

World Direct Selling Code of Conduct Toward Consumers

1. GENERAL

1.1 Scope

The World Direct Selling Code of Conduct toward Consumers (hereinafter referred to as the "Code") is published by the World Federation of Direct Selling Associations (WFDSA) for its National Direct Selling association members. The Code concerns the relations between Direct Selling companies and Direct Sellers on the one hand and consumers on the other hand. The code is aimed at achieving the satisfaction and protection of consumers, the promotion of fair competition in the framework of free enterprise, and the enhancement of the public image of Direct Selling.

1.2 Glossary of Terms

For the purpose of the Code, the terms used have the following meaning:

Direct Selling: The marketing of consumer products directly to consumers generally in their homes or the homes of others, at their workplace and other places away from permanent retail locations, usually through explanation or demonstration of the products by a Direct Seller.

DSAs: Direct Selling Associations are national associations of the Direct Selling companies representing the interest of Direct Selling industry of a country

Company: A Direct Selling company is a business entity which utilizes a Direct Selling organization for the marketing of products associated with its trademark or service mark or other identifying symbol and which is a member of a DSA.

Direct Seller: A Direct Seller is a person who is a member of a distribution system of a Direct Selling company. A Direct Seller may be an independent commercial agent, independent contractor, independent dealer or distributor, employed or self-employed representative, franchisee or the like.

Product: Product includes goods and services, both tangible and intangible.

Selling: Selling includes contacting potential customers, presenting and demonstrating products, taking of orders and delivery of goods and the collection of payment.

Party Selling: Selling through explanation and demonstration of products to a group of prospective customers by a Direct Seller usually in the home of a hostess who invites other persons for this purpose.

Order Form: Include printed or written orders, receipts and contracts.

Recruiting: Any activity conducted for the purpose of inducing person to become a Direct Seller.

Code Administrator: Independent person or body appointed by DSA to

monitor member companies' observance of the DSA' code and to resolve complaints under the code.

1.3 Associations

Every national DSA pledges to adopt a code of conduct that incorporates the substance of the provisions of the Code, as a condition of its admission and continuing membership in WFDSA.

1.4 Companies

Every DSA member company pledges to abide by the Code as a condition of admission and continuing membership in the DSA.

1.5 Direct Sellers

Direct Sellers are not bound directly by the Code, but shall be required by their companies to adhere to it or to rules of conduct meeting its standard as a condition of membership in the companies' distribution systems.

1.6 Self-Regulation

The Code is a measure of self-regulation by the Direct Selling industry. It is not a law, and its obligations may require a level of ethical behavior which exceeds existing legal requirements. Non-observance does not create any civil law responsibility. With termination of its membership in a DSA, a company is no longer bound by the Code, the provisions of which remain applicable to events or transactions occurring during the time a company was a member of the DSA.

1.7 Law

Companies and Direct Sellers are presumed to comply with the requirements of laws and therefore the Code does not restate all legal obligations.

1.8 Standards

The Code contains standards of ethical behavior for Direct Selling companies and Direct Sellers. National DSAs may vary these standards provided that the substance of the Code is preserved or as is required by national law. It is recommended that the Code be used as evidence of industry standards.

1.9 Extraterritorial Effect

Every national DSA pledges that it will require each member as a condition to admission and continuing membership in the DSA to comply with the WFDSA World Codes of Conduct for Direct Selling with regard to direct selling activities outside of its home country, unless those activities are under the jurisdiction of Codes of Conduct of another country's DSA to which the member also belongs.

2. CONDUCT TOWARD CONSUMERS

2.1 Prohibited Practices

Direct Sellers shall not use misleading, deceptive or unfair sales practices.

2.2 Identification

From the beginning of the sales presentation, Direct Sellers shall, without request, truthfully identify themselves to the prospective customer, and shall also identify their company, their products and the purpose of their solicitation. In party selling, Direct Sellers shall make clear the purpose of the occasion to the hostess and the participants.

2.3 Explanation and demonstration

Explanation and demonstration of the product offered shall be accurate and complete, in particular with regard to price and, if applicable, credit price, terms of payment, cooling off period and/or return rights, terms of guarantee and after-sales service, and delivery.

2.4 Answers to Questions

Direct Sellers shall give accurate and understandable answers to all questions from consumers concerning the product and the offer.

2.5 Order Form

A written order form shall be delivered to the customer at the time of sales, which shall identify the company and the Direct Seller and contain the full name, permanent address and telephone number of the company or the Direct Seller, and all material terms of the sale. All terms shall be clearly legible.

2.6 Verbal Promises

Direct Sellers shall only make verbal promises concerning the product which are authorized by the company.

2.7 Cooling-off and Return of Goods

Companies and Direct Sellers shall make sure that any order form contains, whether it is a legal requirement or not, a cooling-off clause permitting the customer to withdraw from the order within a specified period of time and to obtain reimbursement of any payment or goods traded in. Companies and Direct Sellers offering an unconditional right of return shall provide it in writing.

2.8 Guarantee and After-Sales Service

Terms of a guarantee or a warranty, details and limitation of after-sales service, the name and address of the guarantor, the duration of the guarantee and the remedial action open to the purchaser shall be clearly set out in the order form or other accompanying literature or provided with the product.

2.9 Literature

Promotional literature, advertisements or mailings shall not contain any product description, claims or illustrations which are deceptive or misleading, and shall contain the name and address or telephone number of the company or the Direct Seller.

2.10 Testimonials

Companies and Direct Sellers shall not refer to any testimonial or endorsement which is not authorized, not true, obsolete or otherwise no longer applicable, not related to their offer or used in any way likely to mislead the consumer.

2.11 Comparison and Denigration

Companies and Direct Sellers shall refrain from using comparisons which are likely to mislead and which are incompatible with principles of fair competition. Points of comparison shall not be unfairly selected and shall be based on facts which can be substantiated. Companies and Direct Sellers shall not unfairly denigrate any firm or product directly or by implication. Companies and Direct Sellers shall not take unfair advantage of the goodwill attached to the trade name and symbol of another firm or product.

2.12 Respect of Privacy

Personal or telephone contact shall be made in a reasonable manner and during reasonable hours to avoid intrusiveness. A Direct Seller shall discontinue a demonstration or sales presentation upon the request of the consumer.

2.13 Fairness

Direct Sellers shall not abuse the trust of individual consumers, shall respect the lack of commercial experience of consumers and shall not exploit a consumer's age, illness, lack of understanding or lack of language knowledge.

2.14 Referral Selling

Companies and Direct Sellers shall not induce a customer to purchase goods or services based upon the representation that a customer can reduce or recover the purchase price by referring prospective customers to the sellers for similar purchases, if such reductions or recovery are contingent upon some unsure future event.

2.15 Delivery

Companies and Direct Sellers shall fulfill the customer's order in a timely manner.

3. CODE ENFORCEMENT

3.1 Companies' Responsibility

The primary responsibility for the observance of the Code shall rest with each individual company. In case of any breach of the Code, companies shall make every reasonable effort to satisfy the complainant.

3.2 DSAs' Responsibility

DSAs shall provide a person responsible for complaint handling. DSAs shall make every reasonable effort to ensure that complaints are settled.

3.3 Code Administrator

Each DSA shall appoint an independent person or body as Code Administrator. The Code Administrator shall monitor companies' observance of the Code by appropriate actions. The Code Administrator shall settle any unresolved complaint of Direct Sellers based on breaches of the Code.

3.4 Actions

Actions to be determined by the Code Administrator against a company regarding complaints of a Direct Seller concerning breaches of the Code may include termination of the Direct Seller's contract or relationship with the company, refund of payments, issuance of a warning to the company or its Direct Sellers, or other appropriate actions and the publication of such actions or sanctions.

3.5 Complaint Handling

Companies, DSAs and Code Administrators shall establish complaint handling procedures and ensure that receipt of any complaint is confirmed within a short time and decisions are made within a reasonable time.

3.6 Publication

DSAs shall publish the Code and make it known as widely as possible. Printed copies shall be made available free of charge to the public.