



## Summary of Amendment Regulations to the Australian Consumer Law

Nu Skin thanks its network of distributors who continue to promote the Company, the business opportunity and the products ethically and responsibly. Nu Skin has a good track record of compliance with local laws and regulations and we are always respectful of consumer rights.

The Australian Consumer Law (ACL) is a single consumer law largely modeled on the consumer protection provisions of the former Trade Practices Act and “best practice” under current State and Territory regulations that have been in place for over 30 years. The ACL retained and expanded upon existing State/Territory regulation of door-to-door selling and ‘non-store’ selling. The ACL has been created in order to protect consumers from unscrupulous practices. This type of regulation is not unique to Australia. Similar guidelines have been in place in countries like Malaysia, Indonesia, Korea and European Union countries for years. Direct Selling continues to thrive in these highly regulated markets.

The ACL commenced on 1<sup>st</sup> January 2011 (with point of sale requirements in effect since July 2011). We would like to make you aware of the relevant provisions of the ACL that will become fully effective on 1<sup>st</sup> January 2012 that regulate how you, as Nu Skin distributors may conduct your business, when approaching and selling to retail customers and Preferred Customers in an unsolicited manner. While the ACL may slightly change the way you approach retail customers or Preferred Customers, it should not affect your business in a big way as approximately 95% of our sales in Nu Skin Australia will not fall under the concept of an unsolicited consumer agreement.

Specifically, the “unsolicited consumer agreement” regulations may impact not only how you approach potential customers, but when you may approach them, when you may supply the goods purchased and when you may accept payment for the products. Therefore, when doing the Nu Skin business you will need to consider two critical questions:

- 1) Will your contact with or sale to a customer result in an unsolicited consumer agreement (‘UCA’)?  
If not, then the unsolicited selling provisions do not apply (see below for details).
- 2) If the sale IS unsolicited, is it regulated?  
If it is not regulated, then the unsolicited selling provisions do not apply. If it is regulated, then the transaction must comply with the ACL’s unsolicited selling provisions as outlined below.

### EXCEPTIONS TO THE ACL

The ACL regulations regarding unsolicited consumer agreements contain several exceptions that may make the law inapplicable to you. The unsolicited consumer agreement requirements do NOT apply to the following selling arrangements between you and a customer:

- the sale is made to a Distributor for the purpose of resale;
- all discussions preceding the sale take place wholly at Nu Skin’s corporate premises, at the Distributor’s business or trade premises [if the Distributor is making a retail sale] or online;
- your approach to the consumer resulted from an invitation from the consumer;
- the value of the single transaction is less than \$100;
- the sale of products is the result of a ‘party’ where you invited the customer to the party (there must be 3 or more invited people, however only 1 need attend) and you identified to the potential customer the purpose of the ‘party’. Please note that a ‘party’ can include any meeting, Business Opportunity Meeting (BOM) or an actual party plan event;
- your customer has enrolled in the Automatic Delivery Rewards (ADR) program and products are shipped monthly from Nu Skin directly to your customer;
- you have previously entered into an unsolicited consumer agreement with your customer and the products have been supplied, and within three months of the supply of the products, your customer orders more products of the same kind, and the total amount of all the additional products to be supplied is less than \$500.

## COMPLIANCE REQUIREMENTS FOR REGULATED UNSOLICITED CONSUMER AGREEMENTS

If your approach, sale or presentation does NOT fall within any of the exceptions described above, then the selling arrangement does constitute an unsolicited consumer agreement and you are subject to the following requirements:

- Required use of a Purchase Agreement, as provided by Nu Skin on our website. You must provide the customer with a completed copy of the Purchase Agreement (which has been signed by the customer) and keep an identical copy for your records. The customer may cancel the agreement either orally or in writing.
- Restricted calling hours
  - Unless consent has been given by the customer, you cannot telephone or visit a customer for the purposes of discussing the business opportunity or product sales on Sundays and public holidays or outside the hours of 9:00 AM and 6:00 PM on weekdays, and 9:00 AM and 5:00 PM on Saturdays.
- Disclosure requirements when you contact a customer ("Disclosure Requirements at Contact")
  - Prior to presenting the business opportunity or discussing the products, you must disclose to the person your identity, your address (a P.O. Box is not allowed), and the purpose of your contact, i.e., the Nu Skin opportunity and/or products; and
  - You must disclose that you are required to leave their premises or presence immediately upon request.
- You must leave the premises immediately upon request and not contact the potential customer to negotiate an unsolicited consumer agreement for at least 30 days after the request.
- Disclosure requirements before you execute an unsolicited consumer agreement ("Disclosure Requirements at Execution")
  - You must disclose information to the customer about the cooling off period (note that these details are included on the Purchase Agreement supplied by Nu Skin).
    - The customer has 10 business days to terminate the Purchase Agreement commencing from the first business day after the Purchase Agreement is signed or delivered to them.
    - The customer has three months to terminate the Purchase Agreement if you do not provide the Disclosure Requirements at Contact which are described above or if you call on a customer outside the permitted hours without their consent.
    - The customer has six months to terminate the Purchase Agreement if you do not provide the Disclosure Requirements at Execution described above or do not use the approved Purchase Agreement; if you accept or require payment during the 10 business day cooling-off period; or if you supply products during the 10 business day cooling-off period if the value of the Purchase Agreement is more than \$500.
- Prohibition on the supply of products or services valued at \$500 or more for 14 days (i.e. during the 10 business day cooling-off period).
- Prohibition on the acceptance of payment for products and services for 14 days (i.e. during the 10 business days cooling-off period).

There is no doubt that the ACL adds additional requirements to the way you do business if you do not fall within one of the exceptions outlined above. However, most of the new requirements are simply legislation by the Australian Government that parrots the current ethical and business practices of the Australian Direct Selling Association and by Nu Skin Policies and Procedures.

Thank you for your efforts to continue to promote your business ethically and with utmost integrity. Remember that this is a brief summary of the ACL. For more specific information and to read the Australian Consumer Law in full, please visit the following web site. <http://www.consumerlaw.gov.au/content/Content.aspx?doc=home.htm>