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- 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, Incorporated (hereinafter referred to as the "Company") within the Policies and Procedures, the Associate Application and Agreement, Compensation Plan, all provisions indicated on Mannatech-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 Mannatech 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 will subject the Associate to the Compliance Administration Procedure and any related disciplinary sanction imposed from the Procedure. 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 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 the United States and any other Country of Operation as defined in Section 3 in which Mannatech does business.
- 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, agency 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. You will keep all proper records necessary to

ensure the proper assessment and payment of any such taxes and duties.

- 1.2.2.1. The Internal Revenue Service (IRS) requires that we report your annual income exceeding a set dollar value.
- 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 has the right to request information about your business and downline to ensure compliance with the Agreement.
- 1.2.7. You 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 products, services or opportunities not directly produced or approved by the Company whether at a Company presentation, training event or otherwise as stated in Section 4.9.
- 1.2.10. You shall not utilize 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 utilize 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 Independent 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 valid employer identification number (EIN), social security number (SSN) or taxpayer identification number (TIN). 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. Associates who are not 18 years of age or older must be in a joint distributorship with their parent(s)/guardian(s). The parent/guardian must personally sign all relevant Mannatech agreements and acknowledgments as co-applicants. Any Associate found not to be 18 years of age will be terminated immediately unless a parent or guardian assumes responsibility for the minor's Company business and provides indemnity (Consent Form for Minor Children), 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 (mail, fax or online) at Coppell, Texas, 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 at Coppell, Texas, 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 enrollment, 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" to serve as your official identification number when sponsoring new Associates or placing product orders. This account number is cross-referenced to your EIN, SSN or TIN.
- 1.3.5. You must report changes to your account, DBA, sole proprietorship, Associate name or address to the Company within fourteen (14) days of the change occurring. If the change is clearly misspelling, inverted digit or an incomplete entry in a name or address this change may be made by phone.
- 1.3.6. If you submit false EIN, SSN or TIN to the Company, you may be subject to immediate termination. No EIN, SSN or TIN may be used in connection with an Associate Application or order without that person's prior consent. If you submit forged signatures or false information on any Mannatech 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 enrollment. 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, state or provincial licenses 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 shareholders, officers and directors of their corporate, partnership or trust entity by completing Form C-1, Disclosure of Partnerships, Disclosure of Corporate (institution, organization, association, etc.) Members, or Form C-1 (a), Disclosure of Trust Members. Any and all officers and directors 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 enrollment. 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 and/or directors, another Statement of Guarantee and Indemnity, Form C-2 or Form C-2 (a), must be completed and submitted to the Company. You must notify the Company of changes in individual partners, beneficiaries, trustees, directors or officers 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 English law. If the Company approves such a change, the organization's name and the names of the principals of the organization must appear on the Change of Associate Information Form, or a disclosure form with signed Guarantee of Indemnity. See Section 2.6.1.

#### **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 organization. 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 Mannatech 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 subject to 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 Organization**

- 1.6.1. You are responsible for training your downline organization 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 with your downline (prior to completing a new Associate Application or otherwise enrolling a new position). 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 Guarantee policy as set forth in Section 5.13.1 of these Policies and Procedures.

## 1.7. Voluntary Termination from the Company

- 1.7.1. An Associate who wishes to terminate an Associate account must submit such request in writing (EIN, SSN, TIN, etc., account number and signature must be included) or by completing the Voluntary Termination form.
- 1.7.2. 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).
- 1.7.3. A terminated Associate cannot sponsor new Associates. If a terminated Associate is listed on the Associate Application as the 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 for the promotion of your Personal Web Page 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 utilized 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. 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 registered 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.

### 2.5. Business Stationery

You may purchase business cards and letterhead stationery through the Company. The online store can be found under the "Resource" section of the Associate secure area. 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.
- 2.6.2. You can use only the "Mannatech Independent Associate" logo. You may not reproduce the "Mannatech, Incorporated" logo except as permitted in Section 2.15.
- 2.6.3. Except in the case of advertising or instructions provided by the Company for the promotion of your Personal Web Page, 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, search code and social media account name or email address. Associates who use Mannatech trademarks without authorization 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 organizations who endorse the Company, except as specifically written in current Company-approved materials or except as permitted in 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, Use and Disclosure 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 utilized 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 Career and 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.
- 2.7.5. You must notify the Company within 30 days of the first distribution of any new third-party promotional material (booklet, CD, DVD or otherwise) related to the Company, its products or Glyconutrients which is not produced by the Company and from which you derive (directly or indirectly) any compensation. You must:
- Provide your name, Associate account number, the newly created third-party promotional material, the title, author and date of first distribution to the Company by:
- 2.7.5.2.1. Emailing the requested information and CD/DVD transcripts in a Word or PDF format to [lec-materials@mannatech.com](mailto:lec-materials@mannatech.com);
- 2.7.5.2.2. Faxing the requested information to 972-471-5619; or mailing a copy of said materials to:

Mannatech, Incorporated  
Attn: Legal Department  
600 S. Royal Lane, Suite 200  
Coppell, TX 75019

## 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 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. Mannatech may require, among other things, that you cease and desist from using or distributing such recordings; and/or destruction, at your cost, of non-authorized 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. Registration of In-Person Meetings and Telephone Conferences

- 2.11.1. In-Person Meetings. You (as the "Meeting Sponsor") are required to notify the Company of each in-person meeting where you intend to advertise or promote the Company, its products or the business opportunity where more than 40 people are invited or reasonably expected to attend. You must provide the Company:
- 2.11.2. 21 days advanced notice of the meeting, including

your name, Associate account number and the date, time and location of the meeting with notice within 24 hours of any meeting where 21 days advanced notice cannot be given, providing the information requested in 2.11.1. No meeting can be scheduled with less than 5 days advanced notice to the Company.

- 2.11.3. Telephone Conferences. You (as the "Meeting Sponsor") are required to notify the Company of each telephone conference where you intend to advertise or promote the Company, its products or the business opportunity where more than 20 people are invited or reasonably expected to attend. You must provide the Company:
- 2.11.3.1. 5 days advanced notice of the meeting, including your name, Associate account number and the date, time and access code information for the conference call.
- 2.11.3.2. With notice within 24 hours of any meeting where 5 days advanced notice cannot be given, providing the information requested in 2.11.2. No meeting can be scheduled with less than 24 hours advanced notice to the Company.
- 2.11.4. Notice of meetings or conference calls can be given to the Company by:
- 2.11.4.1. Emailing the requested information to [lec-meetings@mannatech.com](mailto:lec-meetings@mannatech.com);
- 2.11.4.2. Faxing the requested information to 972-471-5619;
- 2.11.4.3. Mailing the requested information to: Mannatech, Incorporated, Attn: Legal Department, 600 S. Royal Lane, Suite 200, Coppell, TX 75019

## 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. This section intentionally left blank.
- 2.12.6. Mannatech's Uth™ and TruHealth™ System Products. Associates are able to make testimonials and use before-and-after photos relating to Mannatech's Uth and TruHealth System products 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 or disease process 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.

- 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(s) and at the Company's 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 Page"). Associates may also have their own websites, blogs and other electronic medium (such as YouTube, Instagram, 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 Lane, Suite 200, Coppell, Texas 75019
- 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 their Personal Web Page to mannatech.com and to any other Company-controlled URL. An Associate may also provide a direct link from their Personal Web Page to their Associate Internet Site.
- 2.15.5. Search Engines. Associates may provide a direct link to their Personal Web Page and any Associate Internet Site from internet search engines, provided the search parameters (metatags, search and source codes, etc.) are compliant.
- 2.15.6. You may not bid on key words, advertise on websites or utilize search parameters that address specific diseases, disease claims or disease processes.
- 2.15.7. Precluded Actions. Your Associate Internet Site may not:
  - 2.15.7.1. 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;
  - 2.15.7.2. Link to another website that contains content 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;
  - 2.15.7.3. Have the Company name, Company product names, Company trademarks or disease names/conditions in the URL;
  - 2.15.7.4. Contain content (text, testimonial, audio, photo, video or otherwise) that misrepresents Mannatech, its products or the business opportunity to the public; and
  - 2.15.7.5. Offer Mannatech products under a different and/or generic product name, either by renaming, relabeling or repackaging; and

- 2.15.7.6. Utilize an e-commerce feature other than offering direct link to the Associate's Personal Web Page or mannatech.com.
- 2.15.8. Responsibility for Site. The Company will hold Associates and any content providers strictly liable for the material contained on the Associate Internet Site.
- 2.15.9. 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.

## 2.16. Company Website Usage Guidelines

The Company may provide Associates access to password-protected internet 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 will result in disciplinary action in accordance with the Associate Disciplinary Procedure.

## 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 subject to the Compliance Disciplinary Procedure.
- 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 and

federal regulations, including but not limited to the CAN SPAM Act. 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 opted-in, at the time of enrollment (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 Personal Web Page 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 MyMannatech, the Success Tracker™ program, their Personal Web Page email address or other Company business tool or system 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 MyMannatech, the Success Tracker program, their Personal Web Page email address or other Company business tool or system to broadcast personal messages, to send chain letters, to promote/advertise/offer third-party business opportunities or to transmit or download copyrighted material that is not authorized 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 may also be liable for violation of state and/or federal 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 Executive Director of Marketing. 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 authorized 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 organizations. 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, newsstands, 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 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. You may not re-label or in any manner alter the label on any Company product. Additionally, you may not repackage or refill products and must sell products in their original, unopened containers. If you participate in this activity, you expose yourself to potential criminal charges and/or civil damage claims.
  - 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. Retail Customer Return Procedures.
    - 2.21.8.2. 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 800-281-4469 to obtain a return Authorization request number and form within thirty (30) days of the purchase date.
    - 2.21.8.3. 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 the United States may be promoted or sold. You should not imply that you can supply Company products that have not been approved for distribution in the United States.

### 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.

### 2.23. Misrepresenting the Company

Presenting the Company, Career and Compensation Plan, employees or products in a deceptive, fraudulent, slanderous or misleading way will result in disciplinary action that may include termination of your Associate Agreement, when such conduct becomes known to the Company.

- 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 Earnings 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 utilize the Income Statistics provided by the Company to properly represent potential or average income figures. All income is strictly derived from the 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 (1) clearly stipulating that no remuneration is received solely for enrolling or sponsoring new Associates and (2) providing required compensation disclosure(s).
- 2.24.2. Reviewing the Compensation Plan with any person without informing them of the initial \$49.99 application fee (enabling them to become an Associate). (See 4.10 Renewal).
- 2.24.3. Reviewing the Agreement with prospective Associates without presenting all entry and upgrade levels, explaining the differences between Preferred Customer and Associate 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 once a month, is automatically charged to the credit card provided or debited from their bank account and that the products selected are shipped directly to the address provided each month until the Company is notified in writing to discontinue the AO.
- 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 Ranks. 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 organizations 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 organizations (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. Compliance with OAG Settlement**

You are obligated to comply with the terms of the Agreed Final Judgment in the case styled State of Texas vs. Mannatech, Incorporated, et al, Cause No. D-1-GV-07-1386, the terms of which have been incorporated into various sections of these Associate Policies and Procedures.

- 2.27.1. A copy of the Agreed Final Judgment can be found on Mannatech's website.
- 2.27.2. Questions regarding compliance with the Agreed Final Judgment or the Monitoring and Compliance Program therein may be directed to Mannatech, Incorporated  
Attn: Senior Corporate Counsel—Compliance  
600 S. Royal Lane, Suite 200  
Coppell, TX 75019  
or  
lec-monitoringprogram@mannatech.com.

#### **2.28. Conduct Detrimental to Mannatech**

If an Associate engages in conduct which Mannatech, in its sole discretion, 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 authorized to conduct business in the countries set forth in Countries of Operation. 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, Compensation Plan or products;
- Offer Company products for sale or distribution;
- Reproduce or self-produce literature for distribution;
- Accept payment for enrollment 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 unauthorized Country of Operation are allowed only if the unauthorized country allows such gifts under the laws and regulations that govern the Company products. It is your responsibility to confirm with the 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 International 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 International 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 agree to 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 Care department to receive the country-specific information regarding relocation procedures (see Country Relocation Procedures document).

### 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, persuade,

recruit 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 enroll 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 organization. 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 enrollment 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 enrollment date ("Grace Period").

### 4.4. Changing Lines of Sponsorship

4.4.1. The Company will permit changes in the line of sponsorship in 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 organizational downline team once anytime during the Grace Period. If the request is made after the end of the month 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 request 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) 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 enroll 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) 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 service mark(s), you shall not continue to communicate with the Company, attempt to Sponsor or Enroll 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 enrollment 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 Positions

#### 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, 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 authorize 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.

#### 4.6. **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 organization 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 organization 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 organization 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 instructed to work exclusively in the original position. Neither the cross-sponsored position nor the downline organization will be moved. If the Sponsor or Enroller is found to have knowingly or willingly encouraged the cross-sponsoring, the Sponsor/Enroller will be subject to further disciplinary action in accordance with the Compliance Disciplinary Procedure.
- 4.8.3. In the event this policy is violated, you may not participate as a partner, consultant or employee of another Associate position until after six months.

#### 4.9. Unauthorized 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 unauthorized 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. The 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 program.

- 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, enrollment, encouragement or effort to influence in any other way, either directly or through a third party, another Company Associate or Preferred Customer to enroll 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 the 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 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 organization ("Confidential Information") as described in 4.12 is Mannatech's own property. Associates 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 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 are required to pay \$49.99 each year to renew their accounts. Associates must renew their accounts within 90 days following the expiration of their anniversary date. Associates' anniversary date is the original application enrollment date. Non-renewed Associates are not eligible to earn commissions or participate in Mannatech's incentive programs. For more information, review the Compensation Plan located in the Mannatech Resource Library.
- 4.10.2. If the account is not renewed, and no products have been ordered under the account for six (6) months, the Enroller may transfer the position to another individual in accordance with the sale or position transfer policy.
- 4.10.3. Associates are prohibited from renewing accounts without the effective consent of the person or entity owning the position.

#### 4.11. Downline Reports

Requests for downline reports must be submitted on the appropriate form obtained from the Company and via the Success Tracker program. You may only request downline reports for your own downline organization. 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 two (2) years 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 Mannatech 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 will suspend your access to its Confidential Information during any Associate Disciplinary proceeding, and thereafter.
- 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 Period

- 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 amounting to less than \$5.00 in a calendar year will be forfeited after one year.
- 4.13.5. No commissions, bonuses and/or incentives will be paid until the Company receives the signed application, or, when registering electronically, the e-signature of the Associate accepting the Terms and Conditions.
- 4.13.6. The preferred method of payment of commissions is via direct deposit which can be applied for online or by submitting the Direct Deposit Form.

#### 4.14. Income Taxes

You are an independent contractor. The Company does not deduct personal taxes from your commission payments. At the end of each calendar year, the Company will provide 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 authorization for the Company to deduct the full amount from the respective upline's next commission. The Company is not responsible for recalculating commissions for Independent Associates who do not follow all the steps outlined above.
- 4.15.3. Only Company errors will be recalculated without written authorization 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.

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

#### 5.1. Ordering Options

- 5.1.1. Telephone orders will be accepted with credit card payment or checks. Call the Company at (800) 281-4469 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 Mannatech 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 or a completed Check Via Fax Authorization Form, to (800) 825-6584. Do not mail the hardcopy of order to the Company.
- 5.1.4. To order by mail, send a completed Product Order Form with credit card information, check (U.S. only), cashier's check or money order in U.S. funds to: Mannatech, Incorporated, 600 S. Royal Lane,

Suite 200, Coppell, TX 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 Program upon enrollment as an Associate. Simply complete the Automatic Order Form or place the order by phone at (800) 281-4469 and identify the products to be automatically sent to you each month. The Company will automatically debit your credit card or other payment option for the amount of the product order and applicable taxes until you notify the Company with instructions to discontinue the Automatic Order (AO). You must provide an updated expiration date for your debit or credit card to continue to receive AOs.
- 5.3.2. Once initiated, the AO will remain in effect until terminated by you in writing or by calling (800) 281-4469. You can cancel the AO at any time.
- 5.3.3. You may make changes to the AO order via the Internet.
- 5.3.4. AOs are processed earlier than the scheduled date during the last week of the month and during holiday weeks. Early processing ensures timely qualifications and deliveries. To avoid delays, all Automatic Orders must be created five (5) days prior to the close of the Qualification Period.
- 5.3.5. The Company must receive any changes or terminations for the AO in writing, by phone or online, 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 the program does not relieve you from compliance with the 70/30 rule as provided herein. See 5.11 and 5.13.

#### 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. Acceptable methods of payment include cash for storefront orders only; personal checks, Company accepted credit cards/debit cards and the following which must be payable in U.S. funds: cashier's checks, certified checks and money orders. Do not mail cash. The Company does not accept COD (cash on delivery) orders.

5.5.2. Personal Checks. U.S. funds only to be accepted by the Company. An Associate's check must be imprinted with their name and address. A service charge will be added to the collection total of any check returned to the Company. The Company can accept checks or money orders payable in U.S. dollars only.

#### 5.6. Returned Checks

All checks refused for payment for any reason by the payor bank will incur a \$25 charge, and the Company reserves the right to refuse to accept personal checks in the future. All monies owed to the Company as a result of returned checks or insufficient funds will be withheld from subsequent commissions or bonus checks.

#### 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 authorized 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 unauthorized transaction will be subject to 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. U.S. Associate(s) will pay sales tax based on the suggested retail price of the product.

5.8.2. The "Amount Due" on an Associate's Product Order Form is inclusive of sales tax where applicable.

5.8.3. In order to eliminate the charging of sales taxes on product orders in the U.S., you must provide a valid resale tax certificate from the state of your residence or business address.

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

You have no inventory requirements.

#### 5.10. Stockpiling Product

5.10.1. Mannatech's Compensation Plan is based on retail 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 per the 70% Rule (see policy 5.11) at the Company's discretion and is subject to disciplinary action and/or termination if the Associate is found to be violating the 70% Rule.

#### 5.11. The 70% Rule

5.11.1. Product Sales: The Company Compensation Plan is based upon the sale of Mannatech products and services to end-consumers. You must fulfill personal and downline organization 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 Company Career and 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 month. These customers can be Personal Retail Customers, Automatic Product Order Customers, Preferred Customers or any combination of the three.

#### 5.12. Replacement of Defective Product

The company will replace any defective product with the same or similar goods within 180 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. If for any reason you try our product and are not completely satisfied, you may return it within 180 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 Compensation plan is optional. 1. Various incentives/programs/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 Authorization Request Form. Unauthorized returns will not be accepted and the contents may be destroyed.
- 5.13.1.2. Complete a Return Authorization Request Form.
- 5.13.1.3. Comply with instructions found on the Return Authorization Request Form.
- 5.13.1.4. Enclose bottles (empty or unused portions) 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 \$1,000 plus tax. Mannatech will not refund or return any additional product received in excess of \$1,000. Associates whose product returns exceed \$1,000 will be deemed by Mannatech to have voluntarily Terminated their accounts.
- 5.13.1.7. If any of your downline organization 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 authorize 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 (see 2.21.8.1. Retail Customer Return Procedures)

#### 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 Authorization Request Form 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 Commissionable Volume (CV) 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.
- 5.13.3.7. 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") is 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.
- 5.13.4. 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. Shipping

- 5.14.1. Mannatech makes every effort to ship your order within 24 hours of receipt, excluding weekends

and holidays. Heavier volumes such as during incentives or other events may increase this period to 72 hours.

- 5.14.2. Please review the products contained within the package for accuracy. Please review the packing slip against your order and any items that may be backordered. Backordered items will be mailed separately, at no additional cost, as soon as they arrive at the warehouse. Please report all incomplete or inaccurate shipments within seven (7) days.
- 5.14.3. In the event your order does not arrive within ten (10) business days, contact Customer Service. Please provide information related to your account, order and shipment.
- 5.14.4. Please inspect the package upon arrival for any damage and report the damage to Mannatech within seven (7) days.

## 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 Career 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 or any of its products have been approved or endorsed by

- any governmental agency.
- 6.4.2. If you are found to have violated federal, state or provincial law or the regulatory provision of any jurisdiction in the course of conducting your Mannatech business, offering the Company business plan and/or engaging in the sale of any Company products, you will be subject to disciplinary action, up to and including the immediate termination of your Agreement.
- 6.4.3. Offering of Mannatech Products in Public or Private Schools.

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 familiarize themselves with such prohibitions/provisions and comply with same in the course of promoting and conducting their Mannatech business. Associates shall not:

- 6.4.3.1. Offer for sale, sell, market or distribute Company products or promotional materials to teachers, 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; or
- 6.4.3.2. Recruit for enrollment as an Associate any teachers, 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.
- 6.4.3.3. Nothing in this policy precludes teachers, employees or administrative officials 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, enroll 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 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 (e.g., FDA, FTC, and/or various State Departments of Health) 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 972-471-7400.

## 6.6. Military Personnel

Any person desiring Independent Associate status who is also active in the United States Army must comply with Policy Memorandum 97-11 Department of the Army. The policy prohibits outside employment, including multilevel marketing, of persons actively serving in the United States Army without first obtaining approval from the appropriate individual in command prior to engaging in such outside employment.

## 6.7. Residents of Georgia, Louisiana and Montana

- 6.7.1. An Associate in this direct selling plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. An official "Termination of Agreement" must be obtained, completed and returned to the Company at its principal business address in Coppell, Texas.
- 6.7.2. If the resigning Associate has purchased products or paid for administrative services while this Agreement

was in effect, the Company shall repurchase all unencumbered products in reasonably resellable or reusable condition which were acquired by the Associate from the Company. Such repurchase shall be at a price not less than 90% of the original net cost to the Associate returning the goods, taking into account any sales made by or through such Associate prior to notification to the Company of the election to cancel.

- 6.7.3. The repayment of all administrative fees or services shall not be less than 90% of the costs to the Associate of such fees or services and shall reflect all administrative services that have not, at the time of termination, been provided to the Associate. The Company shall further refund, at no less than 90% of the cost to the Associate, any other consideration paid by the Associate in order to participate in the program.
- 6.7.4. The Associate will be held responsible for all shipping expenses incurred in returning sales aids or products to the Company.
- 6.7.5. The Associate Application and Agreement is governed by and construed in accordance with the laws in the State of Texas, unless the laws of the state in which an Associate resides expressly require the application of its laws. Except as set forth in the Company Policies and Procedures, or unless the laws of the state in which the Associate resides expressly prohibit the consensual jurisdiction and venue provisions of this Agreement, in which case its laws shall govern.
- 6.7.6. Montana Residents: A Montana resident may cancel his or her Value Bundle within 15 days from the date of enrollment, and may return his or her Value Bundle for a full refund within such time period.
- 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 regulatory guidelines and adhere to the Associate 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 federal law. The Company is committed to complying with all legal requirements. It is essential for all Associates to comply as well. We all depend on one another. The non-compliance of one may result in problems for everyone else. 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 at Mannatech.EthicsPoint.com or via telephone by calling 866-292-4946. 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. Allegations of a violation of a Policy (hereinafter referred to as "Issue") may be brought against an Associate of the Company by any of the following as an "Initiator" of the procedure: 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 Initiator will begin the process by completing the Compliance Complaint Form 1 ("F1"). The Issue may be reported via the web at Mannatech.EthicsPoint.com or via telephone by calling 866-292-4946. 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 instituted within six (6) months of its occurrence, unless good cause is shown for the delay.
- 6.12.3. All references in these Policies and Procedures

to the "Director of Compliance" shall refer to the officer or employee holding that title or their designee.

- 6.12.4. The Director of Compliance 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.
- 6.12.5. 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.
- 6.12.6. If the allegations warrant an investigation, a Response Form 2 ("F2"), will be forwarded to the Associate "Respondent" who has allegedly violated the Policy set forth in the Complaint. The F2 is designed to allow the Respondent to provide details of the "Issue" and to clarify the facts for the Compliance Department. Upon receipt, the Director of Compliance will make a determination as to whether a policy violation has occurred and, if so, will be scheduled for Compliance Committee review. If the allegations cannot be substantiated due to insufficient evidence, or it is determined that there is no policy violation, all parties will receive a "No Violation" letter to this effect.
- 6.12.7. A Respondent must complete and return the Form 2 (Respondent's Response to Complaint) within ten (10) business days of receipt of a request to do so by the Director of Compliance (or designee). It is presumed that you received the request to fill out a Form 2 no later than three (3) business days after it was sent by the Company (seven [7] business days if it was sent internationally).
- 6.12.8. The Compliance Committee (the "Committee") shall be comprised of no less than three department heads selected at the sole discretion of the Director of Compliance. The following individuals may not serve on the Committee: a current member of the Board of Directors or the head of Legal and Compliance. Additionally, an individual may not serve on the Committee if to do

so would be a conflict of interest.

- 6.12.9. The Initiator shall bear the greater burden of proof. The Complainant and Respondent are responsible for ensuring the Company receives witness statements on his or her behalf.
- 6.12.10. The Initiator must notify the Company in writing in the event he or she wishes to withdraw a complaint.
- 6.12.11. The Initiator and Respondent will each be afforded a reasonable amount of time at the meeting by teleconference to present their respective positions to the Committee. The Initiator and Respondent must supply the Director of Compliance with the correct telephone number at which they may be reached at the scheduled time or a written acceptance or waiver of his or her desire to orally present a position.
- 6.12.12. The Committee shall only consider written statements and oral position presentations as to the alleged infraction. The decision of the Committee as to the validation and/or disciplinary action imposed (if any) shall be determined by a confidential majority vote.
- 6.12.13. Except as set forth in 6.12.13.1 below, the Committee may impose any one or a combination of the following sanctions:
- 6.12.13.1. A written Warning clarifying the meaning and application of a specific Policy or Procedure and advising that a continued breach will result in further sanctions.
- 6.12.13.2. Probation, which may include requiring an Associate to take remedial action and could include follow-up monitoring by the Company to ensure compliance with the Agreement.
- 6.12.13.3. Suspension of certain Associate privileges, including but not limited to placing product orders, participating in Company programs, progressing in the Compensation Plan or participating as a Sponsor (including participating as an International Sponsor) for a period of time or until the Associate satisfies certain specified conditions.
- 6.12.13.4. Withdrawal or denial of an award or recognition, or restricting participation in Company-sponsored events, either for a specified period of time or until you satisfy certain specified

conditions.

- 6.12.13.5. Withholding commissions or bonuses for a specified period of time or until you have satisfied certain specified conditions. Imposing fines or other penalties permitted by law.
- 6.12.13.6. Termination of your Associate Agreement.
- 6.12.13.7. In cases where it is determined by the Compliance Committee that the Independent Associate has made a claim that Company products cure, treat, mitigate or prevent a specific disease (a "Disease Claim Violation"), the Compliance Committee shall make a specific finding whether the Disease Claim Violation was isolated and trivial.
- 6.12.13.8. If the Disease Claim Violation is found to be isolated and trivial, the Compliance Committee shall impose sanctions set forth in 6.12.13 sufficient to make the Independent Associate aware of the severity of the infraction and to insure future compliance with the policies concerning disease claims.
- 6.12.13.9. Unless the Disease Claim Violation is found to be isolated and trivial, the Compliance Committee 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.
- 6.12.14. The Committee shall render its decision in a Disposition Notice. The Director of Compliance shall send the Initiator and Respondent the Disposition Notice within three (3) business days of its rendition.

### 6.13. Disciplinary Appeal Procedure

- 6.13.1. If you have been the subject of disciplinary action (either the Initiator or Respondent), you may appeal the determination of the Compliance Committee contained in the Disposition Notice by submitting to the General Counsel of the Company an appeal in writing outlining your reasoning as to why the disciplinary action is inappropriate and/or any new evidence not available for Committee review. The Appeal must be received by the 30th calendar day after you have received the Disposition Notice informing

you of the disciplinary action (the "Appeal Period"). 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).

- 6.13.2. All Committee sanctions and recommendations are effective immediately upon receipt of the Disposition Notice.
- 6.13.3. The appeal will be considered by a three (3) member subcommittee consisting of Vice-Presidential level or above, none of whom were involved in the original Compliance Committee review process (the "Appeal Panel"). The Appeal Panel may not consist of any of the following individuals: a current member of the Board of Directors or the head of Legal, Ethics and Compliance. Additionally, an individual may not serve on the Appeal Panel if to do so would be a conflict of interest. On the confidential vote of the majority, the Appeal Panel may uphold the Compliance Committee decision, refer the Issue back to the Compliance Committee, reverse the decision at its sole discretion or substitute a new finding based upon the evidence.
- 6.13.4. The decision of the Appeal Panel shall be reduced to writing and shall be sent to the Initiator and Respondent by the Director of Compliance within three (3) business days of its rendition. It is presumed that you received the Decision of the Appeal Panel no later than three (3) business days after it was sent by the Company (seven [7] business days if it was sent internationally).
- 6.13.5. Should the decision of the Appeal Panel deviate from the Compliance Committee's Disposition Notice, the Company shall undertake such action as is required to conform to the decision of the Appeal Panel.
- 6.13.6. The decision of the Appeal Panel is final and is not subject to further review.

### 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. [Note: Exception to this section is accounts terminated for failure to complete the application process as outlined in Section 1.3.3.,

1.3.7. and 1.4.1.]

- 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 a Compliance Committee Disposition Notice, decision of the Appeal Panel or other 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 DBA, 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 having no activity for six (6) consecutive months.

### 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 downline organization or any future bonuses and/or commissions from sales generated by the organization. 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's 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 section 6.17 of these Policies and Procedures.

- 6.15.1.5. Shall not work for, work with or otherwise assist or be utilized 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.
- 6.15.1.6. If you are terminated for a Disease Claim Violation pursuant to 6.12.13.1, you permanently lose your downline, the right to any compensation from that downline 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 constitutes an integral part of the parties' agreement regarding their business relationship. Associates who conduct business in violation of these Policies and Procedures jeopardize 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 assess disciplinary sanctions, 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 6.12.13.1 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 1.3.1 of these Policies and Procedures).
- 6.17.3. The request shall be considered by the Appeal Panel (as established in 6.13.3 of these Policies and Procedures). On the confidential vote of the majority, the Appeal Panel shall either approve or reject the request for reinstatement.
- 6.17.4. The decision of the Appeal Panel 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 of the Appeal Panel 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. Arbitration and Governing Laws

The Associate Application and Agreement is governed by the laws of the State of Texas. You and the Company agree that any claim, dispute or other difference between the Independent

Associate, its owners, officers, employees, agents and/or partners on the one hand, and the Company, its owners, officers, employees and/or agents on the other hand shall be resolved exclusively by binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association, including those rules providing for emergency or extraordinary relief, and judgment on the Award rendered by the arbitrator(s) may be entered in any court having competent jurisdiction thereof. Each Independent Associate and the Company hereby agree to exclusive venue and to personal jurisdiction in Dallas County, Texas, for the resolution of any claim, demand or cause of action between the Associate and the Company. You and the Company further agree that the Company, in its sole discretion, reserves the right to invoke this section at any point in the disciplinary process of the Independent Associate.

**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 Associate Policy and Procedures**

### **U.S. 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™ Product
- 2.17.4. and 2.17.6. Email Correspondence
- 4.9.3. Unauthorized 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. Sponsorship Business Rules
- 4.3.2. Sponsor and Enroller Information
- 4.4.1., 4.1.2. and 4.4.3. Changing Lines of Sponsorship

#### **As of July 1, 2017**

There are changes to the following:

- 2.12.6. Use of Testimonials
- 2.21.8.1 Retail Customer Return Procedures
- 5.3.4. Automatic Orders
- 5.13.1.6. Satisfaction Guarantee

Note: For information on Preferred Customer accounts, refer to U.S. Preferred Customer Policies and Procedures.