other household members of Associates who have terminated may

not apply to become an Associate or Preferred Customer in another line of sponsorship until the terminated Associate is eligible for reinstatement. (See Changing Lines of Sponsorship 4.4.4, 4.4.5 and 4.4.6.)

- 1.6.8. A terminated Associate cannot sponsor new Associates. If a terminated Associate is listed on the Associate Application as Sponsor, the new Associate will be contacted to provide the Company with a valid Sponsor Identification Number which relates to an Associate in good standing.

## 2. Conducting Your Business, Internet Usage, Product Sales and Recruiting

### 2.1. Advertising

- 2.1.1. Except in the case of advertising provided by the Company or subject to the provisions of Section 2.15, you may not advertise products by way of the internet or any other form of media such as radio or television.
- 2.1.2. In order to protect its trademarks, the Company must restrict its Associates from producing their own advertisements to promote the Company or its products. The Company provides compliant advertisements for your use. Only those Company-produced sales materials may be utilised to promote the Company and its products. The Company-approved advertisements must be used verbatim.
- 2.1.3. Prohibited materials include, but are not limited to:
  - 2.1.3.1. Outdated Company-produced literature no longer in circulation, and
  - 2.1.3.2. Those materials an Independent Associate creates and produces which are in violation of 2.7, 2.8 or 2.25 of these Policies and Procedures.

### 2.2. Classified Advertising

Notwithstanding the Associate Advertising Policy, you may use "lineage" or classified opportunity advertisements (less than 30 words in length) provided by the Company for publication via internet search engines and in the opportunity section of local newspapers, magazines and directories. Approved classified advertising is available on the internet home page at [mannatech.com](http://mannatech.com).

These advertisements must be reproduced in their entirety without modification. Your name and contact information is all that can be added.

### 2.3. Telephone Directory Advertising

- 2.3.1. You may advertise in the telephone directory. Yellow Pages advertising must conform to all applicable Policies and Procedures. The approved White and Yellow Pages listing is as follows:  
**Associate's Name**  
**Mannatech® Independent Associate**  
**Associate Address**  
**Associate Telephone Number**
- 2.3.2. In the event the printer cannot insert the ® sign, there must be a line at the bottom of the ad that states "Mannatech is a trademark of Mannatech, Incorporated."
- 2.3.3. You may not use a telephone or toll-free number which, when numbers are converted to letters, spells out all or part of the name Mannatech or any of its products.

### 2.4. Answering the Telephone

You are prohibited from answering the telephone in any manner that gives the caller the impression that they have reached the Company's Corporate office. Telephone recordings must state that the caller has reached an "Independent Associate" of Mannatech South Africa.

### 2.5. Business Stationery

You may purchase business cards and letterhead stationery through Company designated companies. Order forms from such companies are distributed with every Business Pack. The title "Independent Associate" must always accompany your name when used in conjunction with the Company.

### 2.6. Use of Company Name, Logo or Trademarks

- 2.6.1. Except as permitted in Section 2.15, you may not use the Company name, logo, trademarks and/or names of Company products in Associate-produced advertisements or materials since you are prohibited from producing your own promotional materials.
- 2.6.2. You can use only the "Mannatech Independent Associate" logo. Except as permitted in Section 2.15, you may not reproduce the "Mannatech,

- Incorporated" logo.
- 2.6.3. Except in the case of advertising or instructions provided by the Company, you may not use the name Mannatech or any of its trademarks as a part of your business name, Corporation name, internet name, URL or domain name, metatags source and search code or email address. Associates who use Mannatech trademarks without authorisation from the Company will be required to relinquish their right to such marks without compensation by the Company.
- 2.6.4. You may not use the names or images of Company employees, executives, consultants, athletes, celebrities and/or organisations who endorse the Company, except as specifically written in current Company-approved materials or as permitted in Section 2.15.
- 2.6.5. You are prohibited from using names of any other companies, hospitals or institutions when promoting the Company.
- 2.7. Creation and Use of Third-Party Materials**
- 2.7.1. All sales aids, generic materials or other materials not produced by the Company are considered "third party materials." This definition is intended to include sales aids and materials that are either in printed, audio, video or electronic formats.
- 2.7.2. Materials are considered "generic" if they can be utilised by any other company in our industry.
- 2.7.3. You are prohibited from creating, selling or distributing third party materials which link the benefits of Mannatech products, the ingredients of Mannatech products and/or Glyconutrients in conjunction with any particular disease, disease process or disease claim or which violate 2.8 or 2.25 of these Policies and Procedures. You must only use compliant materials when representing the Company and the Company's business, the Compensation Plan, training other Associates and/or making representations in connection with the products. Materials must be compliant for the country in which they are to be used.
- 2.7.4. In addition to the requirement set forth in 2.7.3, you may use generic materials only if:
- 2.7.4.1. They do not contain mention of the Company, its products, trade names, the specific ingredients of its products or the Compensation Plan; and

- 2.7.4.2. They have not been created solely for use in connection with the promotion or sale of Mannatech products or the opportunity.
- 2.8. Representations as to Products**  
As an Independent Associate, you acknowledge that Mannatech products are not a substitute for a doctor's care or standard of care in the treatment or prevention of a specific disease, and you shall not make representations to the contrary.
- 2.9. Reproducing Approved Educational and Promotional Material**  
You may copy Company-produced promotional materials verbatim in whole or in part for use in conducting your business. Educational materials may ONLY be used or reproduced verbatim and IN THEIR ENTIRETY. You may not duplicate or record audio or video materials (including those materials produced for use on corporate website) produced by the Company. Any recording or duplication is strictly prohibited. The Company may require, without limitation to any other legal remedies that may be available to it, among other things, that you cease and desist from using or distributing such recordings; and/or destruction, at your cost, of non-authorised recordings.
- 2.10. Use of Mannatech's Patents in the Promotion of Mannatech Products**
- 2.10.1. No patent claims for Mannatech dietary supplement products may be made unless those claims are found on the labels or in the promotional material created by Mannatech for its products.
- 2.10.2. The Glyconutrients named in Mannatech's patent are not intended or professed to cure any of the disorders listed in the patent and, as such, Associates are strictly prohibited from using Mannatech's issued patents and/or any extract thereof in the promotion of Mannatech's products.
- 2.11. This section intentionally left blank.**
- 2.12. Use of Testimonials**
- 2.12.1. Testimonials. In conjunction with the sale of Mannatech products, Independent Associates shall not use testimonials which link the benefits of Mannatech products, the ingredients of Mannatech products and/or Glyconutrients in conjunction with any particular disease, disease

process or disease claim.

- 2.12.2. Opportunity Meetings. Subject to 2.12.1, the host at opportunity meetings may allow attendees to make testimonials concerning generally improved health and well-being (statements which do not link the benefits of Mannatech products, ingredients of Mannatech products and/or Glyconutrients in conjunction with any particular disease, disease process or disease claim) they have personally experienced after use of Company products. During the testimonial segment of the opportunity meeting, the proper disclaimers must be displayed (see text below). *Disclaimer: Mannatech nutritional products are designed to maintain health and general well-being. Mannatech makes only those claims for its products that are on product labels or in Mannatech-approved promotional materials. Mannatech nutritional products are not promoted for the prevention, treatment or cure of any disease and are not intended to substitute for a doctor's care or for proven therapy.*
- 2.12.3. Recording. The recording of permitted testimonials (by audio, video or otherwise) at opportunity meetings is not allowed, and is to be enforced by the host and/or meeting leaders.
- 2.12.4. Educational Meetings. Educational meetings are for informational purposes only; no promotion of the products or the business of the Company shall take place.
- 2.12.5. OsoLean® Powder. Associates are able to make testimonials relating to OsoLean products provided that:
- 2.12.5.1. All statements are truthful;
- 2.12.5.2. All statements are accurate;
- 2.12.5.3. All statements are verifiable; and
- 2.12.5.4. Notices are provided that individual results may vary, and that OsoLean powder must be taken in conjunction with a reduced caloric intake and a regimen of physical exercise.
- 2.12.6. Mannatech's Uth™. Associates are able to make testimonials and use before and after photos relating to Mannatech's Uth product provided that:
- 2.12.6.1. All statements are truthful;

- 2.12.6.2. All statements are accurate;
- 2.12.6.3. All statements are verifiable; and
- 2.12.6.4. All before and after photos follow the guidelines stated on photos.mannatech.com (regardless of your intent to submit or non-submission of your photos to Mannatech).
- 2.12.7. Photographs, Videotapes and Other Media. Except as allowed under these Policies and Procedures, use of "before-and-after" photographs, videotapes or other forms of recorded media which suggest or imply a link between the benefits of Mannatech products the ingredients of Mannatech products and/or Glyconutrients in conjunction with any particular disease, disease process or disease is expressly forbidden.

### 2.13. Use of Online Sales Media

Associates may not sell Mannatech products on online auction websites, virtual sales malls or other online sales media. This includes selling to third parties who may sell products online.

- 2.13.1. If selling or transferring Mannatech products to a third party in an attempt to circumvent this policy, the Associate(s) shall share full responsibility with the third party in the event that the third party breaches this policy. The Associate, and at the Companies discretion, the relevant third party shall be subject to any and all disciplinary actions the Company deems necessary. To avoid such actions, the Associate(s) and the third party should assume all obligations applicable to the Company in accordance with Section 2.13, 2.21.6 and/or 5.13.2.

2.14. This section intentionally left blank.

### 2.15. Use and Registration of Internet Websites, Electronic Media and Company Trademarks

- 2.15.1. Use of the Internet. The Company maintains a website at mannatech.com, and offers our Associates Company-produced websites ("Personal Web Pages"). Associates may also have their own websites, blogs and other electronic medium (such as YouTube, MySpace, Facebook, Twitter, etc.), hereinafter referred to as "Associate Internet Sites," to promote their Mannatech business by complying with the

provisions below.

- 2.15.2. Registration Requirement. You must register each website, blog or other electronic medium used in connection with your Mannatech business within ten (10) business days of the creation of the site, providing your name, account number, URL of the site and any passwords necessary to fully access the site. You may provide this information by:

- 2.15.2.1. Emailing the requested information to lec-registration@mannatech.com

- 2.15.2.2. Faxing the requested information to (972) 471-5619; or

- 2.15.2.3. Mailing the requested information to: Mannatech, Incorporated  
Attn: Legal Department  
600 S. Royal Ln., Suite 200  
Coppell, Texas 75019

Along with these Policies and Procedures, Associate must review and comply with the South African Associate Internet Checklist for additional information.

All content that is used on the Associate Internet Sites must comply with these Policies and Procedures and the Internet Checklist. Associates must submit to the Company all material that is to be initially used on the Associate Internet Site at the time of registering the Associate Internet Sites, and must continue to submit to the Company any material that is to be used on the Associate Internet Sites in the future. The Associate must not include any material/modifications/updates on the Associate Internet Site prior to submission to the Company.

- 2.15.3. Use of Company Name/Intellectual Property. Associates must comply with corporate-produced promotional materials and use the appropriate intellectual property marks and product descriptions when referencing the Corporate Name, trademarks, copyrights, product names, ingredients or in discussing the business opportunity. Associates must prominently represent to the public they are Mannatech Independent Associates.

- 2.15.4. Links to Corporate Sites. Associates may provide a direct link from their Associate Internet Site to the South African website at mannatech.com, and

to any other country-specific Company-controlled URL.

- 2.15.5. Search Engines. Associates may provide a direct link to their Personal Web Pages website and any Associate Internet Site from internet search engines provide the search parameters (metatags, search and source codes, etc.) are compliant.

- 2.15.5.1. You may not bid on key words, advertise on websites or utilise search parameters that address specific diseases, disease claims or disease processes.

- 2.15.6. Precluded Actions. Your Associate Internet Site may not:

- 2.15.6.1. Contain content (text, testimonial, audio, photo, video or otherwise) which asserts or implies that Mannatech products, Mannatech product ingredients or Glyconutrients cure, treat, mitigate or prevent a particular disease, disease claim or disease process;

- 2.15.6.2. Link to another website that contains contents which asserts or implies that Mannatech products, Mannatech product ingredients or Glyconutrients cure, treat, mitigate or prevent a particular disease, disease claim or disease process;

- 2.15.6.3. Have the Company name, Company product names, Company trademarks or disease names/conditions in the URL;

- 2.15.6.4. Contain content (text, testimonial, audio, photo, video or otherwise) that misrepresents Mannatech, its products or the business opportunity to the public;

- 2.15.6.5. Offer Mannatech products under a different and/or generic product name, either by renaming, relabeling or repackaging;

- 2.15.6.6. Utilise an e-commerce feature other than offering direct link to the Associate's Personal Web Pages website or mannatech.com;

- 2.15.6.7. Make product claims except those claims contained on product labels and in Company-produced promotional material.

- 2.15.6.8. Training. Associates shall, at all times, ensure they are well acquainted with all South African advertising laws. Without derogating from the generality of the above, the Associate shall ensure that anyone who produces advertising, marketing or promotional material on their

behalf receives training on the provisions of the Code, the CPA and Foodstuffs, Cosmetics and Disinfectants Act Regulations and keeps abreast of any updates.

- 2.15.7. Responsibility for Site. The Company will hold Associates and any content providers strictly liable for the material contained on the Associate Internet Site.
- 2.15.8. Reservation of Rights. The Company reserves the right to seek any and all remedies available by law, including injunctive relief, in addition to a disciplinary compliance action by the Company to remove non-compliant or offensive material from the internet that relates to the Company, its officers, directors, employees, Associates, trademarks, proprietary property, products or business. Sanctions for a disciplinary compliance action are set forth in Section 6.12.13, and range from a warning to termination of the Associate account(s).

## 2.16. Company Internet Usage Guidelines

The Company may provide Associates access to password-protected website information. This information is intended to serve as a communication tool for Associates only. You may not use portions of the password-protected site for recruitment and/or the sale of products. You may not give your password to any individual for the purpose of accessing the website information. Any misuse of this privilege may result in account termination.

## 2.17. Email Correspondence

- 2.17.1. You may use email to communicate Company information. You are solely responsible for ensuring that the content complies with the Associate Policies and Procedures and applicable laws related to e-communications prior to forwarding written correspondence to any individual. Associates violating this policy are in breach of the Agreement, which may result in termination of the Agreement.
- 2.17.2. Recipients who wish to be removed from a mail list should notify the sender directly. Upon receipt, the Associate must remove the requestor from the mailing list immediately as required by law.
- 2.17.3. Associates should not send or excerpt materials which violate 2.7, 2.8 or 2.25 of these Policies and

Procedures to other Associates or prospects.

- 2.17.4. Associates must always comply with local, provincial and national regulations. Associates are strictly prohibited from sending unsolicited email (i.e. email blasts or "spam") and/or posting electronic messages on internet bulletin boards to advertise the Company, Compensation Plan and/or the products. If you participate in social media or chat rooms, you do so at your own risk and are solely responsible for any statements made in this medium and must observe Company Policies prohibiting medical, product and income misrepresentation in all electronic messaging formats.
- 2.17.5. You are prohibited from buying email address lists and sending unsolicited materials to individuals from whom you have not received permission.
- 2.17.6. Where you opt in, at the time of enrolment (or thereafter), the Company may notify you via email (in the event you have provided your email address) of upcoming events or general information. If you do not want to receive this correspondence, contact the Associate Relations Department at the email address provided in the document.
- 2.17.7. Associates may include links or references to their MannaPage if the originating source of the link does not violate Associate Policies and Procedures. Prohibited sources include, but are not limited to, non-compliant websites, and/or sources that include disease references, personal testimonials, income claims and the like.
- 2.17.8. Associates may not use their Personal Web Pages email address or other Company business tools or systems to email, post, download, access, store or distribute any material that is (1) obscene, offensive, threatening, knowingly false or defamatory or which otherwise violates or encourages others to violate any law or (2) injurious to the Company's reputation, embarrassing to the Company or disparages the Company's products, management or Associates. Furthermore, Associates may not use the Success Tracker programme, their Personal Web Pages email address or other Company tool or system to broadcast personal messages, to send chain letters, to promote/advertise/offer third-party business opportunities or transmit or download

copyrighted material that is not authorised for reproduction. Violations of this policy may result in disciplinary action.

## 2.18. Broadcast Fax

The Company strictly prohibits the use of unsolicited broadcast faxing to market, promote or otherwise advertise the Company or its products. You may fax materials promoting the Company or products only to individuals from whom you have obtained prior consent. However, you must immediately discontinue faxing should the individual revoke his or her prior consent. Associates who violate this Policy shall act in breach of the Agreement which may result in termination of the Agreement, and may also be liable for violation of government regulations.

## 2.19. Contacting the Media

- 2.19.1. All media inquiries (radio, television, newspapers, magazines or any other periodicals or media) are to be referred to the Public Relations Department of Mannatech, Inc. (publicrelations@mannatech.com). Associates who contact the media directly or indirectly to participate in any fashion are strictly prohibited from discussing the Company, products, business or Compensation Plan or to provide testimonials of any kind. You are not authorised to represent the Company if contacted by the media.
- 2.19.2. Personal Appearances. You are prohibited from representing the Company either directly or indirectly on television, cable television or radio without prior written permission from the Company.
- 2.19.3. Public Relations. You are prohibited from employing broadcast media either directly or indirectly as a form of public relations, including but not limited to news releases, articles and talk-show appearances without prior written permission.
- 2.19.4. Meeting Notices. Notification for public opportunity meetings for insertion into newspapers or periodicals must comply with all Associate Policies and Procedures. Specifically, they may not allude to any income representations or medical/disease claims or reference disease names.

## 2.20. Trade Shows and Expositions

- 2.20.1. You may conduct your Mannatech business at trade shows, expositions or other public forums.
- 2.20.2. An Independent Associate is responsible for securing all approvals, admissions, floor space, etc. in conjunction with participation at said events.
- 2.20.3. An Independent Associate must be physically present at his booth at all times during an event.
- 2.20.4. Only materials which do not violate 2.7, 2.8 or 2.25 of these Policies and Procedures may be displayed, and you must identify yourself as a "Mannatech® Independent Associate."

## 2.21. Retail Sales

- 2.21.1. The Company uses network marketing as its chosen method to share its business opportunity. The foundation of this is based upon one-on-one contact with others who may want the products and who may want to become involved in the business opportunity. Once this method of marketing is chosen and independent sales Associates put their time, energy and resources into building a business, the Company and all Associates have a responsibility to consistently support network marketing.
- 2.21.2. You may sell or display Company products in (1) offices or other areas located in a private club that are not accessible to, or in view of, the general public; or (2) private offices of professionals who operate by appointment only, including but not limited to, beauty salons, spas, medical offices and dental offices. Your ability to sell Company products under this paragraph may be subject to state law or other rules or regulations of government agencies or professional organisations. You are solely responsible for complying with any and all laws, rules and regulations related to the sale of the Company Products.
- 2.21.3. You may not sell or display Company products in a permanent retail establishment. Examples include, but are not limited to department stores, beauty supply stores, supermarkets, drug stores, news stands, health food stores, vending machines, mall carts and flea markets.
- 2.21.4. You may, however, offer Company products in

a permanent retail establishment provided that (1) the proprietor is an Associate, (2) the store is dedicated to the promotion of wellness and complementary health care, (3) consultation on the use of Company products is available to the customers, (4) only Company approved promotional materials are used and (5) Company products are kept in a display case, behind a counter, in a separate room or are otherwise not accessible in a self-service environment.

- 2.21.5. You may sell products for any price you choose. Retail prices set by the Company are recommended prices only.
- 2.21.6. Intentionally left blank.
- 2.21.7. You must supply all retail customers with a properly completed sales receipt in a format applicable to your jurisdiction. For more information and available forms, please see the Mannatech Online Document library. Associates must maintain copies of sales receipts for a period of no less than two years and must furnish them to the Company upon request.
- 2.21.8. You must inform the buyer of their cancellation rights at the time of the sale. You must allow retail customers the ability to cancel their order within ten business days and allow full refunds ten days after receipt. In the event that the Company must reimburse a dissatisfied retail customer on your behalf, refunds will be deducted from commissions and you may be subject to disciplinary review.
  - 2.21.8.1. a. If the retail customer purchased products directly from the Company, Mannatech will process the return on behalf of the Associate. The retail customer must contact Customer Care at 800-281-4469 to obtain a Return Authorisation Request number and form within thirty (30) days of the purchase date.
  - 2.21.8.1. b. If the retail customer purchased products from an Associate, the Associate is obligated to honor the buyer cancellation rights and the thirty (30) day satisfaction return guarantee. Upon receipt of the products and proof of refund to the Customer, the Associate may return used product to Mannatech for exchange following the procedures found in 5.13.1.
- 2.21.9. Sales of Unlisted Products by an Associate.

Only those products listed in Company-produced materials as approved for use in South Africa may be promoted or sold. You should not imply that you can supply Company products that have not been approved for distribution in South Africa.

## 2.22. Promotion of Product for Animal Use

Company products are designed for human consumption/application only. Promotion of these products for animal use is therefore prohibited. A violation of this policy shall constitute a breach of the Agreement, which may result in termination of the Agreement.

## 2.23. Misrepresenting the Company

Presenting the Company, Compensation Plan, employees or products in a deceptive, fraudulent, slanderous or misleading way constitutes a breach of the Agreement, which may result in termination of the Agreement.

- 2.23.1. You are prohibited from referencing research or publications that were conducted by or financed by Mannatech without clearly and conspicuously disclosing Mannatech's participation in the research.
- 2.23.2. You are prohibited from referencing research or publications that were conducted by, financed by or otherwise controlled by a Mannatech Independent Associate without clearly and conspicuously disclosing that the research/publication was conducted, financed by or otherwise controlled by a Mannatech Independent Associate who receives compensation from the sale of Mannatech products.
- 2.23.3. You are prohibited from referencing a publication that is directly or indirectly represented to be a scientific publication, published by a Mannatech Independent Associate, without clearly and conspicuously disclosing that the publication is controlled by a Mannatech Independent Associate who receives compensation from the sale of Mannatech products.
- 2.23.4. You are prohibited from referencing research or publications of the Fisher Institute without clearly and conspicuously disclosing the Independent Associate status of the Fisher Institute at the time the research was conducted or the publication was published.

## 2.24. Compensation Plan and Income Earning Misrepresentations

Opportunities for income under the Compensation Plan are determined by many factors, including the ability and perseverance of the individual. You may not make statements alluding to the income potential of any prospective Associate except as stated in Corporate literature or make statements regarding their personal income without stating that the income is not necessarily representative of the income an average or typical Associate can earn. Associates must utilise the income statistics provided by the Company to properly represent potential or average income figures. All income is strictly derived from sale of products. Misrepresentation of income earnings or Compensation Plan includes, but is not limited to, the following:

- 2.24.1. Reviewing the Compensation Plan with any person without clearly stipulating that no remuneration is received solely for enrolling or sponsoring new Associates.
- 2.24.2. When signing up as an Associate, there is an initial R490.00 application fee. There is an annual renewal fee of R490.99 to remain an Associate. Associates must renew their accounts within 90 days of the required renewal date. Non-renewed Associates are not eligible to earn commissions or participate in Mannatech's incentive programmes.
- 2.24.3. Reviewing the Agreement with prospective Associates without presenting all entry and upgrade levels, explaining the differences between Preferred Customers, Associates and All-Star options before new recruits sign the Application and Agreement.
- 2.24.4. Reviewing the Automatic Order (AO) details without disclosing that the AO is optional, generates 13 times a year (every 28 days), is automatically charged to the credit card provided and that the products selected are shipped directly to the address provided each Qualification Period until the Company is notified in writing to discontinue the AO. The discount will vary if product selections are changed.
- 2.24.5. Representing, either directly or by implication, that all participants who enter into the business will succeed.

2.24.6. Misrepresenting the amount an average Associate might expect to earn in carrying on the business (for example, you may not show copies of Company-issued checks to represent potential earnings).

2.24.7. Misrepresenting the cost amount that an average Associate might expect to incur in carrying on the business.

2.24.8. Misrepresenting the amount of time an average Associate would have to devote to the business in order to achieve income or Leadership levels. You may not represent or imply that it is relatively easy to succeed in the business but may only represent that participant's success occurs through hard work and diligence.

2.24.9. Representing through statements or implication that you will build a downline for a person;

2.24.10. Using any misleading, deceptive or unfair recruiting methods.

2.24.11. Discussing or making warranties, representations or statements concerning Company products in a manner that is inconsistent with the Company-produced literature.

2.24.12. Promoting the Company, its products and/or business plan in conjunction with the sale of stocks or securities related to the Company.

2.24.13. Manipulation or reconstruction of downline organisations through violations of the cross-sponsoring, inducement and/or multiple position policies.

## 2.25. Product Claims and Misrepresentations

You are prohibited from making direct, indirect or implied medical or other claims regarding the prevention, treatment, cure or mitigation of any disease from the use of Company products. Additionally, you may not:

2.25.1. Make any representation (oral, written or otherwise) about Company products which violate 2.7, 2.8 or the provisions of this section of these Policies and Procedures;

2.25.2. Discuss or make warranties, representations or statements concerning Company products in a manner that violates 2.7, 2.8 or the provisions of this section of these Policies and Procedures;

2.25.3. Use or distribute, for the purpose of marketing

products or in promotion of the Compensation Plan, materials which violate 2.7, 2.8 or the provisions of this section of these Policies and Procedures;

2.25.4. Re-label or in any manner alter the label of any Company product. Additionally, you must not repackage or refill Company products and must sell Company products in their original, unopened containers;

2.25.5. Use third-party individuals, business entities and/or organisations (such as Mannatech Members, Fisher Institute, etc.) in any deceptive or misleading manner in connection with the promotion of Mannatech products.

## 2.26. Company Events

2.26.1. The Company will offer events during the course of the calendar year to provide training opportunities for Independent Associates, offering information on new and existing products, new marketing and training tools, business building techniques and education regarding compliance with the Associate Policies and Procedures. Independent Associates are strongly encouraged to attend all events sponsored by the Company.

2.26.2. While a Company event is in session, you are prohibited from recording (by audio, video, photo, electronic or otherwise) the speeches or the visual aids used in conjunction with said speeches. The Company may provide written materials and/or post materials on its website for use by Independent Associates.

2.27. This section intentionally left blank.

## 2.28. Conduct Detrimental to Mannatech

If an Associate engages in conduct which Mannatech, based on the severity of the offenses committed, determines to be detrimental to the Company, Mannatech shall sanction said Associate. The severity of the sanction imposed shall be established by Mannatech, in its sole discretion, and shall range from placing the Associate on probation up to and including the termination of the Associate's Agreement with the Company.

## 3. International Policies

### 3.1. How to Conduct Business Internationally

3.1.1. Countries of Operation. Mannatech is authorised to conduct business in the countries set forth in the Countries of Operation document. Except as specifically allowed herein, Mannatech Independent Associates may not conduct business (promoting the Company and/or selling products) in countries other than the approved Countries of Operation.

3.1.2. Products Offered for Sale. Product offerings may differ from country to country. Mannatech Independent Associates shall only offer products specifically approved and labelled for use in the specific Country of Operation. Please refer to the product list for each country of operation.

3.1.3. Pre-Launch Activities. When Mannatech determines it will open a new country for business, it will issue a press release and will formally set the date the new country will open. The Company will also post an online document establishing the pre-launch guidelines. Mannatech Independent Associates must follow in connection with opening the new country, including (but not limited to) when pre-launch activities may begin, the approved product lists, pricing, marketing and Compensation Plan materials, as well as meeting and advertising guidelines. The Pre-Launch Guidelines will also specify actions which Mannatech Independent Associates are precluded from undertaking during the pre-launch.

3.1.4. Observance of Country Laws. You are required to follow all laws, tax laws, immigration laws, rules and regulations of any Country of Operation. You may use only promotional materials approved by the Company for use in that Country of Operation and sell only products approved for sale in that country. You accept the sole responsibility to conduct your independent business lawfully within the Country of Operation.

3.1.5. Travelling in Other Countries. When travelling in a country other than a Country of Operation, Mannatech Independent Associates must not:

- Advertise the Company, Career and Compensation Plan or products;
- Offer Company products for sale or distribution;
- Reproduce or self-produce literature for distribution;

- Accept payment for enrolment or recruitment from citizens of countries where Mannatech does not conduct business;
- Conduct opportunity meetings; and/or
- Promote international expansion via the internet or in promotional literature.

3.1.6. If you are found to be in violation of an International Policy, you will be subject to the Associate disciplinary procedure under Section 6 of these Associate Policies and Procedures.

### 3.2. Gift of Products

Gift of products to a person in an unauthorised Country of Operation are allowed only if the unauthorised country allows such gifts under the laws and regulations that govern the Company products. It is your responsibility to confirm with the governing Customs Bureau where you intend to gift the product to determine if the products are allowed in the country.

### 3.3. International Sponsoring

3.3.1. Only Associates in good standing may act as an Enroller/Sponsor. The Company, at its sole discretion, reserves the right to reject at any time your international distribution and sponsoring rights upon written notice at your last known address.

3.3.2. Your right to act as an Enroller/Sponsor or to receive commissions in a Country of Operation may be revoked at any time if the Company determines that you have not conducted yourself in accordance with the terms and conditions contained herein or the governing laws of the Country of Operation.

3.3.3. You have no authority to take any steps in any country toward the introduction or furtherance of the Company. This includes, but is not limited to, any attempt to register or reserve Company names, trademarks or trade names, to secure approval for products or business practices or to establish business or governmental contacts. You hereby indemnify the Company for all costs incurred by the Company for any remedial action needed to exonerate the Company in the event you improperly act purportedly on behalf of the Company.

3.3.4. The Company reserves the right to establish

additional Policies and Procedures that are applicable to a specific country. Associates who conduct business internationally agree to abide by all special policies established by the Company for the specific Country of Operation.

### 3.4. Country Relocation

Associates relocating to other countries of operations should contact the in-country Customer Service department to receive the country specific information regarding relocation procedures.

## 4. Sponsorship Business Rules

### 4.1. Rights to Choose Sponsorship

4.1.1. Prospective applicants have the right to choose his or her immediate line of sponsorship. Implied loyalty to an individual who made the initial Company introduction does not obligate one to accept that individual's sponsorship. (For example, prospective applicants are not obligated to be sponsored/enrolled by someone who merely provides a Company video or other promotional material.) The Company does not have an obligation to settle or be a part of any disputes concerning sponsorship (or agreements in connection with sponsorship bonuses). The Sponsor/Enroller of a new Associate will be the Associate indicated in the Associate Application and Agreement signed by the prospective applicant and/or entered as the Sponsor/Enroller in the Company's computer system.

4.1.2. Once an Associate Application and Agreement has been accepted by the Company and/or the account number assigned, Sponsor/Enroller changes are only permitted if the Company is notified in writing by the new Associate or the Enroller. See sections 4.3. and 4.4.

### 4.2. Inducements to Select a Different Sponsor

4.2.1. Notwithstanding the Rights To Sponsorship Policy, it is against Company policy to induce or allow an individual, family member or business partner of an existing Associate to sign up under your line of sponsorship for the purpose of circumventing the original upline from future income.

4.2.2. Company meetings are open to all interested parties. You must not imply that interested parties are not welcome to attend the meetings or imply that assistance will not be given to

them if they are not in your downline. Associates must feel secure when sending prospects to these meetings, and all prospects attending the meeting should be referred back to the person that sent them. It is against Company policy to sponsor a prospect at the meeting who was sent by another Associate.

- 4.2.3. You may not offer monetary rewards, free products or any other material inducement to entice a prospect to enrol under your line of sponsorship when it is made known that he or she has been working with another Associate.

#### 4.3. Sponsor and Enroller Information

- 4.3.1. You must provide the Company with valid Sponsor and Enroller details at the time your application (this includes telephone applications) is submitted. Applications received without Sponsor and Enroller information will be returned to the applicant unprocessed. Sponsors/Enrollers must be in the same leg of an organisation. Applications received with either a Sponsor or Enroller will be processed making the Sponsor and/or Enroller the same person. The Company is not responsible for contacting the applicant or the upline to verify the information provided.

- 4.3.2. All Associates can request Sponsor changes for their newly enrolled Associates.

- 4.3.2.1. New Associates or the Enroller of the new account can submit sponsor change requests by email within the same Qualification Period of the original enrolment date.

- 4.3.2.2. After the Qualification Period ends, the Enroller must submit the Sponsor Change Request form for sponsor changes within three (3) full Qualification Periods from the enrolment date ("Grace Period").

#### 4.4. Changing Lines of Sponsorship

- 4.4.1. The Company will permit changes in the line of sponsorship under the following circumstances:

- The Sponsor Change Request form is received during the Grace Period;
- All required signatures are obtained and all requested documentation is received;
- Where an Associate has been fraudulently induced into joining the Company; or

- Where, due to Company error, the Sponsor has been entered incorrectly into the Company database.

- 4.4.2. All new sponsored and enrolled Associates can be repositioned within the Enroller's organisational downline team once anytime during the Grace Period. If the request is made after the end of the Qualification Period but within the Grace Period, the Enroller must submit the written consent of the current Sponsor and the additional signatures as required on the Sponsor Change Request form. Only one Sponsor change is allowed per Account. Any commissions previously paid out will not be paid to the new Sponsor of the account.

- 4.4.3. Any Sponsor Change Request submitted after the Grace Period will be considered a downline restructure request. All downline restructure requests must be received by the General Manager/Regional President of each country of operation before the request proceeds to the review process. The written request should outline the business reason for the downline restructure. All requests are subject to final approval from Mannatech corporate office. The Company maintains the right to refuse requests if circumstances violate other Policies, Procedures and/or Incentive Rules of the Company. For more information and instructions, contact customer service at [custserv@mannatech.com](mailto:custserv@mannatech.com) or the downline restructure coordinator at [downlinerestructure@mannatech.com](mailto:downlinerestructure@mannatech.com). See the Downline Restructure Request form located in Mannatech Resource Library.

- 4.4.4. If you terminate your position in writing, you may rejoin under a line of sponsorship of choice after six (6) full months. Termination of the position will result in forfeiture of all rights, bonuses and commissions under the previous line of sponsorship (see Policy 1.7). After the voluntary termination notice has been received by the Company, you may not hold meetings, attempt to enrol new Associates or sell product. If you are found to be actively pursuing the business during the termination period, the Company reserves the right to reject your Application and refuse to allow you to join under a new line of sponsorship. Associates who voluntarily terminate their

Associate positions may join in a new position under a new line or the same line of sponsorship provided all requirements are met. Position transfers are subject to the Company's approval which may be withheld at any time.

- 4.4.5. You may sign up in a new position under a different Sponsor if there has been no activity in the original position for the previous six (6) full months. As an inactive Associate, you shall not refer to yourself as a Mannatech Independent Associate or hold or participate in educational or promotional meetings. You should discontinue using any materials bearing the Company logo, trademark or services mark(s), you shall not continue to communicate with the Company, not attempt to Sponsor or Enrol new Associates or otherwise sell Company product(s). If you are found to be actively pursuing the business during the inactive period, the Company reserves the right to refuse your application under a new line of Sponsorship. You must complete and submit a Voluntary Termination Notice, and submit a new application and Agreement. Associates who wish to rejoin under these circumstances are eligible to join in a new position. Position transfers are subject to the Company's approval which may be withheld at any time.

- 4.4.6. You are not permitted to persuade or attempt to persuade any other Associate to terminate their enrolment with the Company in order to join your downline or use any unfair tactic or undue action to obtain any consent (see 4.2.1).

- 4.4.7. The Company reserves the right to assume any inactive or terminated position and transfer the position to another party at face value.

#### 4.5. Sale and Transfer of Associate Position

- 4.5.1. Sale of an Associate Position  
An active Associate may sell his or her Associate position to another individual or entity upon the prior written approval of the Company. To sell an Associate position, an Associate must first notify the Company of his or her intent to sell at [4-star@mannatech.com](mailto:4-star@mannatech.com), be in good standing, satisfy all debts, obligations and fees owed to the Company, and not be in violation of any term of these Policies and Procedures. In order to preserve the line of sponsorship, the selling

Associate must offer to sell his or her Associate Position in the order of priority stated below, and the Associate interested in purchasing the position must be in good standing and meet the terms of these Policies and Procedures. The parties must submit the Position Sale form to the Company for its prior written approval and pay a transaction-processing fee. Additional terms, conditions, and information regarding the position sale process are included on the form.

- 4.5.1.1. The first option to purchase belongs to the Enroller of the position being sold by the selling Associate. If the Enroller declines the offer to purchase or is otherwise inactive or not in good standing, then the second option to purchase belongs to the first Qualified Presidential Associate upline to the Enroller. If that Presidential declines the offer to purchase or is otherwise inactive or not in good standing, then the selling Associate may offer to sell the position to any other Associate upline who meets these conditions or any individual or entity with the sufficient skills and resources to operate the position.
- 4.5.1.2. It is encouraged, but not required, that the parties engage a third-party valuation expert to assess the fair market value of the Associate Position being sold. Upon written request, the Company will provide a recommendation on a service provider. The cost for the service will be borne by the parties and not the Company. The Company is not liable to the parties for the expert opinion.
- 4.5.1.3. When an Associate position is sold, it will remain in its same placement within line of sponsorship. If the acquisition of the new Associate position places the purchasing Associate in conflict with the Multiple Positions rule under Section 4.7 of these Policies and Procedures, the purchasing Associate must terminate or otherwise transfer one of his or her original positions.
- 4.5.2. Transfer of Inactive Associate Positions  
The Company reserves the right under Section 4.4.7 of these Policies and Procedures to position transfer an individual or entity into an inactive or terminated position. The Enroller of an inactive position may request to position transfer an existing upline Associate, or an existing first

level Associate, or a new Associate into the inactive position. If the Enroller of the position is inactive or otherwise not in good standing or in compliance with these Policies and Procedures, the first Qualified Presidential Associate upline to the Enroller may initiate a position transfer request. The Associate requesting the position transfer must complete Position Transfer form and submit it to the Company for its approval and pay a transaction-processing fee. Additional terms, conditions, and information regarding the position transfer process are included on the form.

- 4.5.2.1. An Associate position is inactive if there have been no purchases for six (6) consecutive months and the Associate has not renewed his or her account with the Company.
- 4.5.2.2. If an Associate voluntarily terminates his or her position or if the position is terminated by the Company for failing to comply with these Policies and Procedures, the terminated position may be eligible for a position transfer by the original Enroller of the terminated position or the first Qualified Presidential Associate upline to that Enroller as set forth in 4.5.2 above. A terminated position is eligible for a position transfer if the position has remained terminated for six (6) consecutive months. Positions terminated by the Company for disciplinary reasons are only eligible for a position transfer at the Company's sole discretion once the six (6) month period has elapsed.
- 4.5.3. Whether by sale or position transfer, the new owner of the Association position must sign the current form of Associate Agreement and comply with these Policies & Procedures. The Company reserves the right to deny a sale or transfer request, or impose certain terms and conditions on its approval of any request at its sole discretion. The Company will not authorise the sale or transfer of a position from one Country of Operation to another. The position must remain in the Country of Operation in which it originated.
- 4.5.4. The new owner is subject to all Associate Policies and Procedures and terms and conditions. The position is available for a transfer at any level shown on the face of the Associate Application and Agreement. All sale or transfers require that

a Position Transfer and Associate Application and Agreement be signed by the Transferee and accepted by the Company. All signatures are subject to verification for authenticity.

- 4.5.5. Terminated positions are eligible for sale or transfer if the position has remained terminated (and/or inactive) for six (6) full months. Positions terminated as a result of a breach of the Agreement by you are only eligible for sale or transfer once the six (6) full months have expired, and there is no litigation or possible litigation pending concerning the termination by the Company.
- 4.5.6. Position Transfers for Associates who have voluntarily terminated and/or inactive positions as stated in 4.5.5 are strictly monitored for compliance with other policies as stated herein. The Company will deny position transfers at its sole discretion should it determine that the transaction will violate the Associate Policies and Procedures and/or the spirit of the policy for which they are intended. Associates using Position Transfers to violate policy shall act in breach of the Agreement, which may result in termination of the Agreement.
- 4.5.7. Account balances from previous owners will not be carried forward on Position Transfers.
- 4.6. Inheritance of Associate Positions**
  - 4.6.1. Upon the death of an Associate, all rights to the Associate's position, including rights to commissions, bonuses and Associate responsibilities, shall pass to successors as stated in the Associate's will or as otherwise ordered by a court of competent jurisdiction. In the event the Associate had no will, the rights to commissions, bonuses and Associate responsibilities will be transferred according to the intestacy laws of the jurisdiction of the decedent's estate as provided by a valid court order. In order to receive transfer, the inheriting party(ies) must provide a certified copy of the Associate's death certificate or any other documentation required by the Company to evidence the true successor (including but not limited to a court order, copy of the Will, Letters Testamentary in the event there is a Will and/or Letters of Administration in the event there is no Will).

4.6.2. The heir(s) must fulfill all responsibilities of the Associate position and must sign the then-current version of the Associate Application and Agreement. The heir may inherit and retain another Associate position even though the heir(s) already operates an existing position.

#### 4.7. Multiple Positions

4.7.1. You and your spouse may have an independent position and a third position as a sole proprietorship, corporation, partnership or trust. All of these positions must be in the same downline organisation of the first position owned.

4.7.2. If a married couple divorces, the Company will abide by a final order of a court of competent jurisdiction concerning the division and award of property interests and rights to each party. The concerned party must supply any documentation required by the Company to support such a division.

4.7.3. The Company will not process any changes to an account during a pending divorce proceeding unless it receives written consent from both the husband and wife.

4.7.4. The Company reserves the right to intervene in any divorce proceeding and deposit commission checks with the applicable court of competent jurisdiction in the event of a dispute between the spouses as to earnings.

4.7.5. A single individual may hold two positions. One position may be an independent position and a second position may be a sole proprietorship, corporation, partnership or trust. All of these positions must be in the same downline organisation of the first position owned.

#### 4.8. Cross-Sponsoring of Spouses/Household Members

4.8.1. You may not circumvent your original line of sponsorship by joining another downline organisation or a different leg of your Sponsor by sponsoring yourself, your spouse, dependent children, a household member ("related party") or any business or company operating under a business name (DBA) in which you and/or a related party have a direct or indirect ownership interest. Husband, wife, DBA household members, partners and/or dependent children

must all be in the same downline underneath the first position owned. It is permissible to be in separate legs provided they are under the first position owned.

4.8.2. Violations of this Policy will result in the termination of the cross-sponsored account, and you will be advised to work exclusively in the original position. Neither the cross-sponsored position nor the downline organisation will be moved. If the Sponsor or Enroller is found to have knowingly or willingly encouraged the cross-sponsoring, the Sponsor/Enroller's conduct will constitute a breach of her/his Agreement, which may result in termination of her/his Agreement.

4.8.3. You may not participate as a partner, consultant or employee of another Associate position until after six full months in the event this policy is violated.

#### 4.9. Unauthorised Recruiting of Associates and Sale of Competing Products

If you elect to participate in another direct selling or network marketing or multilevel marketing (collectively and for purposes of these policies and procedures "Direct Selling") business, you are prohibited from engaging in the unauthorised recruiting activities listed below.

In these Policies and Procedures the term "participate" means recruiting or engaging in any other business building activity for the purpose of earning commissions and bonuses or other form of financial gain under another Direct Selling company's business or compensation plan. Simply purchasing products as a mere consumer for your own personal use (or your family's use) from another Direct Selling company or purchasing products to qualify for commissions under another Direct Selling business' compensation plan does not constitute participation in another Direct Selling company's business or compensation plan. This company reserves the right to deny Associates who participate in another Direct Selling business access to Confidential Information. including but not limited to the downline reports included in the Success Tracker programme.

4.9.1. You shall not Sponsor or recruit Company Associates into any other Direct Selling business. The term "recruit" means actual or attempted solicitation, enrolment, encouragement or effort

to influence in any other way, either directly or through a third party, another Company Associate or Preferred Customer to enrol or to participate in another Direct Selling business.

4.9.2. You shall not use any Company-produced or Company Associate-produced written presentations, videos, audio recordings or other promotional materials (regardless of medium) to recruit prospects or customers for another Direct Selling opportunity. You shall not produce written presentations, videos, audio recordings or other promotional materials (regardless of medium) that include references to the Company, its products, Compensation Plan or training systems to recruit prospects or customers for another Direct Selling opportunity.

4.9.3. You shall not sell or offer to sell or promote competing products to Company Associates or Preferred Customers. For purposes of these Associate Policies and Procedures, a "competing product" means a product in the same general category as a Company product. By way of example, any dietary supplement is in the same general category as any of Company's dietary supplement products and is therefore a competing product regardless of any difference (perceived or otherwise) in price, quality, ingredient, efficacy or nutrient content. [NOTE: In accordance with section 2.21.2., Chiropractors, Estheticians and Naturopaths may sell Company products in a private or professional office setting.]

4.9.4. You shall not offer Company products or promote the Mannatech Career and Compensation Plan, business opportunity or any Company incentive in conjunction with any other Direct Selling company's products, compensation plan, business opportunity or incentive.

4.9.5. You shall not offer for sale any non-Company products or promote any non-Company business opportunity at any Company meetings, seminars, conventions, trips or other Company events or functions (collectively, "Company Events") regardless of whether or not the Company Events are sponsored in whole or in part by the Company or Company Associates.

4.9.6. For a period of one (1) year following termination of the Agreement, you shall not recruit any

Company Associates into another Direct Selling business.

4.9.7. The downline organisation ("Confidential Information") as described in 4.12 is Mannatech's own property. Associate shall use the "Confidential Information" only in relation to Mannatech business activities.

4.9.8. **Presidential Director Ambassador Program ("Ambassador Program")**

Once an Associate reaches the Presidential Director leadership level, the Associate may be eligible to join the Presidential Ambassador Program as a "Presidential Ambassador." Participation in the Ambassador Program is not mandatory. If you join the Presidential Ambassador Program you must sign an acknowledgment form affirming that you are in compliance with this Section 4.9.8 (inclusive of all subsections). Once your signed acknowledgment form is received by the Company, then you are entitled to receive certain bonuses (as defined in Mannatech's Career and Compensation Plan), recognition and other benefits and access to proprietary information not available to other Company Associates. You may be required to sign a new acknowledgement form during the Company's annual Presidential Summit leadership event or as requested by the Company.

If you elect to participate in another Direct Selling (Please see Section 4.9 for the definition of "Direct Selling") business in accordance with the terms of Section 4.9 and continue to participate in that Direct Selling business while at the Company's Presidential Director leadership level, then you are ineligible to participate in the Company's Presidential Ambassador Program and receive its benefits, which is subject to the Presidential Associate's adherence to the terms and conditions set forth below.

4.9.8.1. You shall not become an owner, officer, director, employee, consultant, contractor or subcontractor, directly or indirectly, of any other Direct Selling company. Questions regarding your compliance with this Section 4.9.8.1 may be submitted to the Company on the Presidential Ambassador Disclosure form available on mannatech.com under Resources. A determination as to whether or

not an Associate's status with another Direct Selling business is compliant under this Section 4.9.8.1 will be made by the Company in its sole discretion on a case-by-case basis.

4.9.8.2. You shall not, directly or indirectly, build a downline or otherwise recruit Company Associates or Preferred Customers in or for another Direct Selling business for yourself or any other party. This provision includes opportunities to participate in new Direct Selling businesses and in any Direct Selling businesses you participate in at the time you become a Presidential Director of the Company. (Please see Section 4.9.1 for the definition of "recruit" and Section 4.9 for the definition of "participate.")

4.9.8.3. As a Presidential Ambassador, you shall not promote or host informational or training meetings, publicly receive recognition or rewards from stage or appear in promotional materials or announcements for any other Direct Selling company.

4.9.8.4. You shall not attempt to subvert or otherwise avoid the spirit and intent of these rules through the use of "ghost" accounts, trust accounts, spouses, life partners, relatives or members of the same household.

For the purposes of this provision, the term "ghost account" means an account using an alias or fictitious name designed to hide or obscure the true name of the individual holding the account.

4.9.8.5. Your failure to comply with the terms of this Section 4.9.8 (and all subsections) precludes your participation in the Ambassador Program. Furthermore, any violation of this Ambassador Program provision will result in you being deemed ineligible to participate in the Ambassador Program and your right to receive all benefits and privileges of the Ambassador Program will cease. Further, you may be in breach of the Agreement and the Compliance Committee may render one or more sanctions against you, up to and including termination, as stated in Section 6.12.13.

**4.10. Renewals**

4.10.1. You will retain your status for a period of one year coinciding with your anniversary date. Associates

will have renewal requirements. Associates are required to pay R600.00 each year to renew their Associate position. For more information, review the Compensation Plan located in the Mannatech Resource Library.

**4.11. Downline Reports**

Requests for downline reports must be submitted on the appropriate form obtained from the Company and via Success Tracker. You may only request downline reports for your own downline organisation. Downline reports are the confidential, proprietary property of the Company, and they are furnished to you only to provide information for your Company business and for no other reason. The information contained in a downline report is proprietary and valuable to the Company and must be kept confidential and not directly or indirectly disseminated or copied to any third-party or to other Associates and is subject to Policy 4.12.

**4.12. Confidential Proprietary Company Information/Reports Provided to Associates**

The Company's genealogies (being the information held by the Company related to its Associates, including, without limitation, its relationship with each of its Associates, the sponsoring of each Associate, the Associate's upline and downline, charts, data reports and other material, and historical purchasing information for each Associate) (collectively, "Confidential Information") are owned by the Company, are highly sensitive and valuable to the Company's business and are transmitted to you in strictest confidence. The Company's legitimate business interests require the non-disclosure thereof to (among other things) the Company's competitors. In the event the Company shall disclose details of any of its genealogies to you during the term of the Agreement:

4.12.1. You shall, at all times and without limit in time, treat such details as Confidential Information in the nature of a trade secret and shall not disclose such details to any other person (including any company or person in competition with the Company). You shall take all reasonable steps to protect and maintain the security of the information and shall use the details solely for the benefit of the business of the Company and for the stated purpose for which they were provided.

4.12.2. You shall not release, sell, reproduce for sale or

in any way distribute confidential information to any other Associate, individual or any other party unrelated to the Company.

- 4.12.3. You shall not during the term of the Agreement or for a period of one (1) year thereafter take or encourage any action which would circumvent, breach, interfere with or diminish the value of benefit of the Company's genealogies.
- 4.12.4. You shall only use the Confidential Information for your Company business.
- 4.12.5. The Company shall suffer irreparable harm in the event its confidential and proprietary information is disseminated in a manner in contravention of its interest. The Company reserves the right to seek injunctive relief or any other remedy available at law to protect its Confidential Information.
- 4.12.6. The Company may, in its discretion, suspend your access to its Confidential Information at any stage upon becoming aware of a breach or alleged breach by you of this policy. Any breach of this policy may result in termination of your Agreement.
- 4.12.7. In addition to limiting access to Confidential Information as described in Section 4.12.6, the Company in its sole discretion, reserves the right to and may place the Associate's account on hold during the investigation of an alleged violation of the Policies and Procedures. Should the Company place an account on hold during an investigation and after the investigation is closed, the results of the investigation show that the Associate was not in violation of the Policies and Procedures, the Company will release the Associate commissions generated during the time the account was placed on hold.

#### 4.13. Qualification Periods

- 4.13.1. Qualification Periods end on the last calendar day of each month.
- 4.13.2. Commissions of less than \$5.00 will be carried to the next pay period. All commissions are paid in U.S. dollars.
- 4.13.3. Commissions paid on Preferred Customer purchases will be paid on the product check issued two weeks after the end of the Qualification Period.

- 4.13.4. Commissions earned less than \$5.00 will be forfeited after one year.
- 4.13.5. The method of payment of commissions is via direct deposit which can be applied for online.

#### 4.14. Income Taxes

You are an independent contractor. It is not the company's intention to constitute an employment relationship with you. The Company does not deduct personal taxes from your commission checks. At the end of the calendar year, the Company provides you and your appropriate taxing authorities with all income information required by law.

#### 4.15. Commission Research Requests

- 4.15.1. All commission research inquiries must be submitted in writing to the Company within 45 days of the check in question.
- 4.15.2. Claims for errors in commission payments and requests for recalculation of commissions due to an Associate error must be submitted in writing and must include (1) a written approval from the upline Associate who received the income in error, (2) an approval from the upline for the Company to recalculate the commissions and (3) the upline Associate's authorisation for the Company to deduct the full amount from the respective upline's next commission. The Company is not responsible for recalculating commission for Independent Associates who do not follow all the steps outlined above.
- 4.15.3. Only Company errors will be recalculated without written authorisation from the upline.
- 4.15.4. The Company reserves the right to withhold any money owed by you to the Company from future commission payments, including but not limited to, any erroneous or other overpayment of commissions, including commissions paid on returned or refunded products or packs, or money owed to the Company or to other Associates.
- 4.15.5. The Company may charge a fee for processing Commission Research Requests.

### 5. Operations, Ordering, Product Returns, Refunds and Shipping

#### 5.1. Ordering Options

- 5.1.1. Telephone orders will be accepted with credit

card payment. Call the Company at 0800 981 117 to order. Do not mail the hard copy of the order to the Company when ordering by telephone.

- 5.1.2. To order by e-commerce, enter the order via the Company website at mannatech.com. Payment option is credit card only.
- 5.1.3. To order by fax, fax the completed Product Order form, including credit card information to 0800 981 113. Do not mail the hard copy of order to the Company.
- 5.1.4. To order by mail, send a completed Product Order form with credit card information, cashier's check or money order in U.S. funds to: Mannatech, Incorporated, Attn: SA Operations, 600 S. Royal Lane, Suite 200, Coppel, TX, USA 75019.

#### 5.2. Mail Orders

All product orders received by mail that are not properly completed and signed will be returned to the Associate. Orders with no payment or incomplete payment enclosed cannot be processed. Unless the Company otherwise announces special arrangements, the bonus value of the order will be credited in the Qualification Period in which the payment is received and approved. If more than one completed order form is included in a mailing, one check for multiple orders is possible.

#### 5.3. Automatic Orders

- 5.3.1. You may participate in the optional Automatic Order programme. You may participate in the programme upon enrolment as an Associate. Simply complete the Automatic Order form or place the order by phone at 0800 981 117 and identify the products to be automatically sent to you each four-week period. The Company will automatically debit your credit card or other payment option for the amount of the product order, applicable taxes and shipping/handling charge until you notify the Company with instructions to discontinue the Automatic Order. You must provide an updated expiration date for your debit or credit card to continue to receive Automatic Orders.
- 5.3.2. Once initiated, the Automatic Order will remain in effect until terminated by you in writing or by calling 0800 981 117. You can cancel the Automatic Order

- at any time.
- 5.3.3. You may make changes to the Automatic Order via the internet. If you use the internet to make changes, you will not be charged a processing fee for facilitating the changes yourself. If you request a change to your Automatic Order that involves processing by staff, you will receive only a 5% discount on the next order that generates.
- 5.3.4. Automatic Orders are processed earlier than the scheduled date during the last week of the Qualification Period and during holiday weeks. Early processing ensures timely qualifications and deliveries. To avoid delays, all Automatic Orders must be created or modified five (5) days prior to close of the Qualification Period.
- 5.3.5. The Company must receive any changes or terminations in writing five (5) days prior to close of the Qualification Period.
- 5.3.6. In the event that an Associate does not take the necessary steps to cancel their Automatic Order and they refuse to accept delivery of items causing the order to be returned to the Company, the ordering Associate must defray the costs of both shipping and returning the order. In the event that this Associate wishes to make another Automatic Order, the Company has the right to not process the Automatic Order request until the Company has been reimbursed for the cost of the previous returned Automatic Order.
- 5.3.7. Participation in this programme does not relieve you from compliance with the 70/30 Rule as provided herein.
- 5.4. This section intentionally left blank.
- 5.5. **Payment Options**
- 5.5.1. All payment for products and materials must be in U.S. funds, payable via Company-accepted credit cards. The Company does not accept COD (cash on delivery) orders.
- 5.5.2. Each Associate is solely liable for ensuring that his/her purchases are fully compliant with all applicable South African exchange control obligations.
- 5.6. This section intentionally left blank.
- 5.7. **Credit Cards**

Products and promotional materials can be purchased with Company-accepted credit cards. The credit card holder must sign all credit card orders/payments received via mail or fax (including Automatic Orders and changes). Associates may only use credit cards belonging to them, or for which they are authorised users. Associates who are found to process orders without the consent of the cardholder are in violation of federal and state laws and will be subject to immediate termination. Any Associate causing an unwarranted charge back to the Company due to an unauthorised transaction will be in breach of her/his Agreement, which may result in immediate termination. Credit card disputes must be presented to the Company in writing within one year from the date of transaction.

#### 5.8. Sales Tax

- 5.8.1. South African Associate(s) will pay VAT based on the Associate cost of the product, less any applicable discount for Automatic Order.
- 5.8.2. The "Amount Due" on an Associate's Product Order form is inclusive of VAT where applicable.
- 5.8.3. This section intentionally left blank.

#### 5.9. Purchase for Own Use (Inventory Requirements)

You have no inventory requirements.

#### 5.10. Stockpiling Product

- 5.10.1. The Compensation Plan is based on product sales. You are not required to carry an inventory of product for retail sale. Stockpiling is the excessive ordering of products in amounts solely for the purpose of qualifying for commissions, bonuses or advancement in the Compensation Plan. You should order only enough products for a four-week period to reasonably fill your needs and/or retail customer orders. Stockpiling is a manipulation of the Compensation Plan and unfairly leads to one Associate's gain and another's loss.
- 5.10.2. Any Associate requesting a refund on stockpiled product may be refunded at the Company's discretion.

#### 5.11. The 70% Rule

- 5.11.1. Product Sales. The Company Compensation

Plan is based upon the sale of the Company products and services to end consumers. You must fulfill personal and downline organisation retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

- 5.11.2. The following sales requirements must be satisfied for you to be eligible for commissions:
- You must satisfy the Personal Point Volume (PPV) requirements to maintain your status as specified in the the Company Compensation Plan. "Personal Point Volume" will include your own purchases.
  - A minimum of seventy percent (70%) of your personal order must be used by you or sold to your personal retail Customers prior to ordering additional products.
  - You must develop or service customers as stated in the Company Compensation Plan every Qualification Period. These customers can be Personal Retail Customers, Automatic Product Order Customers, Preferred Customers or any combination of the three.
  - You must maintain records of all retail sales for a period of two years and furnish them to the Company at the Company's request. Records documenting the purchases of Associate's Preferred Customers will be maintained by the Company.

#### 5.12. Replacement of Defective Product

The company will replace any defective product with the same or similar goods within 90 days of purchase. However, no product(s) should be returned to the Company without prior approval. To assure that replacement of product will be issued, you must comply by following the return procedures found in 5.13.1.

#### 5.13. Satisfaction Guarantee

Mannatech stands behind the quality of its products and your satisfaction. Subject to the Consumer Protection Act, if for any reason you try our product and are not completely satisfied, you may return it within 90 days of purchase for an exchange or refund of the product price and applicable tax. (Corporate literature/Mannatech Promotional Materials are not considered products

for purposes of the Satisfaction Guarantee. However, Mannatech does allow for the exchange of up-to-date Corporate literature/Mannatech Promotional Materials. Please refer to Mannatech's Exchange policy 5.13.3.3).

NOTE: Participation in the Career and Compensation plan is optional. 1. Various incentives/programmes/awards/trips/special promotions/ campaigns, etc. (here after "incentives") may have specific return/refund/exchange criteria. Ensure that you read the guidelines/rules for all such incentives. 2. Stockpiling to qualify for incentives is prohibited; this is inclusive of those products you purchase under downline accounts. Associates earning commissions/bonuses/incentives, etc, may be subject to the Stockpiling (Section 5.10) or the 70% Rule (Section 5.11) when product orders used as qualification of incentives are returned. The Company will have the final decision whether any products purchased in order to qualify for commissions/bonuses/incentives are eligible for returns/refunds. Any product return/refund for orders placed by one's downline during incentive periods (regardless of payee) are also subject to Company approval. Based on the company's decision, this may lead to decreased return/refund/exchange amounts and/or loss of commissions/bonuses/incentives/qualifications, etc.

- 5.13.1. Associate Return Procedures  
To return used product for a refund you must:
  - 5.13.1.1. Contact Customer Care to obtain a Return Authorisation form. Unauthorised returns will not be accepted and the contents may be destroyed.
  - 5.13.1.2. Complete a Return Authorisation Request form.
  - 5.13.1.3. Comply with instructions found on the Return Authorisation Request form.
  - 5.13.1.4. Enclose bottles in the package.
  - 5.13.1.5. You are responsible for return shipping costs, any insurance and tracking your return shipment package should it become necessary.
  - 5.13.1.6. The MAXIMUM refund amount for product refunds is R7,500 plus tax. Mannatech will not refund or return any additional product received in excess of R7,500.

- 5.13.1.7. If any of your downline organisation returns any product to the company and requests a refund due to misrepresentation and/or any other alleged violations of policy, you may be subject to the Compliance Disciplinary procedure. If deemed appropriate, you will refund to the company and/or authorise the company to deduct from your future Commissions the full amount refunded to the downline. (Also see 5.13.5).
- 5.13.2. Retail Customer Return Procedures  
To return used products for a refund you must:
  - 5.13.2.1. If purchased directly from the Company, Mannatech will process the return directly on behalf of the Associate. Follow the procedures found in 5.13.1.
  - 5.13.2.2. If purchased from an Associate, the Associate is obligated to honor Mannatech's Satisfaction Guarantee (see 2.21.8). Upon receipt of the products from the Customer, the Associate may return used product and proof of refund to Mannatech for refund or exchange following the procedures found in 5.13.1.
- 5.13.3. Product Exchanges
  - 5.13.3.1. The Company will exchange for equal value any product that is returned in marketable condition purchased within twelve (12) months of the purchase date.
  - 5.13.3.2. Contact Customer Service to obtain a Return Merchandise Authorisation following the procedures found in 5.13.1.
  - 5.13.3.3. All exchanges will be done on a one-for-one, equal value basis. Opened or dirty bottles will not be exchanged or returned to you. The Company will only exchange unused promotional materials within thirty (30) days of purchase.
  - 5.13.3.4. The Company will pay for the return postage for the product going back to the customer.
  - 5.13.3.5. There is no additional Actual Pay Out (APO) or Personal Point Volume (PPV) on exchanged orders.
  - 5.13.3.6. Returned product has no cash value and will not be credited to your Mannatech account.
- 5.13.4. Refunds to Independent Associates and Voluntary

Termination. Associates may request a refund on all unused products at the time the Voluntary Termination form is submitted in writing to the Company. The Company will repurchase any unopened, restockable product, and any up-to-date Corporate literature that is in good, usable condition (collectively, "Marketable Inventory") subject to a 10% processing fee. For the purpose of this Policy, Marketable Inventory shall be limited to that inventory returned no later than twelve (12) months after the original purchase date.

- 5.13.5. Commissions on Refunded Products.  
Any returned products or packs for refund that entitles any Associate to qualify for incentives and/or commissions may result, at Company discretion, in loss of incentive qualification and any commissions earned. If applicable, the Company will deduct commissions paid for refunded products or packs from either the refund amount owed or from future commission checks.

5.14. This section intentionally left blank.

## 6. Laws, Regulations and Disciplinary Procedures

- 6.1. Amendments to Policies and Procedures  
The Company specifically reserves the right to make any changes it deems necessary to any of the Policies and Procedures and Compensation Plan (pricing and/or business feature) upon written or printed notice to Associates on Mannatech Online Documents and/or in other printed materials. Any revisions to the Policies and Procedures and Compensation Plan shall become binding for all Associates upon the publication of such revisions on Mannatech Online Documents or as officially announced in any Company communication.
- 6.2. Removal of Policies and Procedures  
If any provision of the Associate Agreement and Policies and Procedures are found to be invalid, illegal or unenforceable, the Company may amend or delete that provision. The amendment or deletion of any clause or provision will not affect the remaining clauses and provisions, which will continue in full effect.
- 6.3. Assignment  
Nothing herein shall prevent the Company from

assigning its rights and obligations to its Associates to any person, firm or corporation.

#### 6.4. Governmental Laws

- 6.4.1. You may not represent that the Company has been approved or endorsed by any governmental agency.
- 6.4.2. If you are found to have violated national, federal or provincial law or the regulatory provision of any jurisdiction in the course of offering the Company business plan or any Company products, the Company shall be entitled to terminate your Agreement.
- 6.4.3. Offering of Mannatech Products in Public or Private Schools.
  - 6.4.3.1. There may be various state prohibitions and/or local provisions against the use of public or private schools, teachers, instructors and/or administrators in any capacity related to product promotional endeavors. Associates are required to familiarise themselves with such prohibitions/provisions and comply with same in the course of promoting and conducting their Mannatech business. Associates shall not:
    - 6.4.3.2. Offer for sale, sell, market or distribute Company products or promotional materials to teachers, students, administrative officials or other employees of any public or private schools on school property during school hours or while those individuals are acting in their capacity as school employees/students; or
    - 6.4.3.3. Recruit for enrolment as an Associate any teachers, students, administrative officials or other employees of any public or private schools on school property during school hours or while those individuals are acting in their capacity as school employees/students.
    - 6.4.3.4. Nothing in this policy precludes teachers, employees or administrative officials from acting in their private capacity as permitted by applicable law from being Mannatech Associates.
- 6.4.4. **Associate Committing a Crime Connected to Mannatech Business**
  - 6.4.4.1. Any Associate who is convicted of or pleads

guilty to a criminal act that is in any way related to or occurred in the course of their Mannatech business is subject to disciplinary action, up to and including immediate termination.

- 6.4.4.2. An Independent Associate charged with criminal activity relating to their Mannatech business may, depending on the nature and severity of the charges, at Mannatech's discretion, be suspended with or without payment of commissions, pending resolution or adjudication of the crime.
  - 6.4.4.3. At Mannatech's discretion, Independent Associates on suspension may not: hold meetings, enrol new Associates, sell product, participate in Mannatech events or incentives or act in any other capacity on behalf of Mannatech during the suspension.
  - 6.4.5. For the purposes of Clause 6.4.4, of these Policies and Procedures, whether an Independent Associate was engaged in conducting Mannatech business, offering the Company business plan or engaged in the sale of any Company products shall be determined by the Company in its sole discretion.
- #### 6.5. Contacts with Government Regulators
- You may not contact any government regulators, including but not limited to the Department of Health and MCC and/or the Advertising Standards Authority of South Africa, on behalf of the Company. You may not represent the Company if contacted by government regulators. If you are contacted by a government regulator, you should contact the Legal or Regulatory Affairs Department of the Company at (972) 471-7222.
- 6.6. This section intentionally left blank.
  - 6.7. This section intentionally left blank.
  - 6.8. **Requirement for Regulatory Training**

The Company from time to time may offer seminars in connection with regulatory training at Corporate-sponsored events.

Associates are encouraged to participate in such training prior to and during the course of their Company business.
  - 6.9. **Monitoring of Meetings**

The Company may conduct anonymous and

random monitoring of Associate meetings and/or conference calls and may record the meetings notwithstanding any admonitions to the contrary. You must follow Company guidelines and adhere to the Associates Policies and Procedures when conducting or hosting educational or opportunity meetings.

#### 6.10. Reporting Violations

Our products are regulated by the government, and the way we promote our products is governed by national law. The Company is committed to complying with all legal requirements. Accordingly, to enable the Company to ensure that its operations at every level comply with legal requirements, you are requested to report any violations of Company Policies and Procedures that come to your attention. Violations may be reported via phone from South Africa by calling 0800 992 604 or via the web at [mannatech.ethicspoint.com](http://mannatech.ethicspoint.com). If you are contacted by a current Associate about joining another Direct Selling business either as a customer or a distributor, you are expected to notify the company via the reporting process outlined in Section 6.10 of the Policies and Procedures.

#### 6.11. Resolution of Disputes

You should attempt to resolve any grievance or complaint against another Associate by first seeking resolution with advice from your upline.

#### 6.12. Disciplinary Procedure

- 6.12.1. Any of the following persons (also referred to as "the Initiator") may bring an alleged violation of a Policy by an Associate, or "Issue" in which an Associate is involved, to the attention of the Company: an employee of the Company, an Associate of the Company and/or any third person who has been affected by the conduct of an Associate. The Company shall investigate any such allegation. The Initiator will begin the process by completing the Compliance Complaint form 1 ("F1"). The Issue may be reported via phone from South Africa by calling 0800 992 604 or via the web at [mannatech.ethicspoint.com](http://mannatech.ethicspoint.com). Notice that a F1 complaint has been filed will be communicated to the Respondent's first upline Presidential and to the Respondent's first upline Bronze Presidential or above.
- 6.12.2. An "Issue" must be brought to the Company's attention within six (6) months of its occurrence,

- unless good cause is shown for the delay.
- 6.12.3. The Company's Director of Compliance, or designee, may determine from the face of the F1, or other evidence pertaining to the allegation, that it does not constitute a violation of any Policy of the Company. The Initiator will be sent a reply to this effect, and no other process shall ensue.
- 6.12.4. The Director of Compliance may determine that the allegations can be substantiated and do not warrant an investigation, in which case a Warning notice will be sent to the violating Associate directing them to cease the current activity. The Warning will include an agreement that the Associate must sign and return within the allotted time, and no other process shall ensue.
- 6.12.5. The Director of Compliance, or designee, may determine in her/his sole discretion that the allegations can be substantiated but that it does not warrant termination of the Agreement. In these circumstances, the violating Associate shall be informed of the breach of the policy concerned and shall be put on terms, i.e., the violating Associate shall be informed that should a similar violation occur in the future, the Company shall have the right to terminate the Agreement. In addition, the Company may, in its discretion:
- i. Clarify the meaning and application of a specific Policy or Procedure and advise that a continued breach may result in termination of the Agreement;
  - ii. Require the Associate to take remedial action, which may include follow-up by the Company to ensure compliance with the Agreement and the Policies and Procedures;
  - iii. Suspend certain privileges of Associateship including but not limited to placing product orders, participating in Company programmes, progressing in the Compensation Plan or participating as a Sponsor (including participating as an International Sponsor) for a period of time until the Associate satisfies certain specified conditions;
  - iv. Withdraw or deny an award or recognition, or restricting participation in Company sponsored events for a specified period of time, or until the Associate satisfies certain specified conditions;
  - v. Withhold commissions or bonuses for a specified period of time or until the Associate has satisfied certain specified conditions; or
  - vi. Impose fines or other penalties permitted by law.
- 6.12.6. In cases where it is determined that the Independent Associate has made a claim that Company products cure, treat, mitigate or prevent a specific disease (a "Disease Claim Violation"), the Director of Compliance shall make a specific finding whether the Disease Claim Violation was isolated and trivial.
- 6.12.7. If the Disease Claim Violation is found to be isolated and trivial, the Director of Compliance shall impose sanctions set forth in 6.12 sufficient to make the Independent Associate aware of the severity of the infraction and to insure future compliance with the policies concerning disease claims.
- 6.12.7.1. Unless the Disease Claim Violation is found to be isolated and trivial, the Director of Compliance shall impose the sanction of termination, mandate a minimum 2-year waiting period before the Independent Associate can apply for reinstatement, and enter an order that the terminated Associate permanently lose his/her downline and the right to any compensation from that downline.
- 6.12.8. In the event that a violation warrants immediate termination of the Agreement, the Company shall be entitled to exercise its rights to this effect. The Company shall, in exercising its rights in terms of this clause 6.12, insofar as it is necessary in the Company's sole and absolute discretion, provide the Associate with the opportunity to make representations as regards the alleged violation of the Policy.
- 6.13. This section intentionally left blank.**
- 6.14. Termination of the Agreement by the Company**
- 6.14.1. In the event the Company terminates your agreement, the Company will notify you by email or recorded delivery mail at your address on file with the Company.
- 6.14.2. The termination of an Independent Associate is effective immediately upon receipt of the Disposition Notice via recorded delivery to your last known address or when you receive the actual notice, whichever comes first. It is presumed that you received the Disposition Notice no later than three (3) business days after it was sent by the Company (seven [7] business days if it was sent internationally).
- 6.14.3. In the event of termination, you must immediately cease representing yourself as an Independent Associate.
- 6.14.4. In the event of termination arising from action initiated by the Company, the Company reserves the right to initiate disciplinary action, up to and including the termination of any other household position, assumed name or D/B/A, corporation, partnership, trust or any other affiliated positions in which the Independent Associate has a vested interest.
- 6.14.5. Subject to Company review of all potential claims, once a position is terminated, all commissions and/or bonuses otherwise entitled to the terminated position will roll up to the next qualified position.
- 6.14.6. The Company reserves the right to terminate an inactive position. An "inactive position" is defined as one that is past its renewal and having no activity for six (6) full consecutive Qualification Periods.
- 6.15. Effect of Termination**
- 6.15.1. Upon termination, whether voluntary or Company-initiated, you shall have no right, title or claim to compensation derived from the sales of products in your down-line organisation or any future bonuses and/or commissions from sales generated by the organisation. You:
- 6.15.1.1. Shall not refer to yourself as a Mannatech Independent Associate.
  - 6.15.1.2. Shall not have the right to sell the Company products.
  - 6.15.1.3. Must discontinue using any materials bearing any Company logo, trademark or service mark.
  - 6.15.1.4. Shall not continue to communicate with the Company except as required to perfect and pursue an appeal of the termination or to request reinstatement pursuant to 6.18 of these Policies and Procedures.
  - 6.15.1.5. Shall not work for, work with or otherwise assist or be utilised in any capacity by Mannatech

Independent Associates in the operation of their business. This includes, but is not limited to, performing any functions in sales, support, promotion or in conducting meetings of any nature related to Mannatech business.

- 6.15.2. If you are terminated for a Disease Claim Violation pursuant to 6.12.6.2, you permanently lose your down-line, the right to any compensation from that down-line and must wait a minimum of two years before you may apply for reinstatement.

## 6.16. Sanctions

The Policies and Procedures are incorporated into the Associate Application and Agreement and constitute an integral part of the parties' agreement regarding their business relationship. Associates who conduct business in violation of these Policies and Procedures jeopardise the integrity and credibility of the Company. Where the actions of an Associate are deemed egregious by the Company, the Company reserves the right to act as it sees fit, up to and including termination of Associate status. A termination under these circumstances is effective immediately upon notification by the Company. It is presumed that you received the notice of termination no later than three (3) business days after it was sent by the Company (seven [7] business days if it was sent internationally).

## 6.17. Reinstatement After Termination by Company

- 6.17.1. Except for Independent Associates terminated for Disease Claim Violations, an Independent Associate (individual, entity or otherwise) terminated by the Company (the "Terminated Associate") may not seek reinstatement as a Mannatech Independent Associate until the expiration of 365 days after the effective date of termination.
- 6.17.1.1. Independent Associates terminated for Disease Claim Violations pursuant to 6.12.6.2 may not seek reinstatement until the expiration of two full years (730 days) after the effective date of termination.
- 6.17.2. The Terminated Associate shall submit a written request for reinstatement to the General Counsel of the Company. The request should

outline the reasons for reinstatement, and shall be accompanied by a fully-executed Associate Application and Agreement (as set forth in 1.31 of these Policies and Procedures).

- 6.17.3. The request shall be considered by the Company and at its sole discretion; the Company shall either approve or reject the request for reinstatement.
- 6.17.4. The decision of the Company shall be reduced to writing, and shall be sent to the Terminated Associate by the Director of Compliance within three (3) business days of its rendition. It is presumed that you received the decision no later than three (3) business days after it was sent by the Company (seven [7] business days if it was sent internationally).
- 6.17.5. If the request for reinstatement is rejected, the Terminated Associate must wait an additional 365 days before making another request for reinstatement.
- 6.17.6. If the request for reinstatement is approved, the Terminated Associate becomes a new Independent Associate. The Terminated Associate does not return to the position held prior to termination.
- 6.17.6.1. If a Disease Claim Violation was involved, the reinstated Terminated Associate is precluded from reentering his previous downline.

## 6.18. Indemnification

You shall indemnify and hold harmless the Company against any claims, demands, liability or loss or cost or expense, including but not limited to attorney's fees arising or alleged to arise out of your operations. Holding a Company account does not imply authority to act on behalf of or bind the Company contractually.

## 6.19. Governing Laws

The Associate Application and Agreement is governed by the laws of South Africa.

**WAIVER: THE COMPANY NEVER RELINQUISHES ITS RIGHT TO INSIST ON COMPLIANCE WITH THESE RULES OR WITH THE APPLICABLE LAWS GOVERNING THE CONDUCT OF A BUSINESS. THIS IS TRUE IN ALL CASES, BOTH SPECIFICALLY EXPRESSED AND IMPLIED. IN ADDITION, IF THE COMPANY GIVES PERMISSION FOR A BREACH OF THE RULES, FOR ANY REASON, AT ANY TIME, THAT PERMISSION DOES NOT EXTEND TO FUTURE BREACHES. THIS PROVISION DEALS WITH THE CONCEPT OF "WAIVER," AND THE PARTIES AGREE THAT THE COMPANY DOES NOT WAIVE ANY OF ITS RIGHTS UNDER ANY CIRCUMSTANCES SHORT OF THE WRITTEN CONFIRMATION ALLUDED TO ABOVE.**

## Index to Updates and Changes to South Africa Policies and Procedures

### As of March 26, 2015

There are changes to the following:

- 1.2.12. Independent Associate
- 2.12.8. Mannatech's Uth™
- 2.17.4. and 2.17.6. Email Correspondence
- 4.9.3. Unauthorised Recruiting of Associates and Sale of Competing Products
- 4.9.8. Presidential Director Ambassador Program ("Ambassador Program")
- 6.12.1. Disciplinary Procedure

### As of April 28, 2015

There are changes to the following:

- 4.1.2. Rights to Choose Sponsorship
- 4.3.2.1. Sponsor and Enroller Information
- 4.4.1, 4.4.2., 4.4.3. Changing Lines of Sponsorship

Note: For information on Preferred Customer accounts, refer to South Africa Preferred Customer Policies and Procedures.