



AMWAY INDIA BUSINESS STARTER GUIDE



BUSINESS
STARTER
GUIDE
INDIA

AMWAY WORLD
HEADQUARTERS

www.amway.in



Founders Rich DeVos
and Jay Van Andel



Amway

FOUNDER'S FUNDAMENTALS

THE AMWAY STORY began with two friends who wanted a better life for their families and many families across the globe. Jay Van Andel and Rich DeVos built the business on the following principles, which they and their families believe constitute a sound foundation for a meaningful life:

FREEDOM

- ◆ Provides most conducive environment to live, work, achieve and grow
- ◆ Operate as independent business people
- ◆ Conduct a full-time or part-time business

FAMILY

- ◆ Our primary social structure provides values, framework for growth and ability to thrive
- ◆ Family-owned business, passed on to generations
- ◆ An attempt to strengthen family ties

HOPE

- ◆ Power to transform lives positively
- ◆ Opportunity to establish and run a business irrespective of social status, profession or educational background

REWARD

- ◆ Opportunity to develop your talents and abilities
- ◆ Hard work is followed by high rewards
- ◆ Tangible rewards include certain ranks: Platinum, Ruby, Emerald, Diamond, etc.
- ◆ Intangible rewards include personal growth, pride in accomplishment and positive relationships with the other Amway people.





Amway is led by Chairman Steve Van Andel [left] and President Doug DeVos. Both have served in leadership positions with key industry organisations



Message from the General Manager



I WELCOME YOU TO THE WONDERFUL WORLD OF AMWAY.

Amway is the world’s No. 1 direct selling business, according to the Direct Selling News Global 100*. Operating in more than 100 countries and territories, Amway manufactures and distributes more than 450 consumer products, which are supported by our team of more than 950 Amway scientists, engineers and technical professionals working across more than 75 R&D and quality assurance labs around the world.

Amway was founded in Ada, Michigan, USA, by two lifelong friends and business partners, Jay Van Andel and Rich DeVos. They started the business in 1959 out of the basements of their homes. Rich and Jay believed owning a business allowed people to have greater control of their lives and provide better for their families. So, they built the Amway business making it easier for other people to start and grow their own businesses. The founder’s entrepreneurial spirit continues to fuel Amway.

Amway has a strong belief in India and the future of the nation. That is why we have invested Rs 600 crore (\$100 million USD) in a new manufacturing facility in Tamil Nadu – to make high-quality, world-class products right here in India, for India. India is 4th country in the world where Amway has invested in a manufacturing facility.

We are proud that Amway India has established itself as India’s largest direct selling company. Amway India is currently amongst the top 10 markets for Amway globally but our target is to have India in the top 3 markets. We are confident that we can do this over the next 5 years.

Amway sells more than 130 world class products in India. We have a strong portfolio of brands. Nutrilite has a legacy of more than 80 years. In fact, Nutrilite is the world’s number one selling brand of vitamins and dietary supplements.* Artistry is ranked among the top-five, largest-selling premium skincare brands**

There is a huge potential for direct selling in India. This has been validated by various studies, including a FICCI-KPMG report which mentioned that the potential of direct selling in India is Rs. 64,500 crore by 2025.

We are trying to further promote the spirit of entrepreneurship that exists in India. There is virtually no capital required to be an Amway Direct Seller. We offer a money-back guarantee on our products for 100% satisfaction of use. There is no entry fee to join Amway’s business and Direct Sellers are free to exit any time. Amway Direct Seller sell high-quality nutrition, beauty and home products to consumers. The more products they sell, the more income they can earn.

I once again congratulate you for joining this unique business opportunity offering world-class products and reiterate our commitment to help you succeed as you work hard to build your business.

With Best Wishes

Anshu Budhraja

General Manager
Amway India Enterprises Pvt. Ltd.

*Published in the June 2016 edition of Direct Selling News, based on 2015 revenues

**Euromonitor International Limited. Euromonitor.com/amway-claims

BRANDS THAT DO WONDERS
OPPORTUNITIES THAT EMPOWER
RELATIONSHIPS THAT ENDURE
GLOBAL CONSCIOUS THAT IS PURPOSEFUL
IT ALL ADDS UP TO OUR STORY
THE STORY OF AMWAY



The Amway Story

A DISTINGUISHED LINEAGE

COMPANIES ACROSS THE WORLD, run on the twin rails of profit and growth. But some companies are driven differently. At Amway, our philosophy is defined by commitment, trust, enduring relationships, and the ideal of perfection above profit. From a humble beginning in 1959, Amway, the brainchild of co-founders Rich DeVos and Jay Van Andel, is now the world's No. 1 direct selling business.* Today, Amway is one of the largest privately held companies in the United States.

Amway operates across more than 100 countries and territories, through a sales-force of millions of Direct Sellers worldwide. More than 19,000 Amway employees across the world support Amway Direct Sellers in building their own businesses. Amway manufactures and distributes more than 450 consumer products, which are supported by a team of more than 950 Amway scientists, engineers and technical professionals working across more than 75 R&D and quality assurance labs around the world.

Amway is led by Chairman Steve Van Andel and President Doug DeVos. Both have served in leadership positions with key industry organisations, including the World Federation of Direct Selling Association (WFDSA) and the Direct Selling Education Foundation.

Doug is currently the chairman of the WFDSA and holds the responsibility of bringing together global companies, CEOs and management team to ensure the standards by which the industry operates are as high as possible. Steve is the former chairman of the U.S. Chamber of Commerce, having served two separate terms.

Conscious of its global responsibilities as a mature and reputed corporate citizen, Amway binds its Direct Sellers to operate their businesses in concert with the Rules of Conduct. The Code of Ethics and the Rules of Conduct defines best business practices mandatory for Direct Sellers. Amway's Code of Ethics and its Sales & Marketing Plan have set standards for the Direct Selling industry internationally. The company is also a long-standing, active member of the World Federation of Direct Selling Associations (WFDSA).

*Published in the June 2016 edition of Direct Selling News, based on 2015 revenues



Amway India

ESTABLISHED IN 1995, Amway India commenced commercial operations in May 1998 and has emerged as the largest Direct Selling FMCG Company. Amway's first manufacturing facility in India is located at Nilakottai in the Dindigul district of Tamil Nadu. This is Amway's third manufacturing plant located outside of USA. The other plants are located in China and Vietnam.

Amway has invested, directly or indirectly, in excess of INR 814 crore in India. This includes the 550 crore that the company has invested in setting up a manufacturing plant near Madurai, Tamil Nadu. Amway India has more than 750 full time employees and has generated indirect employment for over 2000 individuals.

Amway India has nation-wide presence with over 130 Sales offices; 4 regional mother warehouses, 3 regional hubs and 34 city warehouses. The distribution and home delivery network set up with the support of independent logistics partners caters to over 8900 zip codes across the country. Amway India is a member of leading industry organisations including FICCI, CII, AMCHAM, USIBC and IDSA.

Amway India sells more than 130 world class products across categories like Nutrition, Beauty, Personal Care and Home Care. All Amway products are supported by a money-back guarantee for 100% satisfaction of use. Any Amway Direct Seller or customer can return products within 30 days from the date of purchase. Amway products are popular, not just in India, but across the world. Nutrilite is the world's No. 1 selling vitamins and dietary supplements brand while Artistry is among the world's top five, largest selling, premium skincare brands.

(Source Euromonitor International Limited. www.euromonitor.com/amway-claims)

Amway India provides income-generating opportunity to over 550,000 active Amway Direct Sellers. Amway is in the business of direct selling, which means that the company sells through Direct Sellers who, a) make personal recommendations regarding the use of distinctive high quality Amway products; b) derive earnings from the sales volume generated by the team. It is free to join Amway business.

Amway India provides free training to all of its Direct Sellers. The company conducts over 18,000 training sessions during an average 12-month period which are attended by more than 800,000 Direct Sellers and prospects. Amway also offers a digital learning portal (E-learning) for Direct Sellers. The training support empowers and educates Direct Sellers about Amway product range which helps them advise customers and sell them appropriate products for their needs

Amway Direct Sellers follow a Code of Ethics and Rules of Conduct consistent with the World Federation of Direct Selling Associations (WFDSA), which defines the goals, principles and responsibilities in building and operating an Amway business.

AMWAY INDIA'S CSR PHILOSOPHY

Amway India's (Amway) CSR initiatives are based on the belief that social responsibility is much more than the incurrance of a cost or a resource or a charitable/ philanthropic act of social benefit. It is an opportunity to bring in social innovation and change. This belief is articulated in Amway's vision of helping people live better lives. When it comes to commitment to corporate citizenship, Amway India makes a serious and concentrated effort to reach out and help people improve their lives.

Amway is proud of its long record of environmental responsibility. The company has built its manufacturing plant in Tamil Nadu per the most stringent environmental and quality standards. It is a Zero Discharge Waste Facility and, will be, amongst the few LEED GOLD Standard manufacturing plants in the country.

DETAILS OF VARIOUS CSR PROJECTS

NATIONAL PROJECT FOR THE VISUALLY IMPAIRED
Amway, under the National Project for the Visually Impaired, has taken various initiatives to support the cause of visually impaired including:-

- Amway has supported more than 85,000 visually impaired children with Braille textbooks across 12 States.
- Amway has been providing computer training to the visually impaired since 2008, and has set up 15 computer centers across the country. A total of 1000 visually impaired individuals are being helped at the Amway supported computer centers.
- Amway has also set-up 2 audio libraries in Indore and Madurai; launched a travel and tourism course in Kolkata; set-up a BPO in Madurai, set-up a Braille Library in Bangalore; set-up music



academies for the visually impaired in Chandigarh, Raipur and Guwahati.

- Amway has supported the digitization of class XIIth educational material for National Institute of Open Schooling (NIOS), as well as select graduation and post-graduation educational material for Delhi University, Mumbai University and Hyderabad/EFLU University, which will help different abled especially visually impaired students across the country.
- Amway's commitment to educate the visually-impaired, led Amway to launch an Android-based application 'Accessible Reader', which leverages available text-to-speech engines and makes it convenient for the visually impaired to read digital documents.
- Amway has set up braille and audio libraries at 29 locations across the country to enhance knowledge and information levels of visually impaired individuals.

WATER CONSERVATION PROJECT

With an objective to improve the ground water level in the Dindigul district near Madurai, Amway has initiated a water conservation project in 7 villages which are in close proximity to Amway's plant site.

The project is expected to benefit over 1700 villagers based out of these 7 identified villages. Amway India has appointed an NGO - Centre for Improved Health and Environment Protection (CIRHEP) - which is working in the area of water conservation, for the implementation of this project.

VILLAGE HEALTH PROGRAM

With an objective to provide quality healthcare to the underprivileged, Amway has launched a village health program targeted at 26 villages in the Dindigul district near Madurai. Amway has appointed Meenakshi Mission Hospital as the implementation partner of this program. Under this program, Meenakshi Mission Hospital is conducting 12 camps every month, a total of 144 health camps till June 2017. The treatment includes general health check-up, select pathological tests and medicines at zero cost to the beneficiaries.

PROJECT SUNRISE

Under Project Sunrise, Amway supports less-privileged children in the area of education, health and hygiene by working with more than 15 NGOs across the country. Some of the key projects include:-

- A Computer training center for girl children in Bhubaneswar.





- A recreation center, health center and tailoring unit for girl children in Bhubaneswar
- Supporting a charitable hospital in Vrindavan to provide free consultation and medicine to the needy
- Setting up and supporting a physiotherapy center for the benefit of differently abled in Ludhiana and Raipur
- Computer training center at Channels of Love, Hubli and at Nesakkarengal, Salem
- Initiated a Remedial Education Program in Delhi, to support health & education of 300 underprivileged children associated with Khushii.
- Launched a school support programme for health and education of students of five government schools of Delhi.

CONTRIBUTIONS TO SUPPORT RELIEF WORK DURING NATURAL CALAMITIES

Amway contributed Rs 2 Crore towards Tamil Nadu Chief Minister's public relief fund to support the Tamil Nadu flood in the year 2015. Amway employees and Direct Sellers worked hand-in-hand to supply relief material to the affected during the Tamil Nadu flood.

Amway worked with grass-root level NGOs and provided shelters to 36 families affected during the 2013 Uttarkashi floods. Amway also contributed to construct 2 blocks of an orphanage that was badly ef-



ected during the Tsunami in Tamil Nadu. The company has also made contributions to support relief work during the Gujarat and Japan Earthquake.

AWARDS & RECOGNITION

- AICB – Millennium Service Award, 2000. Citation and Award from the World Blind Union (WBU). AOF was the first Indian NGO to be so recognized.
- Aaj Tak CARE Award for initiatives taken in the field of Education, 2010.
- Asia's Best CSR Practices Award for initiatives taken in the field of Education, 2012.
- Asian CSR Leadership Awards, 2012
- Global CSR Excellence & Leadership Award for initiatives taken in the field of Education, 2013.
- FICCI CSR Award, 2014.
- Pt.Madan Mohan Malaviya Award for Best CSR Practices in Education, by CSR Times, 2014.
- Pt.Madan Mohan Malaviya Award for Best CSR Practices in Education, for Project Sunrise, by CSR Times, 2015
- Asia Best CSR Practices Awards for Innovations, 2016.
- CSR Leadership Award, 2016.



AMWAY'S CSR INITIATIVES ARE BASED ON THE BELIEF THAT SOCIAL RESPONSIBILITY IS MUCH MORE THAN THE INCURRENCE OF A COST OR A RESOURCE OR A CHARITABLE/ PHILANTHROPIC ACT OF SOCIAL BENEFIT. IT IS AN OPPORTUNITY TO BRING IN SOCIAL INNOVATION AND CHANGE. THIS BELIEF IS ARTICULATED IN AMWAY'S VISION OF HELPING PEOPLE LIVE BETTER LIVES



Amway Business Opportunity

WELCOME TO A WONDERFUL CONCEPT at Amway which gives you the opportunity of conducting your own business. Simply put, at Amway, we offer a business method of moving products & services from manufacturers to consumers directly. It is a business offering income potential, flexibility, travel, power and prestige.

Globally Direct Selling is a US\$ 83 billion industry with more than 30 million sales people.



Success in Direct Selling is about a lot of people, each doing a little. Every person's effort combines together to create a gigantic momentum. And we at Amway have taken this momentum across the country and created hundreds of thousands of entrepreneurs. Success in Direct Selling is about "Selling Effectively" and then creating an "Effective Sales Team" if one chooses to. Every person's effort combines together to create a gigantic momentum. And we at Amway have taken this momentum across the country and created hundreds of thousands of entrepreneurs. In Amway you encourage people to become better than you. You give them all your creative ideas and hope they beat you to the top position - because everyone benefits from success. At Amway, you first learn how to be an effective sales person, an effective leader and thereby emerge as a effective Team Leader and then share your learning

and experience with your sales teams and help them be effective, give them all your creative ideas and encourage them to keep moving forward. The Amway Opportunity is not a job, it is your own personal business, to run as you like. And no matter when you join Amway, you start out as and will always be the head of your own group. You'll build your own sales team of Amway Direct Sellers. Each is their own boss, in their own right, as you are, and each has the opportunity to build their own sales groups under them.

Consider some of these benefits:

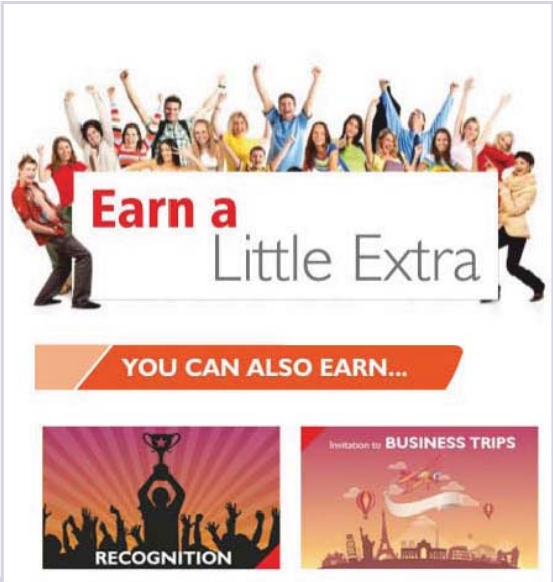
- A business which needs no basic qualification
- A business which has no Gender discrimination
- A business which has No start-up cost.
- A business that can be operated from the comfort of your home
- A business you can operate part time or full time
- A business with no employees & minimal overhead cost
- A business with national & international scope
- A business with no geographical boundaries
- A Business that has world class quality products that are backed by a 100% Satisfaction Guarantee.
- The possibility of financial security and freedom of time to enjoy life

Which other business offers this list of benefits? Apart from these benefits Amway offers comprehensive training & support. Amway offers you the opportunity to leverage your time by finding other people to work with you.

Amway Sales & Marketing Plan ASMP

THE CORE OF THE AMWAY SALES AND MARKETING PLAN'S income opportunity is retailing of quality Amway products by you to your customers. As your Amway business grows, the rewards you earn will grow in proportion and you can earn money in three ways:

- (a) **Retail Margin:** Retail margin is the difference between your selling price and your purchase price (DAP). As an Amway Direct Seller, you determine the price you charge (upto MRP), and when you sell products to customers above your DAP, you keep the retail margin.
- (b) **Trade Discount:** A Discount given to Amway Direct Sellers when they effect purchases of eligible products from Amway for retailing.
- (c) **Direct Seller Compensation Plan:** As explained in detail during the mandatory orientation module which you have gone through before you decided to start your own Amway Business, our Compensation Plan recognizes and rewards your hard work and achievements. Amway offers an attractive reward program. You generate points on products purchased to sell. Bonuses are based on the points generated by you through product sales, and the sales team that you build and also includes the points you generate through your personal purchases. There are various types of commissions that can be earned basis the Net Team Sales Turnover and the applicable sales commission slabs.

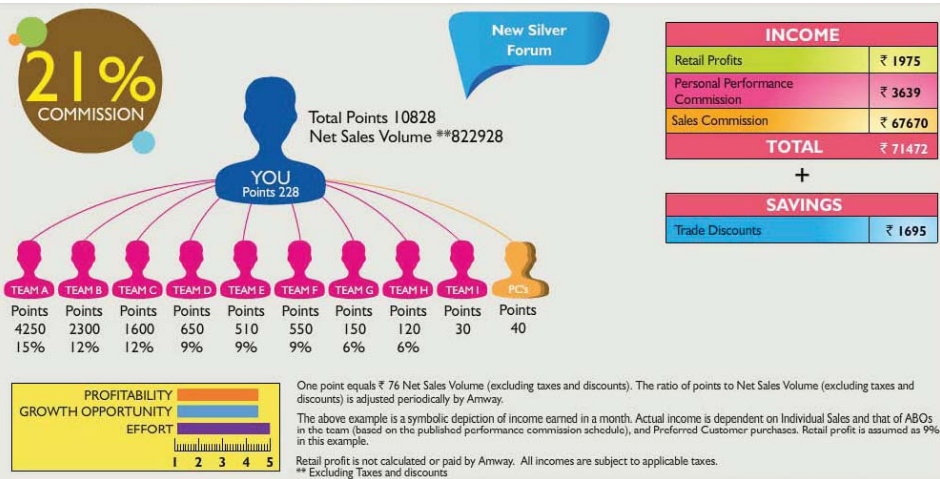
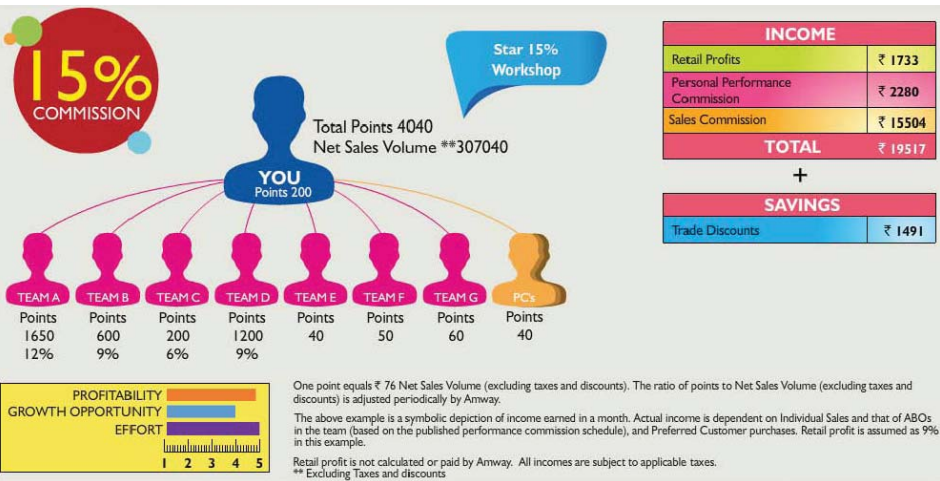
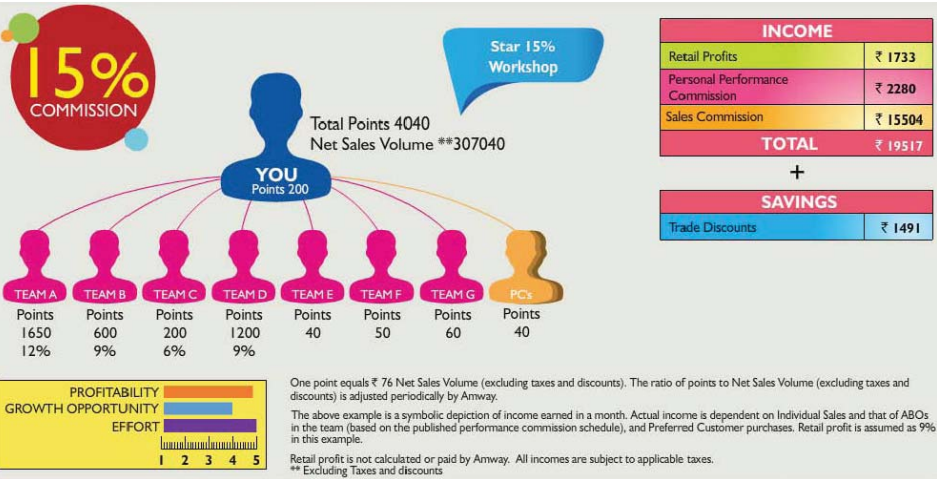
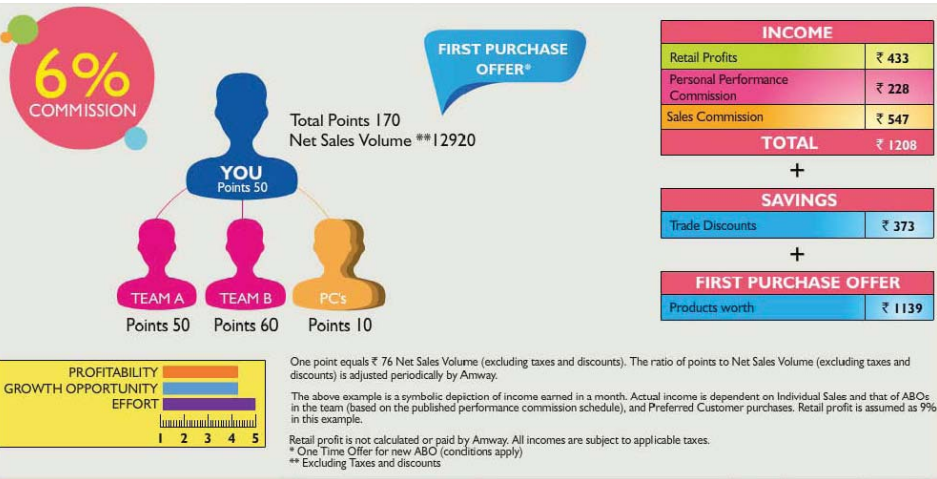


PERFORMANCE BONUS AND AWARD SCHEDULE ARE BASED ON RETAILING OF AMWAY PRODUCTS WHICH ARE AS UNDER:

MONTHLY NET TEAM SALES TURNOVER [IN RUPEES]	TEAM POINTS	SALES COMMISSION SLABS
7,600	100	6%
38,000	500	9%
1,14,000	1,500	12%
3,04,000	4,000	15%
5,32,000	7,000	18%
7,60,000	10,000	21%

*EXCLUDING TAXES & DISCOUNTS

CURRENT PV:BV RATIO IS 1 PV = 76 BV AND IS SUBJECT TO CHANGE.



Your Path to Success

As you grow your Amway business, you can attain higher achievement levels associated with greater rewards. Get there by helping the entrepreneurs in your team qualify too.

Achievement Level	Team Sales Turnover in Rs. (Less Taxes and Discounts)	Team Points	No. of 21% Sales Teams	Months
Silver Producer	7,60,000	10,000		1
Gold Producer	7,60,000	10,000		3
Platinum	7,60,000	10,000		6
Emerald	7,60,000	10,000	3	6
Diamond	7,60,000	10,000	6	6
Executive Diamond	7,60,000	10,000	9	6
Double Diamond	7,60,000	10,000	12	6
Triple Diamond	7,60,000	10,000	15	6
Crown	7,60,000	10,000	18	6
Crown Ambassador	7,60,000	10,000	20	6

* For details on achievement levels and commissions refer to Amway.

* When any of the achievement levels mentioned above is attained for 12 months in a performance year, it is called a founders qualification.



AMWAY'S ON-GOING COMMITMENT TO ASSURE THAT ALL PRODUCTS PRODUCED IN INDIA MEET ITS STRINGENT STANDARDS RESULTED IN THE CREATION OF AMWAY INDIA'S TECHNICAL CENTRE.

*SOURCE EUROMONITOR INTERNATIONAL LIMITED ; VITAMINS AND DIETARY SUPPLEMENTS, WORLD RETAIL VALUE RSP, 2010

IN EVERY PART OF INDIA where you find Amway, you would find milestones listing its success story. To be part of this success is to walk the path with us. Direct Sellers across the World are walking through this path and touching millions of lives by using Amway products as their building blocks. Backed by this confidence, Amway products come with a 100% satisfaction or money refund guarantee. Concentrated formulas enhance the efficiency of many Amway products which offer excellent value-for-money. They are also biodegradable, environment friendly and not tested on animals. So, come and experience the World of Amway through the extensive portfolio of its quality products.

HIGH QUALITY PRODUCTS

The company's Headquarters is located in Ada, Michigan, USA, where the complete manufacturing process of the majority of Amway products is controlled. Here Amway has invested in its own R&D centre with more than 500 scientists and 57 laboratories, 13 of which are specifically for quality assurance. Each Amway product is manufactured under the most stringent conditions, and quality testing is performed throughout the production process.

Amway's on-going commitment to assure that all products produced in India meet its stringent standards resulted in the creation of Amway India's Technical Centre. This Technical Centre will work closely with Amway's US technical resources to introduce and maintain product technology and quality.

RESEARCH + QUALITY = WORLD CLASS PRODUCTS

At present Amway India offers 130 products in 4 categories. They are Personal Care, Home Care, Nutrition & Wellness and Cosmetics. They carry a tamper proof seal & 100% Money Back Guarantee. Nutrilite is dedicated to optimising human nutrition through research, product



NUTRILITE®



NUTRILITE IS WORLD'S NO.1* SELLING VITAMINS & DIETARY SUPPLEMENTS BRAND.

World Class Products, Unmatched Quality



ARTISTRY IS AMONG THE WORLD'S TOP 5# LARGEST SELLING, PREMIUM SKINCARE BRANDS.

development & innovative organic farming methods. This interaction of the best of nature and the best of science is not only the foundation and future of the Nutrilite Brand, it is the key of realising the best of you.

Artistry is the complete range of skin care which has been created to make you and your customer look & feel the best possibly can. Artistry is also a complete business opportunity offering personal satisfaction & limitless potential to reward for your time & effort.

HIGH PERFORMANCE / HIGH VALUE

Concentrated formulas enhance the efficiency of many Amway products. Customers will find they can do more with less. Because they may be accustomed to using substantial quantities of their regular retail brand, changing usage habits may require some adjustment. But value and convenience are powerful persuaders.

A key feature of Amway products is their highly concentrated formulation which offers excellent value-for-money. Often just a fraction of Amway concentrate equals several times as much ordinary cleaner.



Concentration also increases versatility - you can adjust the dilution rate to suit the demands of the job.

ENVIRONMENT FRIENDLY PRODUCTS

Surfactant biodegradability of the products should be mentioned in every customer presentation. The surfactant used in Amway products are broken down by normal biological processes, which minimize their impact on the environment. Consumer awareness of environment issues is on the increase and your customers could feel good about the environment sensitivity practised by Amway.



Amway Learning Solutions

AMWAY INDIA PROVIDES free and unlimited training to all its Direct Sellers to help them grow their business and achieve their goals.

Training at Amway is aimed at:

- ♦ Enhancing the product knowledge of the Direct Sellers.
- ♦ Developing the selling skills to help them build their business more effectively.
- ♦ Empowering the successful Direct Sellers to effectively train other Direct Sellers in their groups.

Amway Training Ladder

LEVEL 1 BASIC PRODUCT RELATED TRAININGS.

LEVEL 2 SELLING SKILLS WORKSHOPS

LEVEL 3 CATEGORY RETAILING WORKSHOPS

In addition to this, the training is also imparted through Amway's website where the training modules on products detailing, their composition, features and benefits are available for the Amway Direct Sellers. The courses can be completed by Direct Sellers at their own pace. These programs are very useful for a new person who may need a lot of support and knowledge on products in the initial days of setting up a successful Amway business.

Amway India has certification programs and Forums for Amway Direct Sellers who achieve a significant level in their business. These programs are aimed to support them build a growing and sustainable Amway business.

PROVIDING GUIDANCE AT EVERY STEP

- Excellent customer care to answer all queries regarding product ordering, renewal, product information, etc.
- Incentive programs that reward business success.
- Free live and online training courses for sales and product knowledge.
- Leadership and business training.
- Training and support are also available from your sponsor.

ORDERING PRODUCTS

- You may personally visit the Amway Distribution Centre during working hours to procure the products.
- You may log on to our website www.amway.in or www.amway.in/m through your mobile phones and place orders online.
- Or simply contact at 080-3941-6600 to place home delivery orders.

For any consumer complaint please contact Amway Customer Care at 080-3941-6600 or care@amway.com

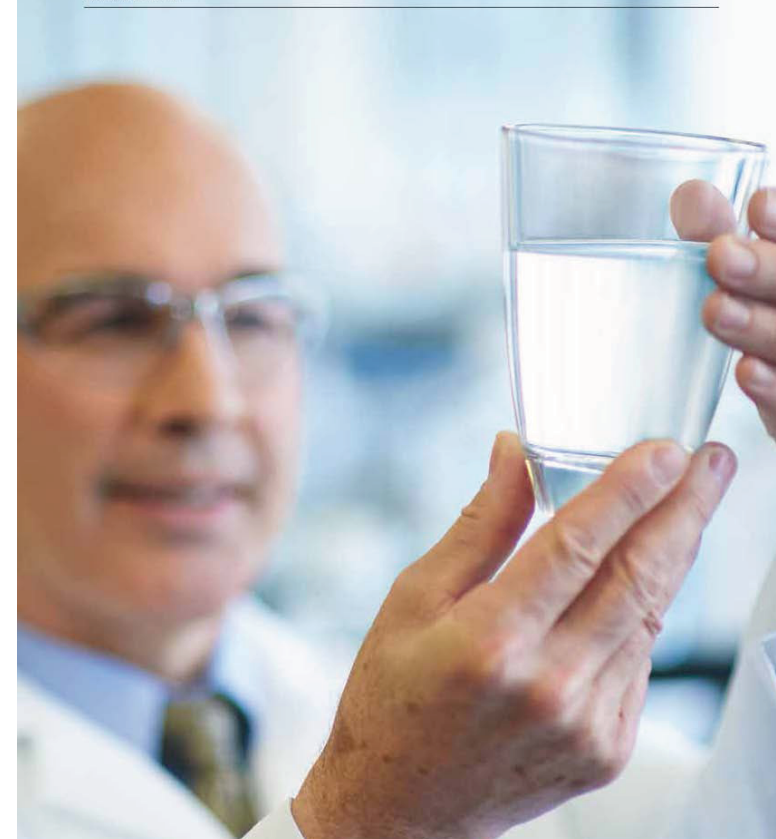
THE TRAINING IS ALSO IMPARTED THROUGH AMWAY'S WEBSITE WHERE THE TRAINING MODULES ON PRODUCTS DETAILING THEIR COMPOSITION, FEATURES AND BENEFITS ARE AVAILABLE FOR THE AMWAY BUSINESS OWNERS.

ADDITIONAL SUPPORT FOR YOUR BUSINESS
You may additionally, at no cost whatsoever, avail yourself of the Business Support Materials (BSM) developed by Amway India specially designed for you to help succeed in reaching your goals.

We advise you to refer to the Business Support Materials (BSM) developed by Amway India specially designed for you to help succeed in reaching your goals.

BSM may include:

- 1) Opportunity / Products CDs & DVDs
- 2) All Product Handbook
- 3) All Product Training Guide



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Code of Ethics of Amway Direct Sellers

As owner of my Amway Distributorship, I agree to conduct my Amway business according to the following ethical guidelines:

1. As a basic guideline in my activities as an Amway Direct Seller, I will endeavour to always treat others, as I would have them treat me.
2. I will respect and follow this Code of Ethics (hereinafter 'the Code') and the Rules of Conduct (hereinafter 'the Rules') as well as all applicable laws, rules and regulations observing not only "the letter" but also "the spirit" thereof.
3. I will present Amway Products and the Amway Sales and Marketing Plan to all prospective Direct Sellers in an accurate, fair, truthful and honest manner, and I will make sure to present only what is approved in official Amway publications.
4. I will be courteous and prompt in the handling of any and all claims for exchange and return and follow the procedures prescribed by Amway from time to time in its official publications.
5. I will conduct myself in such a manner as to reflect only the highest standards of integrity, frankness and responsibility because I recognise that my conduct as an Amway Direct Seller has far reaching effects.
6. I will accept and carry out the responsibilities of an Amway Direct Seller (and those of Sponsor and Platinum when I reach such level), as set forth in official Amway publications.
7. In my AMWAY product sales activities, and for the purposes of protecting the Amway Sales and Marketing Plan, I will use only Amway produced or Amway authorized publications.

Rules of Conduct

SECTION 1: INTRODUCTION

The Amway Rules of Conduct define and establish certain principles to be followed in the development and maintenance of an Amway Distributorship and the rights, duties, and responsibilities of each Amway Direct Seller.

The Rules are designed to preserve the benefits available to all the Direct Sellers under Amway Sales and Marketing Plan.

Amway and its Direct Sellers have a binding contractual relationship. The terms and conditions of this relationship are set forth in the Amway Direct Seller Application Form (SA-88-ID), Amway Business Starter Guide, which includes Amway Sales & Marketing Plan and Amway Rules of Conduct as amended by Amway from time-to-time. (Herein after referred to as the "Official Documents")

Amway may notify all such amendments to the Direct Sellers by publication on its website www.amway.in and other places where possible.

SECTION 2: DEFINITIONS

2.1 In these Rules unless the context otherwise require, the following words and phrases shall mean what is given below:

- 2.1.1 "Alticor Inc." means Alticor Inc., 7575 Fulton Street East, Ada, Michigan 49355, USA.
- 2.1.2 "Amway" means Amway India Enterprises Pvt. Ltd., a company registered under the Companies Act, 1956, having its registered office at Ground Floor, Elegance Tower, Plot No. 8, Non Hierarchical Commercial Centre, Jasola, New Delhi - 110 025.
- 2.1.3 "Amway Business" means the collective requirements, restrictions and opportunities associated with selling Amway Products and servicing Customers.
- 2.1.4 "Direct Seller or Distributor" shall mean a person appointed by Amway on a principal-to-principal basis through this Direct Seller Contract to undertake sale, distribution and marketing of Amway products and services and to register Preferred Customers within the pursuant to Section 3.
- 2.1.5 "Amway Business Starter Guide" means the literature providing information on the Amway Business, Code of Ethics for Amway Direct Sellers and the Rules of Conduct governing the Amway Direct Sellers.
- 2.1.6 "Amway Products" means all products and services, including literature, training and other support or auxiliary materials, made available by Amway to Direct Sellers and/or Preferred Customers.
- 2.1.7 "Amway Sales and Marketing Plan" means the plan detailing Amway India's performance incentive systems, sponsoring procedures

and guidelines, requirements, procedures and policies, regarding the presentation of Amway products, the Amway business and the management of an Amway organisation, as amended from time to time by Amway India, and which forms an integral part of the Direct Seller Contract. A brief description of the Amway Sales and Marketing Plan is included in the Amway Business Starter Guide.

- 2.1.8 "Direct Seller Contract" shall mean the agreement setting forth the rights and duties of a Direct Seller, which, in accordance with Section 3 below, is entered into through acceptance by Amway India of Direct Seller Application in Form SA-88-ID, inclusive of its terms and conditions and include the following:
 - a. The Direct Seller Application Form SA-88-ID;
 - b. The Terms and Conditions forming part of the Direct Seller Application;
 - c. The Amway Sales and Marketing Plan;
 - d. The Code of Ethics of Amway Direct Sellers;
 - e. The Rules of Conduct for Amway Direct Sellers;
 - f. The Amway Refund Policy; and
 - g. The Quality Assurance Standards; as amended from time to time. Amway may notify any such amendments on its website, www.amway.in.
- 2.1.9 "Training Provider" means a Direct Seller who meets the Qualification Criteria (as defined in the Business Support Material Policy Section 7.1.2), required to publish BSM to other Direct Sellers and/or Prospects, subject to the conditions set forth in the Rules, the BSM Policy and the Quality Assurance Standards.



- 2.1.10 **“Business Group”** refers to a Direct Seller and all his personally sponsored Direct Sellers, all those Direct Sellers sponsored by his personally sponsored Direct Sellers and so on down to and including those who have not sponsored anyone, but excluding any Platinums in the organisation under him or any Direct Sellers in the Business Group of such Platinums.
- 2.1.11 **“Business Support Materials”** (BSM) means all products and services (including but not limited to business aids, books, magazines, flip charts and other printed material, online literature, internet websites, audio, video or digital media, rallies, meetings and educational seminars (inclusive of tickets for the same), and other types of materials and services) that:
- (i) are designed to solicit and/or educate Prospects, prospective customers or Customers of Amway products or services, or to support, train, motivate and/or educate Direct Sellers;
 - (ii) incorporate or use one or more of Amway’s trademarks, service marks or copyrighted works; or
 - (iii) are otherwise offered with an explicit or implied sense of affiliation, connection or association with Amway.
- 2.1.12 **“Business Year”** means a period beginning from September 1 and ending on August 31 of the following calendar year.
- 2.1.13 **“Corporate Authorisation Form”** means the form required to be filled in by proprietorship concern, partnership or a company desiring to become a Direct Seller, which provide information about the business entity and the authorised signatories thereof.
- 2.1.14 **“Customer”** means a person, not being a Direct Seller or Preferred Customer, who is an end user of products and/or services offered through or by Amway.
- 2.1.15 **“Foster Sponsor”** means a Direct Seller who agrees to assist, train and motivate an Internationally Sponsored Direct Seller as a member of his Business Group (e.g. ‘A’ a Direct Seller of Amway Corporation in USA sponsors ‘B’ an Indian resident in India as a Direct Seller of Amway. ‘C’ another Amway Direct Seller in India agrees to be the ‘Foster Sponsor’ for ‘B’ in India).
- 2.1.16 **“Internationally Sponsored Distributor”** refers to any Direct Seller introduced to Amway by another Direct Seller who resides outside of India (International Direct Seller) , who is then sponsored into Amway and assigned to a Foster Sponsor in India.
- 2.1.17 **“Legal Entity Authorisation Form”** (LEAF) means the document that must, in addition to the Direct Seller Contract, be completed by a Direct Seller required to or electing to operate an Amway Business in the name of an applicable legal entity.
- 2.1.18 **“Line of Sponsorship”** (LOS) means the structural arrangement of Direct Sellers established by the contractual relationship that each Direct Seller has with Amway India.
- 2.1.19 **“LOS Information”** includes all information that discloses or relates to all or part of the Line of Sponsorship, including but not limited to Direct Seller numbers and other Direct Seller business identification data, Direct Seller personal contact information, Direct Seller business performance information, and all information generated or derived therefrom, in its past, present or future forms.
- 2.1.20 **“Market”** means the territory of India and such additional territories as may be added by Amway from time to time.

- 2.1.21 Reserved
- 2.1.22 **“Platinum”** means a Direct Seller who has achieved a certain level of business activity as defined by the Amway Sales and Marketing Plan, and who, consequently, becomes bound by the additional responsibilities, and eligible for the additional opportunities, detailed in the Service Addendum.
- 2.1.23 **“Preferred Customer”** means an end user of products and/or services offered through of by Amway whose Preferred Customer Application has been accepted by Amway, and who may accordingly purchase Amway Products according to the applicable terms and conditions.
- 2.1.24 **“Prospect”** means a potential Direct Seller.
- 2.1.25 **“Quality Assurance Standards”** (QAS) means the document published by Amway India which sets forth the requirements relating to BSM and may in part include their mandatory, permitted and prohibited content as well as the review and authorization process, as the same may be amended from time to time.
- 2.1.26 Reserved
- 2.1.27 **“Rules of Conduct”/ “Rules”** shall mean these Rules of Conduct for Direct Sellers which can be changed or modified by Amway from time to time, as provided in these Rules.
- 2.1.28 **“Servicing Direct Seller”** means the Direct Seller identified by or assigned to a Preferred Customer for the purpose of providing pre- and post-sale support.
- 2.1.29 **“Sponsor”** means a Direct Seller who, , is identified by an applicant for Amway Distributorship, and who in turn is assigned by Amway to support the requesting applicant if the same is accepted by Amway as a Direct Seller.

- 2.1.30 All the terms used in these Rules that are defined or explained in the Amway Sales and Marketing Plan shall have the same meaning as given in the Amway Sales and Marketing Plan.

2.2
Except when the content so requires, everything that is in the singular shall include the plural, and whatever refers to the masculine shall include the feminine.

2.3
The Amway Sales and Marketing Plan forms an integral part of the Direct Seller Contract.

SECTION 3: BECOMING A DIRECT SELLER

3.1 Application and Starter Guide:
In order to be considered for an Amway distributorship, an individual(s) must, in his/her/their own name(s) or on behalf of a legal entity, submit a signed, completed Direct Seller Application (in Form SA-88-ID), together with all required supporting documentation.
A distributorship may be taken up in individual capacity or as a sole proprietorship concern, partnership firm or company. Amway reserves the right to require that Applicants having Non-Resident Indian (NRI), Person of Indian Origin (PIO) or Overseas Citizen of India (OCI) status operate distributorships via certain types of legal entities.

3.2 Equal Opportunity:
The opportunity to become a Direct Seller is available to anyone regardless of race, sex, and religious or political beliefs.

3.3 Requirements:
Without limiting Amway’s rights, the following are requirements for becoming a Direct Seller or renewing an Amway Distributorship. A Direct Seller must:

- 3.3.1 be at least 18 years of age;
- 3.3.2 be a citizen and resident of India, or, if permitted by Amway, a Non-Resi-



- dent Indian (NRI), Person of Indian Origin (PIO) or Overseas Citizen of India (OCI);
- 3.3.3 not be unable to manage his or her business due to mental or legal reasons;
- 3.3.4 not have been suspended from his or her current profession or business by any professional association, society, or institution; and
- 3.3.5 not be in jail and/or confined to any correctional institution of any kind.
- 3.4 Acceptance or Rejection of Application:**
Amway reserves the right to accept or reject any application to be a Direct Seller without having to give any explanation whatsoever.
- 3.5 Effective Date and Authorisation for Ordering:**
An Application shall be considered accepted when Amway notifies the Direct Seller accordingly. The Direct Seller may retail Amway Products immediately after receipt of relevant notification by Amway, and completion of subsequent formalities, if any.
- 3.6 Prohibited Sponsoring Practices:**
No prospect, as a condition to becoming a new Direct Seller shall be required to, nor any currently authorised Direct Seller, as a condition to provide assistance to a prospect or new Direct Seller, in the development of their Amway Distributorship, require the prospect or such new Direct Seller to:
- 3.6.1 Pay any joining fee or purchase any specified amount of products.
- 3.6.2 Maintain a specified minimum inventory.
- 3.6.3 Purchase any Amway or non-Amway produced “product” or other “pack” or “Starter Guide”.
- 3.6.4 Purchase tapes, literature, audio-visual aids, or other materials or participate in any “tape of the month” or “tape of the week” programs.

- 3.6.5 Purchase tickets for and/or attend or participate in rallies, seminars, or other meetings.

3.7 Membership Period:
A Direct Seller shall continue to remain a Direct Seller for Amway unless the Direct Seller Contract is terminated by the Direct Seller or Amway in terms of Clause __ of the Terms and Conditions of Direct Seller Application Form SA-88-ID.

3.8 Reserved

3.9 Reserved

3.10 Reserved

3.11 Resignation:
A Direct Seller can cancel his Amway Business at any time in terms of Clause 9 of the Terms and Conditions of the Direct Seller Contract Form SA-88-ID by sending a letter to Amway.

3.12 Application by Former Direct Sellers:
A former Direct Seller can request to be authorised as a new Direct Seller in accordance with Rule 6.4.

3.13 Informal Partnerships:
In the case of an informal (unregistered) partnership, the Amway Distributorship shall be only under the names of the individual partners and not under a business name that the partnership might use for other transactions.

3.14 Legal Entity Distributorships:
A Direct Seller may own and operate his or her Distributorship as a sole proprietary concern or registered partnership firm or limited liability company (LLC), provided it complies with certain requirements and conditions.
Amway values its personal relationship with its Direct Sellers and would not ordinarily appoint a sole proprietary concern/partnership firm/limited liability company as a Direct Seller or approve of a transfer of an Amway Distributorship from one or more

individuals to any of the above. However, Amway recognises that certain advantages could accrue to a Distributorship which adopts a legal entity structure, including

- (a) Tax benefits and tax savings,
- (b) Perpetual existence and limited liability for a LLC
- (c) Estate planning, and
- (d) Ease of transfer.

On the other hand, the impersonal character of a legal entity Distributorship could result in unfavourable consequences to Amway unless certain conditions or restrictions are imposed. Accordingly, Amway will require such Distributorships to comply with the following:

- 3.14.1 The legal entity in addition to SA-88 must file with Amway a Corporate Authorisation Form, duly signed by its Sole Proprietor or Partner or Director as applicable.
- 3.14.2 All persons who actually conduct, or who intend to participate in the operation of the business of the Distributorship must comprise the majority of the partners in case of a partnership firm or in case of a company collectively own not less than a majority of the paid up equity share capital of the company and must constitute a majority of the Board of Directors of the company.
- 3.14.3 No change in the partners, in case of a partnership firm or in case of a company, no change in the number of shares issued, in the ownership of the shares or in the membership of the Board of Directors, may be made, and no agreement or arrangement affecting control of the company by the individuals conducting the Distributorship business may be adopted, without application to, and the prior written approval by, Amway.

- 3.14.4 All partners, shareholders and Directors shall personally and irrevocably guarantee due performance by the partnership firm / company of all of its obligations and responsibilities as a Direct Seller or as a Platinum, especially those outlined in the Code of Ethics and Rules of Conduct of Amway Direct Sellers as set forth from time to time in official Amway literature.
- 3.14.5 The sole business of the legal entity must be the operation of an Amway Distributorship. No other business may be conducted by such an entity.

3.15 Trust Distributorships:
An Amway Distributorship may be transferred to, and become part of the corpus of, either an inter vivos or a testamentary trust provided there has been compliance with certain requirements and conditions. In order to assure that the transfer of a Distributorship to a trust may not result in unfavourable consequences, Amway will require compliance with the following:

- 3.15.1 The creator of the trust must have been a duly qualified and authorised Direct Seller at the time (or, in the case of a deceased Direct Seller, immediately prior to the time) that the Distributorship is transferred to the trust.
- 3.15.2 Frequently the beneficiary of the trust will be the spouse, child, grandchild, parent, or sibling of the Amway Direct Seller, or deceased Direct Seller, whose Distributorship is to be transferred. However, the beneficiary of a trust may be any individual who is eligible to become an authorised Amway Direct Seller. A beneficiary cannot be a business entity, existing corporation, charitable organisation, non-profit organisation, a foundation, or any similar entity.



- 3.15.3 The trust instrument must not permit the beneficiaries to assign any beneficial interest in the trust.
- 3.15.4 The trustee (all co-trustees, if more than one) must sign and file an application and receive an Amway Direct Seller Authorisation.
- 3.15.5 An original signed (or certified) copy of the trust instrument must accompany the Application, and the trustee(s) must promptly file with Amway any amendments or any documents which may vary the terms of the trust.
- 3.15.6 All trustees must execute on its behalf an irrevocable guarantee that the trustee will perform all the obligations and responsibilities of a Direct Seller (or a Platinum), especially as outlined in the Code of Ethics and Rules of Conduct as set forth from time to time in official Amway literature.
- 3.15.7 The term of the trust shall not be perpetual and shall not continue beyond the date necessary to protect the interests of those trust beneficiaries who are unable to act for themselves legally, e.g., minor children or incompetent persons, or who, because of age or inexperience, require assistance in the conduct of business affairs.
- 3.15.8 The trust will conduct only the business of an Amway Distributorship and no other.

3.16

Invitations Limited to Two Persons:

Invitations for seminars, leadership seminars and other events organised by Amway will only be addressed to two individuals per Amway business who are registered with Amway. In case of a sole proprietary concern/partnership firm/limited liability company/trust, the authorised representatives indicated in the Corporate Authorisation Form will be the two individuals who will be eligible for such invitations.

3.17

Husband and Wife Distributorships:

If both husband and wife wish to become Direct Sellers, they must be sponsored together for a single Distributorship. Husbands and wives may not be sponsored in different Lines of Sponsorship. Husbands and wives may not sponsor each other. If one spouse is already a Direct Seller, the other spouse, upon electing to become a Direct Seller, must join the same Distributorship as his or her spouse.

- 3.17.1 A husband and wife shall operate their Distributorship as a single entity. Therefore, each is held accountable for the actions of the other so far as the Rules of Conduct are concerned regardless of whether a husband or wife is active in the distributorship or not.
- 3.17.2 If two Direct Sellers, each of whom owns and operates a Distributorship in different lines of sponsorship (neither of which is at Platinum level), get married to each other, one of these Direct Sellers must also elect to surrender (by sale, transfer, or abandonment) his or her Distributorship and join his or her spouse's Distributorship.
- 3.17.3 If either of a newly married couple has attained Platinum status as Amway Direct Seller at the time of their marriage, then the newly married couple may operate both Distributorships, each of which will, however, be operated in its original Line of Sponsorship. If the spouse surrendering a Distributorship does so by way of sale, such sale must be made in accordance with the provisions of Rule 6.6 of these Rules of Conduct. If the spouse surrendering a Distributorship does so by simple abandoning it, the sponsorship of the abandoned Distributorship shall pass up the Line of Sponsorship to the next Sponsorship.

SECTION 4: RESPONSIBILITIES OF DIRECT SELLERS

Direct Sellers are retailers of Amway Products, and must meet sales criteria set by Amway in order to retain their status as Direct Sellers. They must additionally complete required training in order to continue as Direct Sellers and be eligible to recommend new Direct Sellers to Amway.

4.1

Abide by the Rules/Direct Seller

Contract:

At all times, Direct Sellers must strictly adhere to the Rules of Conduct and to other documents that comprise the Direct Seller Contract.

Amway may from time to time amend the Rules of Conduct and any other document comprising the Direct Seller Contract through notice on its website, www.amway.in. If the Direct Seller does not agree to be bound by any amendment(s), he/she/they may terminate the Direct Seller Contract with immediate effect by giving a written notice to Amway. Otherwise, the Direct Seller's continued relationship with Amway constitutes an affirmative acknowledgment by the Direct Seller of the amendment(s), and his/her/their agreement to be bound there to.

4.2

Retail of Amway Products and the requirement to have Preferred Customers:

The Direct Seller agrees and undertakes that purchase of Amway Products shall be for the purpose of sale to Customers, and to retain and provide records of such sales to Amway in accordance with the Rules.

- 4.2.1 Each Direct Seller must, within 90 (ninety) days of becoming a Direct Seller, acquire at least three (3) Preferred Customers¹, each of whom places one or more orders for Amway Products. A Direct Seller who does not meet this requirement will be reclassified as a Preferred Customer effective as of 91 (ninety-one) days after the date of joining. In this case the Direct Seller Contract will terminate automatically without the

requirement for any notice by Amway, and the reclassified Preferred Customer must wait a minimum of six (6) months from the date of such reclassification to reapply to become a Direct Seller.

- 4.2.2 Any Direct Seller who has been reclassified as a Preferred Customer, whether pursuant to Rule 4.2.1 hereof or non-fulfilment of other applicable retail, training or additional requirements or on his/her/their own initiative, must wait a minimum of six (6) months from the date of such reclassification to reapply to become a Direct Seller.
- 4.2.3 Eligibility for a Sales Commission is based on a Direct Seller's demonstrated retail sales volume and contributions to retail sales by other Direct Sellers in his or her downline sales group. In order to earn a Sales Commission on downline volume during a given month, a Direct Seller must have at least three (3) Preferred Customers, each of whom places one or more orders for Amway Products in that month. If a Direct Seller does not meet this requirement in any month, the Sales Commission on downline volume will pass up and shall be paid to the next upline Direct Seller who meets this requirement. Upon request by Amway, a Direct Seller may additionally be required to provide a description of activities that contributed to the sales in the month for which a Sales Commission is claimed.

4.3

Retail Stores and E-commerce websites:

Amway does not permit Direct Sellers to display/sell its products/ literature through retail stores and e-commerce websites.

No Direct Seller shall sell or display or permit Amway Products or services to be sold or displayed in retail stores (this shall include non-Amway e-commerce websites), schools, fairs, ships or military stores; nor shall he or she permit any Amway product to appear in such locations even if the Amway product or services themselves are not for sale. No

¹ Inserted w.e.f. 01 November, 2015



Amway literature shall be displayed in retail establishments. A Direct Seller who works in or owns a retail store must operate his or her Amway business separate and apart from the retail store. Such Direct Sellers must secure customers and deliver products to them in the same manner as Amway Direct Sellers who have no connection with a store. Other types of retail establishments, which are not technically stores, such as barber shops, beauty shops, or professional offices, etc., likewise may not be used to display Amway Products, information about Amway services, or Amway literature. Further, Direct Sellers may not use mass communication methods such as television merchandising channels, computer networks, national or international advertising, etc., to secure Amway customers.

4.3.1 Exception to Rule 4.3 (Retail Store) for Beauty salons, health clubs, Doctor, clinic.

Display and sale of health, beauty and sport nutrition product are permitted in health and beauty establishment under the following conditions:

- 4.3.1.1 The primary focus of the business is service and retails sale of product is incidental to the service provided (e.g. Beauty salons, health clubs, Doctor's clinic)
- 4.3.1.2 Only Amway products directly related to the service provided by an establishment will be allowed. For example, a Beauty establishment could display, use and sell only attitude and Artistry range of products and related personal care products like shampoo and conditioner. A Health establishment i.e. Gym could only display, use and sell Nutrilite range of products."
- 4.3.1.3 An Direct Seller is the majority owner and operator of the establishment or the Direct Seller is the Manager/ Controller of the establishment and has an authorization in writing from the majority owner/ operator of the establishment for sale and display of Amway Products.

- 4.3.1.4 Display of the Amway products and/ or brochures is restricted to inside of the service establishment and should not be visible on the outer display visible to general public.

4.4 Truthful and Accurate:

In addition to the obligations of Direct Sellers provided in Clause 9 of the Terms and Conditions of Direct Seller Application Form SA-88-ID, No Direct Seller shall make any offer to sell any Amway product which is not accurate and truthful as to price, grade, quality, performance, and availability. Further, Direct Sellers cannot:

- 4.4.1 Make exaggerated product claims or non-guaranteed claims with regard to Amway Products or products distributed by Amway.
- 4.4.2 In any way whatsoever, represent incorrectly with regard to prices, quality, standards, grades, contents, style or model, place of origin or availability of Amway Products or products distributed by Amway.
- 4.4.3 State that Amway Products or products distributed by Amway back, approve, or present any features as regards yield, accessories, uses or benefits that they do not have.
- 4.4.4 In any way whatsoever act or present Amway, its products or the products Amway distributes in a fraudulent manner or promote products that do not belong to Amway as if they did or sell Amway products at a price below the purchase price.

4.5 No Repacking / Re labelling of Amway Products.

Direct Sellers shall not repackage, or otherwise change or alter any of the packaging labels of Amway Products.

4.6 Written Sales Receipt:

A Direct Seller shall deliver to the customer at the time of sale a written and dated order or receipt which shall:

- (a) Describe the product(s) sold,

- (b) State the price charged,
- (c) Give the name, ADA number, address, and telephone number of the selling Direct Seller,
- (d) Include Amway's Customer Product Refund Policy, and
- (e) Include Amway's Complaint Redressal mechanism.

4.7 Customer Product Refunds:

Direct Sellers shall advise Amway of any customer complaint and provide copies of all correspondence and details of all conversations regarding the complaint.

- 4.7.1 Direct Sellers are not authorised to make any type of offer or compromise or render Amway liable for any complaint or product return.
- 4.7.2 Whenever a customer requests Product Refund service within the stated period, the Direct Seller shall immediately offer the customer the choice of (a) refund of money paid as per Amway's then current product refund policy, (b) exchange for a like product, or (c) full credit for exchange with another item.
- 4.7.3 Direct Sellers hereby indemnify Amway for any losses, claim, legal actions, suit, etc. (including Amway legal fees) which are filed or which originate because of any failure by the Direct Seller to observe this rule.

4.8 Compliance with Applicable Laws, Regulations and Codes:

Direct Sellers shall comply with all laws, regulations and codes that apply to the operation of their Amway business wherever said Amway Business may be conducted within the Market, and they must not conduct any activity that could jeopardise the reputation of the Direct Seller and/or Amway. Applicable laws, regulations and codes vary from one country to the next, and from State to State in India, and over time, and Amway does not ensure or make representations with respect to the quantity or extent of ef-

fort or expense required to comply with such laws, regulations and/or codes.

4.9 Reserved

4.10 Unlawful Business Enterprises or Activities:

Direct Sellers shall not engage in any deceptive or unlawful trade practice as defined by any Central, State or local law or regulation. No Direct Seller shall operate any illegal or unlawful business enterprise, engage or participate in any illegal or unlawful business activity or be convicted of any illegal or unlawful activity. An illegal or unlawful enterprise or activity is one which is prohibited by central, state, or local law or regulation.

If an application for an Amway Distributorship is presented to Amway by a person who operates, or is engaging or participating in, any illegal or unlawful enterprise or activity, Amway may hold such application in abeyance and contact the applicant to determine whether he or she is so engaged and, if so, what his or her intentions are concerning such enterprise or activity. Refusal or failure on the part of the applicant to produce proof that he or she has terminated his or her relationship with such unlawful enterprise or activity shall disqualify him or her for such Distributorship, and his or her application shall be denied.

If, subsequent to approval of his initial application, an Amway Direct Seller is determined by Amway to be operating, or engaging or participating in, an illegal or unlawful enterprise or activity, and if, upon notification and request by Amway, such Direct Seller refuses or fails to terminate his or her relationship with such illegal or unlawful enterprise or activity, then Amway shall terminate such Distributorship, whereupon the Direct Seller shall lose all the rights and privileges of an Amway Direct Seller.

4.11 Professionalism:

An Amway Direct Seller shall at all times conduct himself or herself in a courteous and considerate manner and shall not engage in any high-pressure selling, but shall make a fair presentation of Amway Products and the Amway Sales and Marketing Plan including, when and where appropriate, demonstrations of such products. An Amway Direct Seller shall never impose



himself or herself upon his/her prospective customer and shall abide by the following:

1. He/She shall always take a prior permission or appointment before approaching a prospective customer and shall indicate the purpose of his or her visit and identify himself or herself as an Amway Direct Seller.
2. He/She shall provide the following information to the customer at the time of sale
 - His/ Her name, address and telephone number along with that of Amway.
 - He/ She shall at all times carry identity card provided by Amway along with any photo ID's issued by any Government agency.
 - He/ She shall fix time & place for inspection of the sample and delivery of goods, if customer so desires.
 - He/ She shall provide customer receipt with the description of the products to be supplied as per Rule 4.6.

If the customer indicates a desire to terminate the interview, the Amway Direct Seller shall immediately do so and shall leave the premises of the customer. The Amway Direct Seller at all times makes a fair presentation of Amway Products. The Amway Direct Seller will also direct his or her customer's attention to the use, direction and cautions, which may be included on the label for products.

4.12

Employment Relationship:

Amway Direct Sellers are independent Direct Sellers operating their own business and are not employees/agents of Amway or its affiliated companies.

No Direct Seller shall represent that he or she has any employment relationship with Amway or any of its affiliated companies and/or other Direct Sellers.

Direct Sellers shall not give a false representation as to the nature of the relationship between Amway and its Direct Sellers, or make any representation except

in accordance with the explanation given in the Amway Business Starter Guide or other Amway literature. A Direct Seller is required to indemnify Amway for the cost of any damage or prejudice stemming from such false representation, including any legal fees Amway may have incurred.

Amway Direct Sellers are independent Direct Sellers operating their own businesses. They shall not imply that they are employees of Amway, nor shall they refer to themselves as "agents," "managers," or "company representatives," nor shall they use such terminology or descriptive phrases on their stationery or other printed material. Further Direct Sellers shall not use the address of any Amway establishment, Amway intellectual property or misrepresent their association with Amway. (Sponsors are urged to preserve the independent contractor relationship between themselves and their Direct Sellers. If they permit an employer-employee relationship to develop, Sponsors may find themselves liable for the acts of and injuries to their sponsored Direct Sellers. Amway shall not permit any relationship between, or representations by, Direct Sellers which may impose employee liability on Amway).

Direct Sellers shall not use the Amway Direct Seller identification card to create the impression that there is a subordinate relationship with Amway. This identification card issued to a Direct Seller by Amway is to be used exclusively when the Direct Seller wants to purchase products from Amway and at the time of approaching customers for sale.

4.13

Franchises and Territories:

No Direct Seller shall represent to anyone that there are exclusive franchises or territories available under the Amway Sales and Marketing Plan.

No Direct Seller shall represent that he or she, or anyone else has the authority to grant, sell, assign, or transfer such franchises or to assign or designate territories. No Direct Seller or Sponsor may state or imply that he or she has a given territory, nor that any other Direct Seller is operating outside his territory.

Amway Direct Sellers have no territorial limits. They can operate anywhere within India.

4.14

Non-Amway Selling Activities:

An Amway Direct Seller can engage in other business/professional activity, but he/she must not use Amway Direct Sellers/ activities/events to promote his non Amway business/profession and must not hard sell the same on other Amway Direct Sellers.

No Amway Direct Seller who personally sells products other than Amway Products, who personally participates in any non-Amway selling activity and/or sells literature or sales aids not produced by Amway except those allowed under Section 7 of the Rules of Conduct or who sells services (e.g., tax services, insurance, investments, etc) will sell such products or services to another Amway Direct Seller or will induce another Amway Direct Seller to participate in any other non-Amway selling activity and/or to sell such products, literature, sales aids, or services to any Amway Direct Seller. Induce means to persuade (or attempt to persuade) another Direct Seller (either personally or through a third party) to sell any product or service whether or not this is done to obtain revenues or for any other reason.

4.14.1 This principle also applies to business aids developed privately by Direct Sellers in compliance with Section 7 of these Rules of Conduct.

4.14.2 Amway Direct Sellers may engage in selling activities related to non-Amway approved or non-Amway-produced products and services if they personally desire to do so, but they may not take advantage of an activity organised especially to promote Amway Products or Amway, or any other Direct Seller's efforts or resources, or of their knowledge of, or association with, other Amway Direct Sellers to promote and expand their non-Amway businesses. To do so constitutes an unwarranted and unreasonable interference in the business of other Amway Direct Sellers. This does not mean, however, that a Direct Seller regularly engaged in the operation of a petrol pump, repair garage, retail establishment, barber or beauty shop, or a professional service (law, medicine, dentistry, or accounting) may not serve clients or customers who

are Amway Direct Sellers and have sought them out, but it does mean that such Direct Seller may not actively solicit the patronage of other Amway Direct Sellers.

4.14.3 Amway reserves the right to terminate the remaining Direct Seller's authorisation as a Direct Seller in the event that one partner of husband-wife partnership elects to resign his or her authorisation as a Direct Seller and subsequently takes advantage of his or her knowledge of, or association with, other Amway Direct Sellers to promote and expand his or her non-Amway business.

4.15

Enticement to Change Lines of Sponsorship:

No Direct Seller shall, directly or indirectly, induce/entice other Amway Direct Sellers to change their Line of Sponsorship. E.g. Inducing an Amway Direct Seller to start a new business in their parents name under a different sponsor and then advising them to resign their existing Distributorship and build their parents Amway business without complying with 6 month inactivity rule.

Under no circumstances, direct or indirect, nor for purpose of helping another person, shall a Direct Seller solicit, interfere or attempt to induce another Direct Seller to leave his Line of Sponsorship or change his Line of Sponsorship.

4.16

Exporting Amway Products:

Amway Direct Sellers must sell Amway products and/or sponsor prospective Amway Direct Sellers within India only.

No Direct Seller may export, or knowingly sell to others who exports, Amway Products from India, or from any other country in which Amway has established operations, into any country regardless of whether or not Amway is doing business in that country.

For important legal reasons, including trade names and trademark protections; local laws on product registration, packaging, labelling, ingredient content and formulation, product liability; customs and tax laws; and literature content or language requirements. Amway must limit the resale of Amway Products by Direct Sellers to only other Direct Sellers or



retail customers located within country in which the Direct Seller legitimately buys the Amway Products and is authorised to do business. The term “products” includes, without limitation, all literature, sales aids, and any other items obtained by a Direct Seller from Amway or from his sponsor or Platinum.

4.17

Sound Business Practices:

An Amway Direct Seller must operate his or her Distributorship in a financially responsible, solvent, and businesslike manner. Direct Seller shall not permit a non - Direct Seller to build / promote his or her Amway business.

In signing a Direct Seller Application a Direct Seller undertakes to Amway that there is no legal bar or limitation on his or her ability to meet the legal obligations of an Amway Direct Seller, whether such obligations are to Amway itself, to customers, or to other Direct Sellers. If there is an obstacle or limitation, the Direct Seller must declare it. For example, if an undischarged bankrupt or an underage person applies for a Distributorship, Amway may reject the application or, if Amway discovers the disability, alter the Distributorship. If a Distributor or any member partner in his or her Distributorship files a petition in bankruptcy or has bankruptcy or winding-up proceedings commenced against him or her, or has any assets seized by Court order or taken in execution of an unsatisfied judgment debt, the Direct Seller must immediately inform Amway. In such cases, Amway reserves the right to terminate the Distributorship, or alter its terms of trading with the Direct Seller, or to negotiate with the trustee in bankruptcy or responsible court official concerning arrangements for the disposal of any products belonging to Amway which are in the possession of the Direct Seller.

4.18

Manipulation of Amway Sales and Marketing plan / Anti-Stacking:

No Direct Seller shall manipulate the Amway Sales and Marketing Plan or manipulate sales volume in any way which results in the payment of bonuses or other awards and recognition that have not been earned in accordance with the terms of the Sales and Marketing Plan and / or the business refer-

ence guide. In this regard, the strategic and artificial structuring of an Amway organization for the purpose of depth building by using the concept of “stacking” is considered to be manipulation and an unacceptable business practice. Stacking is a violation of this Rule. Amway in its sole discretion will determine what constitutes manipulation and / or stacking.

4.19

Reserved

4.20

Activity Outside India or Activity Outside The Market Where The Direct Seller is Registered:

Direct Sellers who engage, directly or indirectly, in any activity related to the Amway business in a jurisdiction outside of India must do so in a manner that complies with the letter and spirit of the applicable laws, regulations, rules, policies and procedures of the Amway affiliate in that jurisdiction, regardless of whether they are registered Direct Sellers in that Jurisdiction. Failure to do so shall be a breach of the Direct Seller Contract.

4.21

“Spamming”- Prohibits Direct Sellers from sending messages to persons whom they do not know.

Unsolicited e-mail messages:

No Direct Seller shall send, transmit or otherwise communicate any unsolicited e-mail messages to persons with whom the Direct Seller does not have a pre-existing personal or business relationship. (This includes, but is not limited to, sending e-mails through newsgroups, purchased mailing lists, “safe lists”, or other lists of individuals or entities with which the Direct Seller does not have a relationship).

4.21.1 Employment Postings: If a Direct Seller responds to an employment posting for someone seeking an employment opportunity, they shall clearly state within the first paragraph of the response that they are offering a business opportunity. Any materials used with a prospect must be approved by the Corporation in accordance with Rule 7 herein.

4.22

Privacy and Confidentiality:

All Direct Sellers are required to abide by the Corporation’s Privacy Policy with regard to Direct Seller, client and member information, and its Confidentiality Policy with regard to Direct Seller and business information.

4.23

Right to Audit

4.23.1 Amway reserves the right to audit all Direct Sellers to check compliance with Direct Seller obligations under the Direct Seller Contract from time to time with or without notice at Amway’s discretion.

4.23.2 All Direct Sellers who earn differential commission shall maintain a log book in the manner prescribed by Amway. In the event a Direct Seller earning differential commission is found to be in violation of this requirement on three occasions he/she/they/it shall be liable for any or all action listed below:

- (a) Suspension of business activities and commissions;
- (b) Elimination from all GIP awards/rewards;
- (c) Reduction and/or elimination of FAA points for India;
- (d) Non-invitation or withdrawal of invitation to award trips;
- (e) Denial of any cash/non-cash awards and rewards from affected Direct Seller to uplines;
- (f) Termination of their Amway business

SECTION 5: RESPONSIBILITIES OF A SPONSOR

EACH SPONSOR SHALL

1. Abide by the Code of Ethics and Rules of Conduct in their letter and true spirit.
2. Train and motivate all Direct Sellers he/she has Sponsored to sell Amway Products.
3. Encourage his personally sponsored Direct Sellers to attend free Amway trainings.
4. Advice his/her sponsored Direct Seller(s) to follow the Rules of Conduct.
5. Give advice on promotional activities.

A Sponsor is a Direct Seller who recommends a new applicant, who in turn, if accepted by Amway as a Direct Seller, is assigned by Amway for support by the recommending Direct Seller. In order to acquire and preserve the status and rights of a Sponsor, a Direct Seller must:

5.1

Amway Business Starter Guide:

Encourage all Direct Sellers that he sponsors to procure a copy of the free Business Starter Guide published by Amway.

5.2

Maintain Good Standing/Conform to Rules:

Be an Amway Direct Seller in good standing and meet all Direct Seller requirements as set forth in these Rules. A Direct Seller shall not directly or indirectly indulge himself / herself in any wrongful activity, including but not limited to false complaints and issuing threats to Amway or its personnel, which could have any adverse effect upon the Amway business of another Direct Seller or on the reputation of Amway.

In the event a Sponsor ceases to be a qualified Direct Seller, the rights to any Direct Sellers whom he or she may have sponsored shall



pass up to the next qualified Direct Seller in his or her Line of Sponsorship.

5.3 Train:

Conduct, or provide access to, training and motivation that complies with the Rules, including Section 7, the BSM Policy, and the Quality Assurance Standards (QAS). In order to meet this obligation the Sponsor shall encourage his sponsored Direct Sellers to attend trainings organized by Amway and/or may personally train the Direct Sellers whom he or she sponsors or arrange for support from other Direct Sellers, including his or her upline Platinum, and Direct Seller Training Providers. In all cases the Sponsor remains responsible and accountable under the Direct Seller Contract for ensuring that compliant training and motivation are made available to his or her sponsored Direct Sellers.

5.4 Independent Relationship:

Not represent that there is an employment or agency relationship between himself and the Direct Sellers which he sponsors.

5.5 Attend Amway Trainings:

Use his best efforts to encourage his personally sponsored Direct Sellers to attend free Amway trainings.

5.6 Follow the Rules:

Use his best efforts to encourage each of his personally sponsored Direct Sellers to fully comply with the standards set forth in the Rules and to study, use and carefully conduct their businesses in accordance with the law and official Amway publications, and

5.7 Give Advice:

Give advice concerning (advertising and all other) promotional activities carried on by his personally sponsored Direct Sellers to assure that they conform to Amway-approved procedures and rules.

5.8 Prohibited Registration Practices:

Neither a prospective Direct Seller, as a condition to becoming a new Direct Seller, nor any currently authorised Direct Seller, as a

condition of receiving assistance in the development of their business from their sponsor, shall be required to: Purchase hardware or software for computers, subscribe to an Internet Service Provider (ISP), or establish a Website.

5.9 Restrictions on Sponsoring:

- 5.9.1 Amway reserves the right to set additional restrictions on recommending Prospects or serving as a Sponsor to Direct Sellers based on geography or otherwise. Any such restriction will be communicated to the Direct Sellers affected.

SECTION 6: PRESERVATION OF THE LINE OF SPONSORSHIP

6.1 The LOS and LOS Information:

6.1.1 Confidentiality of the LOS and LOS Information:

Amway protects the LOS and LOS Information for the benefit of Amway and all Direct Seller. Amway keeps LOS Information proprietary and confidential and treats it as a trade secret. The Direct Seller agrees that the LOS and LOS Information are confidential, commercial and proprietary information (hereinafter referred to as "Trade Secret") owned by Amway and shall not be disclosed by the Direct Seller to any person whatsoever. The Direct Seller further agrees that a breach by a Direct Seller of his or her confidentiality obligations with respect to the Trade Secret shall cause Amway irreparable damage for which monetary damages would be an inadequate remedy, and that notwithstanding any other provision hereof, and, without prejudice to any other rights Amway may have in law or under the contract, Amway shall be entitled to seek specific performance of the Direct Sellers obligations under this clause or seek such further relief as may be available in law.

6.1.2 Protection of the LOS and LOS Information:

As used herein, the sale of an ownership interest in a Distributorship, merging Distributorships, or separating or dividing a Distributorship, each inherently involve the assignment of the Distributorship Agreement or an amendment thereof, and, as such, require prior authorisation by Amway. Transfers of Direct Sellers from one Sponsor to another are only granted at the sole discretion of Amway.

6.2 Individual Transfers:

Without limiting or restricting in any way Amway's powers and discretion under Section 6.1 above. Any Direct Seller (including a Platinum) who wants to change Sponsors must submit a written request to Amway accompanied by

1. A written release signed by all the Direct Sellers in his Line of Sponsorship up to and including the first qualified Platinum, and
2. A written acceptance from the new Sponsor and Platinum. Amway will also contact any International Sponsor and international leadership commission recipients and will allow 30 days for comment.

6.3 Group Transfers:

Note : No Group Leader i.e. Silver Producer & above can obtain transfer under this rule without completing 2 full years after obtaining recognition.

Without limiting or restricting in any way Amway's powers and discretion under Section 6.1 above:

- 6.3.1 A Direct Seller who wishes to transfer to a different Sponsor with all or part of his Business Group must submit a written request to Amway accompanied by written consent from all Direct Sellers in his Line of Sponsorship up to and including the first qualified Platinum and all Platinitiums up to and including the first qualified Emerald Platinum. If the first qualified Platinum is a qualified

Emerald Platinum, written consent must be received from the next upline qualified Platinum in the Emerald Platinum's Line of Sponsorship as there could be an effect on upline commission payments. Amway will then notify the first qualified upline Diamond Platinum and allow 15 days for comment.

- 6.3.2 The transfer request must be accompanied by written consents of all those Direct Sellers whom the transferring Direct Seller wishes to take with him or her and the written acceptance of the transfer, signed by the Sponsor and Platinum to whom the individual wants to be transferred. Amway will also contact any International Sponsor and international leadership commission recipients and will allow 30 days for comment.

- 6.3.3 No Distributorship currently recognised by Amway as a group leader (i.e., Silver Sponsors, Silver Producers, Gold Producers, or a Platinum) can be transferred under this Rule. A former Platinum Distributorship or Group Leader may be transferred if more than two (2) full years have elapsed since the last fiscal year in which the Distributorship was recognised as such, provided there has been compliance with the procedures outlined above.

6.4 Six Month Inactivity:

To change Sponsor, Direct Seller must resign his existing Distributorship, be inactive for 6 months and then join under another Sponsor. The new Sponsor should not have been part of his original line of sponsorship either above or below him during the past 2 years. A Direct Seller who wishes to change sponsor may TERMINATE (by resignation or failure to renew) his Distributorship under his present Sponsor and thereafter remain inactive for a period of six or more consecutive months may, following the lapse of said inactive period, reapply to become a new Direct Seller under a new Sponsor. Applicants can not apply to become active in an already existing Distributorship. The inactivity pe-





riod begins from the date on which Amway receives the letter of resignation.. A person who has not renewed and has not submitted a letter of resignation will be considered to have submitted his or her intent on the date his or her Distributorship expired and must remain inactive for a period of six months from that date. Applicants can not apply under this Rule to become a partner in an already existing Distributorship.

6.4.1 To apply for a new Distributorship under this inactivity Rule, the Direct Seller must complete a new Direct Seller Application (SA 88ID), which may be obtained from Amway. The application should then be sent to Amway accompanied by a written statement of inactivity. When Amway receives an application accompanied by the written statement of inactivity, it notifies the original Platinum of the fact and grants him 15 days' time to file an objection to the inactivity claim. If evidence of activity during the six months period is provided, Amway will reject the application and will return it back to the applicant. If the original Platinum does not reply within 15 days, or if he verifies that the Direct Seller has in fact been inactive for six months, then the new application will be accepted and processed. The right of a Direct Seller to contest the sponsorship of a former Direct Seller who is now sponsored under a different sponsor ceases upon the lapse of 6 months from the date of taking up second Distributorship or cessation of the original Distributorship whichever is later.

6.4.2 **Definition of Inactivity:** 'Inactivity' means no purchase/sale of Amway products, no sponsoring of prospects and no attending of Amway/ Direct Seller's meetings.

Inactivity for purposes of this Rule shall mean that during the period of inactivity, the Direct Seller shall have been completely inactive, which means he shall not have purchased any Amway product as a Direct Seller for personal use (although he may do so as a consumer), shall not have

sold any Amway Products, shall not have engaged in any phase of a product sale/purchase (e.g., taking an order, making a delivery, or accepting payment), shall not have presented the Amway Sales and Marketing Plan to any prospect, shall not have applied for the renewal of his Distributorship, and shall not have attended any recruiting, training, or motivational meeting conducted by any Amway's Direct Seller or any Amway company-sponsored meetings. During the inactive period, the former Direct Seller must not participate in any Amway activity under another Distributorship in the name of his parents, siblings, or others or he shall not be determined as "inactive" for the purposes of this Rule. When either a husband or wife is a Direct Seller, both must fulfil the six-month inactivity requirements before one or both can be registered as a Direct Seller.

6.4.3 A Direct Seller who transfers to, or who following six months of inactivity, applies for Distributorship under a different Sponsor pursuant to the provisions of this Rule, cannot be sponsored by anyone who was previously above him in his original Line of Sponsorship up to and including the first qualified Platinum, or below him in his former Business Group down to and including the first Platinum and who has since been transferred to or re-sponsored by a different Sponsor, unless two years have elapsed since the termination of his Distributorship.

6.4.4 After moving to a new group, a Direct Seller cannot poach persons from his old group except for Direct Sellers who were inactive for atleast 2 years.

A Direct Seller who transfers to, or who, following six months of inactivity, applies for Distributorship under a different Sponsor pursuant to the provisions of this Rule, shall have no right to sponsor in his new Business Group any Direct Seller who was previously above him in

his original Line of Sponsorship up to and including the first qualified Platinum, or below him or her in his former Business Group down to and including the first qualified Platinum. However, a Direct Seller who has been inactive for a period of two years may be sponsored by any Sponsor, including his former Sponsor who may have since been transferred to or re-sponsored by a different Sponsor.

6.4.5 A Direct Seller's continuing business activity in one market will not affect his eligibility to reapply after six months of inactivity as a Direct Seller in any other country in which Amway does business.

6.4.6 A formerly foster-sponsored Direct Seller may reapply for Sponsorship subject to paragraphs 6.4.1, 6.4.2, 6.4.3 and 6.4.4, and the following conditions:

6.4.6.1 At the time of application, the former Direct Seller must specify whether or not he wishes to be internationally and foster sponsored again, and

6.4.6.2 A former Direct Seller may not be personally sponsored by a Sponsor who was previously above him in his original Line of foster Sponsorship up to and including the first qualified Platinum, or below him in his original Business Group down to and including the first qualified Platinum unless two or more years have elapsed since the termination of his Distributorship.

6.4.7 **Corrective Action:** If the provisions of paragraphs 6.4.1, 6.4.2, 6.4.3, 6.4.4 and 6.4.6 are violated, Amway may take corrective action, which may include but is not limited to transfer of the Distributorship of the Direct Seller at fault. Amway at its discretion may also transfer his Business Group and the business volume generated during the period of violation to the original Line of Sponsorship.

6.5

Free Agents:

A Direct Seller who has been terminated by Amway becomes a "free agent" and may immediately file an application to be sponsored under a new Sponsor. However, whether his or her application will be accepted by Amway will depend upon the reason for which his or her original Distributorship was terminated. If it was terminated because of a violation of the Rules of Conduct, then his or her new application under a new Sponsor may be denied by Amway, or its acceptance may be deferred pending receipt of evidence satisfactory to Amway that the applicant intends to abide by the Amway Code of Ethics and Rules of Conduct.

6.6

Sale of a Distributorship:

A Direct Seller who owns and operates a distributorship (qualified Silver Producer level or above) may sell his or her ownership interest in such distributorship.

6.6.1 A Direct Seller's business can only be sold to another Direct Seller. The purchased business shall remain separate from the buyer's other Amway business and the Lines of Sponsorship shall not be altered in any way as a result of the sale.

6.6.2 If a Direct Seller wishes to sell his or her Amway business, he or she must offer it to another Direct Seller in the following order of priority:

6.6.2.1 If the business is internationally sponsored, it must be offered to the International Sponsor, who throughout the negotiations to sell the distributorship retains the right to acquire the same by meeting the price and conditions of any bonafide offer received by and deemed acceptable to the seller, subject to the extant policies of Amway and any and all required permissions and approvals, including the Reserve Bank of India and/or any other authority, if required under the Foreign Exchange Management Act or other applicable law.



6.6.2.2 If the international Sponsor does not accept the offer of purchase, or if all of the required permissions/approvals, including that of the Reserve Bank of India are not received, the business must be offered to the local Foster Sponsor of the Direct Seller.

6.6.2.3 If no international Sponsor exists, the business must be offered to the local Sponsor, who throughout the negotiations to sell the distributorship retains the right to acquire the same by meeting the price and conditions of any bonafide offer received by and deemed acceptable to the seller.

6.6.2.4 In the case where the local Sponsor does not accept the offer, the business must be offered simultaneously for sale to all Direct Sellers personally sponsored by the owner.

6.6.2.5 In the case where none of the Direct Sellers personally sponsored by the Direct Seller accept the offer, the business must be offered simultaneously to all Platinums located above or below in the Line of Sponsorship to the next qualified Diamond

6.6.2.6 If the Platinums above or below in the Line of Sponsorship of the Direct Seller in question to the next qualified Diamond also reject the purchase offer, or fail to respond to the offer, the Direct Seller may offer the business to all qualified Platinums at that time in India.

6.6.3 No sale shall be final and no change of title of the business shall be made final until approved in writing by Amway.

6.6.4 If the Direct Seller wishes to sell the business under terms and conditions different from those of his first offer, the business must be once again offered for sale under the revised terms and conditions in accordance with the order of priority indicated above.

6.6.5 Monthly Sales Commissions and other Higher Achievement Commissions accruing to the business shall be paid as specified in the sale

agreement as authorised by Amway. All awards previously awarded to the business will not be transferred to the new owners. Qualification for awards for the business will be determined only by activities occurring after the date of sale.

6.7 Mergers:

Businesses will not merge or be combined without the previous written approval of Amway. A marriage between Direct Sellers, a transfer of a business, the sale of a business or any other similar circumstance does not cause a merger or combination of businesses unless specifically approved in writing by Amway.

6.8 One Distributorship Rule:

A Direct Seller can have more than one Distributorship, when

- A Platinum marries another Amway Direct Seller.
- When a Direct Seller purchases another Distributorship.
- When a Direct Seller names another Direct Seller to his/her Distributorship for transfer in case of the former's death.
- Through inheritance of full or a part of Distributorship.

A Direct Seller can own or have an ownership interest in only one Distributorship except as provided below:

6.8.1 Where two Direct Sellers marry and one or both have attained Platinum status or above prior to marriage pursuant to Rule 3.17;

6.8.2 Where an existing Distributorship purchases another Distributorship pursuant to Rule 6.6;

6.8.3 Where a Direct Seller (transfer or), in order to facilitate the transfer of a Distributorship in the event of his or her death, requests the name of another existing Direct Seller be added to their Distributorship. The name of the transferor(s) must con-

tinue to be on the Distributorship until his or her death and supporting estate-planning documentation must be provided to Amway.

6.8.4 Where an existing Distributorship inherits all or a portion of a Distributorship.

In the event a Direct Seller owns or has an ownership interest in two or more Distributorships pursuant to this Rule; they may operate such Distributorships jointly under a single corporate, limited liability company or partnership umbrella, but Amway shall continue to carry such Distributorships and will only recognise them as separate individual Distributorships for both Award and Commission purposes.

6.9 Divorce, Separation, or Other Dissolution:

Whenever a business is separated or divided as the result of a divorce, dissolution of a corporation or partnership, the separation or division must be accomplished in such a way as to not adversely affect the interests and/or income of the businesses in the Line of Sponsorship.

During the division or separation process, neither party will administer or operate, together or separately, any other Amway business without Amway's approval.

6.10 Disposition of a Distributorship:

If a Direct Seller terminates/cancels his Distributorship, or fails to renew it within the required time period or dies without leaving heirs who are ready, willing, and able to become Direct Sellers and assume the responsibility of Amway Business, Amway, at its sole discretion, shall decide the future of the Distributorship in accordance with Section 15 of these Rules.

SECTION 7: BUSINESS SUPPORT MATERIALS (BSM)

The content, review and authorization, creation, production, promotion, distribution, offering for sale and sale of Business Support Materials shall strictly adhere to this Section 7 and other applicable provisions

in the Rules, the BSM Policy and the Quality Assurance Standards (QAS).The current BSM Policy and the QAS shall be published on Amway India's website and also made available by Amway India upon request from Direct Sellers.

7.1 General Rules on BSM

7.1.1 Business Support Materials shall at all times be entirely optional. Training Providers who choose to publish Business Support Materials must emphasise that the purchase of BSM is strictly voluntary. In no circumstance shall the purchase of BSM or participation in any training or support offered by Training Providers be made a condition of the Direct Seller registration process or explicitly or implicitly represented as necessary for success in the Amway Business.

7.1.2 Except as specified in Rule 5.3, only Direct Sellers who have officially attained the following recognition levels (the "Qualification Criteria") shall be designated as Direct Seller Training Providers, and thus, to the extent expressly authorized, be allowed to publish BSM (as applicable):

7.1.2.1. A Current Qualified Emerald Direct Seller and above is allowed to publish BSM to other Direct Sellers.

7.1.2.2. A Current Qualified Platinum Direct Seller and above is allowed to promote BSM within his or her Business Group.

7.1.3 Direct Sellers may neither give to, nor receive compensation, remuneration or other financial incentives from, other Direct Sellers for the promotion, distribution, offering for sale or sale of BSM.

7.1.4 BSM shall not infringe in any way on Amway copyrights, trademarks or other intellectual property rights, or provisions of any other applicable laws, rules or regulations. Direct Sellers promoting, distributing, offering for sale or selling BSM must





obtain appropriate written authorization from Amway in accordance with Section 9 and the QAS in order to use or affix any trademarks, copyrighted material or other intellectual property of Amway in BSM. Additionally, BSM shall not infringe the trademarks, copyrights or intellectual property rights of other Training Providers.

- 7.1.5. For BSM in the form of a presentation offered by Amway India, no Direct Seller shall record the same without the express written consent of Amway India.
- 7.1.6. Amway India does not endorse the representations made, or other content, in any BSM or the training methods used by other Direct Sellers, Training Providers or third-party vendors. Amway India's review is solely for the purpose of ensuring compliance with its Rules of Conduct, the BSM Policy and the QAS.
- 7.1.7. Nothing in the Direct Seller Contract, this Section 7, any other Rule, the BSM Policy or the QAS shall be construed or interpreted as a license or other permission to incorporate into any BSM, or to share with any third-party vendor of BSM or other training or motivation, any LOS Information.

7.2 Specific Categories of BSM

In addition to the prior requirements under Section 7, the following shall apply to special categories of BSM:

- 7.2.1 BSM reduced to a fixed medium must also, in accordance with the QAS:(a) be submitted to Amway India for review prior to promotion, distribution, offering for sale or sale; (b) be expressly authorized by Amway India; and (c) bear the Content Review (CR) number provided by Amway India.
- 7.2.2 Any claim relating to the use, characteristics and/or performance of Amway Products must be reproduced verbatim from official Amway India

sources, without alteration or modification. No third-party claim for the same shall be authorized in any Business Support Material. Direct Sellers shall, with prior Amway approval and otherwise in accordance with the QAS, incorporate into their communications or include in presentations reduced to a fixed medium full and exact reproduction(s) of materials set forth in Amway-produced literature including labels.

- 7.2.3 For BSM offered in the form of a rally, meeting or educational seminar conducted by a Direct Seller, it should be consistent with his or her training obligations as a Sponsor under Rule 5.3.

- 7.2.3.1. Unless otherwise specified in the Rules, the BSM Policy or the QAS, such rally, meeting or educational seminar does not require prior authorization from Amway India. However, it is the responsibility of the Direct Seller organizing or providing access to the same to ensure that the content presented, as well as the duration, frequency and pricing, fully complies with the Rules, the BSM Policy and the QAS, and that Amway India is provided with all required information sufficiently in advance.

- 7.2.3.2. In each case the Direct Seller shall disclose and affirm to a potential consumer of BSM: (a) that the training or support is optional, does not guarantee success, and is not necessary to succeed, in the Amway Business; (b) the name and contact details of any third party providing the training and support at the Direct Seller's request; and (c) refund rights, including the applicable return period.

7.3 Prospects

- 7.3.1. BSM shall not be offered for sale or sold to Prospects. Prospects must not be charged for BSM, regardless of whether such BSM is reduced to a fixed medium.

- 7.3.2. Direct Sellers shall not use with, or distribute to, Prospects any BSM which suggest, imply, promise or guarantee, either directly or indirectly, that any specific level or amount of sales, income, profit or earnings may be derived from the Amway Business or from selling any specific line or lines of Amway Products.

7.4 Reserved

7.5 BSM Sale and Refund by Training Providers

- 7.5.1. All buyers of Business Support Materials may return the BSM, together with a proof of purchase, to the Direct Seller for a 100% refund within 30 days after purchase.
- 7.5.2. The terms of the refund policy adopted by an Training Provider, including procedures for the resolution of disputes and the responsible person for returns, must be clearly communicated to the purchaser prior to any such sale. Training Providers shall ensure that the terms and conditions of any refund policy adopted comply with all applicable laws. Any unresolved dispute must be submitted to the dispute-resolution procedure as provided in Section 11 of the Rules.
- 7.5.3. BSM offered in the form of rallies, meetings or educational seminars conducted by Direct Sellers shall adhere to the following additional refund requirements:
 - 7.5.3.1. Tickets to rallies, meetings, or educational seminars, shall contain declaration(s) in accordance with this Rule 7.5, the BSM Policy and the QAS.
 - 7.5.3.2. Each Training Provider who chooses to sell tickets to rallies, meetings or educational seminars is obligated to buy back tickets, from any dissatisfied individual who personally at-

tended the event, for a period of 30 days afterward. Except as provided in Rule 7.5.1, such refund shall be for that portion of the cost of the event related to admission, exclusive of travel, meals or hotel accommodation.

- 7.5.4. BSM in the form of website subscriptions and downloadable media offered by Direct Sellers shall adhere to the following additional refund requirements:

- 7.5.4.1. Purchasers cancelling website subscriptions are entitled to a refund for unused, whole months of any prepaid subscription(s).
- 7.5.4.2. Purchasers of downloadable media are entitled, if dissatisfied, to obtain a replacement download of equal value within 30 days of the purchase of the subject downloadable media.
- 7.5.5. Amway's Refund Policy does not apply to BSM sold by Training Providers.

SECTION 8: PRESENTATION OF THE AMWAY SALES AND MARKETING PLAN

8.1 Must not Give Impression of Employment Relationship:

When inviting a prospect to hear a presentation of the Amway Sales and Marketing Plan, an Amway Direct Seller shall neither utilise the following invitations nor directly or indirectly induce other Direct Sellers to do so:

- 8.1.1 Give the impression that it relates to an employment opportunity,
- 8.1.2 Imply that the invitation is to a social event,
- 8.1.3 Disguise the invitation as a "market survey,"
- 8.1.4 Promote the event as a "tax seminar,"
- 8.1.5 Promote the Amway Business op-



portunity as a business relationship with a person, company, or organisation other than Amway,

- 8.1.6 Directly or indirectly indicate that Amway Products are merely one line of products distributed through or as a part of a brokerage operated by a person, company, or organisation other than Amway,
- 8.1.7 Directly or indirectly indicate that the Amway Business, Direct Sellers or Amway Products are part of any business other than Amway's Business,
- 8.1.8 Deny, if asked, that the presentation is about the Amway Sales and Marketing Plan, or
- 8.1.9 Imply that it is other than a business event.

**8.2
First Contact with Prospective Customers and Direct Sellers:**

At the first contact with prospective customers and Direct Sellers, a Direct Seller should:

- 8.2.1 Introduce himself by name.
- 8.2.2 As soon as practicable, he should make himself known in suitable fashion as an Amway Direct Seller and should provide information concerning his name and address as well as concerning Amway.
- 8.2.3 Indicate the purpose of contact, namely the sale of Amway Products and/or the introduction of the prospect to the Amway business.

**8.3
Sponsoring Guidelines:**

Amway Sales & Marketing Plan must not be presented

- as a get-rich-quick opportunity.
- that Amway Products are bought and sold for Direct Sellers personal use.

- that there is no requirement to retail Amway Products.

In seeking participation of a prospect in the Amway Sales and Marketing Plan, the sponsoring Direct Seller must comply with the following guidelines:

- 8.3.1 Must disclose the average profits, earnings, and sales figures and percentages as published from time to time by Amway.
- 8.3.2 Must use only Amway-produced and Amway-authorized literature. Amway authorises for use privately produced sponsoring aids submitted to Amway through a qualified EDC member or other Amway designee. For further information on how to submit materials, please contact the Amway office.
- 8.3.3 May use those earnings and/or commission representations based on their own personal experiences, provided that they at the same time disclose the average profits, earnings, and sales figures and percentages as published from time to time by Amway.
- 8.3.4 May cite lifestyle examples, e.g. travel, automobile, homes of successful Direct Sellers, and contributions to charitable causes, provided such benefits were actually accrued as the result of building a successful Amway Distributorship.
- 8.3.5 Must not say that a successful Distributorship can be built in the form of a "wholesale buying club" in which the only products bought and sold are those transferred to "Direct Seller" at Direct Seller cost for their personal use.
- 8.3.6 Must not say that there is no requirement for the retail sale or marketing of products.
- 8.3.7 Must not promote the enjoyment of tax benefits as the best or principal reason for becoming an Amway Direct Seller.

- 8.3.8 Must not say that Amway is a "get-rich-quick" opportunity in which it is easy to achieve success with little or no expenditure of effort or time.
- 8.3.9 Must not present the Direct Seller plan or solicit participation in the Direct Seller Plan through any broadcast communication methods including mass mailing, telemarketing, national or international advertising, radio, television, facsimile services, computer communication networks including the Internet or any other means by which personal contact with the prospect is not present. However, Direct Sellers may use digital media or maintain an Internet Website for use with prospects, provided the contents of such media or Website meets the requirements set within the Direct Seller Guidelines (attached), and otherwise complies with the Rules of Conduct.

**8.4
No Exclusive Territories:**
No Direct Seller shall represent that there are exclusive territories available under the Amway Sales and Marketing Plan.

**8.5
No Obligation to Purchase:**
No Direct Seller shall represent that there is any obligation to purchase products and/or services under the Amway Sales & Marketing Plan, nor shall he/she represent, purposely allow or gain from any representation or implication that benefits may be derived solely from the purchase of Amway products or services in conformity with the Amway Sale and Marketing Plan.

SECTION 9: USE OF THE AMWAY TRADE NAME, TRADEMARKS, AND COPYRIGHTED MATERIALS

INTRODUCTION

The Amway trade name, trademarks, and service marks are important and valuable business assets. They help identify the source and reputation of the Amway business, products, and services worldwide, and distinguish them from those of competitors.

Trademarks must be protected from misuse and infringement by others, or they can be lost. Each time a trademark or symbol is used improperly or is used by someone other than its owner, the value and importance of the trademark can be greatly diminished. Once a trademark is weakened or lost, it is impossible to regain its full value and importance. Therefore, Amway makes every effort to protect its house trademark Amway, its corporate logotype, label designs, and various product names (e.g., L.O.C., SA8, Artistry, Nutrilite) so that others cannot use them.

Amway will not allow use of its trade name (company name), trademarks (product names), designs, or symbols by any person, including an Amway Direct Seller, without its prior permission. Amway will issue cease-and-desist orders to any persons using its trade name, trademarks, designs, and symbols without its permission and will, if necessary, follow with appropriate court action for failure to comply with a cease-and-desist order. If Amway did not do this, Direct Sellers would soon find the market flooded with "Amway" products not produced by Amway or sold by Amway Direct Sellers. Obviously, Amway Direct Sellers would be harmed greatly by such competition. The rules set forth below have been developed to maintain the integrity of the Amway trade name and trademark and to ensure that the name Amway will be available exclusively for the Amway Business. In addition, Amway has implemented a corporate identity programme that requires the correct and consistent use of the Amway corporate logotype, no matter where it appears. Therefore, no alterations to the approved logotype are allowed. Upon request, Amway will provide an example of the approved logotype and colour specifications.

- 9.1 Reserved
- 9.2 Reserved
- 9.3 Reserved

**9.4
Fund-Raising Events:**
Amway Products and services are not authorised to be used in conjunction with any type of fund-raising activity. Fund-raising includes the solicitation for the purchase of Amway Products or services based on the representation that all or a portion of gains,



proceeds, or profits generated by such sale will benefit a particular group, organisation, or cause.

9.5 Imprinted Cheques:

No Amway Direct Seller who uses imprinted cheques can use the Amway logotype or trade name nor may he refer to himself other than as an Amway Direct Seller on the cheques.

- 9.5.1 The only authorised use of the Amway name on imprinted cheques used by Amway Direct Sellers is either of the following:

Ramesh Kumar
Amway Products Direct Seller
Or
Ramesh Kumar
Direct Seller of Amway Products

- 9.5.2 Such cheques may not use the Amway logotype or the trademark Amway. No Direct Seller may use such imprints as “Amway Company,” “Amway Sales Company,” or “Amway Products Company,” nor any name implying an agency or representative relationship. A Direct Seller who actually carries on business as a company may imprint his cheques only as follows:

Kumar Company
Amway Products Direct Seller
Or
Kumar Company
Direct Seller of Amway Products

9.6 Promotional Literature, Stationery, Premiums, etc.:

No Amway Direct Seller may produce or procure from any source other than Amway any premium, giveaway item, stationery, or promotional literature of any kind upon which the Amway name or logotype or any of its trade names or trademarks are imprinted without securing prior, written approval from Amway.

- 9.6.1 No Direct Seller may print, or cause to be printed, for his use any stationery which bears the Amway logotype or any of the Amway trade

names or trademarks without the prior, written consent of Amway. The precise copy to be used must be forwarded to Amway before the printing is actually done. When approval is given by Amway, there shall be no deviation whatever from the approved copy.

- 9.6.2 No cloth Amway corporate logotypes shall be affixed to any sports uniforms, shirts, or other garments.

No Direct Seller shall, without Amway’s prior approval, produce any item bearing the Amway name/logotype from any source other than Amway.

9.7 Copyrighted Materials:

All Amway printed material is copyrighted and may not be reproduced in whole or in part by Direct Sellers or other persons except by prior written permission from Amway.

- 9.7.1 Amway makes a claim to copyright for all its printed material in the market. This is done to prevent others, particularly competitors, from copying and duplicating Amway literature which has been developed and printed at great expense and to assure Amway Direct Sellers that the promotional materials which they purchase and distribute to their customers is unique, attractive, and truthful. As in the case of trademarks and trade names, if Amway did not exercise every effort to protect its copyrighted materials, Direct Sellers might soon find the market flooded with “Amway” literature which was not produced by Amway and did not relate to products made and sold by Amway. Accordingly, no person, whether an Amway Direct Seller or otherwise, may reproduce any of Amway’s printed material, in whole or in part, without specific written permission from Amway. This includes text material, pictures, cartoons, diagrams, charts, maps, designs, and other printed materials.

- 9.7.2 All Amway printed material relating to products has been carefully prepared to conform with all local, state, and central laws and regulations governing the labelling of products. (The word “labelling” covers not only the label on the product itself, but also any literature used to promote the sale of such product.). Even a slight deviation from the language on the label or promotional material may constitute a violation of one or more of the laws or regulations covering the product and its libelling and thus subject the person making such deviations to penalties imposed by law. Unfortunately such governmental action not only can adversely affect the particular offender, but also his or her fellow Direct Sellers as well as Amway itself.

9.8 Penalties for Violators of Section 9:

Any Direct Seller who violates Section 9 can:

- 9.8.1 Be required to remove improper signs, destroy improper literature, cancel improper advertising, or change improperly listed telephone numbers. In the case of improper telephone listings, Amway may require the listed number to be changed to a new number with no calls to be referred from the listed number to the new number.
- 9.8.2 Be denied the right to make any future use of the Amway trademark or trade name.
- 9.8.3 Have his Distributorship terminated by Amway.
- 9.8.4 Be liable for money damages to Amway for unauthorised use of the Amway name, trademark, or logotype.

SECTION 10: DEATH AND INHERITANCE

10.1. In the case of the death of a single Direct Seller:

- 10.1.1. If Amway is not notified of the appointment of an administrator in accordance with the provisions of Section 10.1.2, Amway can appoint a representative, under the terms and conditions Amway considers appropriate to manage the Amway Distributorship, or assign the Amway Distributorship in accordance with Section 10.1.2 or Amway can cancel it in accordance with Section 15. Without limitations as to Amway’s proceedings with regard to the terms and conditions of the representative appointed to manage the Distributorship, such representatives can, based on Amway’s specifications, receive all or part of the Commissions and privileges earned by the Distributorship he represents, for the period during which he manages it.
- 10.1.2. The administrator of the deceased Direct Seller’s estate shall, with letters of administration or other proper authority, and as soon as possible following the death of the Direct Seller(s), do the following:
- Sell the Amway Distributorship in accordance with Section 6 of these rules;
 - If he is or becomes a Direct Seller, take charge of the deceased Direct Seller’s Amway Distributorship, or;
 - Appoint a representative for a period of time, under the terms and conditions specified or approved by Amway, who will operate the Amway Distributorship, with the understanding that said representa-



tive is or become a Direct Seller before he starts to operate the Distributorship. In accordance with limitations or other rules imposed by Amway, the representative can, as stipulated by Amway, receive all or part of the incentives and privileges earned by the Distributorship he represents for the period during which he manages it.

10.2.
If an Amway Distributorship belongs to two unmarried persons, and if one of them dies, the following provisions shall apply:

- 10.2.1. The surviving Direct Seller will be in charge of the business during the time stipulated or according to Section 10.2.2, or until Amway cancels it in accordance with Section 12.1.8 of these Rules.
- 10.2.2. Further, within 30 days following the issuance of letters of administration or other proper authorisation:
- a. The surviving Direct Seller shall obtain (by will or sale or operation of law) the interest of the deceased Direct Seller or,
- b. The administrator of the deceased Direct Seller's estate can assign or transfer the latter's part to another Direct Seller who shall operate the business with the surviving Direct Seller or,
- c. The Amway Distributorship can be sold in accordance with Section 6 of these Rules or,
- d. The administrator of the deceased Direct Seller's estate and the surviving Direct Seller shall appoint a representative to operate the Distributorship for said period, under the terms and conditions established by Amway, with the understanding that the representative shall become an Amway Direct Seller before he takes charge of the business.

SECTION 11: ENFORCEMENT OF THE AMWAY RULES OF CONDUCT

INTRODUCTION

Violation of the Amway Rules of Conduct is an extremely serious matter, not only because of the effect it may have on the business of an individual Distributorship, but also the result this conduct may have on the opinions of the Amway business held by the public, the media and government officials. Accordingly while Amway will make every effort to correct any violation through guidance and counselling, further action may be required in more serious cases including, but not limited to the following, which may be applied by Amway in any order or in any combination:

- a. Retraining of the (Direct) Direct Seller and his Business Group;
- b. Suspension period for the offending Distributorship;
- c. De-sponsoring the offending Direct Seller of his Business Group;
- d. Termination of the offending Distributorship.

In instances of violation of the Amway Rules of Conduct any Direct Seller may make a complaint to Amway in accordance with the Complaint Procedure set out in Section 11.1 below.

Decisions taken by Amway in its enforcement of the Amway Rules of Conduct may be appealed for further review at Amway World Headquarters in accordance with the Review Panel Procedure set out in Section 16.

11.1 **Complaint Procedure:**

When a Direct Seller has discovered that there may have been a violation of the Rules of Conduct, he must notify Amway and his Platinum of the violation and all facts and documentary or other evidence connected with it.

- 11.1.1 **Notification to Alleged Violator:** On receiving this notice, Amway will notify the appropriate Direct Sellers of the complaint and request an immediate response.
- 11.1.2 **Insufficient Information:** If the complaint and response do not contain sufficient facts upon which to make a decision, additional information may be requested from any party by Amway.
- 11.1.3 **Informal Resolution:** After Amway receives all information of facts and circumstances relevant to the complaint, Amway will decide whether there has been a violation of the Rules of Conduct and will then discuss the matter with the Direct Sellers involved to explain the rationale behind the rule and to obtain adequate assurance from the Direct Sellers that it will not recur.
- 11.1.4 **Formal Resolution:** If Amway is unable to settle the matter informally and if the appropriate corrective action is deemed by Amway to be other than termination or De-sponsorship, then Amway will forward a decision letter to the violating Direct Seller, as well as the sponsor and the Platinum in the Line of Sponsorship of the violating Direct Seller. The decision letter will list the specific complaint(s), outline the corrective action to be taken and, if appropriate, setting a time limit for compliance.
- 11.1.5 **Failure to Comply:** Amway will allow the Direct Seller to implement the appropriate corrective action within the time limit specified in the decision letter. However, if compliance has not occurred on expiration of the time limit, Amway will take further enforcement action directly. Notice of such action shall be given by letter addressed to the violating Direct Seller, with a copy sent to the violator's Platinum and to the complaining Direct Seller. Such letter shall be sent by Registered Mail.

SECTION 12: TERMINATION AND DE-SPONSORSHIP

Amway can terminate/de-sponsor the Distributorship of a Direct Seller if he/she

- Gives wrong information in the application form.
- Misrepresents Amway/Amway Business.
- Breaches any of the Rules of Conduct.
- Is convicted of an offence punishable by a prison term
- Is declared bankrupt.
- Is not mentally sound to handle the business.

12.1
Amway may, at its election and by notice in writing to a Direct Seller, terminate the authorisation to operate as a Direct Seller, or de-sponsor the Direct Seller from his Business Group, if one or more of the following occurs:

- 12.1.1 If, in Amway's opinion, the Direct Seller provided false information in his Direct Seller Application.
- 12.1.2 If the Direct Seller makes a serious misrepresentation of Amway or the Amway business which, in Amway's opinion, is not likely to be satisfactorily remedied by corrective actions;
- 12.1.3 If the Direct Seller breaches any of these Rules of Conduct and fails to rectify such breach within the time period specified by Amway in its written notice to the Direct Seller;
- 12.1.4 If the Direct Seller commits repeated breaches of any of these Rules of Conduct;
- 12.1.5 If the Direct Seller (or, if the business comprises two or more individuals, any of those persons) is convicted of an offence punishable by a prison term;
- 12.1.6 If the Direct Seller (or, if the busi-



ness comprises two or more individuals, any of those persons) is suspended or disbarred from practicing his usual trade or profession by any association, institute or professional society;

- 12.1.7 If the Direct Seller becomes the subject of bankruptcy or winding-up proceedings;
- 12.1.8 In the event that a Direct Seller dies without either an executor or an heir appointed by the executor who wishes to assume responsibility for continuing the deceased's business;
- 12.1.9 In the event that a Direct Seller is incapable of managing his affairs by reason of mental condition.
- 12.1.10 If the Direct Seller commits a breach of terms and conditions of availing of any value added service including any payment thereof and / of fails to make payment of any products / services provided by Amway.

12.2
The decision of Amway regarding termination or de-sponsoring of a Direct Seller shall be final and binding on the Direct Seller subject to appeal to a Review Panel pursuant to the procedure set out in Section 16.

12.3
Termination of a Direct Seller means termination of

- **All rights as an Amway Direct Seller.**
- **All income being generated after the date of termination.**

Termination of the Direct Seller's authorisation to operate as an Amway Direct Seller means the termination of all rights derived from said authorisation, and in conjunction therewith, the right to receive any further income from or generated by such business arising or accruing after the date of termination, except the right to receive reimbursements of the discounts corresponding to the purchases which were made prior to the termination date. Termination shall be effective upon the date

specified by Amway in its written notice to the Direct Seller.

12.4
De-sponsorship means removal of a Direct Seller from his position as a Sponsor in the Line of Sponsorship.
De-sponsorship or "de-sponsored from one's Business Group" means the removal of a Direct Seller from his position as a Sponsor in the Line of Sponsorship (including, at the absolute discretion of Amway, the removal of the Direct Seller's right to ever sponsor again in his current Line of Sponsorship or any other Line of Sponsorship), such removal being effected by written notice from Amway to the relevant Direct Seller and becoming effective on the date stated in such notice.

12.5
The Process of Termination or De-sponsorship:
The Direct Seller, whose authorisation is to be cancelled or who is to be desponsored, shall be given written notice of Amway's decision by Registered Mail. In addition to complying with the laws of India pertaining to such termination or De-sponsorship, the notice of termination, cancellation, or De-sponsorship shall:

- 12.5.1 Be mailed to the last mailing address of such parties as shown in Amway's records;
- 12.5.2 If applicable, state the Rule(s) violated by the Direct Seller;
- 12.5.3 State the date on which any such action shall become effective, and
- 12.5.4 If applicable, advise the Direct Seller of his opportunity to appeal Amway's decision to a Review Panel pursuant to the procedure set out in Section 16.

12.6
Upon termination of his or her authorisation as an Amway Direct Seller for any cause whatsoever, the Direct Seller shall forthwith:
12.6.1 Return, in good condition, all Amway Products and Amway distrib-

uted products in his possession as specified in the "Buy-Back" policy.

- 12.6.2 Cease to use all trademarks, trade names, insignia, or other industrial property used in or related to the Amway business, and
- 12.6.3 Cease to identify himself as an Amway Direct Seller or Platinum.

12.7
In the event that Amway terminates a Direct Seller's business or that a Direct Seller is de-sponsored of his Business Group by Amway pursuant to these Rules of Conduct, the Direct Seller will have no claim against Amway arising out of or in respect of the termination or De-sponsorship.

SECTION 13: SUSPENSION OF A DISTRIBUTORSHIP

13.1
In an effort to eliminate misrepresentations of the Amway Sales and Marketing Plan within a Line of Sponsorship, or as an alternative to terminating the business of a Direct Seller or Platinum who has violated the Rules of Conduct, Amway may employ various actions and procedures to encourage proper Amway business conduct. Amway may use any or all of the following to address the matter:

- 13.1.1 Hold / forfeit payment of commissions, higher award monies, or other monies payable to the business.
- 13.1.2 Suspend authorisation to conduct sponsoring activity (sponsoring, recruiting meetings, training sessions, home presentations, etc.),
- 13.1.3 Suspend invitations to company-sponsored trips,
- 13.1.4 Conduct reorientation meetings and charge back the expenses to the Line of Sponsorship,
- 13.1.5 Request Direct Sellers to provide

Amway with recordings of their Sales Plan presentations, and/or

- 13.1.6 Request/require the mailing of an "Ethics Bulletin" to the Business Group of the Platinum and to all Platinums in an Emerald's or Diamond's organization.

13.2
Interim Managers:
Where Amway is of the opinion that the interests of any Distributorship within a particular Line of Sponsorship are being adversely affected by the inability or unwillingness of a Direct Seller within the same Line of Sponsorship to properly carry out his/her responsibilities and obligations as a Direct Seller, Amway may by notice in writing appoint an Interim Manager to run the business of the violating Direct Seller. Such appointment shall apply until resolution of the situation.

SECTION 14: TERMINATION, DE-SPONSORSHIP OR SUSPENSION BY AMWAY WITHOUT FORMAL COMPLAINT

14.1
Amway may initiate termination, De-sponsorship, or suspension of a Direct Seller's business even in the absence of a formal complaint. Amway shall not, however, take action against the Direct Seller until Amway has first offered the violating Direct Seller an opportunity to explain and/or justify his conduct.

14.2
Where the violation has been of such magnitude as to bring into serious question the right of such Direct Seller to continue to operate his business, Amway may terminate without affording the Direct Seller the opportunity to rectify his past improper conduct.

14.3
The Direct Seller shall have the right to request a review of the decision by Amway in accordance with Section 16.



SECTION 15: DISPOSITION OF TERMINATED, DE-SPONSORED, OR NON-RENEWED BUSINESSES

15.1

Process:

In the event that Amway determines that it is necessary to terminate, de-sponsor, or non-renew a Direct Seller's business, or if a Direct Seller cancels his Direct Seller Agreement or fails to renew it within the required time period, or dies without leaving heirs who will assume the operation of the Distributorship, the disposition of the business of such Distributorship will be determined by Amway in its sole discretion. In exercising its prerogative to determine the disposition of such business, Amway may elect to employ one of the following methods:

- 15.1.1 Sale/Assignment of Business If Amway elects to sell/assign the business, and subject to the provisions of the Foreign Exchange Management Act and other applicable laws and regulations, the following will be observed:
 - 15.1.1.1 The business will be offered for sale/assignment to another Direct Seller recognising the order of priority imposed by Rule 6.6.
 - 15.1.1.2 The terms of the sale will be set forth in a written contract executed between Amway and the purchaser.
 - 15.1.1.3 The business will remain in its current position in the Line of Sponsorship and will be made a No. 2 business of the purchaser.
 - 15.1.1.4 All funds resulting from the sale will be added to an incentive fund to be distributed by Amway among eligible Direct Sellers.
- 15.1.2 Dissolution of Business. If Amway so elects, the business will merge with the business of the first qualified sponsor Upline in the Line of Sponsorship.

15.2

No Limitation on Amway:

Amway, however, is in no way limited to any of the above methods of disposition of a business and may exercise complete discretion as to methods and/or timing of disposition.

SECTION 16: REVIEW BY AMWAY CORPORATION

16.1

Suspension of Authorisation Until Decision is Made:

In the event that a Direct Seller makes use of his right to appeal to the Review Panel, the decision taken by Amway may be suspended until review has taken place and a final decision has been taken by the Review Panel. During this period of suspension:

- 16.1.1 The Direct Seller is not allowed to conduct any Amway related activity,
- 16.1.2 The Direct Seller shall not represent himself as an Amway Direct Seller,
- 16.1.3 Payment of any discounts, Commissions or other monies payable to the business are computed but are held in escrow by Amway,
- 16.1.4 Whether the monthly Business Volume of the business is to be counted towards qualification for Emerald, Diamond, one-time cash awards, Executive Diamond Commission, or Founder's Commission, for any awards or for Leadership Seminar, will be determined by Amway when final decision by the Review Panel has been taken. Recognition as Silver Producer, Gold Producer, Platinum, and at, higher Platinum levels may be withheld by Amway at its discretion.
- 16.1.5 The Direct Seller will not be invited to attend Leadership Seminars, Diamond weekends, or EDC Seminars which may be held during this period, even though they may have

qualified for such business seminars prior to the period of suspension.

- 16.1.6 In the event the decision of the Review Panel is rendered in favour of the Direct Seller, Amway shall restore full rights and privileges and pay the balance of monies previously held in escrow to the Direct Seller. Any administrative costs incurred by Amway during these proceedings may be calculated and deducted from the money which were held in escrow.

- 16.1.7 In the event of any other decision taken by the Review Panel, Amway shall decide what will happen with the monies held in escrow.

16.2

Procedure for Filing an Appeal for Review: The request for review must be in writing and may be accompanied by any documents supporting this request. The request must be filed within the time period specified in the decision letter and is to be addressed to Amway Corporation, 7575 Fulton Street East, Ada, Michigan 49355 USA, for the attention of Vice-President, Sales Plan Administration - International. If the request is filed after the time limit, the request will be denied and the Direct Seller will be notified that his request has been dismissed.

16.3

Membership of Panel: The Review Panel shall consist of appropriate personnel from the corporate staff of Amway Corporation as may be determined at that time by the Vice President of Worldwide Sales Plan Administration.

16.4

Review Panel Members Are Not Arbitrators: The Review Panel provides an internal procedure for the review of decision as to the termination, non-renewal, De-sponsorship or suspension of a Direct Seller. Members of the Review Panel do not, however, act as arbitrators.

If the Direct Seller initiates litigation prior to the hearing by the Review Panel, the hearing shall be cancelled and the opportunity for review withdrawn by Amway.

16.5

Procedures for Review by Panel

16.5.1 The parties may offer evidence and produce additional evidence independently or as the Panel requests. The Review Panel shall be the judge of the relevancy and materiality of the evidence offered. Strict conformity to legal rules of evidence will not be necessary.

16.6

Final Determination by the Review Panel

- 16.6.1 The determination of the Review Panel will be communicated to all parties.
- 16.6.2 The Review Panel may affirm, reverse or modify the decision of Amway.
- 16.6.3 If the determination of the Review Panel upholds or calls for termination of a Direct Seller, such termination will be confirmed by Amway Corporation notifying the Direct Seller that either:
 - a. The termination of his business has been confirmed as effective from the date of termination previously notified to the Direct Seller by Amway or
 - b. His or her business has been terminated by the Review Panel in which event the business shall be deemed to have been terminated by Amway upon and by virtue of service of notice of the Review Panel's decision upon the terminated Direct Seller.
- 16.6.4 In the event that the Review Panel decides upon corrective action other than termination, then:
 - a. Notification of corrective action other than termination shall be communicated directly by Amway Corporation to the of-





Website Rules and Guidelines

fending Direct Seller by letter sent by Registered Mail, with either the date for completion of any action by the Direct Seller or the dates(s) on which any action shall be taken by Amway.

b. Amway will take such steps as may be necessary to implement the Review Panel's determination.

16.6.5 The decision of the Review Panel shall not give rise to any liability on the part of Amway Corporation or Amway to the Direct Seller, including but not limited to loss of profits or goodwill.

16.7

Dispute Resolution:

Any dispute, differences or claim arising out of or in connection with the Direct Seller Agreement shall be submitted to binding arbitration and shall be referred to the sole Arbitrator appointed in accordance with the rules and regulation of International Center for Alternate Dispute Resolution as a fast track arbitration. The venue of such arbitration shall be at New Delhi and the award of the Arbitrator shall be final and binding on all parties. Subject to the above, courts at New Delhi shall alone have jurisdiction in relation to the Direct Seller Agreement and matters connected thereto.

WITH JUST A CLICK OF THE BUTTON, people have realised the unlimited potential to conduct a business and communicate through the Internet. In general there are two types of Website you, as a Current Qualified Emerald & above Direct Seller can create:

- **Personal Home Page (PHP)** - You may share your personal story or information about your business, hobbies, or interests with friends and personal group. You may decide to include your name and state, achievement level, a personal statement regarding the business, a photograph or an audio greeting.
- **Prospecting Website** - You may develop a Website that is designed to interest potential Direct Sellers in the business opportunity. Here you could include information regarding the benefits of participation in the business, your personal story regarding the business, general "how-to's" or e-mail addresses to facilitate communication.

Direct Seller desiring to create a Website should review all Rules of Conduct, paying particular attention to the following amendments and new rules:

Rules 4.3 and 8.3.9 - (Mass Communication) prohibit any type of mass communication designed to obtain Direct Sellers or sales.

AMENDMENTS TO EXISTING RULE

Section 7 (Business Support Materials) requires that BSM, including Internet Websites, used with prospects, or sites that contain a presentation, explanation, or illustration of the sales plan or product information to be reviewed by Amway prior to use.

APPLICATION OF CURRENT RULE

Section 9 (Trademarks, Trade Names and Copyrights) requires permission to use the Corporation's trade names, or copyrights.

IMPORTANT

1. Nothing on the Internet is 100% secure, and therefore utmost precautions should be taken when handling sensitive customer information such as names, addresses, and credit card numbers. Direct Seller are also required to abide by the terms and conditions of any privacy statement posted on the Website.
2. All site contents must be reviewed and authorised in accordance with the Rules of Conduct of Amway Direct Sellers. Under the Rules of Conduct, the contents for all Internet and Websites should be reviewed and authorised by Amway India Enterprises Pvt. Ltd., First Floor, Elegance Tower, Plot No. 8, Non Hierarchical Commercial Centre, Jasola, New Delhi - 110 025.
3. Site-addresses and e-mail addresses: Address for Websites or e-mail must not be deceptive or misleading or violate the Rules of Conduct.
4. Non-corporate products or business opportunities: No product other than those offered by Amway to its Direct Sellers may be sold, under these guidelines.

All of these are subject to any specific law that the Government of India may promulgate in this regard.

Are you ready to unleash your potential?

If you are interested in more information, please contact Amway for more information regarding Website usage.

DIRECT SELLER WEBSITE GUIDELINES

Requirements Specific to Personal Home Page (PHP)



1. Passcode Protection is NOT required for PHPs.
2. Appropriate Content Includes
 - a. Direct Sellers name and state/province//country.
 - b. Direct Seller achievement level.
 - c. Personal statements regarding the business that comply with the general requirements stated above and the Rules of Conduct.
 - d. A photograph of the Direct Seller featured on the Personal Home Page.
 - e. Artistic elements in good taste which will reflect positively on the Direct Seller and the business opportunity.
 - f. An audio greeting.
 - g. The Business Opportunity must be identified as applicable in (Direct Seller's home market) only.

Please be aware this information can be viewed by anyone on the Internet so you may not wish to publish information considered private or personal.

3. Prohibited Content (in addition to that listed in General Requirements above)
 - a. Product or service information.
 - b. Content which could be interpreted as an advertisement or prospecting information.

REQUIREMENTS SPECIFIC TO PROSPECTING WEB/INTERNET SITE

1. Passcode Protection
 - a. Prospecting sites must be passcode protected, utilizing a passcode that is not easily determined by uninvited individuals seeking entrance.
 - b. The passcode page may only contain information needed for sign-in purposes and a small introductory paragraph to verify a viewer has reached the correct site. A technical help e-mail address can

appear for individuals experiencing difficulty. The page may not contain Direct Seller numbers or passcodes that would provide a casual web viewer access. Direct Sellers may give out their passcode to prospective Direct Sellers only in face-to-face or other one-to-one contact situations.

- c. The passcode page must carry the following statement: For use with prospects by Direct Sellers in (Direct Seller's home market) only.

Remember - Disseminating the passcode and URL address prior to receiving final authorisation will result in the enforcement of the Rules of Conduct.

2. Appropriate Content Includes
 - a. Information regarding the benefits of participation in the business.
 - b. The personal story of the featured Direct Seller and/or personal reflections regarding the business opportunity.
 - c. Accurately sourced background and statistical information having to do with the economic trends, general business environment, and future projections.
 - d. Build-the-dream sections consisting of hyperlinks to sites reflecting potential dreams of a prospect (i.e. cars, vacation spots etc.). This section must not imply that the business will provide these dreams or goals. Also this section must be explicitly clear that it is for building one's dreams or goals.
 - e. General how to's reflective of the type of activities a new Direct Seller would engage in to build their business. Examples include how to make a prospecting list, how to conduct product demonstrations, etc.
 - f. Information regarding the system, organisation, or personal development programme in which the featured Direct Seller participates. System participation must always be framed as optional.
 - g. Outbound links to other sites, provided such links are in accordance with the

Rules of Conduct. These links may include one's LOS Home Page, amway.com, and (insert name of market, ex. amwaymalaysia.com).

- h. Inbound links from an authorised Personal Home Page and/or a LOS site.
- i. Communication areas may include e-mail addresses to facilitate communication.
3. Prohibited Content in addition to that listed in General Requirements above
 - a. Language which states or implies a guarantee of income.
 - b. Product Sales (see Product Sales Websites below).
 - c. Personal success stories that reflect a level of achievement not attained solely through participation in the business.
 - d. Sale of BSM.

REQUIREMENTS SPECIFIC TO PRODUCT SALES WEB/INTERNET SITES

1. Passcode Protection
 - a. Product sale sites must be passcode protected, utilizing a passcode that is not easily determined by uninvited individuals seeking entrance.
 - b. The passcode page may only contain information needed for sign-in purposes and a small introductory paragraph to verify a viewer has reached the correct site. A technical help e-mail address can appear for individuals experiencing difficulty. The page may not contain Direct Seller numbers or passcodes that would provide a casual web viewer access. Direct Sellers may give out their passcode to prospective Direct Sellers only in face-to-face or other one-to-one contact situations.
 - c. Direct Sellers may not sell products to customers outside (Indian market). The passcode page must carry the following statement: For use with prospects and Direct Sellers in (Direct Seller's home market) only.

2. Appropriate Content Includes

- a. Country appropriate product information and imagery as provided by Amway. Use of any trademark, trade names, service marks or other intellectual property including photos and text must be used appropriately and requires written permission from Amway. Such information must remain current.
- b. On-line forms and on-line processing of orders. However, Direct Sellers are responsible for all security issues, including but not limited to the confidentiality of customer credit card numbers, associated with their Websites.
- c. Product Promotion Information as provided by Amway.
- d. Direct Sellers must clearly and conspicuously state that they are independent businesspersons and products are not being ordered directly from the Corporation.

3. Prohibited Content in addition to that listed in General Requirements above
 - a. Prospecting and recruiting content. (See Prospecting Websites above.)

GENERAL GUIDELINES

- Direct Sellers shall refrain from incorporating and shall not allow incorporation of any material relating to products of Amway's competitors.
- The Direct Seller Websites shall be hyperlinked to the Amway India and Amway Corporation Websites to enable individuals to access company policies, Rules of Conduct etc.
- The Website shall not contain any obscene material or any material that is in violation of the Rules of Conduct or ethics in general.
- Consequent action being taken against Distributorship for failure to comply with the Rules of Conduct and these guidelines, the Direct Seller shall refrain from using the Websites developed for prospecting and product sales.



- Amway India will not be liable, in any manner whatsoever, for information on the Direct Seller Websites unless it has been incorporated with prior written approval.
- Amway India will have the right to access each relevant record of the Direct Seller Website and the Direct Seller shall, at regular intervals, provide the company with complete details of data pertaining to the site.

THESE GUIDELINES ARE SUBJECT TO CHANGE FROM TIME TO TIME. FAILURE TO COMPLY WITH THE RULES OF CONDUCT AND THESE GUIDELINES MAY RESULT IN ACTION AGAINST YOUR INDEPENDENT BUSINESS.

ZERO TOLERANCE POLICY

‘Zero Tolerance’ means not allowing any undesirable behavior to continue and imposing definite sanctions against Direct Sellers found indulging in such adverse conduct. The Amway Zero Tolerance policy covers issues which can lead to potential reputational concerns for Amway thereby affecting the business at large. This policy underlines that Amway will not overlook any violation of the policy and no leniency shall be shown in dealing with an Direct Seller who is found to be in violation of this policy. At present, five areas have been identified by Amway India as ‘Zero Tolerance’. These are:

- Selling and/or making available Amway products for sale through retail shops, unauthorized channels and online stores
- Unauthorized Direct Seller activity in unopened markets
- Business Support Material Policy;
- Quality Assurance Standards;
- Direct Selling Guidelines

SELLING AND/OR MAKING AVAILABLE AMWAY PRODUCTS FOR SALE THROUGH RETAIL SHOPS, UNAUTHORIZED CHANNELS AND ONLINE STORES.

Amway India markets its products through the direct selling channel under which the sale of products by a Direct Seller happens in a face-to-face manner with the consumer. This sale takes place away from fixed locations like retail shops. Use of any alternate channels by Direct Sellers, for selling Amway products, violates the fundamental principle of Direct Selling and also distorts the level playing field provided to all Direct Sellers to do business. Amway India is committed to protecting the rights and opportunities of every Amway Direct Seller. Hence Rules of Conduct prohibits Direct Sellers from selling products through retail shops, unauthorized channels and online stores. Amway has adopted a Zero Tolerance Policy for sale through alternate channels and reserves the right to take immediate action and / or sanction any Direct Sellers on receipt of verifiable information.

Additionally, Direct Sellers and Leaders need to consider certain aspects as they build their business and help their downlines do the same:

- Uplines must educate their downlines on the correct and ethical business building practices with a special focus on the ‘Zero Tolerance’ policy.
- Ordering Direct Sellers who place orders for other Direct Sellers are responsible for the orders placed by them. Ordering Direct Sellers need to be prudent so as to safeguard their business interest.

- Uplines should encourage downlines to place their orders independently.

CONSEQUENCES OF NON-COMPLIANCE

Those who fail to comply or who have shown a disregard for the policy may be subject to one or more of the following actions:

- a) Suspension of business activities and commissions
- b) Elimination from all GIP awards/ rewards.
- c) Reduction and/ or elimination of FAA points for India.

- d) Non-invitation to award trips.
- f) Denial of any cash/ non cash awards and rewards from affected leg to uplines. g) Termination of their Amway Business.

For the purposes of this Rule it is expressly clarified that in case a Direct Seller is found violating any element of the Zero Tolerance Policy then along with the concerned Direct Seller, any upline of that Direct Seller who stands to benefit from such violation shall be declared to be ‘not in good standing’ with Amway and may also be subject to penal action by Amway at the discretion of Amway. Such penal action may extend to termination of distributorship of such upline.

REGARDING UNAUTHORIZED DIRECT SELLER ACTIVITY IN UNOPENED MARKETS

IMPORTANT!! Direct Sellers considering expanding their businesses internationally must not conduct unauthorized activities in markets not yet opened by Amway. Penalties for unauthorized activities can seriously jeopardize your current and future businesses.

Amway is currently open in the following countries and territories.

American Samoa, Anguilla, Antigua, Argentina, Aruba, Australia, Austria, Azores, Bahamas, Barbados, Barbuda, Belgium, Bermuda, Botswana, Brazil, British Virgin Islands, Brunei, Bulgaria, Canada, Canary Islands, Cayman Islands, Ceuta - Autonomous City of Ceuta,, Channel Islands (Guernsey, Jersey Island), Chatham Islands, Chile, Colombia, Costa Rica, Croatia, Curacao, Czech Republic, Denmark, Dominica, Dominican Republic, El Salvador, Estonia, Finland, France, French Antilles (Martinique, Guadalupe), French Guiana, Germany,Granada,Greece, Guam, Guatemala, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia,Republic of Ireland, Isle of Man, Italy, Jamaica, Japan, Kazakhstan, Korea, La Reunion, Latvia, Leeward Islands, Lithuania, Macau, Madeira, Malaysia, Melilla Autonomous City of Melilla, Mexico, Micronesia, Montserrat, Namibia,The Netherlands , New Zealand, Northern Mariana Islands, Norway, Palau

Islands, Panama, Peoples Republic of China, Philippines, Poland, Portugal, Puerto Rico, Romania,Russia, Singapore,The Slovak Republic, Slovenia, South Africa, Spain, St. Barthelemy, St. Kitts and Nevis, St. Lucia, St. Martin/St. Maarten, St. Vincent, Sweden, Switzerland, Taiwan, Thailand, Trinidad and Tobago, Trust Territories of the Pacific (Mariana, Marshall, and Caroline Islands), Turkey, Turks and Caicos Islands, Ukraine, United Kingdom, United States of America, US Virgin Islands, Uruguay, Venezuela, Vietnam, Wake Islands.

Direct Sellers are encouraged to contact Amway to ensure that they have up to date information on the procedures for international sponsoring. Additionally, Direct Sellers should become aware of and uphold the laws and regulations of each market, as well as understand and be considerate of social and cultural customs.

NOTICE

Amway has adopted a zero tolerance policy that prohibits any Direct Seller activity in markets that have not been officially opened by Amway.

Amway defines “Direct Seller activity” as any activity which is designed to promote or build the Amway business. All Direct Sellers are prohibited from visiting a new market country for the purpose of interesting one or more prospective Direct Sellers in the Amway business. Amway does not permit holding meetings (even one-on-one meetings) in any country prior to the announcement of the launch date and launch plans.

Prospecting by websites directed at the unopened market is also considered as inappropriate Direct Seller activity.

It is highly inappropriate and a violation of the “spirit” of these Rules to educate a non-Direct Seller about the Amway Opportunity and to then encourage the prospective Direct Seller to return to his/her native country for the purpose of generating interest prematurely.

In the event that Amway officially launches a new market, Amway will announce the opening of the market through official corporate communications. Such



communications will announce the date of launch, indicate what pre-launch activity is permitted, and provide other information critical for successful Direct Seller participation. If Amway has not officially opened a market, no Direct Seller activity is authorized with respect to that market. Any mention in the media of Amway's public relations efforts or of legal notices that Amway is required to file in a new market must not be interpreted as the official announcement of Amway's intention to open a new market.

ACTIVITIES NOT AUTHORIZED AT ANY TIME

Amway has adopted a Zero Tolerance Policy for unauthorized activity in unopened markets. Below is a list of behavior/ activity that would be subject to the Zero Tolerance Policy no matter whether such activity takes place in an unopened market or in a market that has been officially launched by Amway. The Corporation reserves the right to take immediate action and or sanction any Direct Seller once it receives a verifiable complaint.

1. Direct Sellers cannot solicit other Direct Sellers from outside their Line of Sponsorship or Business Group to sign under or to provide prospects in a new market. To do so is a direct violation of the contract between Amway and its Direct Sellers and the Rules of Conduct or Commercial Principles applicable in a Direct Seller's market. Amway encourages Direct Seller to follow their original Line of Sponsorship when applying for authorization in a new market.
2. The importation, use, or sale of any privately produced literature, tapes or other such Business Support Materials (including the use of websites, e-mail and other electronic means of advertisement or communication) in relation to the Amway business not previously reviewed by Amway for use in a/each specific market is unauthorized. Authorization in one market does not automatically serve as authorization for use in ALL and especially new or unopened markets.
3. The import of any Amway product into a market for any reason (other than for

personal consumption) including sales, demonstration, or display is strictly prohibited. Import of products and promotional materials without proper import licenses, registrations, and labelling may subject the violating Direct Seller and Amway to substantial fines, imprisonment, and confiscation of materials and product and undermines the reputation and goodwill associated with the Amway trademarks and brand. It may also seriously jeopardize Amway's ability to open a market in the future, or to offer its full range of products.

4. Advertising for prospective Direct Sellers in the new market in any format is prohibited, both, in the new market and in the Direct Seller's home market. This includes flyers, bulletin boards, misuse of business cards, publication of meeting schedules, and seeking media coverage. Direct Seller cannot participate in "blind prospecting" by using phone books, professional society membership lists, etc. Under no circumstances may Direct Sellers use any form of mass communication such as spam (unsolicited email), television merchandising channels or computer networks to advertise the Amway opportunity.
5. Direct Sellers may never misrepresent the Amway business by promising wealth with little effort, no retailing, tax shelter, guaranteed residual income for life, etc. Such claims are prohibited in every Amway market.
6. Direct Sellers may neither state, nor imply that they are employees or representatives of Amway Corporation or any of its affiliated Companies, nor may they say that they are the exclusive representative of Amway in any particular country.
7. No Direct Seller-produced "pre-applications", or any similar documents which appear to commit a prospective Direct Seller to join a particular line of sponsorship, are authorized "Lead Forms", which are used only for a Direct Seller's internal use to collect information about prospective Direct Sellers, must NEVER be utilized as "pre-applications" and are

not legally binding. The lead form must not be signed by the prospective Direct Seller and a copy must not be left with the prospect. The Lead Form and its use must never appear to commit or obligate the prospect in any manner.

8. Prospective Direct Sellers who are residents of non-Amway markets should not be invited to any Direct Seller- sponsored or Company-sponsored functions organized in either Amway- or non-Amway markets.
9. Showing the Amway Sales Plan, importing, selling Amway produced or provided products, in an unopened market is not permitted at any time.
10. Violation of the Direct Selling Guidelines.
11. Violation of the Quality Assurance Standards (QAS).

PENALTIES FOR UNAUTHORIZED ACTIVITY IN NON-AMWAY MARKETS

Penalties may include any action deemed appropriate by Amway. Corrective action may range from re-educating an offending group and/or suspension to termination of the violator's business. Corrective action may negatively impact the violator's annual bonuses, award recognition and other rewards such as SIP, Non-cash awards and FAA monies.

1. Complaints of improper activity are to be submitted in writing to the appropriate Sales/Direct Seller Relations Department staff for review and handling

on a case-by-case basis. Amway may, at its discretion, follow up on any reported activity to make a determination of its accuracy and viability.

2. Penalties may include any action deemed appropriate by Amway up to and including suspension or termination. Amway may sanction rewards and recognition derived unauthorized activities in an unopened market and may prohibit the Direct Sellers from entering into new markets.
3. In the event of termination action, the appeal rights as granted by the Enforcement Procedures in the Rules of Conduct, Commercial Principles or applicable policies in an Amway affiliate may be invoked by the Direct Seller.
4. Platinums are responsible for ensuring that all Direct Seller's / Direct Sellers in their organizations who are involved in international markets understand these Rules. It is the responsibility of each Direct Seller to abide by this Policy.
5. Violators will be required to provide Amway with a mailing list, complete with names and addresses, of all persons solicited / contacted by him or her as prospective Direct Sellers as the result of unauthorized pre-launch activity.

THESE GUIDELINES ARE SUBJECT TO CHANGE FROM TIME TO TIME. FAILURE TO COMPLY WITH THE RULES OF CONDUCT AND THESE GUIDELINES MAY RESULT IN ACTION AGAINST YOUR INDEPENDENT BUSINESS.



BUSINESS SUPPORT MATERIAL POLICY

DEFINITION OF BUSINESS SUPPORT MATERIALS (BSM)

THIS POLICY APPLIES TO ALL TRAINING PROVIDERS.

For purposes of this Policy, Business Support Materials (BSM) shall mean all products and services (including but not limited to business aids, books, magazines, flip charts and other printed material, online literature, internet websites, audio, video or digital media, rallies, meetings and educational seminars (inclusive of tickets for the same), and other types of materials and services) that:

- (i) are designed to solicit and/or educate Prospects, prospective customers or Customers of Amway products or services, or to support, train, motivate and/or educate Direct Sellers;
- (ii) incorporate or use one or more of Amway's trademarks, service marks or copyrighted works; or
- (iii) are otherwise offered with an explicit or implied sense of affiliation, connection or association with Amway."

STATEMENT OF REQUIREMENTS

The following general standards will apply:

Direct Sellers can only sell or promote BSM to existing Direct Sellers that have been authorized by Amway. The Direct Sellers are advised that Amway, apart from holding a number of free training sessions periodically, also provides BSM that it itself

produces/ develops, free of cost to all Direct Sellers. Amway does not require a Direct Seller to purchase any BSM from any other Direct Seller or third party source whether as a condition of participation or otherwise. In the event that a Direct Seller is desirous of purchasing certain non-Amway produced BSM from another Direct Seller such Direct Sellers are advised that prices for such BSM should not normally exceed the prices listed in clause 2 below, inclusive of all duties, taxes and levies, including Service Tax.

The prices indicated below are based on Amway's own experience and reasonable judgment that Amway has acquired from production of its own BSM. We strongly recommend that all Direct Sellers follow Amway's own policy regarding BSM policy which is to share all BSM produced/developed by Amway, on a cost free basis to all Direct Sellers. Amway does not prescribe any price for any Direct Seller or third party produced BSM and only approves the content of such BSM to ensure consistency, quality and adherence with the policies prescribed by Amway from time to time. In the event of inconsistency, if any, of such BSM to that of Amway's policies, then Amway's policies shall override. Further, we strongly recommend that all meetings conducted for Direct Sellers be held with in a similar frequency as Amway hosted meetings of a similar type, and in any event not more than the frequency indicated below. You are requested to inform Amway of any inconsistency in the aforementioned parameters to take appropriate consequential action.

INDICATIVE PRICING (IP) OF BSM IN INDIAN RUPEES (INR) AND INDICATIVE MAXIMUM FREQUENCY:

BSM	IP
Tapes, cassettes or audio CD	110/- per unit
Video CD, DVD	110/- per unit
Internet Sites Access Charges	not to exceed 500/- or equivalent foreign currency.

EVENT	IP	INDICATIVE MAX. FREQUENCY
Weekly / Open / Plan meetings	Maximum 120 per person in Major Metros* Maximum 90 per person in all other cities	As may be required
TEAM MEETINGS		
Characteristics: Generally organized by Platinum and above and attended by their dedicated LOS. This will also include meeting called by Diamond for his downline Platinum groups provided downline Platinum does not hold an independent separate meeting in the same month. In the event a Diamond is conducting the meeting for downline Platinum group, it must be ensured that no ABO is required to travel for more than 100kms. Attendance is not over 500 people. Duration generally is two hours to five.	Maximum 120 per person in Major Metros* Maximum 90 per person in all other cities	No Direct Seller shall be required to attend any such any such meeting.
BUSINESS BUILDING SEMINAR		
Characteristics: Generally organized by third party vendors, with Diamond or Emerald speakers. Attended by over 500 but fewer than 2000 people. Generally from two hours to 5 hours in duration.	Maximum 300 per person in Major Metros* Maximum 240 per person in all other cities	6 series of meetings in any no. of cities. All meetings in a month to constitute 1 (one) series.
MAJOR FUNCTIONS, CONFERENCES, FED / CONVENTIONS/ FAMILY REUNION ETC.		
Characteristics: Generally, a half-day to full-day function (start and end on the same day) organized by third party vendors, where Diamonds or Foreign speakers are invited to speak and which are attended by over 2000 people.	Maximum 900 per person irrespective of the duration of the event (excluding food and lodging at cost)	2 series of meetings in any no. of cities. All meetings in a month to constitute 1 (one) series. All meetings in a region to happen in the same month. No 2 (two) major functions should be held in neighbouring cities if the distance between the two cities is less than 200 kms.
GO DIAMOND/SILVER PRODUCERS & UP LEADERSHIP MEETINGS		
Characteristics: Generally, a full-day to 2 days function organized by third party vendors, where Diamonds or Foreign speakers are invited to speak and which are attended by Leaders at the level of *current qualified Silver Producers and above. A Current qualified Silver Producer is one who has qualified / re-qualified atleast one month at SP level in the last twelve month period.	Maximum 1080 per day or its equivalent In foreign currency per person excluding food and lodging at cost	Frequency of such a meeting whether conducted free or charged for, shall be limited to 1 (one) per person

* Metros : Mumbai, Kolkata, Delhi, Bangalore, Chennai, Pune & Hyderabad



DIAMOND CONSENT RULE

Direct Sellers shall not solicit or induce any Direct Seller of another group to plug-in with their group. Cross group supply of tickets/passes to Direct Seller organized events is strictly prohibited. Leaders are to ensure event promotion, if any, should strictly be within their own business group and no cross group promotion of events unless with the written consent of upline Diamond. The immediate Upline Diamond's consent is required for any Platinum and above Direct Seller's who wish to plug-in into events organized by other Diamonds or groups not in their natural LOS. Provided however that Amway shall have the discretion to waive the requirement of such consent in the event it is of the opinion that such refusal of consent is not in Amway's business interest.

CONSEQUENCES OF NON-COMPLIANCE

This is a Zero Tolerance policy.

Those who fail to comply or who have shown a disregard for the policy may be subject to one or more of the following actions:

- Suspension of business activities (which may include commissions)
- Elimination from all GIP awards/ rewards.
- Reduction and/ or elimination of FAA points for India
- Non-invitation to award trips.
- Non-acceptance of the Direct Seller Application Renewal Form.
- Termination of their Amway Business.

SOCIAL MEDIA POLICY

DEFINITION OF SOCIAL MEDIA

Social Media is an umbrella term that describes websites and online tools that people use to connect and interact online with other people and share content, profiles, experiences, opinions and media. These tools include blogs, message boards, podcasts, video and photo sharing sites, micro blogs, online communities and wikis.

This Policy does not change the current rules or principles but is intended to help Direct Seller's apply them to social media interactions. Direct Seller's desiring to use Social Media for their Amway Business should review all Rules of conduct particularly the Website Rules and Guidelines, Rule 4.3, Rule 8.3.9, Section 7 and Section 9 and adhere to the same.

APPROPRIATE CONDUCT

- Create an individual Social media profile. Enhance the profile by adding personal information and posting pictures. Connect with family, friends and acquaintances. Remember to maintain privacy settings to friends or friend of friends.
- Use Social Media to communicate with those downline and upline as appropriate. Maintain appropriate privacy settings.
- Make new friends online.
- Be transparent, authentic and honest. Be truthful and accurate at all times. Self disclose your affiliation with Amway if you intend to discuss the business on your page.
- Share positive experiences about Amway products and the Amway business.
- Treat people with respect and courtesy as you would have them treat you.
- Offer participation, support and feedback. The conversation should take place much like it would in person. When approaching others or entering the conversation, interact positively, be relevant and credible.
- Connect with Amway online, join official sites and share posts, videos and photos posted by Amway with your teams, customers and prospects.
- Use commonsense. Remember what you say reflects upon your and Amway's reputation.

- Refer questions or other users with questions to Amway
- Do abide by the Rules of Conduct for Amway Direct Sellers. Only some of the applicable rules are identified here. If in doubt, don't do it. Check with Amway.

PROHIBITED CONDUCT

- Do not create pages, websites, accounts or other online avenues to sell products (Rule 4.3).
- Do not prospect or 'cold' contact in regards to sponsorship. The same rules that apply to online prospecting apply to your efforts in establishing customers online. If someone contacts you online and expresses a desire to buy product or learn more about the business, contact them privately through chats, messages or email. (Rule 4.3 and 8.3.9).
- Do not offer discounts or special promotions not offered by Amway.
- Do not spam or broadcast using social media (Rule 4.3, 4.3.2 and 8.3.9).
- Do not create fake Amway or product brand identities. When it comes to naming your page, you are not allowed to use Amway trademarks or trade names. We suggest you use your full name. People who search for you online are more likely to remember and use your name than some clever name for your site (Section 9).
- Do not use Amway logos, Amway Product logos, brand images, photographs and copyrighted text including product literature or Amway BSM's without prior permission from Amway or misrepresent Amway in any way (Section 9).
- Do not make claims about Amway products that are false, misleading or incorrect (Rule 4.4).
- Do not upload photographs / videos / content related to Amway Business, events or products that are not authorized by Amway, false, misleading or incorrect (Section 7 and 9).

- Do not upload BSM's of other Direct Seller's or your BSM's that have not been approved by Amway (Section 7 and 9).
- If in doubt Ask. The Amway India Code Compliance team is always available to provide advise and guidance.

* Direct Seller conduct and activities while using the Social media for their Amway Business is governed by the Rules of Conduct and the above policy, which are subject to change from time to time. Violation of the Rules and/or this policy may invite action against your Amway Business.

TERMS AND CONDITIONS OF SALE OF PRODUCTS

- Supply of goods by Amway India Enterprises Pvt. Ltd. (AIEPL) under an Invoice shall be subject to the terms and conditions of sale herein contained.
- Amway India Enterprises Pvt. Ltd.'s (AIEPL) weights, measures and statement as to quantity, quality, date of manufacture etc. as contained on the packing shall be presumed to be correct.
- AIEPL's legal title of the goods shall cease as soon as the goods are handed over to the Buyer/or to the Carriers as the case may be.
- Buyer is requested to verify quality/ and quantity of the goods before accepting delivery. No claim regarding quality/quantity of the goods will be entertained once goods are handed over to the Buyer/Carriers as the case may be unless promptly notified in the Delivery Challan.
- Price is inclusive of all taxes as on date of sale. Any levy/increase in taxes/freight, in respect of goods sold, before/after delivery to the Buyer shall be reimbursed by the Buyer to AIEPL.
- Refund of VAT/ Sales Tax/ Statutory Levies already collected will be allowed only on rejected goods received as per AIEPL's returns policy as laid down in the Amway Business Starter Guide and as updated from time to time.



- In case of failure to take delivery of goods, Buyer shall be solely liable for all storage, demurrage costs and other expenses. AIEPL shall be entitled to treat such failures as a breach of contract in addition and without prejudice to AIEPL's other rights and remedies.
- AIEPL is not liable for delays or non-delivery of goods by the Carrier due to Force Majeure conditions in course of transit/delivery or any loss arising there from.
- Each lot/instalment of goods delivered under an invoice shall deemed to be sold under a separate contract.
- All Bank charges (including collection charges), shall be payable by the Buyer. AIEPL shall not be liable for any loss/theft of bank drafts/cheques etc. in transit.
- Any notice to be served on the Buyer by AIEPL shall be deemed to be validly served if sent by ordinary prepaid post to the buyer's address as mentioned on the invoice.
- All sale contracts and transactions of AIEPL are subject to exclusive jurisdiction of the Courts at Delhi.
- If products are returned by customers directly to Amway, PV/BV adjustment shall be done from the Direct Seller's account & any excess amount paid shall be recoverable from Direct Seller.

AMWAY REFUND POLICY

Amway Corporation is the world's largest direct selling organisation. The superior value and high quality of Amway products and services have earned us the trust of our Direct Sellers and their customers. This trust is a precious and unique relationship. Everyone must share in the Amway commitment to excellence. Everyone has a responsibility to ensure the superior value and high quality of Amway products and services – quality and value that we guarantee!

AMWAY'S CUSTOMER PRODUCT REFUND POLICY

We stand behind the quality of Amway products.

All Amway Products are covered by Amway's Customer Product Refund Policy. If the Customer is not completely satisfied, he/she is entitled to return the products within 30 days from the date of delivery for a full refund. The refund policy is applicable only for products in saleable condition, and partially used products (30%) accompanied with an invoice. This policy does not apply to products that have been intentionally damaged or misused. It is incumbent upon Amway Direct Sellers to follow the Customer Product Refund Policy in letter and spirit.

AMWAY RETURNS POLICY FOR DIRECT SELLER
DIRECT SELLER MAY RETURN THE PRODUCTS WITHIN 30 DAYS OF PURCHASE AS GIVEN BELOW.

RETURN OF PRODUCTS BY DIRECT SELLERS

CONDITION	TIME PERIOD	INVOICE	PAYMENT
Saleable*	Within 30 days of purchase	Yes	DAP
	Within 30 days of purchase	No	DAP less VAT
Unmarketable**	Within 30 days of purchase	Yes	DAP less VAT
	Within 30 days of purchase	No	DAP less VAT
Excess Stock***	Within 60 days of purchase	Yes	DAP
	Within 60 days of purchase	No	DAP less VAT

VAT (Value Added Tax)

*'Saleable' refers to those products that are marketable, unused, not expired and, not seasonal, discontinued or special promotional products and/or services.

**Unmarketable are products which have been partially used (30%).

***Excess stock refers to products greater than or equal to six in number.

REFERENCE NOTES

- The Direct Seller must return the product(s) to Amway Pick up Centers.
- Period of return for products is calculated as the number of days from the Invoice Date, to the date of receipt at the Amway Office.
- Condition refers to the condition in which the stock is received back from the Direct Seller as a return. The product can be 'marketable' or 'unmarketable' depending on the condition of the returned stock as assessed by the Returns executive at the Amway office.
- PV/BV adjustment of Products returned up till 25th of each month shall be processed in the same month. Total PV/BV of the returned products will be deducted from the returning Direct Seller's account.
- Total returns cannot exceed the quantity appearing on the Invoice.
- If products are returned by customers directly to Amway, PV/BV adjustment shall be done from the Direct Seller's account & any excess amount paid shall be recoverable from Direct Seller.



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