

Distributor Business Support Materials Guidelines

This document is a short summary that outlines important aspects pertaining to the production of distributor business support materials. This is by no means a comprehensive list, and all distributors are, therefore, encouraged to review Chapter 3 and Addendum B of the company Policies & Procedures for more details.

GENERAL RULES

- 1) Only Blue Diamond level distributors who have entered into a license agreement with the company have the right to produce business support materials.
- 2) Business support materials that are produced by Blue Diamonds must comply with Company Policies & Procedures regarding content, type, distribution, etc.. For example, the Company Policies & Procedures prohibit distributors from creating flyers intended for mass distribution on car windshields or doorknobs.
- 3) The Company Policies and Procedures require all Nu Skin distributors to “operate (their) Distributorship honestly.” In creating any kind of business support material, distributors should first ask: “is it honest, truthful and not misleading?” Obviously, anything that is false or misleading will not be approved by the company.
- 4) All materials must be representative of Nu Skin’s culture and values.
- 5) Business Support Materials are defined as any electronic, printed, audio or video presentation or other material used in the offer or sale of Products, recruitment of prospective Distributors or training of Distributors, which makes reference to the Company, its Products, the Sales Compensation Plan or its trade names.

OPPORTUNITY CLAIMS

EARNINGS

Here are the basic questions you must ask about each earning claim to be used in the business support materials:

1. Does it misrepresent, in any manner, the past, current or future NSE earnings of a distributor?
2. Does it represent, in any manner, whether by a hypothetical example or otherwise, that the potential NSE earnings of a distributor will be in excess of the average earnings of a distributor for that same period?

If the answer to the first of these questions is yes, then the claim cannot be made. If the answer to the second question is yes, then the claim may be used (so long as it isn’t egregiously misleading), but if used, it must be accompanied by an appropriate earnings disclaimer so that any person looking at the claim knows that it does not represent the earnings of a typical distributor.

Below are some earnings issues that frequently come up:

- 1) Statements indicating that certain methods or programs are guaranteed to create a successful business are not permitted. Any language representing the business opportunity as a get rich quick scheme is prohibited. Also, the company prohibits any images that tend to present the opportunity as a get rich quick scheme (piles of money, photos of boats, cars, planes, etc.).
- 2) Avoid making income claims that are implied. For Example: If, instead of saying that a distributor earned a million dollars last year, there is a mention of the distributor’s second home in Hawaii, this is considered an implied income claim, and such claims are subject to the rules discussed in this section.
- 3) Distributors cannot claim that any certain number of distributors have become “millionaires” through Nu Skin. Distributors may say that a number of people (and this number will change from time to time, so the correct number should be used) have earned a million dollars over the course of their careers with Nu Skin. Nu Skin may allow the use of the term “million dollar career earners” or “Million Dollar Circle members”. However, if the latter is used, then a Million Dollar Circle disclaimer must be used.

ORGANIZATION

Distributors may not, in any way, present the business as a pyramid scheme. There are several key factors to keep in mind when creating business support materials to help avoid such misrepresentations.

- 1) Any scheme whereby Distributors are compensated for sponsoring new distributors (rather than for selling products) is a pyramid scheme. All business support materials must make it clear that distributors are not compensated for sponsoring;

they are only compensated for sales (including those made by their downline). The importance of retailing products to customers should be added to any business support materials that discuss the opportunity and duplication models.

- 2) Any material which states or implies that building a downline organization is easy is prohibited. Distributors should avoid the use of phrases like “passive income” or “residual income”. Building a large, successful organization takes time, commitment and hard work. Business support materials should make this fact clear instead of hiding it. Distributors can say the opportunity is “simple” but not “easy”.
- 3) Business support materials must show a balance between recruiting and retailing and emphasize that the purpose of recruiting is to build a retail organization. Any language downplaying the importance of actually retailing products must be avoided. Nu Skin will deny the use of material that only discusses recruiting and not retailing products.
- 4) Any materials discussing duplication models must include (within the duplication model presented) the integral element of training downline distributors to identify retail customers and sell them products and to train those they recruit to do the same. Any duplication model that does not provide a balanced emphasis on this step along with other steps to be duplicated will not be approved for use in training or business support materials.
- 5) Illustrations that show a person’s downline organization as a pyramid are prohibited. Nu Skin will not allow illustrations that show the structure of an organization without including customers in that structure. The illustration itself should not extend more than two (2) levels deep.

OTHER KINDS OF OPPORTUNITY CLAIMS

- 1) Whenever information about pin levels is used, the company requires that the “Pin Level Disclaimer” be included in the piece as a footnote.
- 2) On occasion distributor business support materials are designed to guide new distributors towards purchasing expensive product packages. There is nothing wrong with selling such packages (unless they are so large that a distributor is unlikely to legitimately sell or consume all the products), however, distributors should not promote these packages as the only way to do the business or state that they will not work with the distributor if they do not purchase a significant amount of products or materials. Packages should only be promoted as one of several alternatives to becoming involved in the business. Whenever such packages are promoted business support materials must have the “No Purchase Necessary” disclaimer as a footnote. Distributors are discouraged from emphasizing the purchase of significant marketing or training materials packages. If such materials are sold, the distributor must mirror the company’s refund policies when they sell those materials and must carefully review all restrictions on the production and sale of such material.
- 3) The Nu Skin Business opportunity cannot be called a franchise.

PRODUCT CLAIMS

Product claims are claims regarding the performance, benefits, efficacy or safety of any product. Because the company is constantly developing new products, Distributors will need to continually educate themselves on the claims that have been approved for each new product. The approved claims can be found on each product’s Product Information Page (PIP) at nuskin.com or in other material that has been approved by the company for use in the country where the business support materials will be used. Any claim on a PIP has been legally and scientifically approved, and any claim not on a PIP should not be used.

- 1) Business support materials cannot mention the name of any university in connection with a product (Stanford or Purdue for example) even if we have a contract with that university and they have done research for us. They do not allow such references and deem them unapproved and unlawful endorsement claims.
- 2) Nu Skin products do not “remove” “reduce” or “eliminate” wrinkles, and the Galvanic Spa is not a “wrinkle iron”. Such wording is not approved for use in business support materials. All of Nu Skin’s personal care products are cosmetics that are made for beautification and improvement of appearance. Some of Nu Skin’s products “reduce the appearance” or “diminish the appearance” of fine lines and wrinkles.
- 3) Business support materials may state that Nu Skin products may help provide a more youthful appearance. Business support materials cannot, however, state or imply that any product can make a person younger or make them live longer. They may live

better longer, or maintain their health, but materials cannot promise they will increase their overall lifespan. Nu Skin products do not address any disease or health conditions, including any skincare conditions that should be addressed by a physician.

- 4) The only before and after photos that can be used in business support materials are the ones that have been officially approved by Nu Skin. Approved photos may only be used for the products they were originally approved for. Before and after photos should be used only if the following information is included in their presentation: (See also B/A guidelines)
 - Products used
 - Period of use
 - If the pictures are of a distributor or employee, then the fact that they are a distributor or employee should be included.
- 5) When making a “structure/function” claim, the claim must be accompanied by the following disclaimer: “These statements have not been evaluated by the U.S. Food and Drug Administration, This product is not intended to diagnose, treat, cure, or prevent any disease.” A “structure/function” claim is any claim that describes the role of a nutrient or dietary ingredient intended to promote or maintain normal structure or function in humans, for example, “promotes healthy prostate function.” They are not pre-approved by the FDA and must be truthful and not misleading and supported by competent and reliable scientific substantiation. Distributors should only use material found in Nu Skin’s product information pages.
- 6) Distributors may not say that our products treat or diagnose any disease or condition. Pharmanex dietary supplements are not medicine. A distributor may not prescribe them for specific ailments. Pharmanex supplements support optimal health but they cannot cure anything. This must always be clear. Distributors should not give information or advice on safety or interactions with any prescription medication. If such questions arise, they should direct the person to their physician.
- 7) Business support materials should not compare the products to surgical procedures like botox injections, collagen fillers, micro dermabrasion, laser resurfacing or the like. Nu Skin products are not an alternative or substitute for cosmetic or medical procedures performed by a professional.
- 8) Claims that any product is approved by the FDA or any other government agency are false and strictly prohibited.

MISCELLANEOUS INFORMATION

- 1) Frequently distributor business support materials are created using the intellectual property of third parties (usually trademarks or copyrighted material) such as music, videos or images from the Internet. Such use of intellectual property must be removed unless the distributor has obtained a license to use the intellectual property from the party that owns it and can show written documentation of that license for use. If such permission is documented, a copy of the documentation must be provided to the company. Without proof of permission to use intellectual property of others it will generally assumed that permission has not been obtained and the material will not be approved. Distributors are not allowed to use Nu Skin trademarks either, unless they have entered into a trademark license agreement with the company ([see BDLA – Blue Diamond Licensing Agreement](#)).
- 2) Business support materials cannot contain unfair comparisons or disparaging remarks about other specific companies in our industry or companies in the personal care or dietary supplement industry selling similar products, their marketing or compensation plans, or their products.
- 3) Many corporate business support materials contain general information about the company (how many scientists we employ, annual revenue, number of countries where we operate). Any such factual information about the company should be correct and up to date when used in business support materials ([see list of general claims](#)).
- 4) Nourish the Children (NTC) is NOT a charity, it is a for profit initiative of Nu Skin, a for profit corporation. Business support materials that discuss NTC may not present it as a charity or seek contributions to NTC. Any discussion of NTC must be clear about the fact that distributors earn commissions on sales of VitaMeal and that the company also profits from VitaMeal sales. It is appropriate to point out the humanitarian nature of NTC, its matching donations program and to discuss its relationship with various charities (like Feed the Children). Corporate materials describing the NTC initiative and the relationship with charities are good templates for these statements ([see NTC guidelines](#)).
- 5) Distributor produced material may not state that it has been approved by Nu Skin or its legal department. Rather, the materials are “registered” by Nu Skin and have been produced by an independent distributor.