

Business Conduct and Rules

Effective 1 February 2019

Section 1 – Introduction

THE RULES OF CONDUCT (“RULES”) DEFINE AND ESTABLISH:

1. Principles to be followed in the conduct of an Amway Business.
2. The rights, duties, and responsibilities of each Independent Business Owner (IBO).

THE TERMS AND CONDITIONS OF THIS RELATIONSHIP ARE SET FORTH IN:

1. The Amway IBO Contract and each renewal application;
2. These Rules of Conduct; and
3. Other official Amway literature, publication, notification or communications.

WHILE THE RULES PRIMARILY DEFINE RELATIONSHIPS BETWEEN AMWAY AND IBOS, THEY ALSO CONCERN RELATIONSHIPS AMONG IBOS. ITS OBJECTIVES ARE TO:

- (a) ensure an equal opportunity for IBOs through ethical and responsible business conduct;
- (b) To protect and build a conducive environment for a long-term and profitable Amway Business;
- (c) To promote unity and harmony among IBOs; and
- (d) To preserve the benefits of the Amway Sales and Marketing Plan equitably for all IBOs.

From time to time, the contents of these documents are changed. Amway will notify the IBO leadership of such changes. Upon final notification by Amway with respect to those changes presented to the IBO leadership, such changes will be communicated to all IBOs in a timely manner on the Amway's Primary website at www.Amway.com.au or www.Amway.co.nz and other official Amway communications and literature, and shall become effective upon publication. In order to preserve the goals and purposes of the Amway Sales and Marketing Plan, Amway reserves to itself the sole right to adopt, amend, modify, supplement or rescind any or all of these Rules as necessary.

The preamble before each Section is designed to provide Amway Independent Business owners and prospects with a summary of their rights and obligations as IBOs. IBOs should read and understand the Rules and Policies which form the substance of their conduct with Amway.

Section 2 – Definitions

AMWAY: Collectively means Amway of Australia (ABN 49 004 807 756, a Company having its principal place of business in Sydney NSW) and Amway of New Zealand (a Company having its principal base of business in Auckland, New Zealand) and includes its successors and assigns.

AMWAY BUSINESS OPPORTUNITY: The products, marketing, support and compensation system offered by Amway.

AMWAY BUSINESS POLICIES: Rules and Policies set forth in official Amway literature, including the Rules of Conduct and other various policies and guidelines that may be maintained by Amway from time to time which are incorporated by reference into; (1) the Amway IBO Application; and (2) other official Amway literature or communications.

AMWAY BUY BACK POLICY: means the Amway policy which is described in Rule 3.11.1.

AMWAY OF AUSTRALIA: means Amway of Australia (ABN 49 004 807 756, a Company having its principal place of business in Sydney NSW) and includes its successors and assigns.

AMWAY OF NEW ZEALAND: means Amway of New Zealand (a Company having its principal base of business in Auckland, New Zealand) and includes its successors and assigns.

AMWAY'S PRIMARY WEBSITE: In Australia, the Amway website at www.amway.com.au. In New Zealand, the Amway website as www.amway.co.nz.

AMWAY PRODUCTS: All goods and services, including literature and other support or auxiliary materials, made available by Amway to IBOs.

AMWAY REGISTRATION PACK: The collection of literature, sales aid, other materials and product that IBOs are required to possess in connection with acceptance by Amway of their application.

AMWAY SALES AND MARKETING PLAN OR "PLAN": The Amway system used to calculate commission and Bonus/Rebate compensation and recognition for IBO based on product sales as described in official Amway literature.

AMWAY SATISFACTION GUARANTEE: The 90 Day 100% Amway Satisfaction Guarantee in respect of Amway Products and Amway-distributed products as explained in Amway catalogues and other official Amway literature.

APPROVED PROVIDER OR "AP": A supplier of BSM who is a party to a current Accreditation Plus Approved Provider Agreement with Amway.

AUSTRALIA IB: An IB carried on by an IBO in any part of Australia.

BONUS: The monetary rewards that Amway of Australia pays to IBOs in Australia in accordance with the Amway Sales and Marketing Plan. The term Bonus is interchangeable with Rebate when referenced for Australia's IBOs.

BUSINESS SUPPORT MATERIALS OR "BSM": All products and services (including but not limited to books, magazines, flip charts, and other printed material, online literature, internet websites, audio, video or digital media, rallies, meetings, and educational seminars, and other types of materials and services) that are (i) designed to solicit and/or educate Prospects, customers or prospective customers of Amway Products and services, or to support, train, motivate and/or educate IBOs, or (ii) which incorporate or Use one or more of the trademarks of Amway or Alticor Inc or Copyright Works authorised by Amway, or (iii) are otherwise offered with an explicit or implied sense of affiliation, connection or association with Amway.

CLIENT: A purchaser of Amway Products who has been entered on Amway's system as a client and to whom Amway delivers direct.

CONFIDENTIAL INFORMATION: All trade secrets, LOS Information (as defined below), lists, databases or other compilations of persons who were, are or become IBOs, know-how, product formulas and specifications, business planning materials, business development plans, business specifications and data, financial information, projections, forecasts, marketing plans and strategies, records, reports, graphs, drawings, market studies, research and development data, distribution methods and processes, organisational structures, customer lists, supplier information, identity of Amway's intellectual property, business procedures and techniques, studies, test results, and all other non-public or proprietary business or technical information (all of the foregoing in any form or medium; e.g., tangible, intangible, printed, electronic), owned or used by Amway. Anything marked "Confidential" shall be deemed to constitute Confidential Information, provided however, that LOS Information not marked "Confidential" shall still constitute Confidential Information. However "Confidential Information" does not include any information which is in or comes into the public domain.

COPYRIGHT WORKS: All works and subject matter other than works, in which copyright subsists, that are created by or for Amway and/or are used by Amway in its business.

DIAMOND BODY: Those qualifying Diamond IBOs from time to time.

DIGITAL COMMUNICATIONS: Digital Communications are electronic transmissions (generally by computer or mobile device) of text, data, images, video, voice, and other information including, without limitation, any posts or publications made available within the digital space, including emails, videos, live streaming, podcasts, blog posts, mobile applications (apps), advertising, forums, webpages, and through any social media or messaging platform, e.g., Facebook®, YouTube®, Instagram®, Twitter®, WeChat®, WhatsApp® or Snapchat®.

DIGITAL COMMUNICATION STANDARDS ("DCS"): The document published by Amway and amended from time to time, containing those terms that IBOs must comply with when engaging in any Digital Communications regarding the Amway Business Opportunity, Amway Products, or Amway services (directly or indirectly).

The DCS are fully incorporated into, and made enforceable as a part of, these Rules of Conduct.

GOOD STANDING: For the purposes of interpreting and enforcing the Rules of Conduct only, the term “good standing” shall refer to an IBO who is currently authorised by Amway to hold himself/herself out as an IBO and whose conduct complies with the letter and spirit of the Rules of Conduct and Amway Business Policies for each market in which an IBO has a presence; is not engaged in conduct that negatively affects the reputation of Amway, Amway’s affiliates, and its IBO; is not engaged in conduct that supports or defends the activity of other IBO which jeopardizes the ongoing nature of an Amway affiliate or otherwise is inconsistent with the other criteria set forth herein; is not engaged in conduct that does not comply with all applicable laws and regulations in each country and whose conduct does not demonstrate cultural sensitivity given market conditions.

INDEPENDENT BUSINESS (“IB”) OR AMWAY BUSINESS (“AB”): An Amway independent business conducted by an IBO.

INDEPENDENT BUSINESS OWNER (“IBO”) OR AMWAY BUSINESS OWNER (“ABO”): An independent contractor of Amway, appointed as such pursuant to these Rules of Conduct, for the sale of Amway Products and Amway-distributed products and for the solicitation of applications for appointment as Amway IBOs and includes an Amway IBO who is also a Platinum IBO or a Sponsor and includes his/her duly authorised personal representatives, successors and assigns and if the IB comprises two natural persons means those persons jointly and severally and each of them and their respective personal representatives, successors and assigns jointly and severally.

IBO CONTRACT/APPLICATION: The IBO application along with the incorporated documents that form the terms of the contractual agreement between IBO and Amway, including these Rules.

INACTIVITY OR INACTIVE: To resign or not renew one’s current IB and not have engaged directly or indirectly in any business activity in connection with an Amway IB, including dealing with any Amway product (other than as a consumer), taking an order, making a delivery, accepting payment, presenting the Amway Sales and Marketing Plan to any prospective IBOs or attending any recruiting, training or motivational meetings conducted by Amway or any company or organisation controlled by or associated with any Amway IBO.

LEG: An IBO and all downline IBOs from that individual.

LINE OF SPONSORSHIP OR “LOS”: The structural organisation of IBOs established by the contractual relationship that each IBO has with Amway. The LOS, in the case of any one IBO, means the IBO, his/her Sponsor, the Sponsor’s Sponsor and so forth, up to and including Amway, and all persons who have been Sponsored directly or indirectly by the IBO.

LOS INFORMATION: All information that discloses or relates to all or part of the structural arrangement of IBOs within the Line of Sponsorship established pursuant to the contractual relationship that each IBO has with Amway, including but not limited to IBO numbers and other IBO business identification data, IBO personal

contact information, IBO business performance information, and all information generated or derived therefrom, in its present or future forms. This definition of LOS Information does not include information about customers of Amway Products or of Approved Provider products and services who were not, are not and do not become IBOs.

MANAGEMENT AGREEMENT: In respect of the conduct of an Amway IB means an agreement in writing, the terms and conditions of which are approved by Amway, for the responsible conduct of an Amway Business, where the manager manages the business in the absence of the owner.

NEW ZEALAND IB: An IB carried on by an IBO in any part of New Zealand.

NON-RESIDENT IBO AGREEMENT: In respect of the conduct of an Amway IB, means an agreement in writing for the maintenance of an Amway Business on behalf of a foreign resident IBO, the terms and conditions of which are specified or approved by Amway.

PERSONAL GROUP: In respect of a particular IBO means the IBO in question, all IBOs personally sponsored by him/her, all IBOs personally sponsored by such personally-sponsored IBOs, and so forth downline from the IBO in question, to and including those IBOs who have not themselves sponsored other IBOs, but does not include any Platinum IBOs downline from the IBO in question nor any IBOs downline from any such Platinum IBOs. Platinum: An IBO who has achieved a certain level of business activity as specified by the Amway Sales and Marketing Plan.

PROSPECT: A potential IBO or customer.

QUALITY ASSURANCE STANDARDS: The Program Standards and Content Standards for BSM as amended from time to time by Amway and as posted by Amway on Amway's Primary Website or as otherwise notified to IBOs in writing.

REBATE: The monetary rewards that Amway of New Zealand pays to IBOs in New Zealand in accordance with the Amway Sales and Marketing Plan. The term Rebate is interchangeable with Bonus when referenced for New Zealand IBOs.

RELATED BODY CORPORATE: In Australia, a body corporate that is deemed to be related to another body corporate by virtue of Section 50 of the Corporations Act 2001 (Cth). In New Zealand, a company that is deemed to be related to another company by virtue of Section 2(3) and 2(4) of the Companies Act 1993 (NZ).

RULES OF CONDUCT ("RULES"): These Rules, as amended from time to time by Amway, which define and establish: (1) certain principles to be followed in the development and maintenance of an Amway Business; and (2) the rights, duties, and responsibilities of each IBO.

SPONSOR: There can be one of three relationships:

PERSONAL SPONSOR: An IBO who introduces and sponsors a Prospect into the Amway Business Opportunity.

INTERNATIONAL SPONSOR: An IBO who introduces a prospect from another country to the Amway Business Opportunity and he/she becomes the (“International Sponsor”) when this prospect signs up and is being foster sponsored by another IBO in that market.

FOSTER SPONSOR: An IBO of Amway in the affiliate who is designated to provide training and support to an Internationally Sponsored IBO.

USE:

- a. with reference to trade marks, to use a mark upon, or in physical or other relation to, goods or services, including directly or indirectly placing or displaying one or more marks on or in connection with goods or services, in a manner that tends to create the impression of an affiliation, connection, or association between Amway and either the goods or services or the IBO. “Use” specifically includes, but is not limited to:
 1. in connection with goods, placing a mark in any manner on the goods or their containers or packaging or the displays associated therewith or on tags or labels affixed thereto, or on documents or other communications or websites promoting or associated with the goods or their sale, offering, advertising or promotion; and
 2. in connection with services, displaying a mark, in the offering, provision, sale, advertising or promotion of services.
- b. with reference to Copyright Works, to reproduce or make a copy of the Copyrighted Works and/or to communicate the Copyrighted Works to the public and/or to cause a sound recording to be heard in public or a film to be seen in public or to do any of the other acts comprised in the copyright in a Copyright Work;
- c. with reference to Confidential Information, to include any Confidential Information in any document or on a website or in any electronic communication, or otherwise using any Confidential Information.

2.2 All terms used in these Rules which are defined or explained in the Amway Sales and Marketing Plan shall have the same meaning as they have in the Amway Sales and Marketing Plan to the extent there is no inconsistency with these Rules. Without limiting the generality thereof, such terms include “Business Volume” (or “BV”), “Diamond IBO” (or “Diamond”), “Emerald IBO” (or “Emerald”), “Internationally Sponsored IBO”, “Sapphire IBO”, “Performance Bonus/Rebate”, “Monthly Depth Bonus/Rebate”, “Point Value” (or “PV”), “PV/BV Transfer”, “Ruby IBO”, “Gold Producer”, “Silver Producer” and “Silver Sponsor”.

2.3 In these Rules, unless the context otherwise requires:

- a) a reference to a singular number includes a reference to a plural number and vice versa;
- b) a reference to one gender includes a reference to the other gender;
- c) a reference to a person includes a reference to a company, partnership, other unincorporated association or other legal entity;
- d) a reference to any statute or any statutory provision shall be deemed to include a reference to that statute or statutory provision as enacted as at the date these Rules were first published and to any amendment, extension, re-enactment or replacement thereof from time to time.

2.4 Prospective IBOs should make enquiries of Amway if:

- a) Any difficulties arise with either the interpretation of these Rules of Conduct or questions arise as to how the Rules may apply to particular conduct.
- b) A situation arises whereby an IBO disputes the interpretation of the Rules or requires a ruling as to the application of the Rules to particular conduct.

Section 3 – Becoming an IBO

As Principal, Amway bears direct responsibility for the authorised conduct of its IBOs who very often have the privilege of conducting business in customers' homes. Accordingly, this section says that Amway sets and maintains high standards for admittance and renewal of an IB and, in certain cases, can exclude potential or existing IBOs if their conduct or history so warrants that extreme action; it also says that an IBO is an independent contractor and is under no obligation to participate in the business; the degree of involvement is solely up to the IBO.

In response to the very restrictive legal requirements for gaining permanent residency or a working Visa to enter Australia or New Zealand, this section also notes that prospective IBOs who are not Permanent Residents of Australia must satisfy Amway's requirements for non-resident IBOs in order to perform the functions involved in being an IBO in Australia or New Zealand.

3.1 IBO APPLICATION FORM AND REGISTRATION PACK: To become a duly authorised IBO capable of merchandising Amway Products and services and sponsoring other IBOs, an applicant must apply for authorisation from Amway by completing the IBO Application Form and possess an Amway Registration Pack. The completed IBO Application must be submitted to Amway immediately, and accepted by Amway as authorised in accordance with the provisions of Rule 3.3. The application for appointment as an IBO shall be considered accepted by Amway upon receipt of an IBO's registration, including their acceptance of these Rules of Conduct and the IBO application Terms and Conditions.

3.2 PARTNERS – LONG-TERM RELATIONSHIP: Two Individuals who are in a long term relationship together, upon acceptance by Amway, shall be authorised as one IB. A person whose partner is an authorised Amway IBO shall not be eligible to apply as an authorised IBO of another IB. A long term relationship includes, but is not limited to, de facto couples and husband and wife.

3.2.1 Amway may at its sole discretion terminate the IB if Amway is of the opinion (which opinion shall be final) that any act of the IBO and/or his/her partner (whether or not the partner is a registered partner) is found to be in contravention of any of the Rules of Conduct.

3.2.2 If two IBOs, each of whom owns and operates an IB in different or same Line of Sponsorship (neither of which is at the Platinum or above level), become married or enter into a long-term relationship together, one IB must be terminated. If either partner has attained the status of Platinum or above, then the partners may operate both IBs, each of which will, however, be operated in its original Line of Sponsorship. IBO must notify Amway as soon as possible.

3.2.3 Where IBOs are in a long-term relationship IB, if a partner resigns from Amway for any reason pursuant to the Rules of Conduct herein, Amway shall be entitled to terminate the IB of the remaining partner without assigning any reasons. Amway may however allow the remaining partner to continue operating the IB in which event the remaining spouse and resigning partner shall be subject to these Rules of Conduct and to such other terms and conditions which Amway may deem fit to impose.

3.3 APPLICATION REQUIREMENTS: Without limiting Amway's rights, to become an IBO or to renew authorisation as an IBO, an applicant:

3.3.1 Must be at least 18 years of age;

3.3.2 Must not, without written approval of Amway, already be an IBO. A former IBO may apply for authorisation as a new IBO, subject to Rule 6.3 and Rule 6.4;

3.3.3 Must not be married to, or in a long-term relationship with, a currently authorised Amway IBO;

3.3.4 Must not be incapable of managing his/her affairs by reason of mental or other condition (except where the IBO has granted power to another to act via an Enduring/Continuing Power of Attorney);

3.3.5 Must not be bankrupt or a party to any arrangement or composition with his/her creditors or any of them or own any property or assets the subject of receivership or official management;

3.3.6 Must not be currently suspended or disbarred from practicing his/her usual trade or profession by any trade or professional association, institute or society;

3.3.7 Must not be in gaol or confined to any other corrective institution;

3.3.8 Must not have been previously terminated by Amway as an IBO, Member or Client for breach of contract within Australia or New Zealand, or within another Amway affiliate;

3.3.9 Must comply with Rule 6.3 and 6.4 of these Rules of Conduct if the applicant previously operated under an IB that was terminated or expired (and has not been renewed);

3.3.10 In the case of a renewal application, must not have failed to rectify any remediable breach of these Rules or of the contract of which they form a part, within 14 days of written notice from Amway of such breach;

3.3.11 Resides within the country where the business is being registered, if this is a person's first Amway Business in any market where Amway operates. The company retains the discretion to allow registration beyond the restriction.

3.3.12 Must nominate their IB outside of Australia or New Zealand as their International Sponsor, if they have an IB outside of Australia or New Zealand.

3.3.13 In the case of an application to Amway of Australia, must be an Australian citizen, or if not, must be the majority shareholder of an Australian incorporated or registered company or the holder of an entry permit under the Migration Act 1958, which is in force and which affords the holder Permanent Resident status in Australia and which has not been granted subject to a condition imposing restrictions on the applicant performing work (or work of a kind which would include work done by IBOs as IBOs) in Australia. If an IBO cannot satisfy the above, they must alternatively provide Amway with evidence that they satisfy the following criteria:

- a) have an Australian Business Number (only required in the event that they are conducting their Amway Independent Business through a Limited Liability Company);
- b) have an Australian bank account with an Australian resident bank; and
- c) have appointed a Manager (who is an IBO) to manage the Australian Business, and have completed the non-resident Management Agreement form.

3.3.14 In the case of an application to Amway of New Zealand, must be a New Zealand citizen, or if not, must be the majority shareholder of a New Zealand incorporated or registered company, or the holder of an entry permit under the relevant migration laws which are in force and which affords the holder Permanent Resident status in New Zealand and which has not been granted subject to a condition imposing restrictions on the applicant performing work (or work of a kind which would include work done by IBOs as IBOs) in New Zealand. If an IBO cannot satisfy the above, they must alternatively provide Amway with evidence that they satisfy the following criteria:

- (a) have an Inland Revenue Department Number;
- (b) have a New Zealand bank account with a New Zealand resident bank; and
- (c) have appointed a manager (who is an IBO) to manage the New Zealand Business and completed the non-resident Management Agreement form.

3.4 ACCEPTANCE OR REJECTION OF IBO APPLICATION OR

RENEWAL: Amway reserves the right to accept or reject any IBO Application.

Likewise, Amway reserves the right to refuse any renewal request and can revoke the IB if an IBO's activities have not been in accordance with the Rules of Conduct or if the IBO is not in Good Standing or has not complied with the requirements of Rule 3.3. The decision of Amway to accept or reject such application is not open to review by an arbitrator appointed pursuant to Section 11 of these Rules.

3.5 INDIVIDUALS, PARTNERSHIP, COMPANIES, OR TRUSTEE: Amway IBs may be granted to individuals, limited liability companies, trustees or partnerships but in any instance the IBO shall consist of not more than two persons except where an IB qualifies at the Platinum IBO level when Amway may, upon application in writing, admit additional owners to the IB in circumstances where the sole or dominant purpose of such admittance is to facilitate the orderly transition of ownership or management of the business from one generation of IBOs to the next. The original owners of the IB shall nominate in writing to Amway from time to time, the two participants who will be recognised by Amway for the purpose of attendance at invitational functions.

3.5.1 Where Amway has approved the addition of further owners to an IB, Amway will, for purposes of acknowledgment of both past and future pin levels, recognise only the original owner or co-owners of the business whilst those original owners continue to be active in the business.

3.5.2 IBs are not granted to recreational clubs, schools or school support organisations, charitable organisations or church affiliate groups.

3.6 IBOS OPERATED THROUGH A PARTNERSHIP: When the IB is operated as a partnership, the IBO will only be granted in the names of the individual partners, and not under any business or other name which the partners may use for trading purposes

3.7 IBOS OPERATED THROUGH A LIMITED LIABILITY COMPANY: An IBO may apply to Amway to operate the IB through a limited liability company, provided it complies with certain requirements and conditions as determined by Amway. To do so, the IBO's obligations to Amway under these Rules and as an independent contractor of Amway must be guaranteed by the director and principal shareholders of the corporate IBO, on such terms and conditions as shall be reasonably required by Amway. The person signing the IBO Contract on behalf of a limited liability company must be an authorised representative of that limited liability company and must personally meet the qualifications set forth in Rule 3.3 above.

3.7.1 If an IBO is a limited liability company, Amway shall only recognise the two majority shareholders/ directors, specified and identified by Amway for award purposes, or such additional shareholders/directors as may be approved by Amway pursuant to Rule 3.5 and shall always describe them by their individual names and not the name of their company.

3.7.2 If an IBO is a limited liability company, only the two shareholders/directors identified and specified by Amway pursuant to Rule 3.7.1, or such additional shareholders/directors as may be approved by Amway pursuant to Rule 3.5, shall be engaged or involved in the day to day conduct and operation of the IB.

3.8 OPERATING AS A TRUSTEE: A person may become an IBO in his/her capacity as a trustee of a trust if the person complies with the requirements set forth in current official Amway-produced literature, and in particular:

3.8.1 Where the trustee is either a limited liability company which otherwise complies with Rules 3.5 and 3.7 or comprises not more than two individuals.

3.8.2 Where the trustee or its solicitor has provided to Amway a certificate, in a form approved by Amway, setting out such details as Amway may require, including: that the trustee is empowered by the Trust Deed constituting the trust to carry on an Amway Business; that the trustee has a right of indemnity against the assets of the trust, and there has been no waiver of that right of indemnity; and full details of the beneficiaries of the trust;

3.8.3 Where the trustee has acknowledged personal liability for the debts which will be incurred by the IBO and all acts, matters and things done in the course of the conduct of the IBO, and the IBO's obligations to Amway under these Rules, and as an independent contractor of Amway; and

3.8.4 Where the trustee is a limited liability company, the IB's obligations to Amway under these Rules and as an independent contractor of Amway shall have been guaranteed by the directors and the principal shareholders of the trustee on such terms and conditions as should be reasonably required by Amway.

3.9 OPERATING AN IB ON TRUST: In the event where an IBO holds an IB on trust,

3.9.1 Amway shall only recognise the trustee, if an individual, or the two shareholders/ directors of a limited liability company trustee identified and specified by Amway, for award purposes, and shall always describe them by his/her individual names and not by the name of the trust, or of the limited liability company trustee; and

3.9.2 Only the trustee (where an individual) or the two shareholder/directors of a limited liability corporate trustee, identified and specified by Amway pursuant to Rule 3.9.1 shall be engaged or involved in the day to day conduct and operation of the IB.

3.10 DATE OF AUTHORISATION: The date of authorisation as an Amway IBOs is when the IBO Application has been received and processed by Amway.

3.11 TERM AND EXPIRATION: Unless the term is renewed in accordance with Rule 3.4 and Rule 3.12 of the Rules of Conduct and the Amway Business Policies, an IB expires or may be terminated in accordance with its terms. As specified in the IBO Contract, unless terminated earlier by an IBO in writing to Amway, or Amway, the IB shall expire on 31 December of the current year.

3.11.1 BUY-BACK RULE: Upon expiration or voluntary termination of the IBO Contract, an IBO may apply to Amway to return unsold inventory of Amway Products that he/she has purchased within the past 12 months, provided such products are in new, unused and original condition. Amway will repurchase such products at the cost for which the IBO purchased such Amway Products from Amway, according to the existing policy. In the event that the IB is terminated for an IBO's breach, Amway shall have discretion as to the repurchase of products under the Buy Back Rule.

3.12 RENEWAL: An IB may renew their authorisation and appointment as an IBO by agreeing to automatic renewal at the time of application, or if opted out, by selecting renewal online during the nominated period or by sending to Amway a completed Application for Renewal in the form prescribed by Amway from time to time, and by payment of the then current subscription fee. Renewal will be at the discretion of Amway provided the IBO is not in violation or breach of Amway's Rules and Policies and terms of IBO Contract in any market. The IBO will have no claim against Amway arising out of or in respect of any non-renewal pursuant to this Rule.

3.12.1 If accepted by Amway, any extension of the term of IBO Contract and Amway's Rules and Policies shall be effective from the date of renewal, 1 January, and concluding twelve months thereafter on 31 December. The terms of such renewal shall be the terms and conditions of the IBO Contract in effect at the time of renewal.

3.12.2 The renewal of an IBO's IB for the forthcoming fiscal year will be effective only if and when the IBO receives from Amway confirmation that the renewal has been accepted for that forthcoming Amway fiscal year.

3.12.3 Without limiting Amway's discretion to deny renewal of an IB, the following automatically disqualify an IBO from renewing of his/her IB:

- a) The IBO was operating in a manner that was contrary to the reputation and interests of Amway;
- b) The IBO did not comply with or is in breach of the IB within the 12 months preceding the period for which extension is sought; or
- c) Failure to meet the requirements outlined in Rule 3.3 of these Rules of Conduct.

3.12.4 Should Amway decline or refuse to renew an IBO's IB, the IB shall be terminated upon and by virtue of service by Amway upon the IBO of a notice to that effect, and the provisions of Rule 12.7 shall apply.

3.12.5 Late Applications for Renewal filed, with an appropriate late renewal subscription, after 31 December, but before the following 31 December, shall be filed with Amway. Amway will determine at its absolute discretion whether a late application should be accepted and whether previous sponsorship of other IBOs, Members or Clients should be maintained.

3.12.6 Unless Amway approves the late Application for Renewal pursuant to Rule 3.12.5, if an IBO fails to file an Application for Renewal, or fails to pay the renewal subscription fee by the due date, the IBO's authorisation shall expire automatically on 31 December of the then current year.

3.13 TERMINATION: An IBO may terminate the IB at any time by providing Amway with written notice of termination at Amway's address. Amway may terminate the IB at any time by providing the IBO with written notice of termination at his/her specific address if he/she fails to comply with the Amway Business Policies, including the Amway Rules of Conduct, the Amway Sales and Marketing Plan and other policies maintained by Amway and which have been incorporated into the IBO Contract.

3.14 INVITATIONS TO AMWAY EVENTS: Invitations for business seminars, incentive trips and other events organised by Amway will be issued or withheld at Amway's absolute discretion.

3.14.1 To be eligible to qualify for an invitation to any event referred to in Rule 3.14, a person must have been an IBO for a minimum 6 months of the relevant qualifying period, and must continue to be a current IBO at the time of the invitation and attendance at the event.

3.15 NO MINIMUM REQUIREMENT BEYOND REGISTRATION PACK: A sponsor shall not impose on a Prospect, nor any IBO, as a condition to receiving from the Sponsor assistance in the development of such person's IB, such as:

3.15.1 Purchase any specified amount of products or services;

3.15.2 Maintain a specified minimum inventory;

3.15.3 Purchase any non-Amway produced "starter," "decision," or other "pack" or "kit";

3.15.4 Purchase, or subscribe to any program, that includes literature, audios, books, audio-visual aids, access to websites or other materials;

3.15.5 Purchase tickets for and/or attend or participate in rallies, seminars, or other meetings; or

3.15.6 Sponsor a specific or minimum number or other IBOs.

3.16 CONSPIRACY; INDUCEMENT TO BREACH: An IBO shall not conspire with any other person to breach or induce a breach of any Rules of Conduct or the Amway Business Policies or to induce or attempt to induce another IBO to breach any of the Rules of Conduct or the Amway Business Policies. Any such activity shall constitute a breach of the Rules of Conduct or the Amway Business Policies.

3.17 EXCEEDING SCOPE OF AUTHORISATION: An IBO shall not exceed the scope of authorisations granted pursuant to the IBO Contract. Any such activity shall constitute a breach of the IBO Contract.

3.18 REPRESENTATIONS AND WARRANTIES: An IBO shall not make any false representation or statement to Amway, nor induce Amway to enter into an IBO Contract under false pretences, nor breach any representation or warranties implied in this contract or by law. Any such activity shall constitute a breach of the Rules of Conduct or the Amway Business Policies.

3.19 MULTIPLE BREACHES: It is a breach of the Rules of Conduct or the Amway Business Policies for an IBO to allow any breaches to remain uncorrected following notification from Amway of the existence of the same, or to have multiple simultaneous, serial or repeating breaches of the Rules of Conduct or the Amway Business Policies.

3.20 CIRCUMVENTION OF THE RULES OF CONDUCT: In case of attempt to circumvent or acting against the intent and spirit of the Rules of Conduct, Amway may at any time take corrective action at its discretion.

Section 4 – Responsibilities and Obligations of all IBOs

Amway IBOs exercise a significant degree of autonomy over the way in which they operate their Amway Businesses, but IBOs also bear responsibility under consumer protection legislation in each State and federally for fair and ethical conduct, not only with customers, but also with other IBOs.

This section effectively restates those legislative responsibilities in the context of the Amway Business but goes further to outline the responsibility of IBOs to educate their sponsored IBOs, to avoid misrepresentation of the business, to protect confidential information and to responsibly monitor the conduct of non-Amway book, CD, DVD and seminar programs. The section also permits Amway to gain access to an IBO's Amway records to monitor performance of these important responsibilities.

Importantly, this section also seeks to protect the Amway Businesses of existing IBOs by prohibiting IBOs from conducting any other multilevel marketing business in a way which may breach their contractual obligations, particularly with regard to the misuse of confidential information.

4.1 ABIDE BY THE RULES OF CONDUCT AND AMWAY BUSINESS

POLICIES: At all times, IBOs must adhere strictly to the guidelines, procedures and policies stated in the Amway Rules of Conduct, or other Amway Business Publications in addition to the Amway Sales and Marketing Plan, and, in each case, any amendments made to those Amway publications from time to time. All IBOs must act in good faith and fair dealing under the terms of the IBO Contract.

4.1.1 COOPERATION WITH AMWAY: IBOs shall at all times full and promptly work with and cooperate with Amway employees, including cooperating in any investigation undertaken by Amway into activities that are potentially in contravention of his or her IB or the IB of another IBO.

4.1.2 AMWAY ISSUED DIRECTIONS: IBOs will at all times fully and promptly comply with all directions issued by Amway from time to time and work with and cooperate with Amway employees.

4.2 CROSS GROUP BUYING OR SELLING/SUPPLYING: No IBO shall engage in cross-group buying or selling/supplying. "Cross group buying and selling/supplying" occurs when an IBO sells or supplies Amway distributed or supplied products and/or services to another IBO who is not personally sponsored and downline of those sponsored, down to the next Platinum.

4.2.1 An IBO must only purchase Amway Products through his/her own LOS, or through Amway.

4.2.2 An IBO must not sell or supply Amway Products to another IBO who is not personally sponsored and downline of those sponsored, down to the next Platinum.

4.3 RETAIL STORES: No IBO shall permit Amway Products or Amway resources to be sold or displayed in retail establishments or locations including, but not limited to schools, fairs, fetes, clubs, canteens, ships or military stores or any other venues which Amway considers to be a retail location; nor shall he or she permit any Amway Products to appear in such locations even if such Amway Products are not for sale. No promotional material related to Amway Products or Amway literature shall be displayed in retail establishments.

4.3.1 IBOs are not allowed, on their own or utilizing non-IBO third parties, to sell or promote Amway Products in any digital retail property which has the primary purpose of selling products or services to the public. No Amway Products are allowed to appear in these properties even if the products or services are not for sale.

4.3.2 An IBO who works in or owns a retail store must operate his or her IB separate and apart from the retail store. Such IBO must secure customers for his/her Amway Business in the same manner as an IBO who has no connection with a retail store and otherwise abide by this Rule 4.3. 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 promotional material related to Amway Products or Amway literature, subject to Rule 4.3.3.

4.3.3 Exceptions to the Retail Stores Rule: Notwithstanding Rule 4.4:

- a) IBOs who are medical or allied health professional, nutritionists, dieticians, personal trainers or professional engaged in the practice of alternative medicine, who promote NUTRIWAY® vitamins and supplements, may recommend and/ or market these products through their professional practices subject to the rules and regulations of relevant professional associations and to Rule 4.3.4.
- b) IBOs promoting ARTISTRY® products who have completed a government accredited beauty training program and are engaged in the provision of beauty therapy services on a professional basis may recommend and/or market ARTISTRY® products through their professional salons subject to Rule 4.3.4
- c) IBOs promoting/selling selected XS™ Energy products, specifically drinks and chips, at retail locations may only use the promotional materials provided and approved by Amway, must ensure that the product is not displayed and that the contents are dispensed prior to the customer taking possession.

- d) IBOs promoting SATINIQUE® products who have completed a government accredited hair care or hair dressing program and are engaged in the provision of hair dressing services on a professional basis may recommend and/or market SATINIQUE® products through their professional salons subject to Rule 4.3.4

4.3.4 The activities in Rule 4.3.3 may only be undertaken where the environment is one-on-one, the product is not displayed or promoted in a public area and where the following statement (or its substantial equivalent) is made: 'These products are available exclusively through IBOs contracted to Amway throughout Australia/New Zealand. If you are already being supplied by another IBO and you wish to purchase these products you should purchase them from your existing IBO. If you are not an existing IBO customer or an IBO, I will be happy to supply these products'.

4.3.5 In the online environment, IBOs are allowed to blend and leverage their non-Amway communities and businesses, promote and sell Amway Products, and prospect contacts made through that business or community, only in accordance with the Digital Communication Standards

4.3.6 RE-SALE: No IBO shall supply Amway Products or Amway-distributed products or services to persons who wish to acquire such items for the purpose of resale.

4.4 BOOTH AND EVENTS: An IBO may request permission to attend selected events, including expos and shows, and be able to promote specified Amway product for the duration of the chosen event. This requires a written request and approval from Amway and is only available for specified products at related events. Refer to Amway's Booth and Events Guidelines available on Amway's Primary Website, as amended from time to time, for event requirements and a Booths and Events application form.

4.5 TRUTHFUL AND ACCURATE: NO IBO SHALL:

4.5.1 Make any offer to sell any Amway Products which are not accurate and truthful as to price, grade, quality, performance, and availability;

4.5.2 In any way act so as to represent Amway, the Amway Business Opportunity or Amway Products in a false or misleading manner or contrary to the directives, explanations and descriptions issued or made by Amway from time to time;

4.5.3 Make exaggerated or unwarranted product claims not authorised by Amway with regards to Amway's products, services or products or services distributed by Amway;

4.5.4 In any way whatsoever, represent Amway incorrectly with regard to prices, quality, standards, grades, contents, style or model, use, composition, place of origin or availability of Amway's products, services or products or services distributed by Amway;

4.5.5 State that Amway's products, services or products or services distributed by Amway are sponsored, backed, approved, or present any features as regards to performance characteristics, accessories, uses or benefits that they do not have; or

4.5.6 Act or present in any way whatsoever Amway, its products or the products Amway distributes, in a fraudulent manner or promote or pass off products or services that do not belong to Amway as if they did.

4.6 REPACKAGING: An IBO may not repackage products, change the content of products, place additional words, labels or other materials on products or otherwise change or alter any of the packaging labels of Amway Products, including the registration pack as supplied by Amway.

4.7 WRITTEN SALES RECEIPT: An IBO who takes and/or delivers an order 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 and date charged, and (c) give the name, address, and telephone number of the selling IBO.

4.8 RIGHT TO PAYMENT: No IBO shall demand or assert a right to payment from another IBO, Member, Client or any other person for unsolicited goods or services.

4.9 SATISFACTION GUARANTEE: Whenever a customer requests Satisfaction Guarantee service within the stated guarantee period, as per Amway's Satisfaction Guarantee guidelines and after a bona fide assessment of the reasonableness of the request, an IBO shall offer the individual his or her choice of a: (a) full refund of the purchase price; (b) exchange for the same or a like product; or (c) full credit for exchange with another item.

4.9.1 IBOs shall advise Amway of any complaint regarding the Satisfaction Guarantee from a customer and provide copies of all correspondence and details of all conversations regarding the complaint as requested.

4.9.2 IBOs are not authorised to make any type of offer or compromise or render Amway liable for any complaint or product return.

4.9.3 IBOs will be held strictly liable for claims they make which exceed the terms of the Satisfaction Guarantee and shall indemnify and hold Amway harmless for claims made to that effect.

4.10 70/30 RULE: An IBO must deliver to his/her sponsored IBOs and/or supply to Clients or retail customers at least 70% of the total value of products ordered during a given month in order to:

4.10.1 receive a Performance Bonus/Rebate for that month calculated on all products ordered; and

4.10.2 qualify and be recognised for any award under the Amway Sales and Marketing Plan. Amway will, at its discretion, audit qualifications for pin levels.

4.11 IF AN IBO FAILS TO COMPLY WITH RULE 4.10, the Sponsor will pay him/her a Performance Bonus/Rebate calculated on the value of products actually supplied to customers and/or delivered to his/her IBOs, instead of the value of products ordered.

4.12 COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND CODES: IBOs shall comply with all Country, Federal, State and local laws, ordinances, regulations and codes that apply to the operation of their IB wherever their business may be conducted. This includes, without limitation, all applicable Country, Federal and State consumer protection, anti-discrimination, equal opportunity and human rights laws. IBOs must not conduct any activity that could jeopardise the reputation of the IBO and/or Amway. Upon request, IBOs shall forthrightly provide any information requested about an IBO's activities or any other activities known by the IBO (even with respect to other IBOs). In all such communications with Amway, the IBO shall act with absolute candour and good faith. IBOs shall indemnify Amway from and against all actions, claims, demands, prosecutions, fines, penalties and the costs thereof (including Amway's actual legal costs) which might be made or brought against Amway in respect or arising out of any breach of any such laws, ordinances and regulations by the IBO.

4.13 DECEPTIVE OR UNLAWFUL TRADE PRACTICES: No IBO shall engage in any deceptive or unlawful trade practice.

4.14 UNLAWFUL BUSINESS ENTERPRISES OR ACTIVITIES: No IBO shall operate any illegal or unlawful business enterprise, engage or participate in any illegal or unlawful business activity.

4.15 PROFESSIONALISM; DISREPUTE: An IBO shall at all times conduct himself or herself in a courteous and considerate manner and shall not engage in any high-pressure tactics, but shall make a fair presentation of Amway Products, or the Amway Sales and Marketing Plan, when and where appropriate. IBOs shall not make any representation or engage in or conduct any activity or do any other act, matter or thing which may bring either them or Amway or IBOs generally or any supplier of Amway distributed goods or services in disrepute.

4.16 IBO RELATIONSHIP: The relationship between Amway and the IBO shall be that of wholesaler and retailer. No IBO shall represent that he or she has any employment relationship with Amway or any of its affiliated companies and/or other IBO, nor shall any IBO misrepresent the nature of the principal-independent contractor relationship between Amway and its IBOs. An IBO shall indemnify Amway from and against all actions, damages, claims, demands, prosecutions, fines, penalties and the costs thereof (including Amway's actual legal costs) which might be made or brought or suffered by Amway in respect of or arising out of any such misrepresentation or other conduct.

4.16.1 IBOs shall not give a false representation as to the nature of the relationship between Amway and its IBOs, or make any representation, except in accordance with the explanation given in Amway Business Policies or other official literature of Amway. An IBO is required to indemnify Amway for the cost, damage or prejudice stemming from such false representation, including any legal fees Amway may have incurred.

4.16.2 IBOs shall not imply that they are employees of Amway, nor shall they refer to themselves as “employees”, “agents,” “partners,” “joint ventures,” “master and servant,” “managers,” or “company representatives”, nor shall they use such terminology or descriptive phrases on their Stationery or other printed materials.

4.16.3 IBOs may not use their business cards to create the impression that they are in an employment relationship with Amway.

4.16.4 AMWAY AND IBO HEREBY ACKNOWLEDGE AND AGREE THAT:

- a) IBOs are independent contractors and not employees of Amway;
- b) the IBO is under no obligation to solicitor orders for the retail sale of Amway Products or applications for appointment as IBOs contracted to Amway;
- c) the IBO is under no obligation to spend a specified time or any set hours conducting his/her IB;
- d) the IBO is responsible for bearing all costs and expenses incurred in the conduct of his/her IB; and
- e) the IBO is under no obligation to attend Amway meetings or other Amway functions although attendance at Amway meetings and Amway functions is encouraged.

4.17 FRANCHISES AND TERRITORIES: No IBO shall represent to anyone that there are exclusive franchises or territories available under the Amway Sales and Marketing Plan.

4.18 PROTECTION OF CONFIDENTIAL INFORMATION (OTHER SELLING OR SPONSORSHIP ACTIVITIES):

4.18.1 An IBO shall not, during of his/her contract with Amway, and for a period of 6 months after ceasing to be an IBO:

- a) supply or sell to other IBOs, persons who have applied to become IBOs or persons who the IBO or other IBOs (to the knowledge of the IBO) have approached with a view to applying to become IBOs;
- b) induce other IBOs, or any Prospects, to supply, sell or acquire; or
- c) be directly or indirectly engaged or interested in, or permit or allow any servants or agents to be engaged or interests in; the supply or sale or the promotion of the supply or sale to other IBOs or Prospects of products or services which are sold or supplied by or through another multilevel marketing company or business, except as provided in the Digital Communication Standards.

4.18.2 The restrictions imposed by Rule 4.18.1 are separate, distinct, independent and severable, and in the event that any one or more of them is wholly or in part invalid, then the remaining restriction or restrictions shall nevertheless be valid or effective.

4.18.3 BSM DISTRIBUTION: Nothing in Rule 4.18 will service to prohibit arrangements solely for the distribution of BSM which are distributed pursuant to Section 7

4.18.4 INVESTMENTS: An IBO will not induce or attempt to induce another IBO (or any person who has applied to become an IBO) whom he/she has not personally sponsored, to sell, supply or buy products, investments, investment services or investment programs not produced or supplier by Amway.

4.18.5 ALTERNATIVE BUSINESS: An IBO will not sell or supply or be directly or indirectly engaged or interested in the sale or supply of products not produced or supplied by Amway to any IBO (or any person who has applied to become an IBO) whom he/she has not personally sponsored, unless:

- a) that other IBO or applicant approached the first IBO in the ordinary course of the first IBO's business, to supply goods or services of a kind which the first IBO supplies in the ordinary course of his/her normal business trade or profession; and
- b) at the time of the approach, the first IBO did not know or have reasonable cause for suspecting that the person making the approach was an IBO or a person who had applied to become an IBO.

4.19 BSMS MUST BE PRESENTED AS OPTIONAL: No IBO shall state or in any way imply or represent that IBOs must acquire or subscribe to BSM generally or books, tapes, CDs, DVDs or other instructional, training or motivational material and/or to attend seminars, rallies, or meetings in order to join the Amway Business or to succeed or fully or significantly succeed as an IBO contracted to Amway;

4.20 AMWAY EMPLOYEES AT IBO MEETINGS: Amway employees shall be entitled to attend and speak at all meetings of IBOs and IBO functions wherever held or conducted. This includes any held by the Line of Sponsorship/Affiliation.

4.21 INTERFERENCE IN ANOTHER IB; INDUCEMENT: It is a breach of the Rules of Conduct or the Amway Business Policies for an IBO to:

4.21.1 Interfere or attempt to interfere with another IBO's IB;

4.21.2 Induce or attempt to induce another IBO or client to change his/her Line of Sponsorship, to transfer or abandon his/her IB, or to sponsor or not sponsor a particular Prospect;

4.21.3 To induce or attempt to induce another IBO to deny training, education, motivation or other support to a downline IBO; or

4.21.4 To induce or attempt to induce another IBO to breach any Rules of Conduct or the Amway Business Policies.

4.22 EXPORTING AMWAY'S PRODUCTS: An IBO must only supply Amway Products in and for use in Australia and/or New Zealand. No IBO may export or import, or sell to others who import or export, Amway's products. An IBO may carry up to \$1,000 per year of products for personal use when travelling outside of Australia and New Zealand.

4.23 RETAIL EFFORT RULE: Amway pays Bonuses/Rebates under the Amway Sales and Marketing Plan based on sales to end consumers. For an IBO to be entitled to Bonuses/Rebates and/or qualification under the Amway Sales and Marketing Plan, that IBO's purchases must be consumed or sold to end consumers within a reasonable period as determined by Amway. Amway reserves the right to deny all qualifications, awards and rewards if in Amway's judgment, the IBO's purchases are not in compliance to this rule.

4.23.1 Amway does not require stock keeping or purchase of inventory. IBOs may not purchase or counsel other IBOs to purchase product for any purpose other than the provision of such product to end consumers.

4.23.2 All IBOs must achieve, in the qualifying month, minimum sales and customer volume as specified by Amway from time to time in Amway publications.

4.24 ADVERTISING:

4.24.1 ADVERTISING: An IBO shall not publish or broadcast any advertisement in any manner whatsoever, including advertisements on e-commerce and social media websites, for the Amway Business Opportunity or Amway Products or the opportunity to become an IBO regardless of whether the Amway or Amway brand names is used or not. Advertising is allowed in a limited context as described in the Digital Communication Standards

4.24.2 MASS MAILING: An IBO may not present the Amway Sales and Marketing Plan or solicit participation in the Amway Sales and Marketing Plan or for the sale of product, through any broadcast communication methods including mass mailings, telemarketing, telephone canvassing campaigns, letter box drops, national or international advertising, radio, television, facsimile services, computer communication networks, including the Internet, or any other means by which personal contact with a Prospect is not present. Advertising is allowed in a limited context as described in the Digital Communication Standards

4.25 DIGITAL COMMUNICATIONS: Digital Communications as used in these Rules means electronic transmissions (generally by computer or mobile device) of text, data, images, video, voice, and other information including, without limitation, any posts or publications made available within the digital space, including emails, videos, live streaming, podcasts, blog posts, mobile applications (apps), advertising, forums, webpages, and through any social media or messaging platform, e.g., Facebook®, YouTube®, Instagram®, Twitter®, WeChat®, WhatsApp® or Snapchat®.

4.25.1 These Rules apply to IBO Digital Communications regarding Amway, the Amway Business Opportunity, Amway Products (directly or indirectly), and when the Digital Communications constitute BSM as defined under these Rules and BSM Policy. Since the digital space is unique, Amway has established Digital Communications Standards (DCS) to ensure IBO Digital Communications are in compliance with these Rules. The DCS are incorporated into and made a part of these Rules, and IBOs must comply with the DCS. A copy of the currently applicable DCS is available upon request from Amway

4.26 FUNDRAISING: No IBO shall use Amway Products in conjunction with any type of fundraising activity. Fundraising includes but is not limited to the solicitation for the purchase of Amway Products based on the representation that all, or some, of the gains, proceeds, Bonuses/Rebates, or profits generated by such sale will benefit a particular group, organisation or cause.

4.27 AMWAY SALES AND MARKETING PLAN MANIPULATION: No IBO shall manipulate the Amway Sales and Marketing Plan or award volume in any way which results in the payment of Bonuses/Rebates or other awards and recognition that have not been earned in accordance with the terms of the Amway Sales and Marketing Plan and/or any Amway publication. In this regard, the strategic and artificial structuring of an Amway Line of Sponsorship for the purpose of depth building, whether or not there are relationships between those who are sponsored and those who sponsor, is considered to be manipulation and an unacceptable business practice. Amway at its sole discretion will determine what constitutes manipulation of the Amway Sales and Marketing Plan.

4.28 PERSONAL/BUSINESS INFORMATION UPDATE: All IBOs are responsible for communicating any updates or changes to their personal information (e.g., name, address, and telephone numbers, etc.) or business information (e.g., change of business status, etc.) to Amway.

4.28.1 An IBO shall provide Amway with the required details to be electronically paid any bonus due to them. Where an IBO fails to provide Amway with the required details, Amway may, after reasonable attempts to contact the IBO, pay such outstanding bonuses at its discretion

4.29 CONFIDENTIALITY: In addition to the provisions contained in Section 9 of the Rules of Conduct, pertaining to the use of the Amway trade name, trademarks and copyrighted materials, Amway's Confidential Information including, by way of example and not limitation, Line of Sponsorship information (i.e., information compiled by Amway that discloses or relates to all or part of the specific arrangement of sponsorship within the Amway business, including, without limitation, IBO lists, sponsorship trees, and all IBOs or Amway business information generated there from, in its present and future forms), business information, manufacturing and product development, business plans, and IBO sales, earnings and other financial information, etc., constitute commercially advantageous, unique, and proprietary trade secret and business secrets of Amway which it keeps proprietary and confidential and treats as a trade secret and business secret.

4.29.1 Amway is the exclusive owner of all Confidential Information, which is derived, compiled, configured, and maintained by Amway. The IBO acknowledges all Confidential Information is owned by Amway through the considerable expenditure of time effort and resources.

4.29.2 IBOs are granted a personal, non-exclusive, non-transferable and revocable right by Amway to use Confidential Information only as necessary to facilitate their Amway Business as contemplated under the Rules of Conduct including, for example, the Privacy Policy and other terms and conditions of the IBO Contract. Amway reserves the right to deny or revoke this right, upon reasonable notice to the IBO stating the reason(s) for such denial or revocation, whenever, in the reasonable opinion of Amway, such is necessary to protect the confidentiality or value of Confidential Information.

4.29.3 All IBOs shall maintain Confidential Information in strictest confidence, and shall take all reasonable steps and appropriate measures to safeguard Confidential Information and maintain the confidentiality.

4.29.4 An IBO shall not compile, organise, access, create lists of, or otherwise use or disclose Confidential Information except as authorised by Amway. An IBO shall not disclose Confidential Information to any third party, or use Proprietary Information in connection with any other businesses.

4.29.5 Use or disclosure of Confidential Information, other than as authorised by Amway, shall cause significant and irreparable harm to Amway, and Amway may claim appropriate, compensation for damages as well as demand an IBO refrain from the harmful conduct as well as seek any other remedies under applicable laws.

4.29.6 In case of disclosure of the Confidential Information, voluntary or not, by an IBO to any third person, the IBO should immediately notify Amway about that fact and take the necessary measures in order to;

- a) prevent further disclosure by such third party; and
- b) oblige such third party to sign a confidentiality and non-disclosure agreement for the benefit of Amway and under no less stringent terms that those provided within this Rule 4.29.

4.29.7 An IBO shall promptly return any and all Confidential Information or any copy of same to Amway upon resignation, expiration, failure to renew, denial of extension or termination of his or her IB and shall refrain from any further use.

4.29.8 The confidentiality obligations set out in this Rule 4.29 shall survive during the term of the IBO Contract as well as after the date of its expiration or termination by any cause.

4.30 PRIVACY LAW; CONSUMER LAW:

4.30.1 All IBOs with an IB in Australia will comply with:

- a) The Privacy Act 1988, the Australian Privacy Principles contained therein and with Amway's Privacy Policy as detailed on Amway's Primary Website; and
- b) The Australian Consumer Law provisions of the Competition and Consumer Act 2010 (Cth), and in particular those provisions dealing with unsolicited goods and services and unsolicited consumer agreements

4.30.2 All IBOs with an IB in New Zealand will comply with:

- a) The Privacy Act 1993, the Information Privacy Principles contained therein and with Amway's privacy policy as detailed on Amway's primary website; and
- b) The Consumer Guarantees Act 1993 and the Trade Trading Act 1986 and similar consumer protection laws.

4.31 PRESENTATION RULES: The content of the presentations which include or support the promotion of the retailing of Amway Products, or the Amway Sales and Marketing Plan, must otherwise be in accordance with the following:

4.31.1 IBOS SHALL NOT:

- a) exaggerate income representations by relating it to or incorporating it with other income and suggesting that it is the result of building the Amway Business;
- b) substitute group or non-Amway organisational identity for the Amway Business or the Amway Business Opportunity. The Amway Business and the Amway Business Opportunity must always be clearly identified without any ambiguity to the participants during the course of the presentation;
- c) advocate, imply or give the impression that success can be achieved through promoting personal consumption with no requirement to sell or promote inappropriate product usage and/or claims;

- d) promote one's Line of Sponsorship, affiliation or group in any manner that will give rise to or likely to give rise to resentment by or cause any detriment to others;
- e) misrepresent whether directly or indirectly and by whatever means the relationship of the IBO to Amway, for example, suggesting or implying that Amway is "just a supplier" or "distributor", or that the IBO represents a business opportunity of which "Amway is a part of", or that the IBO "outsources" administrative support to Amway, etc.;
- f) except as provided in the Digital Communications Standards, promote any other business opportunity other than the Amway Business or solicit any participants to attend meetings for the purpose of presenting another business opportunity at any time; or,
- g) use the meeting as a platform to promote or advocate religious, political and/or personal social beliefs.

4.31.2 Personal reflections on the following are not appropriate:

- a) social and cultural issues;
- b) preferences regarding specific political views, parties, candidates or elected officials.

4.31.3 Discussions must only relate to ethics and positive attitudes that will assist and encourage the IBO's and Amway's products, services and business.

4.31.4 Income representations, whether direct or implied, must reflect a realistic income potential from participation in the Amway Sales and Marketing Plan.

4.32 ACTIVITY OUTSIDE THE AUSTRALIA AND NEW ZEALAND MARKET OR ACTIVITY OUTSIDE THE MARKET WHERE THE IBO IS REGISTERED: IBOs who engage, directly or indirectly, in any activity related to the Amway Business in a jurisdiction outside of Australia/New Zealand must do so in a manner that complies with the letter and spirit of the applicable laws, regulations, and rules, policies and procedures of the Amway affiliate in that jurisdiction, regardless of whether they are registered IBOs in that jurisdiction. Failure to do so shall be a breach of the IBO Contract.

4.33 ZERO TOLERANCE RULE: It is a breach of the Rules or the Amway Business Policies for an IBO to conduct IB activities in markets in which he or she is not authorised to conduct business. It is a breach of the Rules or the Amway Business Policies to conduct IBO activities in markets in which Amway are not doing business. Such unauthorised activity may result in, without prejudice to any rights and remedies otherwise available, the immediate suspension of the IBO's rights.

4.34 RECORD RETENTION

4.34.1 RECORD RETENTION FOR AUSTRALIAN IBOS: IBOs shall keep and preserve for at least 5 years or 7 years in the case of corporate IBOs (being the period prescribed by the Income Tax Assessment Act) up-to-date and accurate records of all business transactions made in respect of or in relation to his/her Amway IB and shall allow Amway and its servants and agents access to those records from time to time at the request of Amway and shall provide Amway with such written or oral explanations as Amway shall reasonably require of the IBO's conduct as an IBO and of transactions effected by the IBO on Amway's behalf or otherwise in respect of the Amway IB.

4.34.2 RECORD RETENTION FOR NEW ZEALAND IBOS: IBOs shall keep and preserve for at least the period prescribed by the Income Tax Act and the goods and Services Act up-to-date and accurate records of all business transactions made in respect of or in relation to his or her Amway IB and shall allow Amway and its servants and agents, access to those records from time to time at the request of Amway and shall provide Amway with such written or oral explanations as Amway shall reasonably require of the IBO's conduct as an IBO and of transactions effected by the IBO in respect of his or her IB.

4.34.3 RECORD AUDIT: If required by Amway at any time, the IBO will have records and accounts in respect of the Amway IB audited by an independent auditor nominated by Amway at the expense of Amway.

4.35 CONSUMER COMPLAINTS: IBOs will immediately communicate all significant customer complaints to Amway and furnish copies of all correspondence and details of all conversations relating thereto.

4.36 RETRAINING: IBOs shall attend all retraining seminars or sessions referred to in Section 12.

4.37 IMAGE USE: An IBO authorises and irrevocably licenses Amway to use the IBO's name, image and any video of them ("Images") whether or not created or taken by them, for promotional and publicity purposes for Amway, its business or its products, and without any form of compensation. Each IBO releases Amway and its related bodies and the officers and employees of each of them, from all claims that may arise out of Amway's use of the Images.

Section 5 – Responsibilities and Obligations of all Sponsors

Each Amway Business Owner (IBO) is responsible for building his/her own Amway Business. Amway recognises that support, training and motivation from the Sponsor/Platinum are also important to the continued growth of Amway Businesses downline. IBO and other upline activities must never undermine the independence of each Amway Business or improperly interfere with the relationship between Amway and each IBO. Further, Section 5 prohibits excessive or improper activity which may also constitute manipulation of the Amway Sales and Marketing Plan. (See also Rule 4.27)

Amway reserves the right to evaluate the type and frequency of upline involvement to determine whether it constitutes interference in violation of the Rules of Conduct.

5.1 DUTIES AND RESPONSIBILITIES OF SPONSORS: In addition to all other obligations and responsibilities as an IBO, and in order to qualify for a performance Bonus/Rebate on the products obtained by his/her personal group, an IBO who engages in sponsoring activity or who sponsors an IBO shall:

5.1.1 Ensure the immediate submission of all executed IBO applications to Amway in accordance with these Rules of Conduct;

5.1.2 Sell to the sponsored IBO an unaltered Amway registration pack, and inform him/her of the applicable time period in which to return the pack for a refund;

5.1.3 Be in compliance with the IBO Contract and meet all requirements as set forth in the IBO Contract including Amway Business Policies;

5.1.4 Regularly train and motivate the sponsored IBO in accordance with Amway Business Policies or otherwise as required or directed by Amway from time to time, or cooperate with the upline Platinum to ensure that this training and motivation occurs;

5.1.5 Explain the Amway Sales and Marketing Plan to all new IBOs, and provide ongoing Sales and Marketing Plan and product training to downline IBOs

5.1.6 Ensure that the IBO whom they have personally sponsored fully comply with the Amway Rules of Conduct and the terms of the IBO Contract including the Amway Business Policies, all directives issued by Amway from time to time and all applicable laws and regulations;

5.1.7 Personally engage in and encourage retail sales

5.1.8 Encourage IBOs whom they have personally sponsored to attend official Amway meetings and functions;

5.1.9 Explain the responsibilities and obligations of an IBO under the IBO Contract, including the Amway Business Policies and instruct the sponsored IBO on how to operate an IB in accordance with the Amway Business Policies and other official Amway literature;

5.1.10 Support and comply with the Rules of Conduct and educate and assure that other IBOs whom they have personally sponsored do the same;

5.1.11 Protect the sponsorship rights of each IBO whom they have personally sponsored;

5.1.12 Promptly take back any Amway Products and Amway-distributed products which are in good and saleable condition and which are listed in the current IBO price list and good and saleable registration packs (or parts thereof) and other Amway non-BV business aids from any personally sponsored IBOs who resign their appointments and make reimbursement for such items in accordance with Amway's refund policy;

5.1.13 Encourage the IBOs in their Personal Group to carefully study, use and carefully conduct his/her IB in accordance with official Amway publications and in accordance with any instructions and directives issued by Amway from time to time;

5.1.14 Encourage the IBOs in their Personal group at all times to work with a cooperate with Amway employees; and

5.1.15 Not in any way discourage any IBOs, whether in his/her Line or Sponsorship or otherwise, from:

- a) attending Amway meetings or other Amway functions;
- b) conducting his/her IB in accordance with Amway's instructions and directives; or
- c) working and cooperating fully with Amway employees.

5.2 FAILURE TO FULFIL SPONSOR DUTIES: If the Sponsor fails to fulfil his/her duties pursuant to Rule 5.1, and such failure continues despite two written warnings from the Platinum IBO in the Sponsor's Line of Sponsorship (each requiring the appropriate evidence within 30 days of the warning) the Platinum IBO may, following involvement of the State Sales Manager, seek reallocation of that portion of the Sponsor's Performance Bonus/Rebate related to the products acquired by the Sponsor on behalf of the Sponsor's sponsored IBOs; however, the Sponsor will be entitled to a Performance Bonus/Rebate based on the remainder of his/her acquisitions.

5.3 PLATINUM RESPONSIBILITIES: Platinums or above must also:

5.3.1 Ensure that the IBO whom they have personally sponsored and the downlines of those sponsored, to the next Platinum, fully comply with the Amway Rules of Conduct and the terms of the IBO Contract including the Amway Business Policies, all directives issued by Amway from time to time and all applicable laws and regulations;

5.3.2 Encourage IBOs whom they have personally sponsored and the downlines of those sponsored, to the next Platinum, to attend official Amway meetings and functions;

5.3.3 Support and comply with the Rules of Conduct and educate and assure that other IBOs whom they have personally sponsored and the downlines of those sponsored, to the next Platinum do the same; and

5.3.4 Protect the sponsorship rights of each IBO whom they have personally sponsored and the downlines of those sponsored, to the next Platinum.

5.4 MANAGEMENT AGREEMENT: Where a Sponsor will be absent from the business for a continuous period of more than three months, he/she must put in place a Management Agreement in respect of his/her IB and, in respect to absences from Australia or New Zealand as the case may be, shall in addition sign and forward to Amway a “Non-Resident IBO Agreement.”

Section 6 – Preservation of Line of Sponsorship

Maintaining the integrity of the Line of Sponsorship is important in promoting the longevity and profitability of an Amway Business. Amway places strict rules limiting those circumstance under which changes to a line of sponsorship will be condoned.

6.1 PROTECTION OF THE LINE OF SPONSORSHIP: An IBO shall in no circumstances directly or indirectly and whether on his/her own behalf or in conjunction with or by way of assisting any other person, solicit, interfere with or endeavour to entice another IBO, Member or Client away from his/her Line of Sponsorship or to change Line of Sponsorship.

6.2 INTEGRITY OF THE LINE OF SPONSORSHIP: The sale of an ownership interest in an IB, or transferring an IB, requires prior approval by Amway. This approval shall be at Amway's sole discretion.

6.2.1 The transfer of an IBO, with or without his/her personally sponsored and downline of those sponsored, moves the sponsorship of that IB from one IBO to another.

6.2.2 When an IB is sold, such IB shall remain in the same position in the Line of Sponsorship.

6.2.3 Transfers may not be used to strategically or artificially restructure any part of the Line of Sponsorship.

6.2.4 Transfers will only be granted by Amway if, in Amway's opinion, the request for transfer represents an extraordinary circumstance or has been caused by or contributed to by any failure of a Sponsor or of any IBO upline from such Sponsor to meet all or any of the responsibilities of a Sponsor set out in these Rules, or to comply with any other of these Rules, or any injustice would otherwise be imposed upon the IBO requesting the transfer by refusal of the transfer request.

6.3 SIX MONTH INACTIVITY: An IBO who wishes to terminate (by resignation or failure to renew) their IB under their current Sponsor and who thereafter becomes Inactive shall cease to be an authorised IBO and may, following the lapse of a 6 month Inactivity period, apply as a new IBO under a new Sponsor. The date on which Amway receives the letter of resignation begins the Inactivity period. A person who has not renewed their IB will be considered expired and must remain Inactive for six months from the beginning of the following month.

6.3.1 To apply as a new IBO under this Rule, the applicant must complete a new IBO Contract. If evidence of activity during the six-month period is substantiated, Amway will refuse to honour the sponsorship under the new Sponsor. The right of an IBO to contest the sponsorship of a former IBO who is now sponsored under a different Sponsor ceases when two years have elapsed since the date Amway accepted the application under the new Sponsor.

6.3.2 During the Inactivity period, the former IBO must not participate in any activity under another IB in the name of their parents, siblings, or others, or they shall be determined as “active” for the purposes of this Rule.

6.3.3 When either a husband or wife is an IBO, both must fulfil the six-month Inactivity requirements before one can be sponsored again as an IBO.

6.3.4 If the IBO who is changing Sponsors under this Rule also has any internationally sponsored IBOs, the IBO’s internationally sponsored IBOs are forfeited once the six-month Inactivity period has begun.

6.3.5 If the IBO who is changing Sponsors under this Rule also owns Amway Businesses in other markets, they must elect one of them to be the International Sponsor of their new IB when completing the new IBO Contract.

6.4 TWO YEAR INACTIVITY: An IBO who transfers to or who following six or more months of Inactivity applies for sponsorship under a Sponsor in a different Line of Sponsorship pursuant to the provisions of this Rule 6, may not be sponsored by any IBO who was previously above them in the original Line of Sponsorship up to and including the first IBO qualified at the Platinum or above level, or below them in their former personally sponsored and downline of those sponsored, down to and including the first IBO qualified at the Platinum or above level, unless at least two years of Inactivity have elapsed since the termination of his or her IB.

6.4.1 IBOs who transfers to, or who, following six or more months of Inactivity, are sponsored under a Sponsor in a different Line of Sponsorship pursuant to the provisions of this Rule, shall have no right to sponsor in the new Line of Sponsorship any IBOs who was previously above him or her in the original Line of Sponsorship up to and including the first IBO qualified at the Platinum or above level, or below them in their former personally sponsored and downline of those sponsored, down to and including the first IBO qualified at the Platinum or above level. However, an IBO who has been Inactive for a period of two years following their resignation may be sponsored by any sponsor, including their former Sponsor who may have since been transferred to or sponsored by a different Sponsor.

6.5 An IBO who has declared Inactivity in one market may continue to operate as an Amway IBO in any other market in which he/she has an IB, during the terms of his/her Inactivity in the other markets.

6.6 A FORMERLY FOSTERED SPONSORED IBO MAY SPONSOR AGAIN SUBJECT TO RULES 6.3 AND 6.4 AND THE FOLLOWING CONDITIONS:

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

6.6.2 A former IBO may not be personally sponsored by a Sponsor who was previously above him or her in the original line of foster sponsorship up to and including the first IBO qualified at the Platinum or above level, or below him or her in his or her original Line of Sponsorship down to and including the first IBO qualified at the Platinum or above level unless two or more years have elapsed since the termination of his or her IB.

6.7 CORRECTIVE ACTION: If any provisions to this Rule are violated, Amway may take corrective action, which may include, but is not limited to, the termination of the violating IBO's IB, and transfer of his or her former personally sponsored and downline of those sponsored and/or the Business Volume generated during the period of violation to the appropriate Line of Sponsorship.

6.8 WAIVER OF INACTIVITY: Amway, at its direction, may waive the required Inactivity period requirement in Rule 6.3 and 6.4 if in its opinion the former IBO's Sponsor or any IBO upline from such Sponsor has caused or contributed to the resignation or failure to renew by failing to meet all or any of the responsibilities of a Sponsor set out in these Rules, or by breaching any other of these Rules, or any injustice would otherwise be imposed upon the IBO by enforcement of the Inactivity requirement.

6.9 INDIVIDUAL TRANSFERS: An individual transfer involves the transfer of an IBO without any of his or her sponsored IBOs. Without limiting or restricting in anyway Amway's powers and discretion under Section 6:

6.9.1 Any IBO who wants to change Sponsors must submit a written request to Amway accompanied by:

- a) a written release signed by all IBOs upline up to and including the first qualified Platinum or above; and
- b) a written acceptance from the new Sponsor and new Platinum or above. The written acceptance from the new Sponsor and Platinum or above confirms that they will incur all responsibilities of the transferring IBO.

6.9.2 Amway may contact any International Sponsor and International Leadership Bonus/Rebate recipients and will allow 30 days for comment.

6.10 GROUP TRANSFERS: A group transfer involves the transfer of an IBO with all or some of his/her personally sponsored and downline of those sponsored. Without limiting or restricting in any way Amway's powers and discretion under Section 6.

6.10.1 An IBO who wishes to transfer to a different Sponsor with all or part of his/her personally sponsored and downline of those sponsored, must submit a written request to Amway accompanied by the written consent from all downline IBOs, who wish to transfer, down to the first IBO who is qualified at the Platinum or above level and all IBOs who are qualified at the Platinum or above level up to and including the first IBO who is qualified at the Emerald or above level.

6.10.1.1 If the first upline IBO who is qualified at a formal award level is a qualified Emerald or above, written consent must be received from the next IBO who is qualified at the Platinum or above level who is upline from that Emerald.

6.10.1.2 Amway will then notify the first qualified upline Diamond and allow 14 days for comment.

6.10.2 The transfer request must be accompanied by written consent of all those IBOs, including those internationally sponsored, who the transferring IBO wishes to take with him or her and the written acceptance of the IBO in the Line of Sponsorship to which the requester wants to be transferred.

6.10.2.1 Amway may contact any International Sponsor and International Leadership Bonus/Rebate recipient and will allow 30 days for comment.

6.11 Sale of an IB: An IBO who owns an IB (whether or not qualified as Platinum or above) may sell his or her IB only to another authorised IBO as proscribed by this rule. Amway requires that specific terms of sale be included in any sales agreement. In order to preserve the Line of Sponsorship, the selling IBO must offer his or her IB in the order of priority stated below and the IBO interested in purchasing the IB must meet all of the terms and conditions as set forth in these Rules. The purchased business shall remain separate from the buyer's other Amway Business and the Line of Sponsorship shall not be altered in any way as a result of the sale. In all circumstances, Amway must provide written approval to the terms and conditions of sale (except price).

6.11.1 The first option to purchase belongs to his or her International Sponsor, who retains throughout the sales negotiations to sell the IB the right to acquire the same by meeting the price and conditions of any bona fide offer received by and deemed acceptable to the Seller.

6.11.2 The second option to purchase belongs to his or her Sponsor so long as the first option has not been exercised. In the event the selling IBO has no International Sponsor, the local Sponsor retains throughout the sale negotiations to sell the IB the right to acquire same by meeting the price and conditions of any bona fide offer received by and deemed acceptable by the Seller.

6.11.3 The third option, exercisable so long as the Sponsor declines the offer to purchase, belongs to any one of the Seller's personally sponsored Australian/New Zealand IBOs.

6.11.4 The fourth option, exercisable so long as all personally sponsored IBOs in Australia/New Zealand decline the offer to purchase, belongs to any Platinum or above in Australia/New Zealand in the Line of Sponsorship up to and including the first qualified Diamond.

6.11.5 The fifth option, exercisable so long as all Platinum IBOs in the seller's Line of Sponsorship in Australia/ New Zealand up to and including the first qualifying Diamond decline the offer of purchase, belongs to all other Platinum IBOs in Australia/New Zealand in the first qualifying Diamond's Line of Sponsorship.

6.11.6 The sixth option, exercisable so long as all Platinum IBOs in Australia/New Zealand in the first qualifying Diamond's Line of Sponsorship decline the offer to purchase, belongs to all currently qualified Emerald IBOs in Australia/New Zealand.

6.11.7 The final option, exercisable so long as all currently qualified Emerald IBOs in Australia/New Zealand decline to purchase, belongs to any person who is or becomes an IBO in Australia/New Zealand. Amway shall determine the list of offerees by reference to its current, confidential files and will forward, on the seller's behalf, the offers for sale. Amway may offer the IB for sale to all IBOs simultaneously, but will grant priority in accordance with Rule 6.11.

6.11.8 PURCHASING IBOS: All purchasing IBOs must be in Good Standing with Amway as determined by Amway. All sales (except the price) must be reviewed and approved by Amway before they become final. Amway reserves the right to approve all sales at its own discretion. No changes in ownership will be implemented and no change of title of the business shall be made final until the sales agreement has been received and approved by Amway and a finally executed copy of the sales agreement is provided to Amway for its records.

6.11.8.1 If the IBO wishes to sell his or her IB under terms and conditions different from those of his or her first offer, the IB must be once again offered for sale under the revised terms and conditions in accordance with the order of priority indicated above.

6.11.8.2 ALL PURCHASING IBOS MUST MEET THE FOLLOWING CRITERIA AS REASONABLY DETERMINED BY AMWAY. FAILURE TO MEET THE FOLLOWING CRITERIA WILL ACT AS IF THE OFFER TO PURCHASE WAS REVOKED OR THE OPTION TO PURCHASE WAS NEVER EXERCISED:

- a) Possess sufficient expertise in the business so as to demonstrate a complete and accurate understanding of the Amway Sales and Marketing Plan and the Amway Business Opportunity;
- b) Possess a complete and accurate understanding of the Rules of Conduct and demonstrate a willingness to abide by them;
- c) Possess adequate resources to operate the seller's IB and to provide necessary training and support;
- d) Possess an understanding of any relevant market factors that may impact the operation of the seller's IB; and
- e) Is not currently engaged in any dispute or possess any conflict which may impact their ability to operate the seller's IB.

6.11.9 Monthly Performance Bonuses/Rebates accruing to the business after the date of sale will be paid to the new owners. Annual Bonuses/Rebates (such as Emerald and Diamond Bonuses/Rebates) shall be paid as specified in the Sales 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.

6.11.10 WHEN SALE RULES DO NOT APPLY: Rule 6.11 shall not apply to:

- a) an assignment or sale of an IB by an IBO to a company of which the IBO is (or in the case of a partnership, both IBOs are) the principal shareholder(s) and director(s), and which otherwise complies with these Rules;
- b) an assignment or sale of an IB to a person or company to be held on trust for beneficiaries, which are in Amway's opinion, primarily the assigning IBO and/or relatives (within the meaning of that term in the Income Tax Assessment Act) of the assigning IBO and which otherwise complies with these Rules;
- c) an assignment or sale of the interest of one party in an IB, either to the other partner, or to a person who is or becomes an IBO before commencing to operate or participate in the IB.

6.11.11 An IBO may sell or assign his/her IB in the circumstances set out in Rule 6.11.10 with the prior written approval of Amway, which approval may be given or withheld by Amway in its absolute discretion and if granted, may be subject to such conditions and provisions as Amway may determine.

6.12 ASSIGNMENT: Subject to clause 6.12.1 an IB may be assigned (whether by sale or gift) or transmitted by will, provided that the assignee or beneficiary is or becomes an IBO in accordance with these Rules.

6.12.1 In no event may an IB be divided up or partially assigned and nor may an IBO assign a part interest in or an interest in any part of an IB other than pursuant to Rules 6.11.10 and 6.11.11 nor may an IBO do any act, matter or thing, the effect of which is that he/she holds the whole or any part of his IB on trust for any other person.

6.13 ONE AMWAY BUSINESS RULE: An IBO may own, have an interest in, be a signatory on or be listed as a designee on only one IB, except as provided in Rules 6.13.1 – 6.13.4 below. Only under the following circumstances may an IBO have ownership interest in more than one IB:

6.13.1 Where two IBOs marry or enter into a long-term relationship and one or both have attained the Platinum or above level prior to the relationship commencing pursuant to Rule 3.2;

6.13.2 Where an existing IB purchases another IB pursuant to Rule 6.11;

6.13.3 Where an IBO (transferor), in order to facilitate the transfer of his or her IB in the event of his or her death, requests to assign the IB to another existing IBO pursuant to Section 10; or

6.13.4 Where an existing IBO inherits an IB pursuant to Section 10.

In the event that an IBO owns or has an ownership interest in two or more IBs pursuant to this Rule, Amway shall continue to recognise such IBs as separate IBs and will only recognise them as separate, individual IBs for all purposes including, for award and Bonus/Rebate purposes.

6.14 MERGERS AND COMBINATIONS OF IBs: IBs shall not be merged or combined without the prior written approval of Amway which may be given or withheld in Amway's absolute discretion. Any approval by Amway may be subject to such conditions and provisions as Amway may determine. Under no circumstances will Amway approve a merger which results in an IB attaining a higher award level.

6.14.1 In the event that an IBO acquires another IB, the IBO shall not transfer Business Volume between the businesses operated by them otherwise than strictly in accordance with the Amway Sales and Marketing Plan and other published Amway material.

6.15 DISSOLUTION OF A LEGAL ENTITY OPERATING AN IB: Absent the express written agreement of Amway to the contrary, prior to dissolution of a legal entity that is a signatory to an IBO Contract, the IBO Contract may be assigned to the authorised representative of the legal entity who signed the IBO Contract originally on behalf of the company, or the IB may be sold in accordance with Rule 6.11 of the Rules of Conduct. The failure to either assign the IBO Contract to the authorised representative or to sell the IB in accordance with Rule 6.11 of the Rules of Conduct shall result in abandonment of the IB in accordance with Section 13 of the Rules of Conduct.

6.16 DISPOSITION OF AN IB: If an IBO terminates his/her IB with Amway, or fails to apply for extension of the IB within the required time period, or dies without leaving heirs who are willing and able to assume responsibility for the IB, Amway, at its sole discretion, shall decide the future of the IB in accordance with Section 13.

6.17 PARTNER DISPUTE OR DISAGREEMENT: In the event that an IBO is a partnership and the partners have a dispute or disagreement (matrimonial or otherwise) such that in Amway's opinion the IB is not being properly conducted, then:

6.17.1 The IB may, with the prior approval of Amway (which approval may be granted or withheld in Amway's absolute discretion and which, if given, may be subject to such conditions and provisions as Amway may determine including, without limiting the generality of the foregoing, a condition that, within a period specified by Amway, the IB be sold or assigned or one of the partner's shares in the IB be sold or assigned) be operated during the period of the dispute or such other period as Amway may approve or specify, by one of the partners or by a manager appointed by the partners for the purpose;

6.17.2 If within 14 days after the dispute comes to Amway's notice the partners cannot agree on a partner or on a manager to operate the IB during such period then Amway may either terminate the IB or appoint a manager on such terms and conditions as Amway considers appropriate to operate the IB. Without limiting the breadth of Amway's discretion in respect of the terms and conditions upon which a manager may be so appointed, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the Bonuses/Rebates and privileges accruing in respect of the IB during the period of management.

6.17.3 DURING SUCH PERIOD:

- a) neither of the partners may operate or participate in the operation of any other IBs contracted to Amway; and
- b) to the extent directed by Amway, the partners or the partner specified by Amway, shall not attend any Amway function.

6.18 INTEGRATION RULE: An IBO who is a parent may integrate his/her IB with his/her child's or children's IB provided the following conditions are met:

6.18.1 The child(ren) must be personally sponsored by the parent; or the parent must be personally sponsored by the child(ren)

6.18.2 The parent's IB and the child's (children's) IB must have operated as separate IBs for not less than two (2) years by the date of integration;

6.18.3 The parent and the child(ren) shall have achieved the level of at least Platinum IBO as of the Implementation Date;

6.18.4 Upon integration, the parents and child(ren) agree to relinquish all rights to awards and reward level personally achieved in their own IBs; and

6.18.5 In the event that the parent(s) or the child(ren) are deceased or are not mentally or physically capable of running the IB before conditions 6.18.2 and

6.18.6 Above have occurred, the child(ren) or parent(s) inheriting the IB shall have the right to integrate the separate IBs in accordance with this Rule;

6.18.7 UPON AMWAY'S GRANTING THE REQUEST FOR INTEGRATION, IMPLEMENTATION SHALL BE AS FOLLOWS:

- a) The Implementation Date shall be September 1 following the passing of at least one full fiscal year after receipt of the written request.
- b) At the Implementation Date, the child(ren) and parents are eligible for all awards and recognition to their separate businesses earned during the previous fiscal year.
- c) All awards and recognitions, based on the combined business, shall begin accruing at the Implementation Date. Thus, any higher awards based on the combined businesses will be awarded upon completion of qualification after the Implementation Date.

Section 7a – Australia: Business Support Materials (BSM)

Amway does not require an IBO to purchase BSM, however some IBOs may decide that BSMS can play a useful role in building a profitable business or achieving goals. Amway has introduced its “Accreditation Plus” program to provide Quality Assurance standards for BSM supplied by accredited third parties known as “Approved Providers”. The manner in which BSM may be used with Prospects and IBOs is detailed in this section. In particular, this section makes it clear that the sale, purchase and use of BSM is entirely optional and voluntary and that the content of BSM must comply with the Rules of Conduct, the Quality Assurance Standards and the Digital Communication Standards. Amway does not endorse the representations made in any BSM. Amway’s review is solely for the determination of compliance with its Rules of Conduct, the Accreditation Plus program, the Quality Assurance Standards, the Digital Communication Standards and business practices and policies. IBOs are responsible for compliance with applicable laws regarding the content, production, distribution, sale or use of BSM.

7a.1 SUPPLY/SALE OF BSMS: IBOs may only sell or supply BSM if the BSM has been authorised by Amway under either:

7a.1.1 Amway’s Accreditation Plus program; or

7a.1.2 These Rules.

7a.2 COMPLIANCE OF BSMS: Subject to Rules 7a.3 and 7a.15, BSM used, promoted, distributed, offered for sale or sold by or to IBOs or used, promoted or distributed by or to Prospects must:

7a.2.1 Comply with all Quality Assurance Standards and the Digital Communication Standards, to the extent that they are capable of applying to IBOs who promote and/or supply BSM and who are not Approved Providers, as if references in the Quality Assurance Standards to Approved Providers included references to IBOs, and with any Rules of Conduct relating to their content, use, promotion and/or sale;

7a.2.2 Be submitted to Amway for review;

7a.2.3 Be authorised by Amway in writing; and

7a.2.4 If required by Amway for the category of BSM, bear the authorisation number provided by Amway.

7a.3 USE OF AN APPROVED PROVIDER’S BSMS: IBOs who sell, promote, or distribute an Approved Provider’s Amway-authorized BSM require no further written authorisation from Amway of that Approved Provider’s BSM, but the IBOs must still

comply with all the requirements of these Rules in respect of the use, promotion, distribution offering for sale and sale of that, or any other, BSM.

7a.4 USE OF AUTHORISED BSMS: IBOs who have received authorisation from Amway to use specific BSM in accordance with these Rules of Conduct shall place on all authorised BSM the prominent statement 'Content Reviewed' or another prominent substantially equivalent statement specified or approved by Amway in writing. The Amway authorisation number will also be displayed with the statement.

7a.5 VALIDITY OF AUTHORISATION: Authorisations by Amway of BSM under these Rules will be valid for a period of two (2) years or such other period as may be specified in the Amway authorisation, or until a revision to the material is completed, whichever comes first.

7a.6 REQUIREMENTS OF WHEN BSMS CAN BE OFFERED, SUPPLIED OR USED: BSM may be offered and/or supplied to and/ or used with IBOs and, subject to Rule 7a.15, Prospects only in accordance with the following:

7a.6.1 MUST BE AUTHORISED: IBOs shall not use or distribute any BSM which has not been authorised by Amway in writing, or the authorisation of which is not current.

7a.6.2 COMPLY WITH RULES, QUALITY ASSURANCE STANDARDS, THE DIGITAL COMMUNICATION STANDARDS AND INTELLECTUAL PROPERTY LAWS: The content of BSM must comply with the Rules of Conduct, the Quality Assurance Standards and the Digital Communication Standards, and may not infringe in any way on Amway's copyrights, trademarks or other intellectual property rights.

7a.6.3 AMWAY COPYRIGHT MATERIALS: Subject to any authorisation by Amway as required by Rules 7a.1 and 7a.2, IBOs may incorporate into their newsletters or written presentations or audio or video recordings full and exact reproductions of materials set forth in Amway-produced literature, Amway catalogues or magazines or Amway product labels. Any reproduction of Amway printed material must bear the notation "Copyright of Amway of Australia" or "Copyright of Amway of New Zealand".

7a.6.4 IBO-ONLY BSMS: Any BSM authorised by Amway for use only with IBOs must never be provided directly or indirectly to Prospects, and must bear the statement "For existing IBOs" or its substantial equivalent.

7a.6.5 BSM DECEPTIVELY SIMILAR TO AMWAY MATERIALS: Subject to the right to reproduce materials set forth in Amway-produced literature, Amway catalogues or magazines or Amway product labels conferred by Rule 7a.6.3, no IBO may produce, sell and/or distribute any BSM that are deceptively similar or substantially identical to literature or material published and distributed by Amway to its IBOs or which could create the impression in a reasonable mind that such literature or material emanated from Amway or that its publication or distribution was authorised by Amway.

7a.6.6 INAPPROPRIATE BSM CONTENT: BSM shall avoid express or implied discriminatory or offensive references to political, sexual, religious or racial matters.

7a.6.7 BSMS NOT ENDORSED BY AMWAY: If Amway determines that the content of BSM are inconsistent with the Rules of Conduct, the Quality Assurance Standards, the Digital Communication Standards or the goals and purposes of the Amway Sales and Marketing Plan, Amway may require that such BSM be modified or that the IBO take other action considered appropriate by Amway. IBOs acknowledge and agree that Amway nevertheless does not endorse the representations made in any BSM, and that Amway's review is solely for the determination of BSM's compliance with the Rules of Conduct, the Quality Assurance Standards, the Digital Communication Standards and Amway's business practices and policies.

7a.6.8 ARRANGEMENT FOR SALE/PURCHASE OF BSM: IBOs may sell and purchase BSM through methods that require an affirmative request for each purchase or under an automatic repeat order or similar arrangements (i.e. arrangements that do not require an affirmative request for each future purchase).

7a.6.9 AUTOMATIC REPEAT ORDER OF BSMS: IBOs who agree to make future purchases of BSM under an automatic repeat order program or similar arrangements must have the right to cancel or change their order at any time by notice in writing to the selling IBO.

7a.6.10 AUTOMATIC REPEAT ORDER OF BSMS STATEMENT: IBOs who sell BSM under automatic repeat order arrangements shall include a prominent statement in the following wording, or in substantially equivalent wording specified or approved by Amway in writing, on the standard order form: "We have a continued interest in you and your Amway Business. This special message is to help you evaluate expenses which relate to Business Support Materials available to you. Your expenditures on these items should be reasonable compared to your business volume and profits. You should review your business expenses and decide whether you wish to continue purchasing BSM. The use of BSM in connection with your Amway Business is voluntary and must always be in compliance with the Amway Rules of Conduct. If you wish to discontinue receiving future tapes, books, CDs, DVDs, tickets and other materials please advise us in writing."

7a.6.11 NO GUARANTEE OF SUCCESS FROM USING BSMS: IBOs who sell or otherwise supply or offer to sell or supply BSM shall not say, suggest or imply that the use of any such materials will guarantee success or that Amway requires the use of any such materials. BSM and the packaging of BSM shall contain a prominent statement in the following wording, or in substantially equivalent wording specified or approved in writing by Amway:

"While the techniques and approaches suggested here have worked for others, no one can guarantee that these techniques and approaches will work for you. We hope, however, that the ideas presented here will assist you in

developing a strong and profitable business. These materials have been published independently of Amway". The same message shall also appear in the audio portion of any audio tape, CD, DVD, downloadable media or other BSM or be communicated through a substantially equivalent means.

7a.6.12 EVENT TICKET REFUND STATEMENT: Tickets to BSM seminars and rallies shall contain:

- a) A prominent statement which is the same as the statement in 7a.6.10 or a substantially equivalent statement specified or approved by Amway in writing; and
- b) A prominent statement in the following wording, or in substantially equivalent wording specified or approved by Amway in writing: "The purchase of this ticket is optional and refundable up to 30 days prior to the event".

7a.6.13 NO CONTENT GUARANTEEING SUCCESS: IBOs shall not use, distribute or supply 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 or Amway-distributed products or services.

7a.6.14 DATE BSM PUBLISHED/RECORDED: All BSM must display the dates they were first published or recorded, and the name of the publisher/producer.

7a.6.15 REQUIREMENTS TO PROMOTE, SELL OR DISTRIBUTE

BSMS: IBOs who promote, sell or distribute BSM or offer BSM for sale must:

- a) Ensure that such BSM are not sold or offered for sale in conjunction with the IBO's application for authorisation as an IBO or the IBO's registration as an IBO;
- b) Provide purchasers of such BSM with any disclosures or other information that may be required by Amway from time to time;
- c) In such BSM and their packaging, and in the promotion of such BSM, clearly and prominently state that the purchase of BSM is optional, and is strictly voluntary;
- d) Never require another IBO to purchase any BSM, or imply or suggest that the purchase of BSM is necessary for success or full or significant success as an IBO; and
- e) Advise the purchaser about refund policies that apply to such BSM in accordance with Rule 7a.7.

7a.7 BSM RETURNS AND REFUNDS: Amway's Satisfaction Guarantee and Buy-Back Rule do not apply to materials not sold by Amway. BSM may only be sold subject to the right of the purchaser to return such BSM for a refund in accordance with the following:

7a.7.1 The terms of the refund policy, including terms regarding procedures for the resolution of disputes and the responsible person for returns, must be

clearly communicated to the purchaser in writing prior to any sale. In addition to any other person designated to handle returns, the selling IBO and (if the IBO had acquired the BSM from an Approved Provider) the Approved Provider shall be responsible for handling returns, and the selling IBO together with the selling IBO's upline Platinum IBO or above shall be responsible for handling returns of all other BSM.

7a.7.2 During the first 90 days following an IBO's registration as an IBO, the IBO may return all BSM of any form purchased, including meeting tickets, for a 100% refund of the price paid for such BSM. Proof of the date of the IBO's application for authorisation as an IBO and proof of purchase must be provided by the IBO. Such BSM includes but is not limited to: partial or opened packs of BSM; used BSM; out of date BSM; standing order, subscriptions, or any other recurring order type program; and function tickets.

7a.7.3 An IBO end-user of BSM may return BSM purchased, within 180 days following purchase, for a refund on commercially reasonable terms. Proof of purchase must be provided by the IBO.

7a.7.4 In addition to the purchaser's rights referred to in Rules 7a.7.2 and 7a.7.3, each IBO who chooses to sell tickets to seminars, events, and other business meetings is obliged to refund a portion of the purchase price of tickets purchased for the purchaser's personal use, for a period of 30 days after the event, provided the dissatisfied purchaser personally attended the event. Such refund shall be for that portion of the cost of the event related to admission to the event, exclusive of the cost of travel, meals, or hotel accommodations.

7a.7.5 BSM offered in the form of website subscriptions and downloadable media are subject to the following requirements, in addition to Rules 7a.7.1 to 7a.7.3:

- a) Purchasers cancelling website subscriptions must be entitled to a refund for unused, whole months of any prepaid subscription(s).
- b) Purchasers of downloadable media must be entitled, if dissatisfied, to obtain a replacement download of equal value within 30 days of the purchase of the subject downloadable media.

7a.8 REFUNDS FOR BSMS: All refunds for BSM required by these Rules shall be effected within 30 days of the receipt of a written request for a refund.

7a.9 AMWAY EMPLOYEE PRESENTATIONS: No IBO may record a presentation by an employee of Amway without the prior specific written consent of Amway, which consent may be granted or refused in the absolute discretion of Amway. An IBO may make a single recording of the talks or presentation made by a person who is not an employee of Amway at any Amway corporate meeting, provided the recording is for their personal use and is not reproduced or exhibited in public or communicated to the public or any section of the public for any purpose.

7a.10 QUANTITY AND COST OF BSMS: An IBO who purchases, promotes, distributes, or offers BSM for sale shall use reasonable efforts to determine that the quantity and cost of BSM are reasonably related to sales volume and profits of the purchaser's IB.

7a.11 ONLY APPROVED PROVIDERS CAN PROVIDE BSM

COMPENSATION: IBOs who promote or distribute BSM which has not been acquired directly or indirectly from an Approved Provider, to other IBOs, may not compensate or remunerate other IBOs in connection with such promotion or distribution.

7a.12 IBOS WHO WISH TO EARN AN INCOME FROM BSM SALES: IBOs who wish to sell, promote or earn income from the sale of BSM which has been acquired directly or indirectly from an Approved Provider must have a written contract with or other binding authorisation from that Approved Provider in accordance with the Approved Provider's Accreditation Plus Approved Provider Agreement with Amway, obligating the IBO to comply with all applicable laws and regulations relating to such activity, and with the Quality Assurance Standards and other rules and policies of Amway in connection with such activities.

7a.13 IBO EVENTS: IBOs may organise seminars, events, or business meetings for IBOs provided that they are consistent with their training obligations as Sponsors or Platinums.

7a.14 NON-APPROVED PROVIDER USE OF BSMS: IBOs selling, promoting, or distributing BSM which has not been acquired directly or indirectly from an Approved Provider, must obtain appropriate written authorisation from Amway in accordance with Section 9 in order to use any trademarks, copyright material, confidential information or other intellectual property of Amway in connection with such BSM.

7a.15 USE OF BSM WITH PROSPECTS: BSM may be used with Prospects only in accordance with the following:

7a.15.1 BSM must not be sold or offered for sale to Prospects; it may only be distributed to Prospects without charge;

7a.15.2 The BSM must not have been authorised by Amway for use only with IBOs;

7a.15.3 IBOs must not say, suggest, or imply to Prospects that any BSM have been authorised for use with Prospects, without the prior written authorisation of Amway in respect of specified BSM;

7a.15.4 The BSM must comply with all other applicable provisions of these Rules and the Quality Assurance Standards; and

7a.15.5 IBOs must in connection with the supply of BSM to Prospects, comply with all other applicable provisions of these Rules and the Quality Assurance Standards.

7a.16 COMPLIANCE WITH LAWS: IBOs must comply with all applicable laws regarding the content, production, distribution, sale and/or use of BSM.

7a.17 QUALITATIVE SURVEYS: IBOs who purchase or supply BSM acquired directly or indirectly from Approved Providers will, if required by Amway, participate in qualitative surveys intended to measure the IBO's satisfaction with the BSM supplied by the Approved Providers, and the quality of the BSM training experience.

7a.18 AMWAY'S CONFIDENTIAL INFORMATION: Unless otherwise specified in writing by Amway at the time of disclosure to IBO, IBOs acknowledge that nothing in this Rule, or in any other Rule, shall be construed or interpreted as a license or other permission to incorporate any LOS Information or other Confidential Information of Amway into any BSM.

7a.19 MEETING CONTENT: The content of live seminars, events, business meetings, or other similar BSM must comply with the Quality Assurance Standards, however such BSM do not require authorisation from Amway unless and until the content is reduced to a fixed media (such as in print, audio, or video) for use with IBOs or Prospects.

Section 7b – New Zealand: Business Support Materials (BSM)

Some IBOs offer for sale to other IBOs in their Personal Group a variety of sponsoring and merchandising aids or Business Support Materials. The manner in which BSM may be used with prospective IBOs and existing IBOs is detailed in this section. In particular, this section makes it clear that the sale, purchase and use of BSM is entirely optional and voluntary and that the content of BSM must comply with the Rules of Conduct, the Quality Assurance Standards, and the Digital Communication Standards. Amway does not endorse the representations made in any BSM. Amway's review is solely for the determination of compliance with its Rules of Conduct, the Quality Assurance Standards, the Digital Communication Standards and business practices and policies. IBOs are responsible for compliance with applicable laws regarding the content, productions, distribution, sale or use of BSM.

7b.1 BSM MAY BE USED WITH PROSPECTS (PERSONS WHO ARE NOT IBOS) ONLY IN ACCORDANCE WITH THE FOLLOWING:

7b.1.1 IBOs shall not use with prospects or, sell or distribute to prospects, or say, suggest, or imply to prospects that any BSM have been authorised for use with prospects without the prior written authorisation of Amway. All BSM shall display the dates they were published or recorded, and the name of the publisher/producer;

7b.1.2 IBOs shall not use with prospects or distribute to prospects, 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 or Amway distributed products or services;

7b.1.3 IBOs who have received authorisation to use BSM by Amway in accordance with these Rules of Conduct the Quality Assurance Standards, and the Digital Communication Standards shall place on BSM the following statement of 'Content Reviewed' or such other substantially equivalent statement. The authorisation number will also be displayed with the statement;

7b.1.4 Authorisations for use will be considered valid for a period of 2 years, or until a revision to the material is completed, whichever comes first;

7b.1.5 The provisions of Rule 7b.2 also apply to BSM covered by Rule 7b.1:

7b.2 BSM MAY BE USED WITH IBOS OR MEMBERS ONLY IN ACCORDANCE WITH THE FOLLOWING:

7b.2.1 IBOs shall not use or distribute any BSM which contain any presentation, explanation, or illustration of the Amway Sales and Marketing Plan, or any part thereof unless expressly authorised by Amway as provided herein;

7b.2.2 The content of BSM must comply with the Rules of Conduct, the Quality Assurance Standards, and the Digital Communication Standards and may not infringe in any way on Amway's copyrights, trademarks or other intellectual property rights;

7b.2.3 BSM relating to the use, characteristics of and/or performance of Amway Products, or Amway-distributed, products or services shall not be produced, sold or distributed by IBOs unless expressly authorised by Amway. IBOs may incorporate into their newsletters or include in their records or written presentations full and exact reproductions of materials set forth in Amway produced literature, Amway catalogues or magazines or Amway product labels. Any reproduction of Amway printed material will bear the notation 'Copyright of Amway of New Zealand' or "Copyright of Amway of Australia;

7b.2.4 IBOs may produce general BSM dealing with general subjects of 'how to nature' including 'how to sell products', 'how to market services', 'how to conduct training meetings', 'how to manage inventory', 'how to motivate people' and 'motivational success stories etc. However, BSM dealing with 'how to show the Amway Sales and Marketing Plan' must be expressly authorised by Amway;

7b.2.5 Any training material receiving an express, written authorisation for use in this context, must bear the statement or its substantial equivalent, 'For existing IBOs only'. The authorisation number must also be displayed;

7b.2.6 Authorisations for use will be considered valid for a period of 2 years, or until a revision to the material is completed; whichever comes first;

7b.2.7 No IBO may produce, sell and/or distribute any BSM that are deceptively similar or substantially identical to literature or material published and distributed by Amway or its IBOs or which could create the impression in a reasonable mind that such literature or material emanated from Amway or that its publication or distribution was authorised by Amway; and

7b.2.8 BSM shall avoid, either express or implied, discriminatory or offensive references to political, sexual, religious or racial matters;

7b.2.9 Amway may require the submission for review of BSM intended for use with pre-existing IBOs or Members periodically or in the event an investigation resulting from a complaint determines that the content of such BSM are inconsistent with the Rules of Conduct or the goals and purposes of the

Amway Sales and Marketing Plan. As a result of such review, Amway may require that such BSM be modified, require that all BSM be submitted for review, or that the IBO take such other appropriate action.

7b.2.10 The distribution of BSM to IBOs shall be in accordance with the following procedures:

- a) IBOs may sell, and both IBOs may purchase BSM through methods that require an affirmative request for each purchase or through standing order or similar arrangements (i.e. arrangements that do not require the affirmative request for each future purchase);
- b) IBOs who agree to make future purchases of BSM through standing order or similar arrangements shall have the right to cancel or change their order at any time by notice in writing to the selling IBO;
- c) IBOs who sell BSM understanding order arrangements shall include a statement in the same or substantially equivalent language on the standard order form. "We have a continued interest in you and your Amway Business. This special message is to help you evaluate expenses which relate to BSM available to you. Your expenditures on these items should be reasonable compared to your business volume and profits. You should review your business expenses and decide whether you wish to continue purchasing future BSM. The use of BSM in connection with your Amway Business is voluntary and must always be in compliance with the Amway Rules of Conduct. If you wish to discontinue receiving future tapes/books/tickets, etc., please advise us in writing";
- d) IBOs who choose to sell BSM shall not say, suggest or imply that the use of any such materials will guarantee success or that Amway requires the use of any such materials. BSM shall contain a statement in the same or substantially equivalent language: "While the techniques and approaches suggested have worked for others, no one can guarantee that these techniques and approaches will work for you. We hope, however, that the ideas presented here will assist you in developing a strong and profitable business. These materials have been published independently of Amway." The same message shall also appear in the audio portion of any audio tape, BSM or be communicated through a substantially equivalent means; and
- e) The Amway Satisfaction guarantee and Buy Back Policy do not apply to BSM not sold and produced by Amway. Subject to Rule 7b.3.2, upon request, an IBO who sells BSM must buy them back from the original purchaser on commercially reasonable terms for a period of 90 days after the sale thereof. The purchaser must, upon request, provide proof of purchase if buy back of BSM is demanded. The terms of the refund policy adopted by an IBO selling BSM, including terms regarding procedures for the resolution of disputes and the responsible person for returns, must be clearly communicated to the purchaser prior to any such sale. In the event such terms do not include the responsible person for returns, the seller and the purchaser's Platinum IBO shall be responsible for

handling returns. Selling IBOs shall ensure that the terms and conditions of any refund policy adopted comply with all applicable laws.

7b.3 BUSINESS SUPPORT OFFERED IN THE FORM OF MAJOR SEMINARS, RALLIES AND OTHER MEETINGS CONDUCTED BY IBOS SHALL ADHERE TO THE FOLLOWING PROCEDURES:

7b.3.1 Tickets to major seminars and rallies shall contain the same or substantially equivalent, statement as in 7b.2.10(d) above;

7b.3.2 Each IBO who chooses to sell tickets to major seminars and rallies is obliged for a period of up to 30 days prior to the date of the event to refund tickets purchased for the purchaser's personal use to the extent of that portion of the ticket price related to admission to the meeting. The terms of the refund policy as adopted by an IBO selling such tickets shall conform with 7b.2.10(e); and

7b.3.3 Tickets to major seminars and rallies shall contain the following statement in the same, or substantially equivalent language: "The purchase of this ticket is optional and refundable up to 30 days prior to the event".

7b.4 Refunds for BSM made according to these Rules shall be effected within 30 days of receipt of a written request for a refund.

Section 8 – Presentation of the Amway Sales and Marketing Plan

The Amway Sales and Marketing Plan sets out the system of Amway commissions, bonuses and awards. It also details Amway's guidelines and procedures for presentation of the Plan to prospective IBOs. The guidelines have been formulated so as to ensure compliance with sometimes complicated State, Federal and Common Law requirements for fair and ethical marketing in Australia. This section summarises essential do's and don'ts in that regard.

8.1 MUST NOT GIVE FALSE IMPRESSION: When inviting a prospect to hear a presentation of the Amway Sales and Marketing Plan, an IBO shall neither directly or indirectly:

8.1.1 Give the impression that the Amway Sales and Marketing Plan relates to an employment opportunity (in accordance with Rule 4.16);

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;" finance seminar, investments seminar or similar event;

8.1.5 Promote the Amway Business Opportunity as a business relationship with a person, company, or organisation other than Amway as stated in Rule 4.31.1(e) above;

8.1.6 Directly or indirectly indicate that such products are merely one line of products distributed through or as a part of a brokerage, consignment, or intermediary business operated by a person, company or organisation other than Amway;

8.1.7 Directly or indirectly indicate that the Amway Business Opportunity, IBO or products and services merchandised through Amway are part of any business other than the Amway Business Opportunity as defined in the Rules of Conduct and other official Amway literature;

8.1.8 Engage in any other direct or indirect misrepresentation of the Amway Business Opportunity and the IBO's relationship to Amway and the nature of the Amway Business, or omit any information that a person receiving such an invitation or attending or otherwise participating in such a presentation or event could reasonably be expected to need in order to properly evaluate the Amway Business Opportunity, Amway Products; or

8.1.9 In any other way violate Rule 4.31 above.

8.2 CORRECTLY IDENTIFY AMWAY: An IBO may not deny, if asked, that a presentation of the Amway Business is about the Amway Business Opportunity or that the sale of Amway Products is an integral part of the Amway Business Opportunity and, as soon as practicable in the presentation, shall identify Amway as the principal and state the correct relationship between Amway and its IBOs.

8.3 SPONSORSHIP ETHICS AND ACCURATE REPRESENTATION: In seeking participation of a prospect in the Amway Sales and Marketing Plan, or in any representation made about Amway, IBOs must comply with Rule 4.31 above as well as the following:

8.3.1 Must not say that a successful IB can be built in the form of a “wholesale buying club”, where the only products bought and sold are those transferred to other IBOs for their personal use. This includes representing Amway as being a warehouse or clearing house or principal distribution company;

8.3.2 Must not represent retailing as unimportant or unprofitable or relatively unimportant or unprofitable or state that there is no requirement for the retail sale or marketing of Amway Products or Amway distributed products or services by IBOs.

8.3.3 Must not represent or imply that an IBO can benefit solely or principally by sponsoring others to be IBOs, and/or by obtaining products or services for personal use at less than retail price;

8.3.4 Must not misrepresent or promote the enjoyment of tax benefits as a reason for becoming an IBO.

8.3.5 Must not claim that an IBO may achieve success or maintain a particular income level from the Amway Business with little or no expenditure of effort or time.

8.3.6 Must not represent the past, present, future, anticipated, likely or possible profits or earnings of IBOs otherwise than by using either:

- a) The hypothetical income amount and illustrations set out in current Amway produced literature, and provided that the amounts are stated to be only hypothetical; or
- b) The amounts must be of actual Amway commissions and/or Bonuses/Rebates from the IBO’s personal experience, provided that the IBO discloses (with prior consent) the names of the IBOs who have earned the commission/bonuses/ rebates. In such a situation the IBO must point out that there is no guarantee that other IBOs will achieve similar results.

8.3.7 Must not state or in any way imply or represent that they or any other IBOs earn higher incomes from the Amway Business than they in fact do, whether by including incomes from his/her full time jobs or incomes from selling books, tapes, CDs, DVDs and seminar tickets to other IBOs, or otherwise;

8.3.8 Must not state or in any way imply or represent that they or any other IBOs are at a higher level of achievement under the Amway Sales and Marketing Plan than they in fact are;

8.3.9 Must not cite examples of success (e.g. travel, motor vehicles, homes, contributions to charitable causes) unless the IBO knows such benefits were in fact obtained as the result of earning commissions and bonuses/rebates from the sale of Amway Products and Amway-distributed products or services;

8.3.10 Must not misrepresent the relationship between Amway and any other company affiliate with Amway;

8.3.11 Must not represent that Amway-manufactured products constitute or comprise an insignificant or insubstantial or small proportion of all the products distributed by Amway;

8.3.12 Must not describe or represent Amway as being only one of many suppliers of goods and services to IBOs and clients;

8.3.13 Must not make any warranty, representation or guarantee on behalf of or in the name of Amway or in relation to Amway Products or Amway-distributed products or services other than those written guarantees; and

8.3.14 Must not engage in any conduct or make any statement or representation or use any trade name, association name, business name or company name (in each case, whether registered or not) or other description or do any other act, matter or thing which is likely to lead any other IBO, Client or any other person into believing that Amway is other than the principal of the IBO or that the IBO is other than an independent contractor to retail Amway Products and Amway-distributed products or services and to solicit applications for appointment as IBOs contracted to Amway.

8.3.15 Must not use any broadcast communication methods including mass mailings, telemarketing, national or international advertising, radio, television, facsimile services, computer communication networks including the Internet, or any other means by which personal contact with a Prospect is not present. Advertising is allowed in a limited context as described in the Digital Communication Standards.

8.4 TRUTHFUL EXPLANATION: Without limiting the generality or specificity of an IBO's obligations under Rule 4 and 8.3 or elsewhere in these Rules, during any formal or informal presentation or explanation of the Amway Business Opportunity, an IBO:

8.4.1 Will truthfully and honestly present the business with full transparency and candour;

8.4.2 Will conduct the presentation in accordance with the requirements of the Amway Sales and Marketing Plan;

8.4.3 Will point out the features of the Amway Business Opportunity and the IBO contractor relationship;

8.4.4 Will as soon as practicable in the presentation, identify Amway as his/her principal and correctly describe the relationship between Amway and its IBOs as described in current Amway produced literature, Amway correspondence, instructions and directives;

8.4.5 Will state that income or bonuses/rebates will only be realised through continued sales of Amway Products and Amway-distributed products or services to consumers and by the maintenance of certain qualifications; and shall indemnify Amway from and against all actions, damages, claims, demands, prosecutions and the cost thereof (including Amway's actual legal costs) which might be suffered by or made or sought against Amway in respect of or arising out of any failure or omission to do so, or other breach of this Rule.

Section 9 – Use of the Amway Trade Name, Trademarks and Copyrighted Materials

This rule has been developed to maintain the integrity of Amway's intellectual property and to ensure that the Amway brand will be available exclusively for the Amway Business. In addition, Amway has implemented a corporate identity program that requires the correct and consistent use of the Amway corporate logo, no matter where it appears. No alterations to the approved logotype are allowed. Upon request, Amway will provide an example of the approved logotype and colour specifications.

9.1 MISUSE AND MISAPPROPRIATION: IBOs shall not misuse or misappropriate Amway's trademarks or other intellectual property or confidential information. It is a breach of the IBO Contract for an IBO to use any trademarks or other intellectual property or confidential information belonging to or licensed to Amway except in accordance with the applicable terms, conditions and procedures set forth in the IBO Contract, including the Amway Rules and Policies.

9.1.1 Each IBO acknowledges and agrees that Amway or Alticor Inc. is the exclusive owner or licensee of certain trademarks including logos, service marks and other intellectual property and industrial property, including the name Amway, and various trademarks, trade names and service marks used in connection with Amway Products and services, and the various designs or labels.

9.1.2 IBOs shall not use, in connection with his/her Amway Business or any other business (including but not limited to, any business vehicle, office, phone listings, premises, or stationery) and/or on or in connection with any products, the Amway name, or trademarks, service marks or other intellectual property belonging or licensed to Amway or Alticor Inc. without the prior written consent of Amway and subject always to any conditions attached to such use except as otherwise provided herein. Amway reserves the right to withdraw its consent at its absolute discretion.

9.2 APPROVAL TO USE AMWAY TRADEMARKS: In their use of the Amway trademarks IBOs must first seek and be granted approval for such use by Amway. IBOs shall:

9.2.1 Always indicate that Alticor Inc. is the proprietor of the marks;

9.2.2 Not represent in any way that they own the marks or are entitled to use them otherwise than as an Amway IBO;

9.2.3 Only use registered trademarks as registered and shall supply Amway with samples of all proposed uses of the marks; and

9.2.4 Comply with rules or directives made or issued by Amway from time to time as to the proper use of the marks.

9.3 BUSINESS CARDS: Provided that an IBO is otherwise in full compliance with the Rules of Conduct and all other provisions of the IBO Contract, an IBO may use the Amway and selected Amway Brand Business Card templates available from Amway. These may only be used in the design they are supplied and no changes other than the addition of personal contact details may be added.

9.3.1 Should an IBO choose, they may print a double sided business card featuring only options from the templates supplied.

9.3.2 The permission for use of the trademarks, including logos, available on the supplied templates do not extend to further use in any format, or on any other materials for any other use.

9.3.3 An IBO may not promote any other activities unrelated to the Amway Business on their business cards, including but not limited to, the placement of information, trademarks, trade names, logos or service marks relative to any training or education company, system or program the IBO owns, controls or participates in.

9.4 AMWAY NAME ON A VEHICLE: An IBO shall only display the Amway name or any of the Amway Brands on his/her business vehicle with the prior written approval of Amway and in compliance with Rule 9.2

9.5 CORPORATE OR BUSINESS NAME: IBOs will not use the word “Amway” or any of Amway’s brands, including but not limited to “Artistry®” or “Nutriway®”, as or as part of any corporate or business name or permit or allow any other person or corporation to do so.

9.6 AMWAY MATERIALS COPYRIGHT: All Amway printed, audio and video material is protected by copyright and may not be reproduced in whole or in part by IBOs or other persons without Amway’s written permission or as provided in Rule 9.7

9.7 AMWAY OFFICIAL LITERATURE: IBOs may use official Amway literature only for the purpose of carrying out their functions as IBOs. Articles from Amway publications may be reprinted by IBOs in newsletters which they publish for their personal group provided that each article is reproduced completely and is immediately followed by the statement “Reprinted with permission of Amway of Australia ABN 49 004 807 756”, or “Reprinted with permission of Amway of New Zealand”

9.8 AMWAY PRESENTATIONS: An IBO may record speeches or presentations made at Amway sponsored meetings provided that he/she has obtained the prior written consent of Amway and such recording is solely for his/her own personal use and is not reproduced for any purpose.

Section 10 – Death and Inheritance

An Amway Business may be passed on to the next generation. If an IBO dies or becomes physically unable to continue in the business Amway may accept responsibility for preservation and management of the business until the wishes of the IBO can be ascertained and complied with in a manner consistent with the Rules of Conduct and legal requirements.

10.1 DEATH AND INHERITANCE: Upon the death of an IBO, the IBO's interest in the IB may be passed on to a relative or other designated person, subject to the laws on succession and Amway's acceptance of the assignment of the IB pursuant to these Rules. The original IBO must make proper arrangements during their lifetime for the orderly and legal transfers of ownership of their IB to their heirs in accordance with Amway's succession planning documents. This is to ensure that downline IBOs will continue to receive proper service, training and motivation. In the event that the heirs do not take steps to take over the IB, the IB may be deemed abandoned in accordance with Rule 13.1.

10.1.1 During a period of transition, Amway can appoint a manager on such terms and conditions as Amway considers appropriate, to operate the IBO until such time as the IB is assigned or otherwise dealt with pursuant to Rule 10 or terminated by Amway pursuant to these Rules.

10.1.2 The Executor or Administrator of the Estate of the deceased IBO shall within 30 days after the grant of probate or letters of administration:

- a) Assign or transmit the IB pursuant to Section 6 of these Rules;
- b) If the Executor or Administrator is or becomes an IBO, carry on the business of the deceased IBO's IB; or
- c) Appoint a manager for such period and on terms and conditions as Amway considers appropriate, to operate the IB, provided the manager is or becomes an IBO before commencing to operate the IB. Without limiting the breadth of Amway's discretion as to the terms and conditions which may be specified pursuant to Rules 10.1.1 and 10.1.2, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the Bonuses/Rebates and privileges accruing in respect of the IB during the period of management.

10.2 DEATH OF ONE PARTNER: In the event that an IBO comprises two natural persons in partnership and one of the partners dies, then:

10.2.1 The surviving IBO will be deemed to be the manager and sole owner of the IB, until such time as the IB is assigned or otherwise dealt with pursuant to the Rules of Conduct.

10.2.2 Within 30 days after the grant of probate or letters of administration:

- a) The surviving partner shall acquire (whether by way or sale, transmission by will or operation of a partnership agreement) the interest of the deceased IBO in the IB;
- b) The Executor or Administrator of the Estate of the deceased IBO shall assign or transmit the deceased IBO's interest in the IB to another IBO who shall carry on the IB in partnership with the surviving IBO;
- c) The IB shall be assigned or transmitted pursuant to Section 6 of these Rules; or
- d) The Executor or Administrator of the Estate of the deceased IBO and the surviving IBO shall appoint a manager for such period and on such terms and conditions are specified or approved by Amway, to operate the IB, provided the manager is or becomes an IBO before commencing to operate the IB.

Without limiting the breadth of Amway's discretion as to such terms and conditions which may be specified, the manager shall, if Amway considers it appropriate, be entitled to all or such part as Amway specifies, of the bonuses/rebates and privileges accruing in respect of the IB during the period of management.

10.3 PROTECTED PERSON: In the event that an IBO becomes a protected person within the meaning of that term in the Protected Estates Act 1983 (NSW) or other relevant legislation, or a person in respect of whom an order or direction is in force that his/her estate be subject to management under similar Country, State or Territory legislation which makes provision with respect to the management of the property and affairs of persons who are incapable of managing their own affairs by reason of mental or other condition, then:

10.3.1 Amway may appoint a manager on such terms and conditions as Amway considers appropriate, to operate the IB until such time as the IB is assigned or otherwise dealt with pursuant to Rule 10.3.2 or terminated by Amway;

10.3.2 The Protective Commissioner (or manager/trustee of the Estate of the incapable IBO) may, if they have the power to do so under relevant legislation, within 30 days after the order or direction in question:

- a) Assign the IB pursuant to Rule 6; or
- b) If the manager/trustee is or becomes an IBO, carry on the business of the incapable IBO.

Without limited the breadth of Amway's discretion as to such terms and conditions which may be specified pursuant to Rule 10.3.1, the manager shall, if Amway considers it appropriate, be entitled to all or such part as Amway specifies, of the bonuses/rebates and privileges accruing in respect of the IB during the period of management.

Section 11 – Breach of Contract: Procedures

Complying with the IBO Contract is essential for preserving a viable business for IBOs. IBOs and Amway each have rights and responsibilities in case of a breach of the IBO Contract. The presentation of the Amway Sales and Marketing Plan is integral to the way in which the Amway Business is exhibited to the public. Any misrepresentation of the business or other serious breach of these Rules may damage Amway's public image or may involve Amway IBO in illegal conduct. This section permits Amway to place an IBO who has misrepresented the business or who has committed other serious breaches of these Rules, on probation and to compel them and their personal group to attend training on the correct and ethical presentation of the Amway Business Opportunity.

11.1 PROCEDURES.

11.1.1 INVESTIGATION: When Amway believes that a breach of the Rules of Conduct or the Amway Business Policies has occurred, will occur, or is threatened to occur, Amway may investigate the activity of the IBO at issue. Amway may undertake this investigation on its own initiative or when requested by another IBO who has submitted a written complaint to Amway as provided in Rule 11.1.2.

11.1.2 COMPLAINTS BY IBO: An IBO who believes that another IBO has breached the Amway Business Policies and/or the Rules of Conduct, or who has personal knowledge of the activities leading to such alleged breach, shall notify Amway in writing of the alleged breach and all facts connected with it. A copy of this notification may be provided either by the IBO or Amway to the IBO's Upline Platinum.

11.1.2.1 Amway will do initial investigations of the complaint to determine if there is substance to the complaint and if further investigations are required.

11.1.2.2 If further investigations are required, Amway will notify the appropriate IBO of the complaint and request an immediate response.

11.1.2.3 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.

11.1.2.4 When Amway believes that it has sufficient information regarding the facts and circumstances relevant to the complaint, Amway will decide whether there has been a violation of the Amway Business Policies or other breach of the Rules of Conduct and will take appropriate action in accordance with Section 12.

11.1.3 NOTIFICATION OF ACTION.

11.1.3.1 Amway will forward a decision letter to the violating IBO. The decision letter will list the specific complaint(s), outline the corrective action to be taken and, if appropriate, set a time limit for the IBO to comply.

11.1.3.2 ANY NOTICE SHALL:

- a) Be mailed, e-mailed or faxed or sent by registered mail or other confirmable method allowable by law to the address or fax that Amway has on record for the IBO. Claim of failure of an IBO to receive a notice shall not delay the action by Amway;
- b) If applicable, state the Section(s) of the Rules of Conduct or other provisions of the IBO Contract violated or breached by the IBO;
- c) If applicable, state the date of which any such action shall become effective; and
- d) If applicable, advise the IBO of his/her opportunity to seek Review of Amway's decision through dispute resolution in accordance with Section 14 of these Rules. An IBO will have 28 days to lodge a review under Section 14.

11.2 DISPUTE RESOLUTION: If an IBO does not agree with the actions taken by Amway, then the IBO may request the decision be reviewed in line with the dispute resolution mechanisms outlined in Section 14.

11.3 WAIVER OF CLAIMS: An IBO waives any and all claims against Amway arising out of or in respect to any action that Amway takes under the IB and/or this Rule. An IBO who is terminated, de-sponsored or has other action taken as a result of a violation of the Rules of Conduct or the Amway Business Policies shall have no claim against Amway arising out of or with respect to the termination or de- sponsorship.

Section 12 – Breach of Contract: Sanctions

Amway IBOs have a responsibility to protect and present the Amway Business in a manner which complies with these Rules. This section says that where an IBO commits a serious breach of these Rules Amway may, in the interest of the business as a whole, terminate or desponsor the IB. These Rules further note the consequences to, and rights of, both parties in the event of that extreme action.

12.1 FUNDAMENTAL RULES: The following Rules are fundamental to the contact between Amway and the IBO. Any breach to the Rules of Conduct, including but not limited to those listed, will give Amway complete discretion to take any action Amway deems necessary in the circumstances: 3.2, 3.15, 3.17, 3.18, 4.5, 4.6, 4.15, 4.18, 4.20, 4.29, 4.35, 5.1.1, 5.1.10, 5.1.13, 5.3, 8.1, 8.2.

12.2 CAUSE FOR SANCTION: Amway may, at its election and by notice in writing to an IBO, apply a sanction as per Section 12 including termination or desponsoring of the IBO, upon the breach of one or more of the following:

12.2.1 The IBO breaches a fundamental rule of the Rules of Conduct as listed in Rule 12.1;

12.2.2 In Amway's opinion, the IBO has provided false information in his/her IBO Application or in any Application for Renewal;

12.2.3 The IBO breaches any other of these Rules of Conduct and (if the breach is capable of rectification) fails to rectify such breach within fourteen (14) days of being required to do so in writing by Amway;

12.2.4 The IBO commits repeated breaches of any of these Rules of Conduct;

12.2.5 Any inspection carried out by Amway, pursuant to Rule 4.34 or any audit carried out pursuant to Rule 3.34.4, reveals, or if Amway otherwise becomes aware that the IBO's records are inaccurate or in error to the extent of 5% or more of his/her Bonus/Rebate calculations, PV/BV transfer or any other figure considered relevant by Amway;

12.2.6 An IBO or director of a corporate IB is convicted of an offence punishable by a gaol term;

12.2.7 If the IBO or a director of a corporate IBO is suspended or disbarred from practicing his/her usual trade or profession by any trade or professional association, institute or society;

12.2.8 An order is made or an effective resolution is passed for the winding-up of the IBO (being a company);

12.2.9 A Receiver or official Manager of the property or assets of the IBO or of a director of a corporate IBO or any part thereof, is appointed, or an official Manager is appointed;

12.2.10 Without the prior written consent of Amway, the IBO or a director of a corporate IBO makes an assignment for arrangement or composition with his/her creditors or any of them;

12.2.11 If there shall be any act, matter or thing whatsoever done or performed, the effect of which is to transfer, directly or indirectly, the effective ownership or management or control of the IBO (being a company) to any person or company other than the two principal shareholders/directors identified and specified by Amway pursuant to Rule 3.7;

12.2.12 The IBO assigns or sells or purports to assign or sell the IB or any part thereof or interest therein other than in accordance with Section 6 of these Rules;

12.2.13 If the IB is not sold or assigned or a partner's share in an IB is not sold or assigned in either case as required by Amway pursuant to Rule 6.15;

12.2.14 The IBO dies and the IB is not assigned or otherwise dealt with pursuant to Rules 10.1 or 10.2 within 30 days after the grant of probate or letters of administration of the deceased IBO or if probate or letters of administration are not granted within 6 months after the date of death;

12.2.15 The IBO becomes a protected person within the meaning of that term in the relevant legislation as per Rule 10.3 or a person in respect of whom an order or direction is in force that his/her estate be subject to management under similar Country, State or Territory legislation which makes provision with respect to the management of the property and affairs of persons who are incapable of managing their own affairs by reason of mental or other condition, and the IB is not assigned or otherwise dealt with pursuant to Rule 10.3, within 30 days after the order or direction in question;

12.2.16 If the IBO being a sponsor is absent from the conduct of his/her business for a continuous period (in respect of which there is no Management Agreement or Non Resident IBO Agreement) exceeding 3 months during any Amway fiscal year; and

12.2.17 On three or more occasions within a 12 month period, a cheque or other payment drawn in favour of Amway by an IBO is not met on presentation and/ or if there are insufficient funds for a complete electronic funds transfer arranged by an IBO from his/her account to Amway.

12.3 SANCTIONS: In the event that Amway, at its sole discretion, determines that there has been a breach of the Rules of Conduct or the Amway Business Policies by an IBO, Amway may take one or more of the following actions:

12.3.1 TERMINATION: Terminate the IB by providing the IBO with a written notice of termination at his/her specified address or by some other suitable or electronic means or as allowed by law;

12.3.2 PROBATION: Require the IBO to complete corrective actions as Amway considers appropriate. This to be in conjunction with Retraining as outlined in Rule 12.6 below;

12.3.3 RETRAINING: Require the IBO to attend training as outlined in Rule 12.6 below;

12.3.4 SUSPENSION: Suspend specific authorisations under the IB, such as by way of example and without limitation, the IBO opportunity to sponsor, to purchase or sell Amway Products, or to conduct similar activities associated with the Amway Business;

12.3.5 DESPONSORSHIP: The removal or setting aside of an IBO from his/her position as a Sponsor in a Line of Sponsorship, with such of the following consequences as Amway in its absolute discretion considers appropriate:

- a) The desponsored IBO's Sponsor or another IBO, determined and specified by Amway in its absolute discretion, shall be deemed to be the Sponsor of the desponsored IBO's Personal group;
- b) The scope of the IBO's authority shall be limited to soliciting orders for the retail sale of Amway Products and Amway-distributed products or services and the IBO shall be prohibited from soliciting applications for appointment as Amway IBOs;

12.3.6 REPAYMENT OF BONUS/REBATE: Require refund of Amway bonus/rebate;

12.3.7 REVOKE QUALIFICATION: Remove any qualification and require return of any objects evidencing such qualification (by way of example and not limitation, such as pins, certificates, etc.);

12.3.8 WRITTEN ACKNOWLEDGEMENT; Require from the IBO written acknowledgement of the breach(es) and an undertaking not to breach the IBO Contract in the future; and/or

12.3.9 ANY OTHER ACTION: Take any action short of termination of the IB as may be permissible under applicable law and appropriate in Amway's sole discretion to address the specific breach(es).

12.4 NO WAIVER: The failure of Amway to take any action upon learning of a breach or potential breach shall not constitute a waiver of Amway's rights to assert such a breach in the future. The failure of an IBO to take any action upon learning of a breach shall not constitute a waiver of any other rights or remedies that may be available under applicable law.

12.5 SUSPENSION: Amway reserves the right to determine the specific terms of each suspension as per 12.3.4 on a case by case basis. In the event of any breach of contract by an IBO, Amway may take action to suspend some or all of the IBO's privileges under the IB, including but not limited to:

12.5.1 Withholding bonus/rebate for payment of higher award monies pending final resolution of the matter;

12.5.2 Suspending authorisation to conduct sponsoring activity (sponsoring, recruiting meetings, training sessions, home presentations, etc.);

12.5.3 Suspend invitations to company-sponsored seminars, trips and events;

12.5.4 Conduct reorientation and retraining meetings; and/or

12.5.5 Require that IBO provide Amway with recordings of their Amway Sales and Marketing Plan presentations.

12.6 PROBATION AND RETRAINING: If Amway is of the opinion that one or more of the IBOs in a Platinum IBO's Personal group have misrepresented Amway or the Amway Business Opportunity or have committed some other serious breach of these Rules of Conduct, then Amway may place the whole or such part as Amway may determine of the Platinum IBO's Personal group on probation.

12.6.1 Probation by Amway shall consist of all or such of the following corrective actions, or other actions that Amway may consider appropriate:

- a) A notice or notices will be prepared and sent by Amway to all IBOs in the Platinum IBO's Personal group or in that part of the Personal group that is placed on probation, or to any IBO that Amway sees fit; and/or
- b) A thorough program of retraining seminars or sessions, organised and conducted by Amway or a nominee designation by Amway, designed to teach the IBOs on probation the proper conduct in line with the Rules of Conduct.

12.6.2 RE-TRAINING: All attendees attending retraining as referred to in Rule 12.6.1(b) will be required to have their attendance confirmed and to sign an attendance sheet. Amway shall be entitled to record each retraining session in its entirety.

12.6.3 CONSEQUENCES OF PROBATION: The imposition of probation will have such of the following consequences as Amway may in its absolute discretion determine:

- a) Suspension of the IBOs authorisation as an Amway IBO;
- b) In the case of a qualified IBO, removal of their qualification status;

- c) Suspension of payment of any or all Bonuses/Rebates including but not limited to performance Bonus/Rebate, leadership bonus/rebate, annual bonuses/rebates and any special bonus/rebate payable. This is at Amway's absolute discretion. Any such amounts shall be computed, but held in escrow by Amway during the probation period;
- d) Amway may determine whether, and to what extent the monthly business volume of the IBOs on probation is to be counted towards qualification for higher awards, one-time cash awards, invitational events or any special bonus/rebate to be paid by Amway at the end of the fiscal year;
- e) Amway may, in its absolute discretion, withhold or refuse recognition of any of the IBOs on probation for any awards under the Amway Sales and Marketing Plan;
- f) IBOs on probation will not be invited to attend any invitational or recognition event held during the probation period, including but not limited to New Platinum Forum, Leadership meetings, Achievers or Diamond events. Amway may cancel any invitations to such events issued prior to the imposition of probation.

12.6.4 BONUS/REBATE INFORMATION REQUIRED: All IBOs placed on probation will, throughout the probation period, supply Amway with all such information as may be necessary or required by Amway to enable Amway to calculate the performance bonus/rebate due to them and their Personal group.

12.6.5 LIFTING OF PROBATION: If Amway is satisfied that probation and retraining has been successful in making it unlikely that the IBOs or some of the IBOs under probation will in the foreseeable future misrepresent or further misrepresent the Amway Business or Amway Business Opportunity or commit further or other serious breaches of these Rules of Conduct, Amway will lift probation and, subject to Rule 12.6.8 below, restore full IBO rights and privileges to the IBOs in respect of whom Amway is so satisfied.

12.6.6 PROBATION LEADING TO TERMINATION OR DESPONSORSHIP: If Amway is not satisfied that probation retraining has been successful in making it unlikely that the IBOs or some of the IBOs under Probation will in the foreseeable future misrepresent or further misrepresent Amway or the Amway Business Opportunity or commit further or other serious breaches of these Rules of Conduct, Amway may:

- a) Direct that probation continue and further corrective action be taken in respect of the IBOs of whom Amway is dissatisfied; or
- b) Conclude probation and terminate or desponsor the IB of each IBOs in respect of whom Amway is dissatisfied, without prejudice to Amway's rights under Rule 12.6.8.

12.6.7 TERMINATED OR DESPONSORED IB AFTER PROBATION: In the event that an IBO's IB is terminated or desponsored by Amway after a period of probation, the provisions of Rule 12.7, 12.8 and 12.9 below shall apply and the IBO shall forfeit to Amway any and all bonus/rebate payments held by Amway in escrow, and in the event that an IBO's proportion of expenses referred to in Rule 12.6.8 below shall be deemed to have been deducted from the bonuses/rebates so forfeited and Rule 12.6.8(c) shall not apply to the balance of the bonuses/rebates so forfeited.

12.6.8 EXPENSES OF PROBATION: All expenses incurred by Amway in conducting the investigation, retraining seminars and in generally administering the probation imposed under this Rule 12.6 ("the Expenses") will be borne by the IBOs under probation as follows:

- a) the IBOs under probation shall bear the Expenses in the same proportions as each of their bonuses/rebates entitlements paid or payable in respect of the month immediately preceding the imposition of probation bears to the total bonus/rebate entitlements of the IBOs under probation paid or payable in respect of such month;
- b) Amway may recover the expenses by deducting the expenses from the bonus/rebate funds held in escrow during the probation period pursuant to Rule 12.6.3(c), in the proportions referred to in Rule 12.6.8(a);
- c) Any balance of bonus/rebate funds held by Amway in escrow after deduction of expenses pursuant to Rule 12.6.8(b) will be paid to the appropriate IBOs; and
- d) Should the funds held by Amway in escrow during the probation period pursuant to Rule 12.6.3(c) be insufficient to meet the expenses, or should Amway elect not to suspend payment of bonuses/ rebates to the IBOs or certain IBOs during probation under Rule 12.6.3, then Amway will be entitled to withhold from funds due or to become due after probation to the IBOs whose proportion of the expenses Amway has not received in full, sums sufficient to meet the shortfall, and Amway will not be obliged to recommence paying bonuses/rebates to any IBO until his/her proportion of the expenses has been paid in full.

12.7 EFFECT OF TERMINATION: Upon termination of an IB for any cause whatsoever, the IBO shall:

12.7.1 Cease to identify or hold himself/herself out as an IBO;

12.7.2 Return in good condition to Amway, all Amway Products, subject to Amway refunding the IBO price paid less any handling and freight charges as specified;

12.7.3 Cease the use of any and all trademarks, trade names, insignia or other intellectual property used in or related to the Amway Business; and

12.7.4 Cease any actions taken as part of an Amway Independent Business including but not limited to:

- a) Soliciting IBO applications;
- b) Formally or informally presenting or explaining the Amway Business to IBOs or potential IBOs or any other person;
- c) Selling or soliciting orders for the sale or demonstration of Amway Products; and
- d) Holding or participating in meetings held by Amway, IBOs or associated groups.

12.8 EFFECT OF DESPONSORSHIP: Upon desponsorship for any cause whatsoever, the IBO shall:

12.8.1 Cease to be leader of their personal group, and the group shall be allocated to another sponsoring IBO or IBOs in the Line of Sponsorship as determined by Amway in its absolute discretion; and

12.8.2 Forfeit to Amway, all and any bonuses/rebates, as determined by Amway, including but not limited to performance bonus/rebate, Leadership Bonus/Rebate, Annual Bonuses/Rebates and any special Bonuses/Rebates payable or accrued at time of desponsorship.

12.9 NO CLAIM FOLLOWING TERMINATION: In the event that Amway terminates an IBO's IB pursuant to these Rules, the IBO will have no claim against Amway arising out of or in respect of the termination.

12.10 APPEAL: If an ABO does not agree with the actions taken by Amway, the ABO may appeal a decision in line with the dispute resolution process provided for in Section 14.

Section 13 – Disposition of Terminated or Non-Renewed IBO ship

This section outlines the options available to Amway to maintain stability in a line of sponsorship where independent businesses revert to the company as a consequence of contract sanctions.

13.1 ABANDONMENT: When an IB is terminated, desponsored or not renewed, the IB is considered abandoned, and the signatory to the IBO Contract shall have no further rights in the IB. The IB will vest in Amway without any obligation or liability to compensate the IBO. Amway may assign, dispose or dissolve the IB at its sole and absolute discretion. In exercising its prerogative hereunder, Amway may elect to employ one of the following methods or any other method permissible by law, and may unilaterally modify and amend the IB of any affected IBO to change their Sponsor and the Line of Sponsorship as may be necessary to implement such decision:

13.1.1 SALE/ASSIGNMENT OF IB: If Amway elects to sell/assign the right to operate an Amway Business in the former IBO's position in the Line of Sponsorship, the following will be observed:

- a) The sale shall be offered in the order of priority imposed by Rule 6.11 above.
- b) The terms of the sale will be set forth in a written contract executed between Amway and the purchaser.
- c) The purchasing party shall operate the Amway Business in the position in the Line of Sponsorship held by the previous IBO and it will become their Number 2 Business.
- d) Following the reimbursement to Amway of all costs, both legal and administrative, in relation to the discipline and ultimate disposition of the IB, all remaining funds resulting from the sale may, at Amway's discretion, be added to a bonus/rebate fund to be distributed by Amway among qualified Platinum IBOs.

13.1.2 DISSOLUTION OF IB: If Amway elects to dissolve the IB, the first qualified Sponsor/IBO of the former IBO in the Line of Sponsorship may undertake the obligations of the former IBO and assume the role of Sponsor for all IBOs who had been personally or Internationally Sponsored by the former IBO.

13.2 NO LIMITATION ON AMWAY: Despite the above, Amway is in no way limited to any of the above methods of disposition of an Amway Independent Business and may exercise complete discretion as to methods and/or timing of disposition.

Section 14 – Resolution of Disputes

In the event of a dispute occurring between IBOs, an IBO and Amway or an IBO and an Approved Provider, this section provides for the appointment of an independent mediator or arbitrator, under the auspices of the Australian Commercial Disputes Centre, to mediate or to hear and resolve contentious issues.

14.1 MEDIATION: Any dispute, controversy or claim arising out of the relationship between Amway and an Approved Provider or an IBO or relating to the contract of which these Rules form a part or breach of these Rules, the termination of an IBO's IB, the desponsorship of an IBO or the placing of an IBO on probation, shall be settled by mediation administered by, in Australia, the Australian Commercial Disputes Centre Limited (ACDC) and in New Zealand, the New Zealand Institute of Chartered Accounts (NZICA), and the following provisions shall apply:

14.1.1 The mediation for an Australian dispute shall be conducted at Sydney, Australia and the mediation for a New Zealand dispute shall be conducted in Auckland, New Zealand;

14.1.2 The mediator shall be selected by Amway and the IBO from a panel of mediators nominated by ACDC or NZICA, and failing agreement within 14 days as to a mediator, by the Secretary-general for the time being of ACDC or NZICA;

14.1.3 Each of the parties shall be entitled to be represented by one duly qualified legal practitioner or other representative in addition to the party himself/herself, or in the case of a corporation an executive of the corporation, whether legally qualified or not.

14.2 ARBITRATION: In the event that the dispute, controversy or claim is not resolved by mediation within 21 days of the appointment of the mediator (or such longer period as is agreed between Amway and the IBO or an Approved Provider and the IBO) either party may refer the dispute, controversy or claim to arbitration administered in Australia by ACDC or in New Zealand by NZICA and the following provisions shall apply:

14.2.1 The arbitration for an Australian dispute shall be conducted at Sydney, Australia and the arbitration for a New Zealand dispute shall be conducted in Auckland, New Zealand;

14.2.2 Subject to Rule 14.2.3, the arbitration shall be conducted in accordance with the current Rules for the Conduct of Commercial Arbitrations issued by the Institute of Arbitrators Australia or the current Rules issued by the New Zealand Dispute Resolution Centre;

14.2.3 The arbitrator shall be selected by Amway and the IBO from a panel of arbitrators nominated by ACDC or NZICA, and failing agreement within 14 days as to an arbitrator, by the Secretary-General for the time being of ACDC or NZICA. The Arbitrator shall be a person other than the Mediator who has conducted the mediation pursuant to Rule 14.1;

14.2.4 The arbitrator shall have the powers of the Court of relevant jurisdiction only;

14.2.5 Each of the parties shall be entitled to be represented by one duly qualified legal practitioner or other representative in addition to the party himself/herself or in the case of a corporation, an executive of the corporation, whether legally qualified or not;

14.2.6 Examination of witnesses by the parties and by the arbitrator shall be permitted, but compliance with the rules of evidence shall not be required.

14.3 DISPUTE RESOLUTION COSTS: The costs of any mediation pursuant to Rule 14.1, or arbitration pursuant to Rule 14.2, shall be borne equally by the IBO and Amway.

14.4 NOTICE REQUIREMENTS: An IBO proposing to exercise his/her rights under Rule 14.1 shall promptly notify Amway of Australia at its Sydney head office (PO Box 8047 Baulkham Hills NSW 2153) and Amway of New Zealand at its Auckland head office (Private Bag 94401, Botany, Auckland, 2163) by post, email or facsimile to the General Counsel within 28 days of receiving notice of Amway's or an Approved Provider's determination.

Section 15 – General

This section says that Amway has the right to amend these Rules in consultation with senior IBO leadership at any time that the Rules are enforceable, and provide advice on proper service of notices on or by either Amway or IBOs.

15.1 NOTHING LIMITS THE LAW: Nothing in these Rules of Conduct in any way limits or detracts from the law otherwise applicable to contractual relationships between a contracting entity and an independent contractor.

15.2 RULES AMENDMENTS: Amway may amend these Rules of Conduct at any time following consultation with the Diamond Body by posting the amendment on Amway's Primary Website or by any written notification to IBOs, and the amendment shall become effective from the date specified in that posting or written notification.

15.3 NO WAIVER: No waiver by Amway of any breach, default or omission by the IBO or any other IBO in the performance or observance of any of these Rules of Conduct shall be deemed to be a waiver by Amway of any other or subsequent such breach, default or omission.

15.4 INVALIDITY: In the event of the invalidity of one or more of these Rules or part of one of these Rules such invalidity shall not affect the continuing enforceability of any other Rule and this document shall be construed accordingly.

15.5 GOVERNING LAW: For Australian IBOs, these Rules shall be governed and construed in accordance with the law for the time being and from time to time in force in the State of New South Wales. For New Zealand IBOs, these Rules shall be governed and construed in accordance with the law for the time being and from time to time in force in New Zealand.

15.6 NOTICES: Any notice, demand or other document under or relating to these Rules shall be sufficiently served if delivered personally or if sent via facsimile, email or prepaid post to Amway of Australia at PO Box 8047 Baulkham Hills NSW 2153 (attention the General Counsel) or to Amway of New Zealand at Private Bag 94401, Botany, Auckland, 2163 (attention to Business Relations Manager) and on the IBO at the address specified in his/her most recent IBO Application or at such other address as may from time to time be notified in writing by the IBO to Amway and such notice, demand or other document shall be deemed to have been delivered at the time of delivery or, if service is effected in any other manner as aforesaid, at the time when it would in the ordinary course be delivered.