

# **POLICIES AND PROCEDURES MANUAL**

## **CODE OF ETHICS**

Natura, Inc. has made a commitment to provide products of the finest quality backed with impeccable service. In turn, the company expects Independent Natura, Inc. Distributors to reflect that image in their relationships with Consumers and other Distributors.

As an Independent Distributor you are generally free to operate your business as you see fit but is to our mutual, long-term advantage if you accord to the highest standards of integrity and fair practice in your role as a Natura, Inc. Distributor. The Code of Ethics, therefore, states:

As an Independent Natura, Inc. Distributor:

- I will conduct my business in an honest, ethical manner at all times.
- I will make no representations about the benefits and savings associated with Natura, Inc. products or services other than those contained in officially-approved corporate literature and videos.
- I will provide support and encouragement to my customers to ensure that their experiences with Natura, Inc. is a successful one. I understand that it is important to provide follow-up service and support to my downline.
- I will motivate and actively work with members of my downline organization to help them build their Natura, Inc. business.

- I will refrain from exaggerating my personal income or the income potential in general and will stress to Distributor candidates the level of effort required to succeed in the business.
- I will not abuse the goodwill of my association with Natura, Inc. to further and promote other business interests (particularly those which may be competitive to Natura, Inc.) without the prior written consent of Natura, Inc.
- I will not make disparaging remarks about other products, services, Distributors, or companies; likewise, I will not willfully denigrate the activities or personalities of fellow Natura, Inc. Distributors.
- I will abide by all of the Policies and Procedures of Natura, Inc. as included herein, or as may be amended from time to time.

## **POLICIES AND PROCEDURES**

### **1 DISTRIBUTOR REQUIREMENTS**

In order to become a Distributor the applicant must be the age of majority in the state in which he/she resides. To become a Distributor an applicant must complete an official Natura, Inc. Application and Agreement on which is recorded his/her social security number. That Application and Agreement must be accepted by the company at its home office and notice of its acceptance received by the applicant.

For corporations registering as a Natura, Inc. Distributor the Federal Employer's Identification Number (FEIN) shall be included on their application. Natura, Inc. reserves the right to accept or reject anyone as a Distributor.

Husband and wife may each have their own Distributor membership, however, under no circumstances may husband and wife be sponsored in different organizational lines. Either the husband or the wife must be the sponsor of the other. Any attempt at dual-line sponsoring will be terminated by the company.

## **2 PARTNERSHIP OR CORPORATION REQUIREMENTS**

A partnership or corporation may hold a Distributor membership upon completion of the Distributor application form, and providing on that form in the appropriate space, a Federal tax ID number. However, an individual may not participate in more than one (1) Distributor membership of any kind. A Distributor may change status under the same sponsor from individual to partnership or corporation, or from partnership to corporation with proper and complete documentation.

The person signing the application on behalf of a partnership or corporation must have the authority of the partnership or corporation for entering into the transaction. In addition, by signing for a partnership or corporation, you certify that no person with an interest of debt or equity in the business has had an interest in a Distributor membership in Natura, Inc. within six (6) months of the date of signature.

### **3 SPONSORSHIP**

All Distributors have the right to sponsor others anywhere within the United States, or other nations as they may from time to time be opened by Natura, Inc., bearing in mind the need for personal contact. Note, however, that Natura, Inc. Distributors are free to retail product anywhere in the world, as long as said sale does not violate the laws and regulations of the country in which the product is sold. Every person has the ultimate right to choose his/her own sponsor when they initially sign-up as a Distributor with Natura, Inc..

If two Distributors should claim to be the sponsors of the same new Distributor, Natura, Inc. shall acknowledge the first application received at corporate headquarters.

As a general rule, it is good practice to regard the first Distributor who meaningfully worked with a prospective Distributor or Customer as having first claim to sponsorship. Basic tenets of common sense and consideration should govern. Cross-sponsorship and cross-recruiting are strictly prohibited with the Natura, Inc. organization. This means that a distributor may not solicit, interfere with, or otherwise circumvent the sponsor/downline relationship of any distributor that they did not personally sponsor into any other program, or entice same to move their business activity to anyplace outside of their originally sponsored position.

In regard to any dispute, the company reserves the right to make the final decision.

## **4 SPONSOR RESPONSIBILITIES**

Any Distributor who sponsors other Distributors must fulfill the obligation of performing a bona fide supervisory and training function on behalf of those sponsored.

Distributors must have ongoing contact, communications, and management supervision with their sales organization. Examples of such supervision may include, but are not limited to the following: newsletters, written correspondence, personal meetings, telephone contact, training sessions, accompanying individuals to corporate events, or sharing genealogy information with those sponsored.

## **5 NETWORKING COOPERATION**

It is strongly recommended that Distributors belonging to different networks cooperate with each other for mutual success. There are many benefits which can be accrued from such cooperation.

## **6 TRANSFERS OF SPONSORSHIP**

Natura, Inc. prohibits the transferring from one sponsorship to another. The integrity of the entire network organization is based on the strength of the structure with the network. Allowing for transfers from one sponsor to another can only lead to strife and disaster.

The only way that a Distributor will be allowed to transfer sponsorship lines is by written resignation to the company, at which time the Distributor may rejoin the network in six (6) months under a new sponsor. It is important to note, however, that the Distributor will not be allowed to transfer their downline or qualified position with them.

## **7 DEATH OF DISTRIBUTOR**

Upon the death of a Distributor his/her rights to commissions and marketing position, together with the Distributor membership duties and responsibilities, shall pass to the successors in interest upon written notice to Natura, Inc..

In order to protect the company from fraud, Natura, Inc. requires a certificate of death and certified copy of the will, trust or other device before giving effect to the transfer of the Distributor membership from the deceased Distributor to the named transferee. The successor Distributor shall be required to execute a new Natura, Inc. application.

## **8 SALE OF DISTRIBUTOR MEMBERSHIP**

As Independent Distributors you are free to sell or assign your Distributor membership for the going market price. However, in order to protect the integrity of Natura, Inc., any such sales agreements or transfers of interest must be approved by Natura, Inc. for substance and form prior to sale. There will be a nominal fee for this review process of \$45.00 per sales transaction.

Natura, Inc. reserves the right to accept or reject the sales agreement and transfer based on the qualifications of the purchasers, any misrepresentations by the seller, or other material issues involving the sale that may have detrimental results for Natura, Inc..

## **9 REPRESENTATIONS BY DISTRIBUTORS**

Distributors are independent contractors, fully responsible for their own business procedures and are not to be considered purchasers of a franchise or employees of Natura, Inc.. The agreement between Natura, Inc. and its Distributors do not create an employer/employee relationship, agency, partnership or joint venture between Natura, Inc. and the Distributors.

Distributors must not represent themselves in any way, orally or in writing, as being an agent or employee of the company. Distributors have no authority to bind Natura, Inc. to any obligation. Each Distributor shall hold Natura, Inc. harmless for any claims, damages or liabilities arising out of the Distributors own business practice. Natura, Inc. will take aggressive action to insure that Distributors that violate this policy will be terminated and reported to the proper authorities.

Distributors are responsible for any expenses which result from their business operations, including, but not limited to, advertising, taxes, fees, legal costs and telephone expenses. Natura, Inc. does not accept collect telephone calls.

The Distributor may not use the company name on any written forms or documents (e.g. stationery, bank accounts, business signs) without stating "Independent Distributor" and prior approval by the company.

## **10 DISTRIBUTOR KIT/MATERIAL**

Distributors are required to purchase a Distributor Kit at the time of submission of their Distributor Application and Agreement to Natura, Inc.. The kit purchase is at Natura cost and only one kit will be allowed per person. This sum is not a service or franchising fee but rather is strictly to offset costs incurred by Natura, Inc. in the production and dis-

tribution of the materials needed for an Independent Distributor of Natura, Inc..

No additional product purchase is ever required to be a Distributor of Natura, Inc.. No commissions will be paid on the purchase of the Distributor kit or business materials or sales aids.

## **11 RETAIL SALES**

Personal service and retail sales to the customer are the foundation of Natura, Inc.. The entire commission structure is based upon volume of retail sales by the individual Distributor as well as their entire organization. It shall be required that 50% of all sales by Distributor are to the ultimate end user consumer whom is not a member of the Natura Distributor network.

Natura, Inc. products or services may only be sold by registered Distributors. Distributors may sell only to retail customers for their personal use, not for resale to other consumers. Resale items will be sold to the Distributor by the company.

Natura products may not be sold by distributors at any price below the price at which it is sold by Natura to the Distributor. There is no other pricing restriction placed on the distributor. This restriction is necessary to prevent “dumping” of product, and purchasing of products for qualification purposes only. It is further necessary to protect the integrity of the products and the organization.

## **12 RETAIL SALES IN STORES OR OTHER OUTLETS**

To ensure that each Distributor has a fair and equal opportunity, and to encourage ongoing personal support, it is strictly forbidden for Natura, Inc. products to be sold in any retail outlet, without prior written consent of Natura, Inc.. Such sale will not be discouraged by Natura, Inc., the reason for the notification and consent of the company is to protect the integrity of the distributor base. Literature, may however, be displayed referring the consumer to an Independent Distributor.

Natura products may not be sold by Distributors through on-line auction sites.

## **13 INDEPENDENT DISTRIBUTOR ETHICS**

Natura, Inc. will not permit activity that is obviously unethical or unprofessional. Even though the line between aggressive professional marketing efforts and unethical behavior and harassment can be vague, Natura, Inc. will intercede when such behavior is evident, and reserves the right to use its sole judgment in deciding whether certain Distributor activities are inappropriate and, if determined to be so, to act accordingly.

## **14 REFUND POLICY**

Natura, Inc. will refund any dissatisfied purchaser of a Distributor kit one-hundred-percent (100%) for a period of seventy-two (72) hours from the date of receipt of the kit. Payment will be made upon return of

the kit. After the expiration of the 72 hours there will be no refund. Weekends and Holidays will not count in calculation of the 72-hour period.

Natura, Inc. will refund any dissatisfied purchaser of any Natura, Inc. product one-hundred-percent (100%) for a period of 30 days from the date of receipt of the product, excluding shipping charges. Payment will be made upon return of the product in resalable condition. After the expiration of the 30-day period there will be no refund. Weekends and Holidays will not count in the calculation of the 30-day period.

Natura, Inc. will replace at no cost items which may have been damaged in shipping or are otherwise defective. Notice of damaged shipments must be given to Natura, Inc. within seven (7) days of receipt to qualify for replacement. In the event that the damage is not immediately evident and is discovered at a subsequent date, notice must be given to Natura, Inc., and any replacement will be discretionary yet liberal.

Any other refund may be made within the sole discretion of the company.

## **15 SEVENTY PERCENT (70%) RULE**

Natura, Inc. will strictly adhere to the policy that prior to honoring an order for product by a Distributor, the Distributor must certify that he/she has sold at retail at least 70% of all prior inventory purchased. A Distributor will be allowed by Natura, Inc. to purchase a reasonable amount of product for personal use and enjoyment as well as to be used as sales samples. Such reasonable amount of product will not exceed \$2,000.00 without proof that the Distributor has sold 70% of their present inventory.

The company will monitor compliance with this rule, and any fraudulent information supplied by the Distributor will be grounds for termination of the Distributor membership of the violating party. For this reason it is important that the Distributor keep accurate sales records.

It is company policy to strictly prohibit the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions or advancement within the compensation plan. All such forms of frontloading or stockpiling are strictly prohibited.

## **16 SALES TAX**

All Natura, Inc. products are subject to the sales tax in the state, county, or city that levies such a tax and in which a sale occurs. This tax is calculated on the retail value of the purchase. Unless the Distributor has filed a tax resale number with Natura, Inc., Natura, Inc. will collect the appropriate tax.

## **17 INDIVIDUAL TAXES**

Each Distributor shall comply with all state and local taxes and regulations governing the sale of Natura, Inc. products. Additionally, each Distributor is required to provide on their Distributor application form either their Social Security number or Federal tax ID number. As the Distributor is a self-employed contractor, Natura, Inc. does not deduct any personal taxes from commission checks.

At the end of the calendar year, Natura, Inc. is obligated by law to provide the Independent Distributor and the Internal Revenue Service

with a form 1099 reporting the Distributors annual income from Natura, Inc.. This is required for any Distributor with earnings in excess of \$600.00 for the calendar year.

## **18 PROPRIETY NATURE OF DOWNLINE REPORTS**

The company may from time to time supply data processing information and reports to Natura, Inc. Distributors concerning their downline organizations. The Distributor agrees that such information is proprietary and confidential to both the company and the individual Distributor and is transmitted to the Distributor in confidence.

The Distributor agrees that he/she will not disclose such information to any third party directly or indirectly, nor use the information to compete with the company directly or indirectly.

The Distributor and the company agree that, but for this agreement of confidentiality and nondisclosure, the company would not provide the above confidential information to the Distributor.

## **19 AMENDMENTS**

Natura, Inc. expressly reserves the right to alter or amend wholesale prices, product availability and/or formulation, policies and procedures, and compensation plan.

Such amendments are automatically incorporated as part of the agreement between Natura, Inc. and the Distributor when published in official company literature.

## **20 PRODUCT AND INCOME CLAIMS**

Natura, Inc. Distributors agree to make no false or fraudulent representations about the company, its products, services, the compensation plan or earnings potential.

The Distributor must not make any claims for Natura, Inc. products which are not supported by facts contained in official company literature.

## **21 ANNUAL RENEWAL FEE**

Independent Distributors are required to renew their agreements on the anniversary of the date they became Independent Distributors. The annual renewal fee is to be \$\_\_.00. Renewal forms will be distributed by Natura, Inc. two months prior to the anniversary date of the individual Distributors. Failure to return the renewal fee and agreement by the anniversary date will be construed as a resignation and all agreements between the company and the Distributor will be considered null and void.

## **22 DISTRIBUTOR CHANGE OF ADDRESS**

Independent Distributors must report any change of address by sending written notice to Natura, Inc. office.

## **23 RESIGNATION OF A DISTRIBUTOR**

A Distributor has the right to terminate their agreement at any time and for any reason without reason without penalty by giving seven (7) days written notice to the company at its principal place of business.

At the end of the seven (7) day notice period, all rights to commissions, position, and wholesale purchases cease, and the Distributor is no longer entitled to advertise, sell, or promote Natura, Inc. products. The former Distributors downline shall be transferred to his/her sponsor.

The resigning Distributor is not eligible to be sponsored into Natura, Inc. again for a period of six (6) months following the date of termination.

## **24 TERMINATION BY INACTIVITY**

After six (6) months of consecutive inactivity, a Distributor will be deleted from the commission structure. The deleted Distributor will, however, be eligible for immediate sponsorship.

## **25 TERMINATION OF DISTRIBUTOR MEMBERSHIP**

The company reserves the right to terminate any Distributor membership at any time, or suspend said Distributor for a probationary period, when it is determined that the Distributor has violated the provisions of the Distributor Agreement, including the provisions of these

Policies and Procedures as they now exist or may be amended, or the provisions of applicable laws and standards of fair dealing.

Upon such a termination, the company shall notify the Distributor by certified mail at the latest address listed with the company.

The terminated Distributor agrees to immediately cease representing himself/herself as a Distributor, and will not be allowed to ever return to the position of Distributor with Natura, Inc.. Where applicable state law on termination of a Distributor is inconsistent with company policy, such state law termination procedures shall be in force.

If the Distributor wishes to appeal the termination, Natura, Inc. must receive the appeal, in writing, within fifteen (15) days from the date of mailing of the company's termination letter. If the appeal is not received within the 15-day period, the termination will be automatically deemed final. If the Distributor files a timely appeal of termination, Natura, Inc. will review and reconsider the termination, consider any other appropriate action and notify the Distributor of its decision. The decision of the company will be final and subject to no further review.

In the event that the termination is not rescinded, the termination will be effective as of the date of the company's original termination notice.

Upon termination of a Distributor membership, all rights to commissions, position, and wholesale purchase rights cease. The terminated Distributor's organization shall be transferred to his/her sponsor. The terminated Distributor will not be eligible for future sponsorship.

## **26 DISTRIBUTOR ADVERTISING**

Because Independent Distributors are independent contractors they may promote their business in any legal and ethical manner, and may advertise without company approval, provided that they do not use the corporate name, logo or trademarks.

Any advertisement which utilizes the company name, logo or trademarks must be approved by the company prior to any advertisement. The ad must also state that the individual placing the ad is an “Independent Distributor”.

Independent Distributors are prohibited from answering the phone in any manner that would give callers reason to believe that they have reached the corporate offices of Natura, Inc..

The company strictly prohibits distributors from utilizing web sites to advertise or promote the products or opportunity, other than the official company sponsored and maintained web site.

## **27 DELIVERY AND PAYMENT METHODS**

Natura, Inc. will not ship orders on a C.O.D. basis. All orders must be prepaid with cashier’s check, money order, an approved Visa or MasterCard, or American Express Card or Discover Card.

Delivery will be within fourteen (14) days of receipt of order, unless some unforeseen event causes a delay in shipment.

## **28 WAIVER**

The company never gives up 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, unless an officer of the company who is authorized to bind the company in contracts or agreements specifies in writing that the company waives any of these provisions.

## **29 GOVERNING LAWS**

These rules are reasonably related to the laws of the State of California and shall be governed in all respects thereby. The parties agree that jurisdiction and venue shall lie with the place of acceptance of the Distributor application, which shall in all cases be the County of Los Angeles in the State of California.

## **30 INVALIDITY OF ANY PARAGRAPH**

Should any portion of these policies and procedures, of the Distributors Application and Agreement, or any other instruments referred to herein or issued by the company be declared invalid by a court of competent jurisdiction, the balance of such rules, applications, or instruments shall remain in full force and effect.

## **31 SANCTIONS AND ENFORCEMENT ACTION**

Sanctions will not be employed lightly, nor will the company be arbitrary or unfair in their use. It is important to remember, however,

that a Distributor who violates these policies and procedures jeopardizes the integrity and standing of all Distributors.

The company reserves the right to revoke the status of Distributors or place violators on probation for a period which may delay their eligibility for advancement in the marketing plan. It is for the benefit of everyone that every Distributor abides by the letter and spirit of these policies and procedures.

## **32 NOTICES TO NATURA, INC.**

Any notice to Natura, Inc. should be sent to the corporate office at

## **33 CHARGE BACKS**

If commissions have been paid to a distributor and subsequent returns on products occur which cause refunds to be issued to the purchaser, the commissions overpaid will be charged back against the distributors next check, or first check with available commissions to cover the refunds.

## **34 REFUNDS ON RESALE OF PRODUCTS BY DISTRIBUTORS**

Any distributor who resells product to the ultimate consumer is responsible for paying out any refunds based on returns. The distributor is expected to conduct their business in a manner consistent with the company Policies and Procedures, including strict adherence to the company

refund policy. Any violation of this policy will be immediate grounds for suspension or termination of distributorship rights

## **35 WELCOME TO NATURA, INC.!!!**

Natura, Inc. looks forward to a long and successful future with each and every one of you. Welcome to the team.