

Policies & Procedures

Guidelines to help you with your business practices

Policies And Procedures

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Policies And Procedures

The NeoLife Policies and Procedures and Code of Conduct illustrate important principles necessary in the development and maintenance of a NeoLife Distributorship. Together, they define the rights, duties and responsibilities of all NeoLife Distributors. They protect the benefits available to all NeoLife Distributors under the Compensation Plan as well as define the goals, values and advantages of operating a NeoLife business while respecting the rights and opportunities of both our Distributors and the consumers they serve. All Distributors

agree to abide by these Policies and Procedures as well as the Code of Conduct and any modifications made from time to time when they have signed the Independent Distributor Agreement.

NeoLife reserves the right to modify all or part of its Policies and Procedures, Code of Conduct or Compensation Plan. Any change will be made only after careful consideration and review of its impact upon NeoLife Distributorships.

DISTRIBUTOR CODE OF CONDUCT

The NeoLife Distributor Code of Conduct is based on our foundation values that guide everything we do and every decision we make. These values of absolute integrity, putting people first, producing products that work, providing equal opportunity for all and having a clear long-range vision are a heritage that must be preserved, supported and upheld by every NeoLife Distributor. All Distributors who join NeoLife are required to abide by this Code of Conduct and to uphold the Policies and Procedures as stated in this document.

1. I will conduct myself in a friendly and professional manner at all times and with complete courtesy, dignity and truthfulness in dealing with customers, fellow Distributors and company personnel.
2. I will observe standard meeting etiquette at all NeoLife functions and always remember that I am responsible for upholding and projecting the NeoLife image.
3. I will abide by the letter and spirit of the NeoLife Policies and Procedures and the rules and regulations of any country where I conduct my business. I will do what is legally correct and ethically right.
4. I will honestly and accurately represent the NeoLife Opportunity, Compensation Plan and products and make no exaggerated claims about NeoLife products or income potential.
5. I will enthusiastically and proudly carry out the responsibilities of a NeoLife Distributor as well as that of a Sponsor when I progress to those levels.
6. I will always abide by and uphold the NeoLife corporate philosophy and values and strive to truly make a positive difference in people's lives.

A. Distributorships

1. THE INDEPENDENT DISTRIBUTOR AGREEMENT

The Independent Distributor Agreement is an honourable, legal and serious expression of the intent between the new Distributor, the Sponsor, the Sponsor's Sponsor and NeoLife.

When the Independent Distributor Agreement is signed, all parties are required to display good faith, fair dealing and ethical conduct in the pursuit of their business goals. NeoLife Distributors agree to abide by the NeoLife Policies and Procedures and the NeoLife Code of Conduct as they are declared and as they may be amended from time to time.

2. CORPORATIONS, PARTNERSHIPS AND TRUSTS

a) NeoLife International shall only accept Distributor Applications in the name of individuals. Applications in the name of corporations, partnerships or trusts will be rejected.

b) NeoLife Distributors may request that their earnings be paid to a corporation, a partnership, a trust, or to some other validly formed business organisation. NeoLife International shall honour such requests in instances supported by legitimate business justification.

c) Distributor recognition will only be bestowed upon individuals. Those individuals must be operators of the Distributorship involved.

NeoLife Distributors further agree:

a) To make, execute and file any and all reports required by law or public authority with respect to the conduct of their NeoLife Distributorship Business.

b) To comply with all laws, rules and regulations applicable to the conduct of their NeoLife Distributorship business.

c) To represent NeoLife nutritional products as superior food supplements, acknowledging that they are not intended for the cure, treatment or improvement of any disease, illness or physical ailment.

d) To characterise and represent NeoLife products in conformity with NeoLife corporate claims and representations. Claims based upon non-NeoLife references and research are the sole responsibility of the NeoLife Distributor.

e) To use NeoLife trade names, trademarks, service marks and copyrighted materials in strict conformity to NeoLife requirements.

f) To refrain from reproducing, printing, manufacturing, repackaging or causing others to do the same in regard to NeoLife products, literature, photographs, videos and other NeoLife sales aids.

g) That NeoLife Distributors are independent contractors and are not employees or agents of NeoLife.

h) That NeoLife Distributor recognition and achievement titles are not corporate titles or positions.

i) That NeoLife Distributors conduct their Distributorships for their own accounts and that all costs of conducting a NeoLife Distributorship is the sole responsibility of each individual Distributor.

j) That NeoLife Distributors cannot obligate the company for any costs or expenses nor can a NeoLife Distributor incur liability on behalf of the company in any way.

3. COMPLIANCE WITH LOCAL LAWS AND REGULATIONS

a) Distributors must conduct their NeoLife Distributorship in compliance with all national, federal, state and local laws and regulations which govern their independent business endeavours.

b) Distributors must not engage in unlawful business practices or any illegal business enterprise which could damage the reputation or image of NeoLife International.

c) Deceptive and unlawful trade practices by Distributors are strictly prohibited.

4. ONE AGREEMENT PER FAMILY

All husbands, wives and children living as a family unit will be regarded as one Distributorship. Only one Independent Distributor Agreement will be accepted from such a family group. Spouses may not sponsor each other and are considered a single Distributorship regardless of whether they both sign the Independent Distributor Agreement. In any case where two Distributors, each of whom has a Distributorship, marry each other, one of these Distributors must surrender their Distributorship and be added to the same Distributorship as their spouse.

5. AGE RESTRICTION

The minimum age requirement for an independent Distributor is eighteen (18) years of age or the age of majority in the country of his residency, whichever is older.

6. SPONSORING DISTRIBUTORS

When a person signs an Independent Distributor Agreement, a legal relationship between the new Distributor and the Sponsor, the Sponsor's Sponsor, NeoLife and any party normally receiving compensation through the NeoLife Compensation Plan is established for

the life of the Independent Distributor Agreement or extensions thereof.

Occasionally, two NeoLife Distributors may contact the same person in order to sponsor him/her as a NeoLife Distributor. A contractual relationship will exist between the new Distributor and the existing Distributor who first obtains the prospective Distributor's signature on the Independent Distributor Agreement, in accordance with the Code of Conduct and company procedures.

7. ACTIVE DISTRIBUTORS

Because of the cost of maintaining records for accounting, mailing lists, printing and mailing publications, promotional pieces, Internet, etc., it is necessary to establish a criterion for maintaining "active status" as a NeoLife Distributor. To maintain active Distributor status the annual registration must be paid.

MINIMUM MONTHLY ACTIVITY: To remain eligible for volume pooling credit for any given sales month, a Distributor must generate at least 100 Personal PV during the same sales month.

8. INACTIVE DISTRIBUTORS

A Distributorship must pay its annual registration to remain active in its line of sponsorship. Should it not be current, beyond a three month grace period, the Distributorship will be deleted and its sales team will be assigned to the current upline Sponsor.

A Distributorship may be reactivated at any time under its original sponsor by payment of the annual registration, but would not regain its original sales team which would have been assigned up the line of sponsorship to the current upline Sponsor. Should a Distributorship wish to restart under a new line of sponsorship, a period of inactivity is required. For Members, this is on expiry of registration. For Distributors it is one year after expiry of registration and for Managers, Senior Managers & Directors it is one year from the date that recognition level would have been lost if registration had been renewed.

a) Upon expiration of the Distributorship's "active status" for failure to remit the required annual registration, or

b) Subsequent to written notification to NeoLife and to the upline Sponsor that the Distributor intends to cease trading as a Distributor. To be effective such notification must be accepted by NeoLife and the upline Sponsor.

9. TERRITORY

A NeoLife Distributor's global sales and Distributorship opportunities are territorially unrestricted within the country in which the NeoLife company with which the Distributor has signed up, is established and operating. A NeoLife Distributor can sell NeoLife products, organise and establish a NeoLife Distributor network and, in general, build a NeoLife

business in any existing NeoLife market.

NeoLife Distributors are authorised to become Distributors of any NeoLife company which has been established in any foreign country away from their country of residence provided that they become Distributors of the company through the regular process available to all persons joining that particular NeoLife company's marketing network.

NEOLIFE DOES NOT GRANT EXCLUSIVE DISTRIBUTOR TERRITORIES OR FRANCHISES

10. INTERNATIONAL SPONSORING

Done properly, international sponsoring can help your international friends build Distributorships of their own, and subject to qualifications, contribute to your earnings. Done improperly, attempts to sponsor internationally can conflict with laws governing business corporations in international NeoLife affiliate countries. Contact your Sponsor, upline Director, or Distributor Services Representative for complete policies and procedures regarding developing an international NeoLife business. NeoLife Distributors are not authorised to sell product or sponsor Distributors in any country in which NeoLife has not been established.

11. NEOLIFE KIT

All Distributors, at the time they sign the Independent Distributor Agreement, must purchase the current NeoLife Kit as part of their membership.

12. MAINTENANCE OF DIRECTOR RECOGNITION LEVEL

Once you have achieved Director level you retain this status forever as long as you renew your NeoLife Distributorship annually.

NeoLife's Director benefits are privileges earned by special recognition as a result of demonstrated performance of sponsorship responsibilities, demonstrated leadership qualities and exemplary loyalty to NeoLife. For this reason, NeoLife reserves the right to withhold some or all of these benefits or to reduce or terminate the status of any Director for dereliction of sponsorship responsibilities, violations of the NeoLife Policies and Procedures and Code of Conduct, misuse of privileges of sales leadership or for conduct disloyal to NeoLife or its Distributors.

13. SPONSOR RESPONSIBILITIES

a) Sponsors must honour and conform to the NeoLife Policies and Procedures and the NeoLife Code of Conduct and any modifications made thereto from time to time.

b) Sponsors shall provide NeoLife Distributor training and education to the members of their sponsored sales organisation.

c) Sponsors shall encourage the members of their sponsored sales organisation to promote their NeoLife Distributorship businesses and to fulfill their respective responsibilities to their downline NeoLife Distributors.

d) Sponsors shall display, encourage and inspire honesty in the promotion of the NeoLife business, loyalty to the NeoLife opportunity and products and commitment to the pursuit of excellence in the distribution of NeoLife products.

e) Sponsors shall monitor the activities of their sponsored downline Distributors to ensure compliance with the NeoLife Policies and Procedures and the Code of Conduct.

B. Lines Of Sponsorship

1. TRANSFERS

It is NeoLife's policy not to transfer a Distributor from one line of sponsorship to another line of sponsorship. The integrity of a line of sponsorship is of utmost importance to NeoLife's Compensation Plan. With this assurance that sales teams will remain intact, Distributors can confidently build their businesses.

The active solicitation or encouragement of Distributors to transfer from other sales teams is completely contrary to the Code of Conduct, is disruptive of morale and undermines the growth and stability of sales teams. Such active encouragement may result in censure, cancellation, or other appropriate disciplinary procedures at the discretion of NeoLife.

2. CROSS GROUP SELLING

a) "Cross Group Selling" occurs when a Distributor sells or attempts to sell goods to another Distributor who is not directly sponsored by the Distributor who is selling or offering the goods for sale.

b) NeoLife Distributors shall not engage in "Cross Group Selling".

3. SALE/PURCHASE OF A DISTRIBUTORSHIP

If for compelling personal reasons a NeoLife Distributor wishes to sell his/her Distributorship, the following policies are controlling;

Since NeoLife initially approves Distributorships and since the integrity of sales teams is of utmost importance, NeoLife reserves the right to approve or disapprove the sale of a Distributorship. An agreement of sale regarding the subject Distributorship must be prepared and submitted to NeoLife for approval of the sale at least thirty (30) days prior to consummation of the subject sale. Any Distributorship privileges may only be transferred with NeoLife's consent. Protection of existing sponsorship lines must always be maintained. Thus, when sold, a Distributorship must continue to be operated in the existing line of sponsorship. The buyer takes the vacated position of the selling Distributor.

Acquisition of the Distributorship does not in and of itself entitle the purchaser to the title, rights or privileges previously earned by the acquired sales team. The purchaser must qualify for such title, rights and privileges.

The following procedures must be followed to accomplish a sale. All options must be in writing.

a) Prior to selling a Distributorship, the seller must notify NeoLife of the intent to sell. This intent should be in writing.

b) It must be stated in writing whether the seller wishes to remain a non-sponsoring Distributor or is withdrawing from the NeoLife Business.

c) First option to purchase must go to the Sponsor. This should be accomplished by making a written bona fide offer to sell to the Sponsor. Bona fide is defined as in or with good faith, honestly, openly and sincerely, without deceit or fraud. The offer must be definite and certain as to terms. It must be communicated in writing to the Sponsor. The Sponsor must communicate in writing back to the seller within thirty (30) days if the Sponsor is accepting or refusing the offer.

d) Second option to purchase of the same bona fide offer must go to the directly sponsored Distributors (first level) of the seller.

e) Third option to purchase must go to a non-NeoLife Distributor. If the offer is accepted and approved by NeoLife, the buyer must first be sponsored as a NeoLife Distributor.

f) Only after the above options to purchase have been exhausted may a Distributor from another line of sponsorship be approached with the same bona fide option to purchase. Should a sale result, the buyer takes the vacated position of the seller leaving his/her team behind.

g) If the bona fide offer is altered in any way, the procedure above must be repeated with the first right of refusal going to the Sponsor, etc.

h) In regard to a sale, an Independent Distributor Agreement creates legal rights and obligations between the Distributor, Sponsor, the Sponsor's Sponsor and any party who normally receives compensation through the NeoLife Compensation Plan.

i) A sale is not complete until received and recorded by NeoLife. No monies should be exchanged unless placed in an escrow service to be released after final written approval by NeoLife of the sale is received by all parties concerned.

j) Effective date of sale must be the first day of the month. Once the agreement is reached, it must be signed by the seller(s) and buyer(s) and the signature must be witnessed. The sales agreement should then be sent to NeoLife in three (3) copies. If approved, NeoLife will endorse the sale agreements and return one copy each to the seller and to the buyer. The third copy will be retained in NeoLife's permanent files. The parties to the sale should not pay the purchase price or make any transfers of property and/or Distributors until after NeoLife has approved the sale in writing. Where the buyer

is not the seller's Sponsor, but is one of the Seller's directly sponsored Distributors, the sales agreement must be accompanied by a signed statement by the Distributor's Sponsor waiving his first option to buy the Distributorship. If the buyer is a third party (item d,e) not presently a NeoLife Distributor, the sales agreement must be accompanied by:

- 1) a Sponsor waiving his first option to buy;
- 2) a statement signed by the selling Distributor that he gave written notice to all his directly sponsored Distributors of his intention to sell and that none of them exercised their second option to buy; and
- 3) a signed Independent Distributor Agreement, duly endorsed by the selling Distributor's Sponsor.

Acquisition of a sales team or Distributorship through purchase, pass up, termination, retirement, or other fortuitous method may only be used as "one leg" qualification for any Director level for the period of one year following acquisition unless NeoLife determines otherwise.

4. INHERITANCE OF DISTRIBUTORSHIPS

A NeoLife Distributorship may be passed on to the heirs of the Distributor as part of his/her estate in much the same manner as any other business. NeoLife will honour any transfer to an heir which complies with applicable law and meets the basic requirements established by NeoLife.

a) Beneficiaries must be Distributors
The monetary value of a NeoLife Distributorship is based upon the profit potential in regard to the sale of NeoLife products by that Distributorship. NeoLife sells its products only to NeoLife Distributors. It is therefore obvious that any NeoLife Distributorship which has been transferred to an heir must be operated by a NeoLife Distributor in order for that Distributorship to purchase products from NeoLife or receive commissions, bonuses and rebates from NeoLife.

In the case of sole proprietorships where both husband and wife jointly own the business, the death of one party causes the Distributorship to be automatically transferred to the surviving party. NeoLife will adjust its records to reflect a proper transfer upon notice of the death of a Distributor accompanied by a certified copy of the respective Death Certificate.

In cases of sole proprietorships where the deceased Distributor is not survived by a spouse who is also a Distributor operating the subject Distributorship, the Distributorship shall be transferred according to the terms of the will of the deceased or in accord with the laws of intestate succession applicable in the state of residence of the deceased Distributor.

A surviving spouse or heir must take steps to take over the inherited Distributorship and operate it according to the NeoLife Compensation Plan within sixty (60) days of the death of the deceased Distributor. If such action is not taken, NeoLife may appoint an "interim manager" of the subject Distributorship pending resolution of the inheritance process.

In certain cases, NeoLife may suspend or terminate the Distributorship of the deceased Distributor if the Distributorship does not continue its service and distribution activities within a reasonable period of time following the demise of the Distributor.

In the event that a Distributorship is inherited by a minor or a party who is, at the sole discretion of NeoLife, physically or mentally unable to operate such a business, the Distributorship may only be operated through a guardian or trustee until one or more of the minor heirs have attained the age of majority and have assumed the responsibility of operating the Distributorship, or until the incompetent heir is capable to operate the Distributorship.

b) Registration of beneficiaries
It is required that designated beneficiaries be registered with NeoLife.

c) Dual Distributorships
In order to protect and maintain the integrity of sponsorship lines within the NeoLife Compensation Plan, a beneficiary who inherits a NeoLife Distributorship and is a NeoLife Distributor operating an independent, previously existing NeoLife Distributorship, must elect to operate either the inherited Distributorship or his/her previously existing Distributorship.

The Distributorship which the inheriting beneficiary chooses not to operate may be abandoned or sold in accordance with the NeoLife Policies and Procedures regulating the sale of Distributorships. Downline Distributorships, which are inherited by beneficiaries who are immediate upline Sponsors of the inherited Distributorship, may be merged into the upline Distributorship.

When a downline Distributor inherits a Distributorship which is in the immediate upline Sponsor position to that inheriting beneficiary, the downline Distributorship may be merged into the upline Distributorship, or it may be sold in accordance with the Policies and Procedures.

d) Continued qualification
It should be understood that in order for an inherited Distributorship to earn income or recognition from its NeoLife business, that Distributorship must continue to meet all qualifications and requirements as established under the NeoLife Compensation Plan.

e) Recognition levels
For a minimum period of 12 months after

acquiring such Distributorship, all recognition titles relating to any Director status shall not automatically flow to the new owner of any Distributorship who has not personally achieved this recognition level.

f) Commissions, bonuses and rebates
Transferred or inherited Distributorships shall retain the right to earn commissions, bonuses and rebates related to the volume of business flowing from downline Distributorships which have been sponsored by the subject Distributorship as long as that Distributorship maintains its qualifications as established by the NeoLife Compensation Plan.

5. PARTNERSHIPS AND CORPORATIONS

Recognition

NeoLife has been built through the years on the basis of individual recognition because the NeoLife business is a people business. As a result of this basic concept, the policy in regard to corporations and partnerships will be as follows:

As an independent NeoLife Distributor, you are free to form or use a corporation or fictitious name for your personal or business purposes. NeoLife will not accept new Independent Distributor Agreements that show a corporation or fictitious name as the new Distributor. Individual names will be used whenever recognition is given. Individual names will be used on cheques unless requested otherwise.

If, for a good reason, you wish to have your corporate or general partnership entity appear on cheques, please so advise your Distributor Services Representative. In such cases, your corporate or partnership name will appear on your cheques, but individual recognition will continue to be used. As a matter of policy, we will not be able to publicly recognise limited partnerships or corporations or any other type of entity where private or undisclosed investors are involved.

Dissolution of general partnerships

NeoLife will recognise a partnership dissolution upon receipt of one of the following:

- 1) A signed agreement by the parties, or
- 2) A court order by a court having jurisdiction over the parties.

Upon dissolution of the partnership, the withdrawing partner relinquishes all rights to status, title and sales team of the Distributorship and may:

- 1) Sign a new Independent Distributor Agreement, at no additional cost, with the same sponsor of the partnership and continue as a NeoLife Distributor, or
- 2) Remain inactive by purchasing no NeoLife products other than at retail for the required

period (See Distributorships A8) and become a free agent and validly sign a new Independent Distributor Agreement with any other Distributor. The appropriate membership fee must accompany the new Independent Distributor Agreement.

6. DIVORCE: WHAT HAPPENS TO THE DISTRIBUTORSHIP?

The basic policy that there can be only one Distributorship per family must still be followed even though a divorce is pending and the husband and wife are living apart. The restriction against separate Distributorships applies until a final decree of divorce or separate maintenance has been entered by a court and a copy of the decree has been filed with NeoLife.

While the divorce is pending, there are several ways to continue running the business:

1. If one party agrees to withdraw as a Distributor, he/she may do so by executing an assignment of all his/her interest in the Distributorship to the spouse. This must be filed with NeoLife before Distributor records will be changed. When the divorce decree is final, the withdrawing Distributor may:

a) Sign a new Independent Distributor Agreement, at no additional cost, with the same sponsor of the joint Distributorship and continue as a NeoLife Distributor, or

b) Remain inactive by purchasing no NeoLife products other than at retail for the required period (See Distributorships A8) and become a free agent and validly sign a new Independent Distributor Agreement with any other Distributor. The appropriate membership fee must accompany the new Independent Distributor Agreement.

2. If both parties are agreeable, they may continue to operate the business together.

3. If the parties cannot operate under 1 or 2, above, they must nevertheless ensure that their personal differences do not adversely affect their sponsored Distributors in the operation of their respective businesses. Thus, if they cannot agree as to the operation of their Distributorship, they should make arrangements with their Sponsor or upline Director to carry on their business for them until the divorce has been completed, whereupon the party to whom the business is awarded can resume operation. If the parties to the divorce fail to meet their sponsorship obligations, their Distributors will be taken from them and temporarily assigned up the line of sponsorship to the next qualified sponsor who is capable of providing sponsorship services. As long as their sponsored Distributors are being serviced by the parties to the divorce, all bonuses will continue to be paid in the joint names of husband and wife.

C. Advertising

Often Distributors consider advertising as a means to increase the visibility of their NeoLife business. Advertising includes the following among others:

- Telephone listings (both white and yellow pages)
- Business cards
- Business signage
- Leaflets, Newsletters, Flyers, Charts and Posters
- Web sites on the Internet
- Promotional items: T-shirts, Pens, etc.
- Audio and Video tapes
- Newspaper advertisements
- Radio and Television advertisements

The use of the NeoLife name and trademarks will normally be important to your advertisement promoting the NeoLife Products that you distribute and the exciting Business Opportunity that you have to offer.

We are proud of the NeoLife name and trademarks and the reputation for quality and integrity that they represent around the world. These trade names, trademarks and logos are important and valuable business assets that must be protected.

Proper use of these trade names and trademarks by Distributors building their businesses in accordance with NeoLife's Policies and Procedures and Code of Conduct will only enhance their image. However, unauthorised or improper use of these marks can damage their importance and value to the company and to all who take pride in what they represent.

For this reason the following rules regarding advertising and the use of NeoLife trade names and trademarks have been developed.

1. INDEPENDENT BUSINESS

While you are engaged in the business of distributing NeoLife products, you are an independent entity; you are not an employee or agent. As an independent entity, you buy NeoLife products from the company or your Sponsor at wholesale and sell these products directly to the public and your directly sponsored Distributors.

As an independent Distributor, you should carefully select your business name; it is a very important and lasting decision. Your business name should not imply that you are an employee or agent of NeoLife, but should state that you are an Independent Distributor. For nearly four decades NeoLife has enjoyed the

tremendous goodwill surrounding its name. The name "Golden Neo-Life Diamite International" is known to all as the leader in the health and nutrition industry. Our Distributors should use the NeoLife name in their business names, but should also explain their Independent Distributor status. For example:

Permissible:

- John B. Smith, Authorised Distributor for NeoLife Products.
- John B. Smith, Independent NeoLife Distributor
- Mary Smith, Authorised NeoLife Distributor
- John B. Smith Corp., NeoLife Family Health Distributor

Not Permissible:

- NeoLife International
- NeoLife of Rhode Island
- NeoLife Area Office
- NeoLife Distributing Company
- NeoLife – Distributors
- NeoLife Training & Service Center (Unless authorised in writing by NeoLife)
- Acme Corporation, NeoLife Distributors

2. USE OF NEOLIFE'S TRADE NAME AND TRADEMARKS

For over fifty years, NeoLife has built a reputation for quality and integrity. The consistent use of the trademark "NeoLife, GNLD, Golden and Nutriance" according to these principles, is one of the most highly valued assets of NeoLife International. Our thousands of Distributors benefit tremendously from the respect and goodwill that surround the name "NeoLife and its brand names." This respect and goodwill can only be maintained if all Distributors use the NeoLife names consistent with the best principles of quality and accuracy. Any misuse of the NeoLife names diminishes the goodwill of the name "NeoLife and its brand names" and hurts all Distributors. Any Distributor wishing to associate themselves with NeoLife by using or producing the following must obtain prior written approval:

- The name "NeoLife, GNLD, Golden and Nutriance."
- Trademarks, trade names, service marks and copyrighted works of NeoLife;
- Voices, pictures and likenesses of NeoLife corporation employees, representatives and endorsement personalities;

- Product descriptions and claims for NeoLife products;
- The procurement or production of promotional merchandise and prizes, any kind of promotional literature, stationery which carry the NeoLife name, logo or trademarks or trade names;
- Any mass media advertising that uses the name of NeoLife products;
- All NeoLife copyrighted material to be reproduced in its entirety or partially.

When Distributors use the NeoLife trade names or trademarks in conjunction with displays at fairs, home shows and conventions, the displays should uphold the quality of the NeoLife trade names. Any public display, exhibition or sale of NeoLife products should be approved by the company, based on the written submission of details, sketches and plans.

As an independent Distributor, you are free to hold any meeting, but the NeoLife trade names may not be used to promote the sale or promotion of non-NeoLife services or products. At all meetings, Distributors who use the goodwill of the NeoLife trade names may not use the sales meeting for the purpose of promoting or selling non-NeoLife products. It would be unfair to the company, its Distributors and customers for the NeoLife trade names to be used to publicise or promote other companies or product.

3. TELEPHONE DIRECTORY

Over fifty years of success in the direct sales, health and nutrition industry have shown that correctly and accurately written telephone advertisements are a key feature in finding new customers and recruiting new Distributors. In light of the above trade name policies and the teachings of experience, the following are telephone directory advertisement policies:

White pages: By listing in the white pages alphabetically by the Distributor's name followed by "NeoLife Distributor," friends, relatives and business associates will be constantly reminded that you are a NeoLife Distributor. Experience has been that the best white pages alphabetical listing is as follows: "Jones, Mary, NeoLife Distributor."

Yellow pages: Yellow page listings have proven to be more advantageous than white page listings.

All NeoLife Distributors are encouraged to list their business telephone in the yellow pages under their name provided it is listed in the same manner as the "alphabetical listing" previously explained above in the white pages section. This yellow page listing should be inserted under the appropriate categories:

1. Vitamins

2. Cosmetics
3. Health foods
4. Cleaning products

It is suggested that Distributors also list under the trade name listing "NeoLife Distributors." This listing should be placed under the appropriate categories.

As noted in the white pages explanation, there will be an additional charge, and Distributors who list in the yellow pages should share this charge.

The artwork for a trade name listing will be provided by NeoLife upon request and only authorised artwork may be used in these yellow page trade name listings. Distributors should contact their Distributor Centre Representative for authorised artwork.

Distributors with current yellow page listings must notify the telephone company of the above changes.

Listings which do not meet these policies must be deleted from telephone directories in the next published directory for each location.

4. STORE SALES AND DISPLAYS

The sale or display of NeoLife products, or signs advertising these products, is prohibited in any retail store or outlet serving the general public. This includes flea markets and market areas.

An exception to this rule will be granted to those establishments which are:

- a) Places of business engaged in services by appointment, such as beauty salons, etc. In no event, however, may signs or displays advertising the sale of NeoLife products be displayed in such a manner that they are visible from the street and designed to entice people from the street for the purpose of retail sales.
- b) Private membership clubs, such as health spas, etc. This rule shall not prevent a store owner from being a NeoLife Distributor, but a store owner must adhere to all the same Policies and Procedures that guide all NeoLife Distributors.

5. NEOLIFE TRAINING AND DISTRIBUTOR CENTRES

NeoLife Training and Distributor Centres may be considered if your business has become too big to handle from your home. To open a NeoLife Training and Distributor Centre, an application in writing must be made to NeoLife on application forms supplied by the company.

6. NEOLIFE DISTRIBUTOR WEB SITES

Personal contact and relationship building are absolutely essential to the network marketing focus of the NeoLife Compensation Plan.

The Internet has become an important and viable method of supporting the NeoLife International distribution system. NeoLife International authorises and encourages

Distributors to develop and operate their own Web Sites as tools to expand and to manage their independent Distributorships.

The following policies are designed to ensure that NeoLife Distributors enjoy the benefits of the information technology presented by the Internet, and that they respect the rights of each other and of the Company.

Utilisation

1. NeoLife Distributors shall conduct their Distributorship businesses in accordance with the NeoLife International Policies & Procedures, and shall conform their use of the Internet and Web Sites to this Policy.
2. NeoLife International reserves the right to review, approve and/or reject all new Distributor Applications, and shall not delegate that right to any Distributor. All NeoLife Distributor Applications must be properly signed and processed according to the NeoLife International Policies & Procedures and internal company procedures.
3. NeoLife Distributors shall comply with local, state and federal laws and regulations in the operation of their Distributorships through all electronic means, including the Internet, the World Wide Web and the various e-mail systems currently available for business exploitation.
4. NeoLife Distributors shall refrain from 'Spamming.' 'Spamming' is defined as the sending of multiple copies of the same message in an attempt to electronically communicate with persons who have not expressed a desire to receive unsolicited e-mail.
5. Distributors conducting business in more than one country via their Web Sites shall comply with applicable laws and regulations, including consumer privacy regulations, of the countries in which the Distributor conducts his/her business.

Identification

6. NeoLife Distributor Web Site Domain Names (URL) shall not include NeoLife International's company names, service marks, trademarks, product names or any address component, which may be confusingly similar to those names and marks. Company names, service marks, trademarks and product names are reserved to NeoLife International for the benefit of all NeoLife Distributors.
7. NeoLife Distributor Web Sites and home pages shall clearly and prominently indicate on the first screen image displayed to the site visitor that the Web Site or URL belongs to an "INDEPENDENT NeoLife INTERNATIONAL DISTRIBUTOR" who will be identified by name.

Content & Format

8. It is recommended that NeoLife Distributor Web Sites link to the NeoLife International official

Home page or to any Web Site established by NeoLife International.

9. NeoLife Distributor Web Sites may display product and business testimonials and endorsements provided that written permission for Internet publication has been granted by the person being quoted. Testimonial representations must be verifiable, and in all respects compliant with the NeoLife International Policies & Procedures. Unauthorised product claims shall not be displayed.

10. NeoLife Distributors may develop audio and video recordings for publication on their Web Sites provided that written permission for Internet publication has been granted by all participants and the recordings are in all respects compliant with the NeoLife International Policies & Procedures, and all applicable regulations and laws of the jurisdiction in which the Distributor is located.

11. NeoLife Distributor Web Sites may present the NeoLife International Opportunity and NeoLife Compensation Plan. The Opportunity shall be presented as a networking business which enjoys success through the sale of superior products by independent Distributor sales teams. There shall be no representation or implication that there is any opportunity strictly from recruiting of others into the NeoLife Business.

12. NeoLife Distributor Web Sites may link to other Web Sites ("destination sites") for the purpose of promoting NeoLife Products and Business. Links to destination sites must be authorised in writing by the owner of the destination site. Destination sites must be in compliance with this Policy and may be reviewed by NeoLife International.

13. NeoLife Distributor Web Sites shall not display, nor refer to, nor link to, nor be connected to any religious or political organisation, competing business opportunity, or promoter of "non-NeoLife" products. NeoLife Distributor Web Sites shall in no way detract from or denigrate NeoLife International's trade names, trademarks, products, or reputation.

14. NeoLife Distributor Web Sites shall not display, promote, market, advertise, or sell non-NeoLife products or services.

15. NeoLife Distributors may publish advertisements on their own NeoLife Business Web Sites, and may advertise on other Web Sites provided that the advertisements and Web Sites do not display, nor refer to, nor link to, nor discuss or promote any religious or political organisation or "non-NeoLife" business opportunity, or products.

16. NeoLife Distributor Web Sites may be registered on and linked from Internet search engines.

17. NeoLife Distributor Web Sites shall display an appropriate "Privacy Statement." Such a statement will be provided by NeoLife International upon request. The Privacy Statement will inform consumers whether or not personal information is being collected, and how such information may be used.

Consumers shall be provided an opportunity to prohibit dissemination of their private information. NeoLife Distributors must protect personal information according to the expressed desires of consumers.

18. NeoLife Distributor Web Sites shall be routinely updated to reflect current NeoLife product developments and marketing materials. Web Site modifications and corrections must be accomplished within sixty days of notice from NeoLife International.

Intellectual Property

19. NeoLife International trademarks, copyrighted materials, illustrations and photographs may be displayed on a NeoLife Distributor Web Site provided that the Web Site conforms to these Policies & Procedures in all respects.

20. NeoLife Distributor Web Sites may display current NeoLife-produced video and audio materials that are sold by the company. Recordings of NeoLife International broadcasts, conference calls, or similar communications by the company may not be published without prior written consent of NeoLife International.

21. NeoLife Distributor Web Sites may display current NeoLife-produced literature and images that are adapted from current NeoLife International materials, provided that the materials may not be edited or have text added or omitted.

Product sales through the Internet

22. NeoLife Distributors may expand, support and enhance their sales of NeoLife products through on-line sales. The product sales portion of a NeoLife Distributor Web Site must be Password protected to ensure that only invited individuals will access that portion.

23. Password pages may only display information needed for access and brief introductory messages to confirm that a viewer has reached the correct site. Password pages may not display Distributor ID numbers or passwords that would allow casual visitors to access the product sales portion of the site.

24. NeoLife Distributors may give access passwords to prospective customers for trial access only in personal contact circumstances.

Regulatory

25. NeoLife Distributors shall not offer payment of fees in any form (including bonuses, referral fees or rebates) for the recruitment or solicitation of Distributors or for the entry of Distributors into the NeoLife Business.

26. NeoLife Distributor Web Sites shall not require any purchase by applicants. Unaltered NeoLife International "Distributor Kits" may be promoted as a reasonable business beginning.

27. NeoLife Distributor Web Sites shall contain only information which is truthful and not misleading.

28. NeoLife Distributor Web Sites shall not publish unauthorised health claims. NeoLife dietary supplements shall not be represented to diagnose, mitigate, treat, cure, relieve or prevent any disease, ailment or physical condition. NeoLife dietary supplements shall be promoted solely for nutritional and dietary purposes, and not for medical purposes. NeoLife dietary supplements are foods, not drugs.

29. NeoLife Distributor Web Sites displaying statements of nutritional support should prominently display in bold type for each such statement, the following: "These products/ medicines have not been evaluated by the Medicine Control Council. These products/ medicines are not intended to diagnose, treat, cure or prevent any disease."

30. NeoLife Distributor Web Sites, which publish recommendations of product use must display only those recommendations, which are consistent with instructions indicated on the labels of NeoLife products.

Review

31. NeoLife International reserves the right to review NeoLife Distributor Internet business practices and Web Sites, and to take action necessary to support this Policy.

D. Products

1. THE NEOLIFE GUARANTEE

NeoLife products are simply the best products available anywhere. NeoLife is dedicated to producing the best products on the market today. Each is developed to the highest quality standards. NeoLife combines the latest product science and technology with the highest quality ingredients to produce products that are superior in every way. NeoLife offers a consumer guarantee, no questions asked. If you find any product to be defective or below the standards expected, return it to NeoLife for exchange or full refund. As a Distributor you should offer your customers a choice of replacement without charge, full credit toward the purchase of another NeoLife product, or a refund of the full purchase price.

If you receive a product back from the customer, just return the unused portion to NeoLife, with your name, address, ID number, a copy of the retail sales receipt and an explanation as to why it was returned. We will ship you a replacement of the same product.

The NeoLife guarantee is a serious expression of product confidence existing between the customer, Distributor and company. As in any mutual agreement involving financial considerations, each party accepts certain responsibilities and is expected to live up to them in good faith. The guarantee does not apply to damage caused by accident, misuse, abuse or alteration. The product must have been used from the original container and according to label directions.

2. EXCHANGE OF PRODUCT/INVENTORY IMBALANCE

It is not the policy of NeoLife to sell large quantities of product directly to new Distributors before they have demonstrated an ability to sell it successfully. Exchanges are unnecessary if this policy is followed. Within a 90 day period after signing a Distributor Agreement, the Sponsor should, if requested, buy back or exchange any product that his/her Distributor cannot sell, if the product is in a saleable condition.

Because commissions and bonuses have been paid on the product, it is company policy that such requests be forwarded to the appropriate Sponsor or upline Director. Product sent to an upline Director or Sponsor for exchange must be sent freight prepaid by the person requesting the transaction. In addition, to offset expenses incurred by the Sponsor, it is fair and right that a handling charge equal to 10% of the BV value for cases and 15% for singles of the returned or

exchanged product be charged to the Distributor requesting the exchange. Here are the procedures for Sponsors to follow:

- a) Determine that the product is saleable.
- b) Determine that the product has not exceeded the one-year guarantee date.
- c) The Sponsor should make the exchange from product on hand.

3. REPURCHASE POLICY

When NeoLife created the Repurchase Policy, it was with the intent that it be used only as a means of repurchasing product from a Distributor who wishes to terminate his/her business relationship with the company. This policy should never be used as a “no-risk” enticement for bringing a new Distributor into the NeoLife Business.

In the event that an active NeoLife Distributor wishes to terminate his/her business relationship with the company the following guidelines apply:

- The terminating Distributor may return all unopened product which they have purchased from their upline Sponsor or directly from the company to NeoLife for repurchase. Only products that are received back within one (1) year from date of purchase in marketable condition will be considered repurchasable by NeoLife. This product will be repurchased at 90% of the price originally paid by the terminating Distributor, less all bonuses, commissions, rebates, awards and overrides received on that inventory by the terminating Distributor. Verifiable proof of purchase or product date codes on labels will be used to determine if products qualify for repurchase.
- In addition, all bonuses, commissions, rebates, awards and overrides paid to upline Distributors as a result of the original sale will be recovered from the upline Distributors whenever a product repurchase takes place within their sales organisation.
- Finally, all qualifications awarded as a result of the original purchase will be revoked.

4. LOANS

Distributors should make all product purchases from the company or their Sponsors only. Product may only be borrowed or loaned in the vertical sponsorship line. Repayment must be made in products. Product may not be loaned or borrowed outside the vertical sponsorship line. To sell product wholesale or receive cash from a Distributor not personally sponsored

violates these Policies and Procedures and is not permissible. The only exception to the above would be as specified in a written agreement between the concerned parties.

5. PRODUCTS AND THEIR INTENDED USES

Each NeoLife product is formulated and designed to provide superior performance and benefit when used in the recommended manner. In order to build Distributor knowledge and support successful product sales, such uses are described in official company printed materials including product labels, the Distributor Product Catalogue, brochures, flyers and periodical publications.

Though many NeoLife products may prove beneficial in applications other than those on the label or in printed materials, no NeoLife product should be used in a manner other than expressly described on the current product label or in current official company printed material for that product in that country.

Because NeoLife products are designed and formulated to support a healthy lifestyle they provide important benefits to the user. However, no NeoLife product is intended to cure or treat any disease or condition, except those intended uses contained on the current product label or in current official company printed materials for that specific product.

By acquiring knowledge associated with NeoLife products you may become looked upon as an authority figure. It is important to remember, however, that no NeoLife Distributor who is not a licensed health care practitioner is authorised to diagnose illness or prescribe treatment.

6. REPACKAGING NEO LIFE PRODUCTS

Under no conditions may a NeoLife Distributor repackage NeoLife products. The labeling laws of state and federal agencies expressly forbid this. The NeoLife guarantee and product liability insurance are voided if repackaging occurs; as an independent Distributor, you are then left unprotected.

7. LITERATURE CHANGES

As a word of caution, literature containing any kind of price information should be ordered with discretion.

Due to the rapidly changing nature of the personal care, home care and nutrition industries, NeoLife literature is often updated to reflect the "state-of-the-science," as well as current legislative requirements. However, there is no provision for the exchange of literature and existing literature may be used up. We recommend that you cease distributing any literature or audiovisual sales aid that is more than three years old and is no longer currently published by the NeoLife company. Watch your Distributor newsletter for notification of changes in literature and introductions of new sales tools.

8. EXCLUSIVE NEO LIFE SALES

The intention of this policy is to protect the integrity of the sales team of NeoLife Distributors from other NeoLife Distributors soliciting them to sell non-NeoLife products.

NeoLife Distributors sell and promote only NeoLife goods and opportunities. More success can be generated through concentrating one's effort, resources, education, etc. on the NeoLife product line rather than diversifying.

9. UNFAIR COMPETITIVE PRACTICES

a) No NeoLife Distributor, or his/her spouse, or any other person assisting or participating in a NeoLife Distributorship, may solicit, invite, encourage or otherwise attempt to induce any other NeoLife Distributor, to join any other direct selling company or to purchase or sell goods and/or services other than NeoLife goods and services.

b) The solicitation of a NeoLife Distributor by another NeoLife Distributor, to engage in any direct selling business other than NeoLife is strictly prohibited as an unfair competitive practice which will immediately jeopardise all Marketing Plan compensation and recognition related to leadership of the offender's Distributor sales organisation and may result in further disciplinary action.

c) For the purpose of this Policy, the attempted sale, and/or actual sale of non-NeoLife goods to other NeoLife Distributors, as well as the solicitation of NeoLife Distributors to participate in a non-NeoLife direct selling business, is prohibited whether said acts are done directly by a NeoLife Distributor, or through another person or Distributor.

d) NeoLife Distributors may engage in non-NeoLife Business activity, but they are prohibited from taking advantage of their knowledge of, or association with, other NeoLife Distributors, to promote their non-NeoLife Business. The exploitation of information regarding NeoLife International and its Distributors would constitute an unwarranted and unreasonable interference with the business of the company and of other NeoLife Distributors.

e) Husbands and wives are considered to be joint operators of their NeoLife Distributorship as a single entity, regardless of whether both names appear on the Distributor Agreement. Each spouse is held accountable for compliance with the NeoLife Policies and Procedures and the NeoLife Code of Conduct.

f) NeoLife Distributors shall not promote, discuss or offer any organisations, individuals or company other than NeoLife International, in the same forum with NeoLife business of any sort. While conducting any NeoLife Business activity, Distributors shall not provide any

materials which promote any non-NeoLife Organisation, Business or Opportunity including social, political and religious association or materials which imply that there is an association between NeoLife and any other association or company.

g) NeoLife Distributor meetings shall not be used as a forum to promote personal philosophies and beliefs or for any non-NeoLife promotional purpose.

h) The commission of an unfair competitive practice against NeoLife demonstrates disloyalty to NeoLife, a violation of the NeoLife Policies and Procedures, a violation of the NeoLife Code of Conduct and a general repudiation of the NeoLife Distributor Agreement which may result in disciplinary action including the cancellation of NeoLife Distributor status.

E. Policies and Procedures Enforcement

1. INTRODUCTION

The NeoLife International Policies and Procedures and Code of Conduct have been developed for the support of all NeoLife Distributors. These important regulations are an integral part of the agreement which controls the relationship among Distributors with NeoLife International. The agreement between the parties demands that the highest ethical standards must be observed in the conduct of a NeoLife Distributorship.

Violations of the NeoLife Distributor Agreement, the NeoLife Policies and Procedures and the NeoLife Code of Conduct may result in disciplinary action including, but not limited to the following:

A. Censure

1. Suspension of buying Privileges.
2. Suspension of Sponsorship Privileges.
3. Suspension of all NeoLife Compensation Plan Bonuses.
4. Suspension of all NeoLife Sales Plan Incentives and participation in NeoLife contests.
5. Suspension of recognition titles, awards and participation.
6. Suspension of right to attend company events even if the Distributor is otherwise qualified to attend the event.

B. Cancellation

1. Permanent cancellation of all NeoLife Distributor status and privileges without compensation.

2. COMPLAINT PROCESS

a) When an apparent transgression comes to the attention of a Sponsoring Director, an informal discussion should take place with the offending Distributor in an attempt to correct the transgression as easily and promptly as possible. The offending Distributor should be advised by his/her Sponsoring Director regarding the appropriate regulations of the company, and shown the sections of the Distributor Agreement, the NeoLife Policies and Procedures and/or the Code of Conduct which govern the conduct issue. The purpose and fairness of the regulation should be explained, and the offending Distributor should be requested to correct his/her conduct to conform to the regulation.

b) The Sponsoring Director is responsible for bringing sponsored Distributors into compliance with the regulations. A failure to meet this responsibility may result in the loss of sponsoring privileges.

c) In instances where an offending Distributor fails to correct his/her conduct, the Distributor who has identified the offending conduct, as well as the Sponsoring Director of the offending Distributor, must promptly report the alleged violation to NeoLife International in writing.

3. ENFORCEMENT WITHOUT COMPLAINT:

a) NeoLife International may initiate enforcement reviews, investigations and disciplinary action without formal complaint from a Distributor.

4. ENFORCEMENT PROCESS:

a) NeoLife International shall investigate all allegations of inappropriate conduct and all reported violations of the Distributor Agreement, NeoLife Policies and Procedures and NeoLife Code of Conduct.

b) Distributors who are accused of inappropriate conduct and violations of the Distributor Agreement, NeoLife Policies and Procedures and NeoLife Code of Conduct shall be afforded the opportunity to present evidence and argument in writing in support of their position.

c) NeoLife International shall administer all disciplinary action which it deems appropriate.

d) NeoLife International shall advise the offending Distributor and all other NeoLife Distributors who are affected by the subject disciplinary action of the specific violations, corrective action required and penalties involved.

5. DISCIPLINARY ACTION:

a) NeoLife International may administer disciplinary action in response to violations of the Distributor Agreement, NeoLife Policies and Procedures and the NeoLife Code of Conduct.

This disciplinary action may include Distributor retraining, Censure and Distributorship Cancellation.

b) Distributor retraining may be accomplished through mandatory attendance at training sessions conducted by a Sponsor or by NeoLife International corporate representatives.

c) Distributor Censure may include any, or all of the measures mentioned in paragraph 1 A.

d) Distributor Cancellation entails the final termination of all membership rights and the right to operate a NeoLife Distributorship. This includes the cancellation of all participation in the NeoLife Compensation Plan. A Cancelled Distributor has no further right to receive any further income from the Distributorship whether accruing before or after the cancellation.

e) NeoLife International shall provide written notice to any Distributor who is the subject of disciplinary action in the enforcement process. The justification for the disciplinary action taken shall be clearly identified, and the effective date of the action shall be stated.

f) Upon cancellation of a Distributorship for any reason, the cancelled Distributor shall have no claim against NeoLife International, its officers, employees, directors or representatives as a result of the cancellation.

6. APPEAL PROCESS:

a) A disciplined Distributor shall have the right to appeal a Censure or a Cancellation enforcement action. All appeals must be filed in writing with NeoLife International within 15 days of receiving notice of the Censure or Cancellation.

b) Appeal applications will be reviewed promptly by NeoLife International. Appeal applicants will be advised regarding the disposition of their appeals within 30 days.



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