



RULES OF CONDUCT

YOUR BUSINESS

The background of the page is an abstract, flowing pattern of light blue and white, resembling soft, draped fabric or smoke. The colors transition smoothly from a pale blue at the top to a bright white at the bottom, with various shades of blue creating a sense of depth and movement.

**THIS BUSINESS HANDBOOK
IS A HELPFUL GUIDE AS YOU
MOVE FORWARD WITH YOUR
OWN BUSINESS VENTURE.**

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RULES OF CONDUCT FOR IBOs

THE RIGHT TO DIFFER

One of the great advantages of the AMWAY business is the high degree of help we give one another.

You will see the caring & encouragement in many ways: the special one-on-one relationship between upline & downline; the exchange of business information; & inspiration at IBO meetings. Even the structure of the AMWAY Sales & Marketing Plan rewards achievement when IBOs help each other build the business.

Our successful past & the key to a growing future is reaching out & accepting others, inviting all people into this exciting world of opportunity, no matter what their particular background – including, not excluding them.

From the beginning, AMWAY has prided itself on being an equal opportunity business. It offers an opportunity to people from all walks of life – people with varying religious convictions, political affiliations, nationalities, ethnic backgrounds, & racial origins.

AMWAY IBOs come together as business associates, agreeing on the principles of free enterprise. They work together to achieve financial independence by following the AMWAY Sales & Marketing Plan & observing the Rules of Conduct. On all other issues not specifically affecting the operation of their AMWAY businesses, AMWAY IBOs have the right to hold differing viewpoints, without their differences jeopardising their status as AMWAY IBOs or their business relationships with other IBOs.

If the business platform becomes a pulpit for preaching religious doctrines or political causes, people with differing beliefs who attend what they expect to

be a business meeting are turned away or turned off. In essence, they are discouraged from participating in a business opportunity.

AMWAY has been a great success because it is not restrictive, because it is accessible to everyone, because it can be tailored to meet the needs of the individual.

It offers every IBO the right to choose & the right to differ, personal choice & personal freedom.

The AMWAY Rules of Conduct set out in the principal terms of the contract between AMWAY & its IBOs including the way that IBOs may represent AMWAY & the AMWAY business. Of necessity, these Rules are detailed. To a certain extent they restate the requirements of consumer protection legislation in the context of the AMWAY business.

To assist your understanding, a ‘Plain English’ introduction precedes each group of Rules. While these introductions have been drafted to assist your understanding of the Rules they do not form part of the Rules themselves and you should carefully study the whole of the Rules.

These Rules, together with the IBO application, each annual renewal application & the documents referred to & incorporated in these Rules comprise the terms of contract of an AMWAY Independent Business (IB). Amendments to the Rules may be published by AMWAY from time to time.

1 – INTERPRETATION

This section provides a precise definition of words & phrases used throughout the Rules.

1.1
In these Rules, which set out the terms & conditions of your contract with AMWAY in relation to the supply of products & the marketing of services, unless the context otherwise requires, the following words & phrases shall have the meanings set out below:

1.1.1
“AMWAY” means:

(a) in relation to the supply of products, AMWAY New Zealand, a company having its principal place of business at 15 Lady Ruby Drive, East Tamaki, Auckland: &

(b) in relation to the marketing of services, AMWAY Services New Zealand Limited, a company having its principal place of business at 15 Lady Ruby Drive, East Tamaki, Auckland, & includes AMWAY’s successors & assigns, & where the content so requires, AMWAY’s Related Companies.

1.1.2
“Alticor Inc” means Alticor Inc of 7575 East Fulton Road, Ada, Michigan, USA.

1.1.3
“AMWAY Sales & Marketing Plan” means the AMWAY Retail Margins, Performance Payments, a Volume Rebate & Service Commission System, rewards & awards, sponsoring procedures & AMWAY’s guidelines, requirements, systems, procedures & policies regarding the presentation of AMWAY products & AMWAY distributed products, AMWAY Services, the AMWAY business & the conduct of an IB, as set out in the current official AMWAY produced literature as amended from time to time by AMWAY, AMWAY products, AMWAY distributed

products, AMWAY manufactured products, AMWAY business aids & AMWAY produced literature, means products, business aids & literature manufactured by or on behalf of, or distributed by, AMWAY or any of its Related Companies. AMWAY Services means services provided to AMWAY clients by AMWAY Service Providers, in accordance with these Rules.

1.1.4
“AMWAY Service Provider” means a person who has entered into an agreement with AMWAY for the supply by that person of services to AMWAY clients on the basis that AMWAY will act as agent, & that IBOs will act as subagents, in respect of the supply of that person’s services, & includes all employees & agents of that person.

1.1.5
“Australian IB” means an IB carried on by an IBO in any part of Australia

1.1.6
“Business Support Materials” means non AMWAY produced sponsoring & merchandising aids such as audio & video tapes, literature & flip charts, subscriptions & access to Web sites, meetings & rallies & duplicable forms of information, the sale & purchase of which are voluntary & optional.

1.1.7
“Confidential Information” means all information relating to the business, IBOs, products, services, clients or suppliers of AMWAY, its Related Companies, its IBOs, or relating to AMWAY Service Providers, whether furnished in writing, orally or in physical configuration which is or might reasonably be considered by AMWAY or AMWAY Service Providers to be confidential & which is not in the public domain, including but not limited to all mailing lists & other lists of IBOs; all information relating to the identity of & relationship between IBOs whether in an IBO’s Line of Sponsorship or otherwise; all information relating to the identity of AMWAY clients; all unpublished information relating to AMWAY’s & AMWAY Service Providers’ products, & services, & potential products &

services & their marketing strategies & advertising & promotional programmes; all unpublished financial records & accounts; & all information relating to the volume of an IBO’s business.

1.1.8
“Diamond Body” means those qualifying Diamond IBOs from time to time eligible & invited to attend Diamond Forum.

1.1.9
“Diamond Forum” means a meeting to which qualified Diamond IBOs may be invited at the discretion of AMWAY.

1.1.10
“Foster Sponsor” means a local IBO who lives in the country of an Internationally Sponsored IBO & serves as the local sponsor.

1.1.11
“Independent Business Owner” & “IBO” means:

(a) in relation to the supply of product, an independent contractor of AMWAY for the resale of AMWAY products & AMWAY-distributed products; &

(b) in relation to the marketing of services, a sub-agent of AMWAY for the marketing of AMWAY Services supplied by AMWAY Service Providers to AMWAY clients, & for the solicitation of applications for appointment as AMWAY IBOs & Members & includes an IBO who is also a Platinum IBO or a Sponsor. It includes his or her duly authorised personal representatives, successors & permitted assigns & if the IBO comprises two natural persons means those persons jointly & severally & each of them & their respective personal representatives, successors & assigns jointly & severally.

1.1.12
“IB” means the independent AMWAY business carried out by an IBO.

1.1.13
“International Sponsor” means an IBO who sponsors a prospect who lives in another country (except Australia).

1.1.14
“Inactivity” means that the IBO shall not have engaged directly or indirectly in any business activity in connection with an AMWAY IB or that of Member status, including dealing with any AMWAY product or services delivery, (other than as a consumer) taking an order, making a delivery, accepting payment whether sales margins, volume rebates, or otherwise, presenting the AMWAY Sales & Marketing Plan to any prospective IBOs or Members or attending any recruiting, training or motivational meetings conducted by AMWAY or any IBO or any company controlled by or associated with any IBOs.

1.1.15
“Leave Behind Brochure” or (LBB) means the document prepared by AMWAY from time to time & made available to IBOs for the purposes of informing prospective IBOs about AMWAY & the IBO business opportunity

1.1.16
“Line of Sponsorship” in the case of any one IBO or Member means the IBO or Member (as the case may be), his or her Sponsor, & the Sponsor’s Sponsor, & so forth, up to & including AMWAY.

1.1.17
“Management Agreement” in respect of the conduct of an IB means an agreement in writing, the terms & 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.

1.1.18
“Non-Resident IBO Agreement” in respect of the conduct of an IBO means an agreement in writing for the maintenance of an AMWAY business on behalf of a foreign resident IBO, the terms & conditions of which are specified or approved by AMWAY.

1.1.19
“Personal Group” in respect of a particular IBO means the IBO in question, all IBOs or Members personally sponsored by him or her, all IBOs or Members personally sponsored by such personally sponsored IBOs, & so forth downline from the IBO in question, to & including those IBOs who have not themselves sponsored other IBOs or Members, but does not include any Platinum IBOs downline from the IBO in question nor any IBOs or Members downline from any such Platinum IBOs.

1.1.20
“Platinum IBO” means an IBO who has qualified as such pursuant to the AMWAY Sales & Marketing Plan.

1.1.21
“Related Company” means a company that is deemed to be related to another company by virtue of Section 2 (3) & 2 (4) of the Companies Act 1993.

1.1.22
“Rules” & “Rules of Conduct” mean these Rules, as amended from time to time by AMWAY, pursuant to Rule [15.2].

1.1.23
“Sponsor” means an IBO who introduces to AMWAY an applicant for appointment as an IBO, who in turn becomes an IBO by virtue of AMWAY’s acceptance of his or her IBO Application, & “Personally Sponsored IBO” has a corresponding meaning.

1.1.24 “Sponsorship” is that concept that is explained in the AMWAY Sales & Marketing Plan.

1.1.25
All terms used in these Rules which are defined or explained in the AMWAY Sales & Marketing Plan shall have the same meaning as they have in the AMWAY Sales & Marketing Plan to the extent there is no inconsistency with these Rules. Without limiting the generality hereof, such terms include “Business Volume” (or “BV”), “Diamond IBO” (or “Diamond”),

“Emerald IBO”, “Internationally Sponsored IBO”, “Sapphire IBO”, “Performance Payments”, “Performance Service Commissions”, “Performance & Volume Rebate Payments”, “Service Commissions”, “Retail Margins”, “Point Value” (or “PV”), “PV/BV Transfer”, “Ruby IBO”, “Gold Producer”, “Silver Producer” & “Silver 21% Sponsor”.

1.2
In these Rules unless the context otherwise requires:

1.2.1
a reference to a singular number includes a reference to a plural number & vice versa;

1.2.2
a reference to one gender includes a reference to the other gender;

1.2.3
a reference to a person includes a reference to a company or other legal entity, partnership or other unincorporated association;

1.2.4
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 & to any amendment, extension, re-enactment or replacement thereof from time to time.

1.3
The AMWAY Sales & Marketing Plan shall be deemed to form part of these Rules.

1.4
Prospective IBOs & IBOs should make enquiries of AMWAY if:

1.4.1
any difficulties arise with either the interpretation of these IBO Rules of Conduct or questions arise as to how the Rules may apply to particular conduct.

1.4.2
a situation arises whereby an IBO disputes the interpretation of the Rules or requires a ruling as to how the application of the Rules may apply to particular conduct. Natural persons means those persons jointly & severally & each of them & their respective personal representatives, successors & assigns jointly & severally.

2 – AUTHORISATION AS AN IBO

This section says that AMWAY sets & maintains high standards for admittance & renewal of an IB & in certain cases can exclude potential or existing IBOs or Members if their conduct so warrants that extreme action; it also says that an IBO acts in relation to the supply of products as an independent contractor, & in relation to the supply of services as an independent contractor acting as an agent of AMWAY, & in both cases & is under no obligation to participate in the business. The degree of involvement is solely up to the IBO.

In response to the legal requirements for gaining a working Visa to enter New Zealand, this section also notes that prospective IBOs who are not permanent residents of New Zealand must satisfy AMWAY’s requirements for non-resident IBOs in order to perform the functions involved in being an IBO in New Zealand.

2.1
To become an IBO, a prospective IBO must be sponsored by a currently authorised IBO & must file an IBO Application with AMWAY.

2.2
The Signed Application from AMWAY On-line www.amway.co.nz or in the AMWAY Registration Kit, must be sent to AMWAY immediately after completion.

<p>2.2.1 Each new IBO must view and complete the "Welcome to Amway" presentation, which can be found on-line during the registration process or for 30 days after registration.</p>	<p>(b) in relation to the marketing of services, independent contractors acting as sub-agents of AMWAY; & are not employees of AMWAY:</p>	<p>acknowledgment of both past & 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. IBs are not granted to recreational clubs, schools or school support organisations, charitable organisations or Church affiliate groups.</p>
<p>2.3 AMWAY reserves the right, in its sole & absolute discretion, to accept or reject any Application for appointment as an IBO without having to assign any reasons for its acceptance or rejection. The decision of AMWAY to accept or reject such application is not open to review by an Arbitrator appointed pursuant to Part 12 of these rules.</p>	<p>2.7.2 the IBO is under no obligation to solicit orders for the retail sale of AMWAY products or for the marketing of AMWAY Services or applications for appointment as IBOs;</p>	<p>2.10 Unless otherwise agreed by AMWAY, two IBOs who are cohabiting must form one IB. If two existing IBOs are cohabiting & neither is a Platinum IBO, the IB must be consolidated into one. If one of the IBOs is at Platinum level, the businesses may be separately retained & operated in their respective lines of sponsorship as Number One & Number Two businesses.</p>
<p>2.4 The application for appointment as an IBO shall be considered accepted upon entry relevant data into AMWAY's records regarding the prospective IBO.</p>	<p>2.7.4 the IBO is responsible for bearing all costs & expenses incurred in the conduct of his or her IB;</p>	<p>2.11 Without limiting the generality of AMWAY's discretions pursuant to Rules [2.3] & [2.18], to become an IBO or to renew authorisation as an IBO, an applicant:</p>
<p>2.5 The relationship between AMWAY & the IBO shall:</p> <p>(a) in relation to the supply of products, be that of wholesaler & retailer respectively; &</p> <p>(b) in relation to the marketing of services, be that of head agent & sub-agent respectively.</p>	<p>2.7.5 the IBO is under no obligation to attend AMWAY meetings or other AMWAY functions although attendance at AMWAY meetings & AMWAY functions is encouraged.</p>	<p>2.11.1 must be at least eighteen (18) years of age;</p>
<p>2.6 Nothing expressed or implied in or incorporated into or referred to in these Rules shall be deemed to constitute AMWAY & the IBO as partners as joint ventures or as master & servant whether in law or in equity.</p>	<p>2.8 Nothing expressed or implied in or incorporated into or referred to in these Rules shall be deemed to constitute the grant to an IBO of an exclusive sale or IB territory.</p>	<p>2.11.2 must not be incapable of managing his or her affairs by reason of mental or other condition (except where the IBO has granted power to another to act as a Continuing Power of Attorney);</p>
<p>2.7 AMWAY & the IBO hereby acknowledge & agree that:</p>	<p>2.9 IBs may be granted to individuals, limited liability companies, trustees or partnerships. The IB 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 of 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. Where AMWAY has approved the addition of further owners to an IB, AMWAY will, for purposes of</p>	<p>2.11.3 must not be a bankrupt or a party to any arrangement or composition with his or her creditors or any of them or own any property or assets which are the subject of receivership or official management;</p>
<p>2.7.1 IBOs are:</p> <p>(a) in relation to the supply of products, independent contractors of AMWAY;</p>	<p>2.11.4 must not be currently suspended or disbarred from practising his or her usual trade or profession by any trade or professional association, institute or society;</p>	<p>2.11.4 must not be currently suspended or disbarred from practising his or her usual trade or profession by any trade or professional association, institute or society;</p>

2.11.5 must not be in prison or confined to any other corrective institution;

2.11.6 must not previously have been terminated by AMWAY as an IBO;

2.11.7 in the case of a renewal authorisation, must not have failed to rectify any remediable breach of these Rules or of the contract of which they form a part, within fourteen (14) days of written notice from AMWAY of such breach;

2.11.8 if not a New Zealand citizen, 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 & which affords the holder Permanent Resident status in New Zealand & 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; &

(c) have appointed a Manger (who is an IBO) to manage the New Zealand Business, & have completed the non-resident management agreement form.

2.12 A limited liability company may become an IBO if it shall comply with the requirements set forth in current AMWAY- produced literature, & in particular, if the IB's obligations to AMWAY under these Rules & as AMWAY's retailer (in relation to the supply of

products) or sub-agent (in relation to the marketing of services) shall have been guaranteed by the directors & principal shareholders of the corporate IBO, on such terms & conditions as shall be reasonably required by AMWAY.

2.13 In the event that an IBO is a limited liability company:

2.13.1 AMWAY shall only recognise the two majority shareholders/directors, specified & identified by AMWAY for award purposes, or such additional shareholders/ directors as may be approved by AMWAY pursuant to Rule [2.9], & shall always describe them by their individual names & not the name of their company;

2.13.2 only the two shareholders/directors identified & specified by AMWAY pursuant to Rule [2.13.1], or such additional shareholders/directors as may be approved by AMWAY pursuant to Rule [2.9], shall be engaged or involved in the day to day conduct & operation of the IB.

2.14 A person may become an IBO in his or her capacity as a trustee of a trust if he or she complies with the requirements set forth in current AMWAY - produced literature, & in particular:

2.14.1 the trustee is either a limited liability company which otherwise complies with Rules [2.12] & [2.13] or comprises not more than two individuals;

2.14.2 if the trustee or his or her solicitor has provided to AMWAY a certificate, in a form approved by AMWAY, setting out such details as AMWAY may require, including:

(a) that the trustee is empowered by the Trust Deed constituting the trust to carry on an AMWAY business;

(b) that the trustee has a right of indemnity against the assets of the trust, & there has been no waiver of that right of indemnity; and

(c) full details of the beneficiaries of the trust;

2.14.3 the trustee has acknowledged personal liability for the debts which will be incurred by the IB & all acts, matters & things done in the course of the conduct of the IB, & the IB's obligations to AMWAY under these Rules, & as an independent contractor of AMWAY; &

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

2.15 In the event that an IBO holds an IB on trust:

2.15.1 AMWAY shall only recognise the trustee, if an individual, or the two principal shareholders/directors of a limited liability company, trustee is identified & specified by AMWAY for award purposes, & shall always describe them by their individual names & not by the name of the trust, or of the limited liability company trustee; &

2.15.2 only the trustee (where an individual) or the two principal shareholders/ directors of a limited liability company, trustee identified & specified by AMWAY pursuant to Rule [2.15.1] shall be engaged or involved in the day to day conduct & operation of the IB.

2.16
In the case of a partnership, the IB will be only granted in the names of the individual partners, & not under any business or other name which the partners may use for trading purposes.

2.17
An IBO's initial authorisation will expire on 31 December of the AMWAY performance year in which he or she is authorised unless initial authorisation was received between 1 November & 31 December, in which case the initial authorisation will last until 31 December of the following year. The AMWAY performance year, & IBOs contract period, runs from 1 January until 31 December in the same year.

2.18
An IBO may apply to renew by sending to AMWAY a completed Renewal of Authorisation (in the form prescribed by AMWAY from time to time) & payment of the then current fee for renewal before 31 December of the then current year, which application shall not be unreasonably rejected by AMWAY. The IBO will have no claim against AMWAY arising out of or in respect of any non-renewal pursuant to this rule.

2.19
Notwithstanding that since 1 January in any year AMWAY may have accepted & filled orders placed by an IBO for the sale of AMWAY products or AMWAY-distributed products, approved or acquiesced in the marketing of AMWAY Services to an AMWAY client, &/or accepted applications for appointment of new IBOs or Members sponsored by an IBO, & notwithstanding that AMWAY may have received from an IBO a renewal fee for the forthcoming AMWAY fiscal year, the renewal of an IBO's IB for the forthcoming fiscal year will be effective only if & when the IBO received from AMWAY an AMWAY identification card for that forthcoming AMWAY fiscal year.

2.20
Should AMWAY decline or refuse to renew an IBO's IB, the IB shall be terminated upon & by virtue of service by AMWAY upon the IBO of a notice to that effect, & the provisions of Rule [10.5] shall apply.

2.21
Late applications for Renewal of Authorisation filed, with appropriate renewal fee, 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 & whether previous sponsorship of other IBOs should be maintained.

2.22
Former IBOs may apply for authorisation as a new IBO, pursuant to Rules [4.7] to [4.11].

2.23
Unless AMWAY approves the late application for renewal pursuant to Rule [2.21], if an IBO fails to file a Renewal of Authorisation, or fails to pay the renewal fee, by the due date, the IBO's authorisation shall expire automatically on 31 December of the then current year.

2.24
An IBO may resign his or her IB at any time by giving written notice to AMWAY.

2.25
The only purchase requirement which may be imposed on a prospective IBO is the purchase of an unaltered AMWAY Business Pack. No prospective or existing IBO may be explicitly or implicitly required, pressured or coerced for any reason to:

2.25.1
acquire any specified amount of products;

2.25.2
maintain a specified minimum inventory;

2.25.3
market any specified level of AMWAY Services;

2.25.4
acquire any non-AMWAY-produced, or market an non-AMWAY Service Provider-supplied, products or services;

2.25.5
subscribe to a tape-of-the-week or book-of-the month programme or otherwise purchase or acquire books, tapes or other motivational or educational material or business aids;

2.25.6
purchase tickets for or attend rallies, seminars, or other meetings;

2.25.7
sponsor a specific number of other IBOs or Members.

2.26
Attendance at New Platinum IBO Forums, Platinum IBO Meetings, Achievers, Diamond Meetings & Forums, Founders Invitational Seminars & other AMWAY recognition events is by invitation only which may be issued or withheld in AMWAY's absolute discretion.

3 – RESPONSIBILITIES OF AN IBO

AMWAY IBOs exercise a significant degree of autonomy over the way in which they operate their AMWAY business but IBOs also bear responsibility under consumer protection legislation, for fair & ethical conduct, not only with customers, but also with downline IBOs or prospective 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 & to responsibly monitor the conduct of non AMWAY book, tape & seminar programmes.

The section also permits AMWAY to gain access to an IBO's AMWAY records to monitor performance of these important responsibilities. Importantly, this selection 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 & fiduciary obligations, particularly with regard to the misuse of confidential information.

3.1 IBOs will at all times fully & promptly comply with:

3.1.1 the guidelines, requirements, systems, procedures & policies set out in the AMWAY Business Handbook, the AMWAY Sales & Marketing Plan, & other official communications & (in the case of Platinum IBOs) AMWAY's Platinum IBO Manual, in each case as amended by AMWAY New Zealand from time to time & in each case to the extent that they are not inconsistent with these Rules of Conduct; &

3.1.2 all directions issued by AMWAY from time to time as to the manner in which they represent AMWAY & the AMWAY business.

3.2 IBOs will at all times fully & promptly work with & co-operate with AMWAY staff & AMWAY Service Providers.

3.3 AMWAY staff shall be entitled to attend & speak at all meetings of IBOs & IBO functions wherever held or conducted.

3.4 An IBO must obtain all AMWAY products, AMWAY distributed products & business aids through his or her line of sponsorship.

3.5 Some of the services that may be marketed by IBOs, may require an understanding of particular matters associated with that service. Accordingly, AMWAY may require IBOs to undertake some training before they proceed to market particular services. Until such time as AMWAY is satisfied that an IBO has met with the requirements of such training, AMWAY may prohibit the IBO from supplying a particular product or marketing a particular service.

3.6 IBOs will supply AMWAY products & services & AMWAY distributed products & services only in New Zealand & for a sale price in New Zealand dollars.

3.6.1 No IBO may export, or knowingly sell to others who export, AMWAY & AMWAY distributed products unless authorised in writing by AMWAY to do so.

3.6.2 No IBO may offer any AMWAY & AMWAY distributed products or services in any barter scheme which purports to use any currency but New Zealand dollars.

3.7 No IBO shall:

3.7.1 supply or display AMWAY products, AMWAY distributed products, AMWAY business aids, or market AMWAY Services in or through retail locations, including schools, fairs, fetes, clubs, canteens, ships or military stores or any other venues which AMWAY considers to be a retail location & classified as such by notice in BECAUSE magazine or by other written notice to the IBOs;

3.7.2 supply AMWAY products or AMWAY distributed products or business aids to persons who wish to acquire such items for the purpose of resale.

3.7.3 Notwithstanding the provisions of 3.7.1,

(a) IBOs promoting NUTRIWAY® vitamins & supplements who are medical or allied health professionals, nutritionists, dieticians or professionals engaged in the practice of alternative medicine, may recommend &/or market these products through their professional practices subject to the rules & regulations of relevant professional associations & to Rule.3.7.4.

(b) IBOs promoting ARTISTRY® / E FUNKHOUSER™ New York products who have completed a government accredited beauty training programme & are engaged in the provision of beauty therapy services on a professional basis may recommend &/or market ARTISTRY® / E FUNKHOUSER™ New York products through their professional salons subject to Rule 3.7.4.

<p>(c) IBOs promoting / selling XS Energy® at retail locations may only use the promotional materials provided & approved by AMWAY, must ensure that the product is not displayed & that the contents of the can are dispensed prior to the customer taking possession of the drink.</p>	<p>3.9.2 respond to Customer Satisfaction Guarantee requests made within the stated Guarantee period & immediately offer the client the choice of;</p>	<p>3.11 IBOs shall not:</p>
<p>(d) IBOs promoting SATINIQUE® products who have completed a government accredited hair care or hairdressing programme & are engaged in the provision of hair dressing services on a professional basis may recommend &/or market SATINIQUE products through their professional salons subject to Rule 3.7.4.</p>	<p>(a) full refund,</p> <p>(b) exchange for a like product</p> <p>(c) full credit for exchange with another item, & otherwise comply with applicable consumer law;</p>	<p>3.11.1 in any way act so as to represent AMWAY, the AMWAY business, AMWAY products or AMWAY-distributed products, or AMWAY Service Providers or AMWAY Services in a false or misleading manner or contrary to the directives, explanations & descriptions from time to time issued or made by AMWAY or by the relevant AMWAY Service Provider;</p>
<p>3.7. The activities in Rule 3.7.3 may only be undertaken where the environment is a one-on-one, the product is not displayed or promoted in a public place & where the following statement (or its substantial equivalent) is made: "These products are available exclusively through AMWAY IBOs throughout New Zealand. If you are already being serviced by an IBO & you wish to purchase these products, you should purchase them from your existing IBO. If you are not an existing IBO customer or an AMWAY IBO, I will be happy to supply these products".</p>	<p>3.10 The IBO shall in relation to the marketing of services;</p> <p>3.10.1 ensure that the client is aware that the IBO is acting as the sub-agent of AMWAY Service Providers in relation to services provided by AMWAY Service Providers to the clients;</p>	<p>3.11.2 in relation to the supply of products, misrepresent the nature of the principal-independent contractor relationship between AMWAY & its IBOs, as that relationship is explained in the AMWAY Business Manual, AMWAY correspondence & other current AMWAY produced literature;</p> <p>3.11.3 in relation to the marketing of services, misrepresent the nature of:</p>
<p>3.8 No IBO will delete any material from, add any material to, place any additional words, labels or other material on, alter or detach any label on the packaging of, or in any way otherwise alter an AMWAY Literature Pack as supplied by AMWAY.</p>	<p>3.10.2 at the time the client agrees to purchase AMWAY Services, prepare the standard documentation in relation to the supply of the relevant services (as provided by the relevant AMWAY Service Provider), including the client's full name, address & telephone details plus AMWAY Services purchased & their purchase price & date, & forward copies of such documentation immediately to the client & the relevant AMWAY Service Provider (or as otherwise directed by AMWAY);</p>	<p>(a) the head agent/sub-agent relationship between AMWAY & its IBOs;</p> <p>(b) the principal/sub-agent relationship between AMWAY Service Providers & IBOs; in each case, as those relationships are explained in the current AMWAY-produced literature;</p>
<p>3.9 The IBO shall in relation to the supply of products:</p>	<p>3.10.3 explain such matters & carry out such actions in connection with the marketing or supply of those services as are communicated to him or her by AMWAY, or by the relevant AMWAY Service Provider.</p>	<p>3.11.4 make any exaggerated or unwarranted claims about AMWAY Services, AMWAY products, AMWAY-distributed products or AMWAY distributed Services;</p>
<p>3.9.1 deliver to each client at the time of delivery a properly completed AMWAY Client Order Receipt, that is, including the client's full name, address, & telephone details plus products purchased & their purchase price & date;</p>		<p>3.11.5 in any way misrepresent the use, effectiveness, price, standard, quality, grade, composition, style or model, place of origin source, or availability of AMWAY products, AMWAY-distributed products or AMWAY Services;</p>

<p>3.11.6 represent that AMWAY products, AMWAY distributed products or AMWAY Services have sponsorship, approval, performance characteristics, accessories, uses, qualities or benefits they do not have;</p>	<p>3.11.14 describe or represent AMWAY as being an AMWAY Service Provider, or as a principal in relation to the supply of AMWAY Services;</p>	<p>(b) amounts of actual AMWAY Retail Margins, Performance or Volume Rebate Payments &/or Service Commissions from the IBO's personal experience, provided that the IBO discloses (with the prior consent of the IBO or IBOs in question) the names of the IBOs who have earned the Retail Margins, Performance or Volume Rebate Payments, &/or Service Commission. In such a situation the IBO must point out that there is no guarantee that other IBOs will achieve similar results;</p>
<p>3.11.7 promote or pass off any non-AMWAY products or non-AMWAY Services as AMWAY products or AMWAY services;</p>	<p>3.11.15 represent that AMWAY manufactured products constitute or comprise an insignificant or insubstantial or small proportion of all the products distributed by AMWAY;</p>	
<p>3.11.8 demand or assert a right to payment from another IBO or any other person for unsolicited goods or services;</p>	<p>3.11.16 represent that AMWAY Services constitute or comprise an insignificant or small proportion of all the services available through AMWAY & AMWAY Service Providers;</p>	<p>3.11.22 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 their full time jobs or incomes from selling books, tapes & seminar tickets to other IBOs or Members, or otherwise;</p>
<p>3.11.9 state or in any way imply or represent that IBOs must acquire or subscribe for books, tapes or other instructional, training or motivational material &/or to attend seminars, rallies, or meetings in order to succeed or fully succeed as an IBO;</p>	<p>3.11.17 represent or imply that an IBO can benefit solely or principally by sponsoring others to be IBOs, &/or by obtaining products or services for personal use at less than retail price;</p>	
<p>3.11.10 represent the retailing of AMWAY products &/or AMWAY distributed products &/or the marketing of AMWAY Services as an unimportant or unprofitable or relatively unimportant or unprofitable part or aspect of an IBO's business;</p>	<p>3.11.18 state or imply that IBOs are obliged to sponsor others to be IBOs;</p>	<p>3.11.23 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 & Marketing Plan than they in fact are;</p>
<p>3.11.11 describe or represent AMWAY as being only one of many suppliers of goods to AMWAY IBOs or as only one of the many head-agents in relation to the marketing of services by AMWAY IBOs;</p>	<p>3.11.19 present the tax treatment of an IB or IBO in any such manner that it can be regarded as misrepresentation;</p>	<p>3.11.24 cite examples of success (e.g. travel, automobiles, homes, contributions to charitable causes) unless the IBO knows such benefits were obtained as the result of earning Retail Margins & Performance or Volume Rebate Payments &/or Service Commissions from the sale of AMWAY products & AMWAY-distributed products or the marketing of AMWAY Services;</p>
<p>3.11.12 describe or represent AMWAY as being a warehouse or a clearing house or a principal distribution company or merely a distributor of goods to IBOs;</p>	<p>3.11.20 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;</p>	
<p>3.11.13 denigrate, disparage or defame AMWAY, AMWAY staff, AMWAY product, AMWAY-distributed products, AMWAY Services, other IBOs or AMWAY Service Providers;</p>	<p>3.11.21 represent the past, present, future, anticipated, likely or possible profits or earnings of IBOs otherwise than by using either;</p>	<p>3.11.25 represent that AMWAY grants its IBOs exclusive territories;</p>
	<p>(a) the hypothetical income amounts & illustrations set out current AMWAY produced literature, & provided that the amounts are stated to be only hypothetical;</p>	<p>3.11.26 use telephone canvassing campaigns, letter box drops, mass mailings or similar promotions;</p>

3.11.27
subject to Part 7 of these Rules, publish or broadcast any advertisement in any manner whatsoever (including advertisement on ebay or like e-commerce websites) for the AMWAY business, AMWAY products or AMWAY-distributed products, or AMWAY Services, or products or the opportunity to become an IBO regardless of whether the AMWAY name is used or not;

3.11.28
make any warranty, representation or guarantee, on behalf of or in the name of AMWAY, its Related Companies, or AMWAY Service Providers, or in relation to AMWAY products or AMWAY-distributed products or AMWAY Services other than:

(a) those written guarantees specifically provided by AMWAY; or

(b) in the case of AMWAY products or AMWAY-distributed products, those guarantees specifically provided by the manufacturer of those products; or

(c) in the case of AMWAY Services, those written guarantees which the IBO is specifically authorised to represent as being provided by the relevant AMWAY Service Provider;

3.11.29
engage in any conduct or make any statement or representation or use any trade name, associated name, business name or company name (in each case, whether registered or not) or other description or do any act, matter or thing which is likely to lead any other IBO, Member or any other person to believe that:

(a) in relation to the supply of AMWAY products or AMWAY distributed products;

(i) the relationship between AMWAY & IBOs is other than that of independent contractor, with IBOs having the right to submit applications for appointment as IBOs;

(ii) IBOs are agents or employees of AMWAY;

(iii) property in or title to AMWAY products &/or AMWAY distributed products, prior to their sale, vests other than in AMWAY or the selling IBO.

(b) in relation to the marketing of AMWAY Services;

(i) the relationship between AMWAY & the IBO is other than that of head agent/sub-agent, with IBOs having the right to solicit applications for appointment as AMWAY IBOs;

(ii) the IBO is an employee of AMWAY;

(iii) the right to receive payment for the provision of AMWAY Services vests other than in AMWAY, the IBO, or the AMWAY Service Provider;

3.11.30
represent or hold himself or herself out in any way as an employee or partner of AMWAY or any of its Related Companies.

3.11.31
in relation to the marketing of services, deny to any person (including AMWAY customers) that the IBO acts as a sub-agent of AMWAY Service Providers, & is entitled to receive directly or indirectly from AMWAY Service Providers a commission in respect of AMWAY Services successfully marketed by the IBO to AMWAY clients; & shall indemnify AMWAY from & against all actions, damages, claims, demands, prosecutions, fines, penalties, & the cost thereof (including AMWAY's actual legal costs) which might be made or brought or sought against or suffered by AMWAY or its Related Companies in respect of or arising out of any such misrepresentation or other conduct;

3.11.32
in relation to the marketing of services, invoice AMWAY for services provided by the IBO as a sub-agent for the provision of AMWAY Services to AMWAY customers. Such invoices will be generated by AMWAY, & forwarded to the IBO at the time Service Commissions are paid to IBOs by AMWAY.

3.11.33
send, transmit or otherwise communicate an unsolicited email message (spam) to a person (or persons) unless that person has a pre-existing personal or business relationship with the IBO & has consented to receiving and email from the IBO.

3.11.34
manipulate the AMWAY Sales & Marketing Plan or manipulate sales volume in any way which results in the payment of bonuses or other awards & recognition that have not been earned in accordance with the terms of the Sales & Marketing Plan &/or the Rules of Conduct. The strategic & artificial structuring of Line of Sponsorship for the purpose of depth building by using the concept of "stacking" is considered to be manipulation & an unacceptable business practice. Stacking is violation of the Rule. AMWAY in its sole discretion will determine what constitutes manipulation &/or stacking.

3.12
IBOs shall keep & preserve for at least the period prescribed by the Income Tax Act & the Goods & Services Act up-to-date & accurate records of all business transactions made in respect of or in relation to his or her AMWAY IB & shall allow AMWAY & its servants & agents, access to those records from time to time at the request of AMWAY & shall provide AMWAY with such written or oral explanations as AMWAY shall reasonably require of the IBO's conduct as an IBO & of transactions effected by the IBO in respect of his or her IB.

- 3.13
If required by AMWAY at any time, the IBO will have records & accounts in respect of his or her IB audited by an independent auditor nominated by AMWAY at the expense of AMWAY.
- 3.14
IBOs are not authorised to, & will under no circumstances, pledge or purport to pledge the credit of AMWAY or otherwise incur or purport to incur obligations on behalf of or which will otherwise bind AMWAY.
- 3.15
IBOs will immediately communicate all significant consumer complaints to AMWAY & furnish copies of all correspondence & details of all conversations relating thereto.
- 3.16
Subject only to Rule [3.17], IBOs are not authorised to make any offer of settlement or otherwise bind AMWAY in connection with claims arising from the use of AMWAY products or AMWAY-distributed products or the supply of AMWAY Services.
- 3.17
Whenever a customer requests that an AMWAY product guarantee be honoured, the IBO shall inquire as to the circumstances giving rise to the request & shall then make a bona fide assessment of the reasonableness of the request having regard to the terms of the guarantee in question & relevant consumer protection law. If the request is considered in all the circumstances to be reasonable the IBO shall offer the client the choice of a full refund of the purchase price, or full credit for exchange with the same or another AMWAY product or AMWAY-distributed product.
- 3.18
Whenever a customer requests that an AMWAY Service guarantee be honoured, the IBO shall refer such request to the relevant AMWAY Service Provider
- 3.19
IBOs shall comply with all New Zealand laws, ordinances & regulations concerning or affecting the operation of their IBs, including, without limitation, all applicable New Zealand anti discrimination, equal opportunity & human rights laws, & shall indemnify AMWAY from & against all actions, claims, demands, prosecutions, fines, penalties & the costs thereof (including AMWAY's actual legal costs) which might be made or brought against AMWAY in respect of or arising out of any breach of any such laws, ordinances or regulations by the IBO.
- 3.20
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 its Related Companies or any AMWAY Service Provider or any supplier of AMWAY distributed goods or services into disrepute.
- 3.21
IBOs shall attend all retraining seminars or sessions as referred to in Rule [11.2].
- 3.22
An IBO shall at no time:
- (a) during his or her authorisation as an AMWAY IBO; or
 - (b) for a period of six (6) months after ceasing to be so authorised:
- 3.22.1
market, supply or sell to other IBOs or Members, or persons who have applied to become IBOs, or persons whom the IBO or other IBOs (to the knowledge of the IBO) have approached with a view to applying to become IBOs; or
- 3.22.2
induce other IBOs, or any such prospective IBOs, to market, supply, sell or acquire;
- 3.22.3
be directly or indirectly engaged or interested in, or permit or allow any of his or her servants or agents to be engaged or interested in, the marketing, supply or sale or the promotion of the marketing, supply or sale to other AMWAY IBOs or such prospective IBOs of; products or services which are marketed, sold or supplied by or through another multi-level marketing company or business. The restrictions imposed by this Rule are separate, distinct, independent & severable, & in the event any one or more of them is wholly or in part invalid, then the remaining restriction or restrictions shall never-the-less be valid & effective.
- 3.23
Nothing in Rule [3.22] will serve or prohibit arrangements solely for the distribution of non AMWAY produced business support material which are distributed pursuant to Section 13 & in accordance with Rule [3.24].
- 3.24
An IBO will not induce or attempt to induce another IBO (or any person who has applied to become an IBO) whom he or she has not personally sponsored, to market, sell, supply, buy or acquire products, business aids or services including investments, investment services, or investment programs not produced or supplied by AMWAY.
- 3.25
An IBO will not market, sell, supply or acquire, or be directly or indirectly engaged or interested in the marketing, sale, acquisition or supply of products, business aids or services including investment products or services, not produced or supplied by or through AMWAY or its Related Companies or AMWAY Service Providers to any IBO (or person who has applied to become an IBO) whom he or she has not personally sponsored, unless:

3.25.1 that other IBO or applicant approached the first IBO in ordinary course of the first IBO's business, to supply goods or services of a kind which the first IBO markets or supplies in the ordinary course of his or her normal business, trade or profession; &

3.25.2 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 has applied to become an IBO.

3.26 If an IBO carries on an Australian IB, whether or not that IB is also carried out in New Zealand, these Rules of Conduct shall apply with all necessary modifications to the conduct of the Australian IB as if it were carried on in New Zealand

3.27 An IBO shall at no time:

(a) during his or her authorisation as an AMWAY IBO; or

(b) for a period of six (6) months after he or she has ceased to be so authorised:

3.27.1 market, or enter into any agreement, arrangement or understanding to market; or

3.27.2 induce other AMWAY IBOs, or any persons whom the IBO or other IBOs (to the knowledge of the IBO) have approached with a view to applying to become IBOs, to market, or enter into any agreement, arrangement or understanding to market; or

3.27.3 be directly or indirectly engaged or interested in, or permit or allow any of his or her servants or agents to be engaged or interested in, the marketing,

or the entering into any agreement, arrangement or understanding relating to the marketing, of, on behalf of any AMWAY Service Provider, any services that are similar to or the same as AMWAY Services.

3.28 Unless otherwise agreed by AMWAY, two individuals who are cohabiting are deemed to operate their IB as a single entity regardless of whether both names are on the IB.

3.29 The IBO will keep secret & confidential the Confidential Information as defined in Rule [1.1.7] & shall not, whether during his or her authorisation as an IBO, or at any time after ceasing to be so authorised, directly or indirectly use or attempt to use the Confidential Information for his or her own advantage or gain in any manner which may cause or be calculated to cause injury or loss to AMWAY, or to any IBO, or disclose, divulge, make known or in any way communicate to any person the Confidential Information. The IBO shall at all times during authorisation as an IBO & afterwards take or cause to be taken such reasonable precaution as may be necessary to maintain the confidentiality of the Confidential Information & to prevent its disclosure.

3.30 The IBO will comply with the Privacy Act 1993, the Information Privacy Principles contained therein & with AMWAY's privacy policy as detailed on AMWAY's primary web site.

4 – SPONSORSHIP

Sponsorship permits an IBO contracted to AMWAY to expand his/her business to maximise income. In the same way that the sponsor looks to the upline for support so also will he/she have responsibilities in respect of his/her downline including training & motivation, & importantly, to promote business reputation by actively ensuring that IBOs use the "Leave Behind Brochure" on all occasions when the Sales & Marketing Plan has been shown.

4.1 In addition to all other obligations & responsibilities as an IBO & in order to qualify for a Performance & Volume Rebate Payments or Service Commission on the products or services obtained by his or her personal group a sponsor shall:

4.1.1 procure the execution by all potential IBOs of an AMWAY IBO Application as soon as practicable &, in any event, immediately after a potential IBO indicates that he or she wishes to apply to become an AMWAY IBO, & shall forward to AMWAY all IBO immediately after execution;

4.1.2 regularly train & motivate personally sponsored IBOs in accordance with the guidelines & requirements set out in current AMWAY produced literature or otherwise as required or directed by AMWAY from time to time;

4.1.3 where required supply AMWAY products, AMWAY-distributed products & AMWAY business aids promptly after they have been ordered by IBOs or Members in their Personal Group;

4.1.4 where required promptly & accurately pay the appropriate AMWAY Performance & Volume Rebate Payments & Service Commissions to personally sponsored IBOs in accordance with the AMWAY Sales & Marketing Plan;

4.1.5 promptly take back any AMWAY products & AMWAY-distributed products which are in good & saleable condition & which are listed in the current AMWAY IBO price list & good & saleable Business Packs (or parts thereof) & other AMWAY non-BV business aids from any personally sponsored IBOs who resign their appointments & make reimbursement for such items in accordance with AMWAY's refund policy set out in the Business Handbook;

4.1.6 use their best endeavours to ensure that each of the IBOs in his or her Personal Group fully & promptly complies with all of the obligations expressed or implied in these Rules & with all directives issued by AMWAY from time to time as to the conduct of his or her IB;

4.1.7 encourage the IBOs in his or her Personal Group to attend AMWAY meetings including meetings with AMWAY Services Providers & other AMWAY functions;

4.1.8 encourage the IBOs in his or her Personal Group to carefully study, use & carefully conduct their IBOs in accordance with official AMWAY publications & in accordance with instructions & directives from time to time issued by AMWAY;

4.1.9 encourage the IBOs in his or her Personal Group at all times to work with & cooperate with AMWAY staff, & Service Providers;

4.1.10 not in any way discourage any IBOs, whether in his or her Line of Sponsorship or otherwise, from:

(a) attending AMWAY meetings or other AMWAY functions;

(b) conducting their IBs in accordance with AMWAY's instructions & directives; or

(c) working & cooperating fully with AMWAY staff & AMWAY Services Providers;

4.1.11 achieve in the qualifying month, a minimum performance bonus schedule requirement as specified by AMWAY from time to time of which 50 PV is derived from personal activity, which includes retail sales of products or marketing of services to consumers, samples used in the development of retail sales & products & services used for personal consumption. If they do not meet these requirements AMWAY will pass the Performance Volume Rebate to the first qualifying sponsor.

4.2 If the Sponsor fails to fulfill his or her duties pursuant to Rule [4.1] & such failures continue 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 notice) the Platinum IBO may, following the involvement of the Business Relations Manager, seek relocation of that portion of the Sponsor's Performance Payment or Service Commission related to the products & services acquired by the Sponsor on behalf of the Sponsor's sponsored IBOs; however, the Sponsor will be entitled to a Volume Rebate or Service Commission based on the remainder of his or her acquisitions or marketing activity.

4.3 In relation to the supply of products an IBO must deliver to his or her sponsored IBOs &/or supply to retail customers at least 70% of the total value of products ordered during a given month in order to:

4.3.1 receive a Performance or Volume Rebate Payment for that month calculated on all products ordered; &

4.3.2 qualify & be recognised for any award under the AMWAY Sales & Marketing Plan. AMWAY will at its discretion audit qualifications for pin levels.

4.4 If an IBO fails to comply with Rule [4.3] the Sponsor will pay him or her a Performance or Volume Rebate Payment calculated on the value of products actually supplied to clients &/or delivered to his or her IBOs, instead of the value of products ordered.

4.5 Where a Sponsor will be absent from the business for a continuous period of more than 3 months, he or she must put in place a Management Agreement in respect of the IB &, in respect to absences from New Zealand, shall in addition sign & forward to AMWAY a "Non- Resident IBO Agreement."

4.6 An IBO shall in no circumstances directly or indirectly & whether on his or her own behalf or in conjunction with or by way of assisting any other person, solicit, interfere with or endeavour to entice another IBO or Member away from his or her Line of Sponsorship or to change Line of Sponsorship.

4.7 A former IBO, or the spouse of a former IBO may only apply for authorisation as an IBO under a new Sponsor if at least six months of total business inactivity have elapsed since the former IB or was terminated by written resignation to AMWAY or failure to renew in determining the inactivity date of a non-renewed IBO, inactivity starts from 31 January;. AMWAY, at its discretion, may waive the six month inactivity requirement 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 Rule [4.1] or by breaching any other of these Rules, or any injustice would otherwise be imposed upon the IBO by enforcement of the six month inactivity requirement. IBO applicants may not apply to become active in an already existing IB. (For a definition of “inactivity” see Rule [1.1.14]). If a former IBO, or the spouse of a former IBO, rejoins the business without having complied with the requirements of Rule [4.7] AMWAY may transfer the offending IB, the Personal Group, & the business volume generated during the period of violation to the former Line of Sponsorship.

4.8
An IBO who changes lines of sponsorship under Rule [4.7] may sponsor or allow to be sponsored into his or her Personal Group any IBOs formerly sponsored in his or her Personal Group if such sponsored IBOs have filed new Applications/ Registrations & if at least two years have elapsed since the termination of their original IB/. AMWAY may waive such two year time lapse requirement if in its opinion the sponsoring IBO’s resignation as an IBO or failure to renew his or her IB in his or her former Line of Sponsorship has been caused by or contributed to by any failure of the former Sponsor or of any IBO upline from such Sponsor to meet all or any of the responsibilities of a Sponsor set out in Rule [4.1] or to comply with any other Rules, or any injustice would otherwise be imposed upon the sponsoring IBO by enforcement of the two year time lapse requirement.

The two year inactivity requirement applies also to those circumstances where an IBO wishes to sponsor their Sponsor from the original line of sponsorship, into the new line of sponsorship.

If an IBO Sponsors, or allows to be sponsored into his or her Personal Group, any IBOs in breach of this Rule [4.8] AMWAY may transfer the IB in violation, the business volume generated during the period of violation, & the Personal Group back into the former Line of Sponsorship.

4.9
Former Internationally Sponsored IBOs may accept appointment as an IBO in any Line of Sponsorship subject to the conditions set out in Rules [4.7] & [4.8] & provided that:

4.9.1
at the time of application, the former IBO must specify whether he or she wishes to be internationally sponsored.

4.9.2
a former IBO may not be Sponsored by his or her previous Foster Sponsor or by any IBO from his or her previous Foster Sponsor’s Line of Sponsorship unless two years have elapsed since the termination of the former IB.

4.10
Transfers of IBOs from one Sponsor to another will only be granted if in AMWAY’s opinion the request for a 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 Rule [4.1] 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.

4.11
Without limiting or restricting in any way AMWAY’s powers & discretion under Rule [4.10]:

4.11.1
an IBO, including a Platinum IBO, who desires a sponsorship change must submit to AMWAY a written request &, if AMWAY so requires, written consents to the proposed transfer from such of the IBOs in the requesting IBO’s Line of Sponsorship as AMWAY shall specify.

4.11.2
an IBO who wishes to transfer to a different Line of Sponsorship & wishes to transfer with him or her some or all of his or her Personal Group must submit a written request to AMWAY &, if AMWAY so requires, written consents to the transfer signed by such of the IBOs in the current Line of Sponsorship, up to & including the first currently qualified Platinum IBO, & from such Platinum IBO up to & including the first currently qualified Emerald IBO, as AMWAY shall specify. If the first currently qualified Platinum IBO is also a currently qualified Emerald IBO, then, if AMWAY so requires, a written consent must be received from the next currently qualified Platinum IBO in such Emerald IBO’s Line of Sponsorship. (Silver Producers & Gold Producers as well as Platinum IBOs cannot be transferred with their group to another sponsor).

4.11.3
a transfer request pursuant to Rules [4.11.1] or [4.11.2] shall be accompanied by a written consent signed by those IBOs who wish to transfer with their Sponsor & the written acceptance of the transfer by the intended Sponsor of the transferring IBO.

4.12
Leave Behind Brochure (LBB)

4.12.1
The IBO must provide each prospective IBO with a copy of a current, unaltered AMWAY Leave Behind Brochure (LBB) after any showing of the Sales & Marketing Plan, irrespective of how informal the presentation and regardless of whether the prospective IBO completes & signs the AMWAY Application to become an IBO or not.

4.12.2
It is the responsibility of the sponsor to ensure that each prospect who is presented the business opportunity, as defined in Rule 4.12.1, receives the LBB, regardless of whether that same prospect may receive a LBB as a component in any compilation of materials, such as a “First Night Pack” or “Starter Pack”, prepared by the line of sponsorship.

4.12.3

A sponsor must encourage compliance with Rule 4.12.1 by the IBOs in his/her personal group.

4.12.4

A sponsor must from time to time advise the IBOs in his/her personal group that they may obtain copies of the LBB from AMWAY free of charge, that the brochure is a mandatory part of the prospecting process, & that it must be delivered to each prospective IBO complete & without alteration other than for the optional addition of the prospective IBO's personal contact details in the space provided.

5 – RESPONSIBILITIES OF PLATINUM IBOs

The attainment of Platinum IBO level represents a significant achievement in AMWAY. Platinum IBOs qualify for increased financial rewards from the AMWAY Sales & Marketing Plan, in return for which they accept further responsibility for the business conducted within their Personal Group.

5.1

A Platinum IBO shall, in addition to his or her other obligations & responsibilities as a sponsor & as an IBO;

5.1.1

where required, promptly pay or reimburse AMWAY for any shortfall in payment or for any amount payable to AMWAY which is due, but has not been met on presentation

5.1.2

promptly place with AMWAY Ditto orders for those AMWAY products, AMWAY-distributed products available on a Ditto order basis, & required by IBOs in his or her Personal Group, & where required, promptly pay or reimburse AMWAY for any nonpayment or shortfall in payment of those Ditto orders;

5.1.3

where required, ensure that each IBO in his or her Personal Group promptly & accurately pays the appropriate AMWAY Performance Payments or Volume Rebate Payments & Service Commissions to his or her Personally Sponsored IBOs in accordance with the AMWAY Sales & Marketing Plan;

5.1.4

ensure that the IBOs in his or her Personal Group honour the AMWAY Satisfaction Guarantee;

5.1.5

ensure that the IBOs in their Personal Group do not advertise the AMWAY business, products, AMWAY Services or the opportunity to become an IBO; &

5.1.6

ensure that the IBOs in his or her Personal Group at all times & in all respects comply with the AMWAY Rules of Conduct & all amendments issued by AMWAY from time to time & directions issued by AMWAY from time to time as to the manner in which they represent AMWAY & the AMWAY business.

5.1.7 ensure that IBOs use the Amway Leave Behind Brochure (LBB) every time they show the Sales and Marketing Plan [see Rule 4.12].

6 – ASSIGNMENT OR INTEGRATION OF IBOs

An AMWAY IBO has the potential to establish & develop a substantial business which can then be passed on to the IBO's heirs or sold or gifted in accordance with New Zealand laws & AMWAY's requirements for transfer of an IBO. Those requirements particularly focus upon ensuring that the business is passed on to a person who has the capacity, motivation & expertise to run it. This section details those requirements.

6.1

Subject to Rule [6.2] & in compliance with other relevant provisions of these Rules an IB may be assigned (whether by sale or by way of gift) or transmitted by will, provided that the assignee or beneficiary is or becomes an IBO in accordance with these Rules, & in particular Rules [2.1] & [2.5] inclusive.

6.2

Subject to Rules [2.14] & [2.15] in no event may an AMWAY IB be divided up or partially assigned & nor may an IBO assign part interest in or an interest in any part of an IB other than pursuant to Rules [6.6] to [6.7] & nor may an IBO do any act, matter or thing, the effect of which is that he or she holds the whole or any part of his or her IB on trust for any other person.

6.3

Notwithstanding its assignment or transmission from one IBO to another IBO, an IBO shall at all times retain its position in the assigning IBO's Line of Sponsorship.

6.4
An IBO who wishes to sell his or her IB other than in any of the circumstances set out in Rule [6.6] must obtain AMWAY's prior written approval to the terms & conditions of sale (except price) & must offer it for purchase under the same terms & conditions to IBOs in the following sequence:

6.4.1
(a) where the IB is internationally sponsored, the IB must first be offered to the International Sponsor. If the International Sponsor declines the offer the IB must be then offered to the Foster Sponsor.

(b) in other cases the IB must first be offered to the Sponsor;

6.4.2
if the Sponsor declines the offer to purchase, the IB must be offered to all IBOs in New Zealand personally sponsored by the IBO;

6.4.3
if all personally sponsored IBOs in New Zealand decline the offer to purchase, the IB must be offered to all Platinum IBOs in New Zealand in the seller's Line of Sponsorship up to & including the first qualifying Diamond;

6.4.4
if all Platinum IBOs in the seller's Line of Sponsorship in New Zealand up to & including the first qualifying Diamond decline the offer to purchase, the IB must be offered to all other Platinum IBOs in New Zealand in the first qualifying Diamond's Line of Sponsorship;

6.4.5
if all Platinum IBOs in New Zealand in the first qualifying Diamond's Line of Sponsorship decline the offer to purchase, the IB must be offered to all currently qualified Emerald IBOs in New Zealand;

6.4.6
if all currently qualified Emerald IBOs in New Zealand decline the offer to purchase, the IB may be offered to any person who is or becomes an IBO in New Zealand. AMWAY shall determine the list of offerees by reference to its current, confidential files & 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 [6.4].

6.5
A selling IBO shall sell his or her IB to the first IBO to accept an offer made in accordance with Rule [6.4].

6.6
Rule [6.4] shall not apply to:

6.6.1
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) & director(s), & which otherwise complies with Rules [2.12] & [2.13];

6.6.2
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 &/or relatives (within the meaning of that term in the Income Tax Act) of the assigning IBO & which otherwise complies with Rules [2.14] & [2.15];

6.6.3
an assignment or sale of the interest of one partner 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.

6.7
An IBO may sell or assign his or her IB in the circumstances set out in Rules [6.6.1], [6.6.2] & [6.6.3] with the prior written approval of AMWAY, which approval may be given or withheld by AMWAY in its absolute discretion & if granted, may be subject to such conditions & provisions as AMWAY may determine.

6.8
All Performance or Volume Rebate Payments & Service Commissions accruing to the IB after sale will be paid to the new owners of the IB, but all awards previously awarded to the IB will not be transferred. Qualifications for awards for the IBOs will be determined only by activities occurring after the date of sale.

6.9
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 & provisions as AMWAY may determine.

6.10
In the event that an IBO acquires another IB, the IBO shall not transfer Business Volume between the business operated by him or her otherwise than strictly in accordance with the AMWAY Sales & Marketing Plan & Business Handbook.

6.11
In the event that an IBO is a partnership & the partners have a dispute or disagreement (matrimonial or otherwise) such that in AMWAY's opinion the IB is not being properly conducted, then:

6.11.1
the IB may, with the prior approval of AMWAY (which approval may be granted or withheld in AMWAY's absolute discretion & which, if given, may be subject to such conditions & 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 pursuant to Rule [6.4] or one of the partner's shares in the IB be sold or assigned pursuant to Rule [6.6.3] or [6.7]) 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;

6.11.2
if within fourteen (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 & conditions as AMWAY considers appropriate, to operate the IB. Without limiting the breadth of AMWAY's discretion in respect of the terms & 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 Performance or Volume Rebate Payments, Service Commissions & privileges accruing in respect of the IB during the period of management;

6.11.3
during such period:

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

6.12
An IBO who is a parent, may integrate his or her IB with their child's (children's) IB provided the following conditions are met:

6.12.1
the child(ren) must be personally sponsored by the parent;

6.12.2
the child's (children's) IB must have operated as a separate IB for not less than ten years;

6.12.3
the child(ren) shall have achieved the level of at least Platinum IBO status at the Implementation Date;

6.12.4
upon integration, the parents & child(ren) agree to relinquish all

rights to awards & reward level personally achieved in their own IBs; &

6.12.5
request for integration shall be made, in writing, at least twelve months prior to the Implementation Date (as defined in Rule [6.12.6(a)]);

6.12.6
provided the above conditions are met, AMWAY shall evaluate the request in light of the goals, objectives & benefits of the Sales & Marketing Plan. Upon granting the request for integration by AMWAY, implementation shall be as follows:

- (a) the Implementation Date shall be 1 September following the passing of at least one full fiscal year after receipt of the written request;
- (b) at the Implementation Date, the child(ren) & parents are eligible for all awards & recognition to their separate businesses earned during the previous fiscal year;
- (c) all awards & 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.

7 – PRESENTATION OF AMWAY SALES & MARKETING PLAN AND BUSINESS OPPORTUNITY

The AMWAY Sales & Marketing Plan sets out the system of AMWAY Retail Margins, Performance & Volume Rebate Payments, Service Commissions & awards. It also clearly details AMWAY's guidelines & procedures for presentation of the Plan to prospective IBOs. The guidelines have been formulated so as to ensure compliance with legislation & Common Law requirements for fair & equitable marketing in New Zealand. This section summarises essential do's & don'ts in that regard.

7.1
No IBO shall issue an invitation to learn about the AMWAY business which describes the event as other than an occasion to learn about a business opportunity. Without limiting the foregoing, an IBO shall not use an invitation that:

7.1.1
gives the impression that it relates to an employment opportunity;

7.1.2
appears to be an invitation to a social event;

7.1.3
claims to be a market survey; or

7.1.4
promotes the event as a tax seminar, finance seminar, investment seminar or a similar event.

7.2

An IBO shall not issue an invitation to learn about the AMWAY business, or do any other act, matter or thing which misleads or deceives or is likely to mislead or deceive prospective IBOs or clients or any other persons into believing that:

7.2.1

the AMWAY business opportunity is in fact, or is really or principally a business relationship with a person, company or organisation other than AMWAY;

7.2.2

AMWAY products are merely one line of products distributed through or as part of a business brokerage or network operated by a person, company or organisation other than AMWAY; or 7.2.3 the AMWAY business or AMWAY IBOs or AMWAY product or AMWAY Services are or are part of, or are ancillary to, any business other than AMWAY's business.

7.3

An IBO may not deny, if asked, that a presentation of the AMWAY business is about the AMWAY business &, as soon as practicable in the presentation, shall identify AMWAY & state the correct relationship between AMWAY & its IBOs & Members.

7.4

Without limiting the generality of specificity of an IBO's obligations under Rules [3.1] & [3.11] or elsewhere in these Rules, during any formal or informal presentation or explanation of the AMWAY business, an IBO;

7.4.1

will conduct the presentation in accordance with the requirements of the AMWAY Sales & Marketing Plan;

7.4.2

will point out the features of the AMWAY business & the AMWAY IBO relationship as set out in the AMWAY Sales & Marketing Plan;

7.4.3

will, as soon as practicable in the presentation:

(a) in respect of the supply of products, identify AMWAY as his or her wholesaler & correctly describe the independent contractor relationship between AMWAY & its IBOs, as described in current AMWAY-produced literature, AMWAY correspondence, instructions & directives;

(b) in respect of the marketing of services, identify AMWAY as his or her head agent & correctly describe the head agent/sub-agent relationship between AMWAY & its IBOs, & the principle/subagent relationship between AMWAY Service Providers & AMWAY IBOs as described in current AMWAY-produced literature, AMWAY correspondence, instructions & directives; &

7.4.4

will state that income or Performance or Volume Rebate Payments & Service Commissions will only be realised through continued sales of AMWAY products, AMWAY distributed products & continued marketing of AMWAY Services to consumers & by the maintenance of certain qualifications; & shall indemnify AMWAY from & against all actions, damages, claims, demands, prosecutions & 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.

8 – USE OF THE AMWAY NAME, TRADEMARKS, ETC.

This section acknowledges that the name 'AMWAY' & all of AMWAY's trademarks, logos, insignia, etc. are valuable property & that no person including IBOs may publicly display or otherwise use those names, for example on business cards or in telephone directories without AMWAY's written approval. It also acknowledges that the names, trade marks, logos, insignia etc. of AMWAY Service Providers are the property of the relevant AMWAY Service Providers.

AMWAY & other product names denoted in uppercase type are the property of Alticor Inc, Ada, Michigan, USA.

8.1

IBOs acknowledge the exclusive ownership by AMWAY or Alticor Inc or AMWAY Service Providers of the trade marks, trade names, insignia, logograms, designs, get-ups & all other industrial & intellectual property used by AMWAY in association with AMWAY products.

8.2

An IBO shall not display the AMWAY name on his or her business vehicles.

8.3

An IBO may use the AMWAY name on imprinted cheques provided that name is, where appropriate, used in one of the following ways:

8.3.1

"John Jones AMWAY IBO" or

8.3.2

"John Jones IBO of AMWAY Services" or

8.3.3
"John Jones IBO of AMWAY Products" or

8.3.4
John Jones IBO of AMWAY Products
& Services".

8.4
An IBO who carries on business as
a company may, where appropriate,
imprint its cheques as follows:

8.4.1
"Jones Ltd. AMWAY IBO" or

8.4.2
"Jones Ltd. IBO of AMWAY Services" or

8.4.3
"Jones Ltd. IBO of AMWAY Products" or

8.4.4
"Jones Ltd. IBO of AMWAY Products &
Services"

8.5
Only Platinum IBOs who have AMWAY's
written approval may display the AMWAY
name on the exterior of their business
premises. Other IBOs shall not display
the AMWAY name on the exterior of their
business premises.

8.6
Only Platinum IBOs may use
identification with AMWAY in telephone
directory listings. Any such listing shall
be arranged by AMWAY at the IBOs cost.

8.7
In their use of the trade marks of
AMWAY or Alticor Inc, IBOs must first
seek & be granted approval for such use
by AMWAY. IBOs shall:

8.7.1
always indicate that Alticor Inc is the
proprietor of the marks;

8.7.2
not represent in any way that they own
the marks or are entitled to use them
otherwise than as an AMWAY IBO;

8.7.3
only use registered trade marks as
registered & shall supply AMWAY with
samples of all proposed uses of the
marks;

8.7.4
comply with Rules or directives made or
issued by AMWAY from time to time as
to the proper use of the marks.

8.8
IBOs will not use the word "AMWAY" as
or as part of any corporate or business
name or permit or allow any other
person or corporation to do so.

8.9
All AMWAY printed, audio & video
material is protected by copyright & may
not be reproduced in whole or in part by
IBOs or other persons without AMWAY's
written permission or as provided in
Rule [8.12].

8.10
IBOs may use official AMWAY literature
only for the purpose of carrying out their
functions as IBOs.

8.11
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 & is immediately
followed by the statement "Reprinted
with permission of AMWAY of New
Zealand".

8.12
An IBO may record speeches or
presentations made at AMWAY
sponsored meetings provided that he
or she has obtained the prior written
consent of AMWAY & such recording is
solely for his or her own personal use &
is not reproduced for any purpose.

9 – DEATH & DISABILITY

**If an IBO dies or becomes
physically unable to continue in
the business AMWAY may accept
responsibility for preservation
& management of the business
until the wishes of the IBO can be
ascertained & complied with.**

9.1
In the event of the death of the IBO then;

9.1.1
AMWAY may appoint a manager on
such terms & conditions as AMWAY
considers appropriate, to operate the
IB until such time as the IB is assigned
or otherwise dealt with pursuant to
Rule [9.1.2] or terminated by AMWAY
pursuant to Rule [10.1.15];

9.1.2
the Executor or Administrator of the
Estate of the Deceased IBO shall within
thirty (30) days after the grant of probate
or letters of administration:

(a) assign or transmit the IB pursuant
to Part 6 of these Rules; or

(b) if the Executor or Administrator of
the Estate of the deceased IBO is
or becomes An IBO, carry on the
business of the deceased IBO's IB;

(c) appoint a manager for such
period & on terms & conditions
as AMWAY considers appropriate,
to operate the IB, provided the
manager himself or herself
is or becomes an IBO before
commencing to operate the IB.
without limiting the breadth of
AMWAY's discretion as to the
terms & conditions which may be
specified pursuant to Rules [9.1.1]
& [9.1.2], the manager shall, if
AMWAY considers it appropriate,
be entitled to all, or such part
as AMWAY specifies, of the

Performance or Volume Rebate Payments & Service Commissions & privileges accruing in respect of the IB during the period of management.

9.2

In the event that an IBO comprises two natural persons in partnership & one of the partners dies, then:

9.2.1

the surviving IBO will be deemed to be the manager of the IB, until such time as the IB is assigned or otherwise dealt with pursuant to Rule [9.2.2] or terminated by AMWAY pursuant to Rule [10.1.15];

9.2.2

Within thirty (30) days after the grant of probate or letters of administration:

(a) the surviving partner shall acquire (whether by way of sale or transmission by will or by operation of a provision of a partnership agreement, if any, between the surviving partner & the deceased IBO) the interest of the deceased IBO in the IB; or

(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; or

(c) the IB shall be assigned or transmitted pursuant to Part 6 of these Rules; or

(d) the Executor or Administrator of the Estate of the Deceased IBO & the surviving IBO shall appoint a manager for such period & on such terms & conditions as are specified or approved by AMWAY, to operate the IB, provided the manager himself or herself is or becomes An IBO before commencing to operate the IB. Without limiting the breadth of AMWAY's discretion

as to such terms & conditions which may be specified pursuant to Rules [9.2.1] & [9.2.2] the manager shall if AMWAY considers it appropriate, be entitled to all or such part as AMWAY specifies, of the Performance or Volume Rebate Payments & Service Commissions & privileges accruing in respect of the IB during the period of management.

9.3

In the event that an IBO becomes a protected person, or a person in respect of whom an order or direction is in force that his or her estate be subject to management under legislation which makes provision with respect to the management of the property & affairs of persons who are incapable of managing their own affairs by reason of mental or other condition, then:

9.3.1

AMWAY may appoint a manager on such terms & conditions as AMWAY considers appropriate, to operate the IB until such time as the IB is assigned or otherwise dealt with pursuant to Rule [9.3.2] or terminated by AMWAY pursuant to Rule [10.1.16];

9.3.2

the manager or trustee of the Estate of the incapable IBO may, if he or she has the power to do so under relevant legislation, within thirty (30) days after the order or direction in question:

(a) assign the IB pursuant to Part 6 of these Rules; or

(b) if the manager or trustee of the Estate of the incapable IBO is or becomes an IBO, carry on the business of the incapable IBO's IB;

9.3.3

without limiting the breadth of AMWAY's discretion as to such terms & conditions which may be specified pursuant to Rule [9.3], the manager shall, if AMWAY considers it appropriate, be entitled to all, or such part as AMWAY specifies, of the Performance or Volume Rebate Payments & Service Commissions & privileges accruing in respect of the IB during the period of management.

10 – TERMINATION & DESPONSORSHIP

AMWAY IBOs have a responsibility to protect & 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, & rights of both parties in the event of that extreme action.

10.1

AMWAY may at its election by notice in writing to an IBO either terminate the IBO's IB or desponsor the IBO upon the happening of any one or more of the following:

10.1.1

if in AMWAY's opinion the IBO has provided false information in his or her IBO Application or in any Application for Renewal;

10.1.2

if the IBO breaches any of the following Rules, which are each fundamental to the relationship between AMWAY & the IBO: [2.25], [3.1], [3.2], [3.3], [3.8], [3.11], [3.14], [3.16] [3.19], [3.20], [3.21], [3.22], [3.23], [3.24], [3.25], [3.29], [4.1.1], [4.1.5], [4.1.10], [4.5], [4.12],[7.1], [7.2], [7.3], [8.6], [8.8],[13.1], [13.2], [13.3], [13.4], [14.2.3];

10.1.3

if the IBO breaches any other of these Rules of conduct & (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;

10.1.4

if the IBO commits repeated breaches of any of these Rules of Conduct;

10.1.5
if any inspection carried out by AMWAY pursuant to Rule [3.12] or any audit carried out pursuant to Rule [3.13] 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 or her Performance or Volume Rebate Payments or Service Commission Calculations, PV/BV transfer or any other figure considered relevant by AMWAY;

10.1.6
if the IBO or a director of a corporate IBO is convicted of an offence punishable by a prison term;

10.1.7
if the IBO or a director of a corporate IBO becomes bankrupt;

10.1.8
if an order is made or an effective resolution is passed for the winding-up of the IBO (being a company);

10.1.9
if 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;

10.1.10
if 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 or her creditors or any of them;

10.1.11
if the IBO or a director of a corporate IBO is suspended or disbarred from practising his or her usual trade or profession by any trade or professional association, institute or society;

10.1.12
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 & specified by AMWAY pursuant to Rule [2.13];

10.1.13
if 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 Part 6 of these Rules;

10.1.14
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 [6.11.1];

10.1.15
if the IBO dies & the IB is not assigned or otherwise dealt with pursuant to Rules [9.1.2] or [9.2.2], within thirty (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 six (6) months after the date of death;

10.1.16
if the IBO becomes a protected person or a person in respect of whom an order or direction is in force that his or her estate be subject to management under similar legislation which makes provision with respect to the management of the property & affairs of persons who are incapable of managing their own affairs by reason of mental or other condition, & the IB is not assigned or otherwise dealt with pursuant to Rule [9.3.2], within thirty (30) days after the order or direction in question;

10.1.17
if the IBO being a Sponsor is absent from the conduct of his or her business for periods (in respect of which there is no Management or Non Resident Agreement) for a continuous period exceeding three (3) months during any AMWAY fiscal year;

10.1.18
if, 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 &/ or if there are insufficient funds for a complete electronic funds transfer arranged by an IBO from his or her account to AMWAY.

10.2
For the purposes of these Rules of Conduct, "desponsorship" means the removal or setting aside of an IBO from his or her position as a Sponsor in a Line of Sponsorship, with such of the following consequences as AMWAY in its absolute discretion considers appropriate:

10.2.1
the desponsored IBO's Sponsor or another IBO, determined & specified by AMWAY in its absolute discretion, shall be deemed to be the Sponsor of the desponsored IBO's Personal Group;

10.2.2
the scope of the IBO's activity shall be limited to soliciting orders for the retail sale of AMWAY products & AMWAY distributed products, & the marketing of AMWAY Services & the IBO shall be prohibited from soliciting applications for appointment as IBOs.

10.3
Upon termination of an IBO's IB for any cause whatsoever the IBO shall:

10.3.1
return in good condition to AMWAY all AMWAY products, AMWAY-distributed products & AMWAY business aids then held by the IBO, subject to AMWAY refunding to the IBO the IBO price paid by the IBO to AMWAY in respect of those products less handling & freight charges as specified in AMWAY's Business Handbook;

10.3.2
cease to use any & all trade marks, trade names, insignia, logograms, or other industrial property used in or related to the AMWAY business, including those related to AMWAY Service Providers;

10.3.3
cease to hold himself or herself out as an AMWAY IBO, & without limiting the generality of the foregoing they shall not be authorised or entitled to:

(a) sell or solicit orders for the sale of or demonstrate AMWAY products or AMWAY-distributed products;

(b) market AMWAY Services;

(c) formally or informally present or explain the AMWAY business to IBOs or potential IBOs, or any other person;

(d) solicit applications for appointment as IBOs; or

(e) hold or address meetings of IBOs &/or potential IBOs.

10.4

Upon & by virtue of termination by AMWAY of an AMWAY IB & upon & by virtue of desponsorship of an IBO:

10.4.1

the terminated or desponsored IBO shall cease to be the leader of his or her Personal Group;

10.4.2

another IBO or other IBOs, determined & specified by AMWAY in its absolute discretion, shall be deemed to be the Sponsor or Sponsors of the IBO's personally sponsored IBOs or Members;

10.4.3

the IBO shall forfeit to AMWAY all & any rebate payments, including but not limited to Performance & Volume Rebate Payments, Service Commissions, Ruby, 4% Leadership Rebates, Monthly Depth Rebates & Annual Rebates including Emerald, Diamond, Diamond Plus & any special Rebates/Payments or Service Commissions payable or accrued to the IBO at the date of termination or desponsorship;

10.5

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.

10.6

In the event that AMWAY terminates, desponsors or nonrenews an IBO, or in the event that an IBO either resigns as an IBO (under Rule [2.24]) or fails to renew his or her IB within the allotted time period (under Rule [2.18] or Rule [2.21]), the IB shall vest in AMWAY without any obligation or liability to compensate the IBO & AMWAY may dissolve or dispose of the IB in its sole & absolute discretion. In exercising its prerogative to determine the disposition or dissolution of such IB, AMWAY may elect to employ one of the following methods:

10.6.1

if AMWAY elects to sell/assign the IB, the following will be observed:

(a) the IB will be offered for sale/assignment to another IBO recognising the order of priority imposed by Rule [6.4];

(b) the terms of sale will be set forth in a written contract executed between AMWAY & the purchaser;

(c) the IB will remain in its current position in the Line of Sponsorship & will be made a No. 2 business of the purchaser;

(d) following the reimbursement to AMWAY of all costs, both legal & administrative, in relation to the discipline & ultimate disposition of the IB, all remaining funds resulting from the sale may, at AMWAY's discretion be added to a rebate fund to be distributed by AMWAY among qualified Platinum IBOs.

10.6.2

if AMWAY elects to dissolve the IB, the IB will merge with the IB of the first qualified IB/Sponsor upline in the Line of Sponsorship. AMWAY, however, is in no way limited to any of the above methods of disposition of an IB.

11 – PROBATION & RETRAINING

The presentation of the AMWAY Sales & Marketing Plan is integral to the way in which the AMWAY business is presented 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 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 & to compel him or her & his or her Personal Group to attend training on the proper & ethical presentation of AMWAY & the AMWAY business.

11.1

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 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.

11.2

Probation by AMWAY shall consist of all or such of the following corrective actions as AMWAY may consider appropriate:

11.2.1

a bulletin or bulletins will be prepared & sent by AMWAY to all IBOs in the Platinum IBO's Personal Group or in that part of the Personal Group placed on probation &/or to all Platinum IBOs throughline from the Platinum IBO whose Personal Group or part of whose Personal Group has been placed on probation. The bulletin will advise of the imposition of the probation, outline the nature of the misrepresentations of AMWAY or the AMWAY business &/or the other serious breaches of the Rules of Conduct which have given rise to the imposition of probation, & will outline the correct manner in which AMWAY requires its IBOs to present AMWAY & the AMWAY business. The bulletin shall also announce the time, date & place at which special retraining seminars or sessions will be held for all IBOs on probation;

11.2.2

a thorough programme of retraining seminars or sessions, organised & conducted by AMWAY or its nominee, designed to teach the IBOs on probation the proper presentation of AMWAY & the AMWAY business.

11.3

All IBOs attending such probation retraining sessions as referred to in Rule [11.2.2] will be required to sign an attendance sheet & AMWAY or its nominee conducting the retraining shall be entitled to tape all such retraining sessions in their entirety.

11.4

The imposition of probation will have such of the following consequences as AMWAY may in its absolute discretion determine:

11.4.1

suspension of the IBO's authorisation as an IBO. Without limiting the generality of the consequences of such suspension, a suspended IBO shall not be authorised or entitled to:

- (a) sell or solicit orders for the sale of or demonstrate AMWAY products or AMWAY-distributed products;

(b) market AMWAY Services;

(c) formally or informally, present or explain the AMWAY business to IBOs or Members or potential IBOs or Members or any other persons;

(d) solicit applications for appointment as AMWAY IBOs or Members; or

(e) hold or address meetings of IBOs &/or potential IBOs or Members.

11.4.2

in the case of an IBO who is a Platinum IBO, removal of the Platinum IBO status;

11.4.3

suspension of payment of any or all Rebates/Payments & Commissions, including but not limited to, Performance & Volume Rebate Payments & Service Commissions, Ruby, 4% Leadership Rebate, Monthly Depth Rebate & Annual Rebates including Emerald, Diamond, Diamond Plus & any special Rebates/Payments or Commissions, payable to the IBOs under probation or to such of the IBOs under probation as AMWAY may, in its absolute discretion, determine. Any such Rebates/Payments or Commissions shall be computed, but held in escrow by AMWAY during the probation period;

11.4.4

AMWAY may determine whether & to what extent the monthly business volume of the IBOs on probation is to be counted towards qualification for Ruby, Sapphire, Emerald, Diamond, one-time cash Rebate/Payments or Commissions or Diamond Plus Rebates, for any awards, for the Annual Leadership Seminar, Diamond meetings or Founders Invitational Seminars, or for any special Rebates/Payments or Commissions to be paid by AMWAY at the end of the fiscal year;

11.4.5

AMWAY may in its absolute discretion withhold or refuse recognition of any of the IBOs on probation for any awards under the AMWAY Sales & Marketing Plan;

11.4.6

IBOs on probation will not be invited to attend New Platinum IBO Forums, Platinum IBO Meetings, Leadership Seminars, Diamond Meetings/Forums, Founders Invitational Seminars, Emerald Plus Forums or any other AMWAY recognition event which may be held during the probation period, & AMWAY may cancel invitations to such events issued prior to the imposition of the probation.

11.5

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 & Volume Rebate Payments & Service Commissions due to them & their throughline.

11.6

If AMWAY is 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 the AMWAY business or commit further or other serious breaches of these Rules of Conduct, AMWAY will lift probation &, subject to Rule [11.9] below, restore full IBO rights & privileges to the IBOs in respect of whom AMWAY is so satisfied.

11.7

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 or commit further or other serious breaches of these Rules of Conduct, AMWAY may:

11.7.1

direct that probation be continued, & further corrective action be taken, in respect of the IBOs in respect of whom AMWAY is so dissatisfied; or

11.7.2

conclude probation & terminate or desponsor the IB of each of the IBOs in respect of whom AMWAY is dissatisfied, without prejudice however to AMWAY's rights under clause [11.9].

11.8

In the event that an IBO's IB is terminated or an IBO is desponsored by AMWAY, in either case after a period of probation by AMWAY pursuant to this Part 11, then the provisions of Rules [10.3], [10.4] & [10.5] shall apply & the IBO shall upon & by virtue of such termination or desponsorship forfeit to AMWAY any & all Rebates/Payments & Commissions held by AMWAY in escrow pursuant to Rule [11.4.2], & in that event the IBO's proportion of expenses referred to in Rule [11.9] shall be deemed to have been deducted from the Performance & Volume Rebate Payments & Service Commissions so forfeited & clause [11.9.3] shall not apply to the balance of the Payments, Rebates & Commissions so forfeited.

11.9

All expenses incurred by AMWAY in conducting the investigation, retraining seminars & in generally administering the probation imposed under this Part 11 ("the expenses") will be borne by the IBOs under probation as follows:

11.9.1

the IBOs under probation shall bear the expenses in the same proportions as each of their Performance & Volume Rebate Payments or Service Commission entitlement paid or payable in respect of the month immediately preceding the imposition of probation bears to the total Performance & Volume Rebate Payments or Service Commission entitlements of the IBOs under probation paid or payable in respect of such month;

11.9.2

AMWAY may recover the expenses by deducting the expenses from the Performance & Volume Rebate Payments or Service Commission funds held by AMWAY in escrow during the probation period pursuant to Rule [11.4.3], in the proportions referred to in Rule [11.9.1];

11.9.3

any balance of Performance & Volume Rebate Payments or Service Commission funds held by AMWAY in escrow after deduction of expenses pursuant to Rule [11.9.2] will be paid to the appropriate IBOs;

11.9.4

should the funds held by AMWAY in escrow during the probation period pursuant to Rule [11.4.3] be insufficient to meet the expenses, or should AMWAY elect not to suspend payment of Performance & Volume Rebate Payments or Service Commissions to the IBOs or certain IBOs during probation under Rule [11.4.3], then AMWAY will be entitled to withhold from Performance & Volume Rebate Payments or Service Commissions 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, & AMWAY will not be obliged to recommence paying Performance & Volume Rebate Payments or Service Commissions to any IBO until his or her proportion of the expenses has been paid in full.

11.10

In the event that AMWAY in exercise of its powers under Rule [11.7] directs that probation is to continue in respect of some only of the IBOs originally placed on probation, then the expenses incurred in respect of the continuance of probation & further corrective action pursuant to Rule [11.7.1] shall be borne solely by those IBOs in respect of whom probation is continued, in accordance with Rule [11.8].

12 – RESOLUTION OF DISPUTES

In the event of a dispute occurring between an IBO & AMWAY, this section provides for the appointment of an independent mediator or arbitrator, to mediate or to hear & resolve contentious issues.

12.1

Any dispute, controversy or claim arising out of 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 the arbitration of a person nominated by the President for the time being of "the Institute of Chartered Accountants of New Zealand" & the following provisions shall apply:

12.1.1

the mediation shall be conducted at Auckland, New Zealand;

12.1.2

the mediator shall be selected by AMWAY & the IBO from a panel of mediators nominated;

12.1.3

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 or herself, or in the case of a corporation an executive of the corporation, whether legally qualified or not.

12.2

In the event that the dispute, controversy or claim is not resolved by arbitration within 21 days of the appointment of the arbitrator (or such longer period as is agreed between AMWAY & the IBO) either party may refer the dispute, controversy or claim to arbitration administered by AMWAY of New Zealand & the following provisions shall apply:

12.2.1
the arbitration shall be conducted at Auckland, New Zealand;

12.2.2
subject to Rule [12.2.3] the arbitration shall be conducted in accordance with the current Rules of the Conduct;

12.2.3
the arbitrator shall be selected by AMWAY & the IBO from a panel of arbitrators nominated by AMWAY of New Zealand & failing agreement within 14 days as to an arbitrator. The arbitrator shall be a person other than the Mediator who has conducted the mediation pursuant to Rule [12.1];

12.2.4
the arbitrator shall have the powers of the Court only;

12.2.5
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 or herself or in the case of a corporation, an executive of the corporation, whether legally qualified or not;

12.2.6
examination of witnesses by the parties & by the arbitrator shall be permitted, but compliance with the rules of evidence shall not be required.

12.3
The costs of any mediation pursuant to Rule [12.1], or arbitration pursuant to Rule [12.2] shall be borne equally by the IBO & AMWAY.

12.4
An IBO proposing to exercise his or her rights under Rule [12.1] shall promptly notify AMWAY of New Zealand at its Auckland head office (15 Lady Ruby Drive, East Tamaki, Auckland) by post, email or facsimile within 28 days of receiving notice of AMWAY's determination. Correspondence should be addressed to the attention of the General Manager.

13 – BUSINESS SUPPORT MATERIALS (BSM)

Some IBOs offer for sale to other IBOs in their Personal Group a variety of non AMWAY produced sponsoring & merchandising aids or Business Support Materials (BSM). The manner in which BSM may be used with prospective IBOs & existing IBOs is detailed in this section. In particular, this section makes it clear that the sale, purchase & use of BSM is entirely optional & voluntary & that the content of BSM must comply with the Rules of Conduct.

Non AMWAY produced sponsoring & merchandising aids such as audio & video tapes, literature & flip charts, subscriptions & access to Web sites, meetings & rallies & duplicable forms of information, Business Support Materials (BSM), are entirely optional & IBOs who choose to sell, purchase or distribute such BSM must comply with this section & with other relevant Rules of Conduct including, without limitation, Rule [2.25]. IBOs who sell or distribute such materials must emphasise that the purchase of such materials is strictly voluntary; no IBO may ever require another IBO to purchase any BSM. 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 & business practices & policies. IBOs are responsible for compliance with applicable laws regarding the content, productions, distribution, sale or use of BSM.

13.1
BSM may be used with prospects (persons who are not IBOs) only in accordance with the following:

13.1.1
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, & the name of the publisher/producer;

13.1.2
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;

13.1.3
IBOs who have received authorisation to use BSM by AMWAY in accordance with these Rules of Conduct 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;

13.1.4
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;

13.1.5
the provisions of Rule [13.2] also apply to BSM covered by Rule [13.1]:

13.2
BSM may be used with IBOs or Members only in accordance with the following:

13.2.1
IBOs shall not use or distribute any BSM which contain any presentation, explanation, or illustration of the AMWAY Sales & Marketing Plan, or any part thereof unless expressly authorised by AMWAY as provided herein;

13.2.2
the content of BSM must comply with the Rules of Conduct & may not infringe in any way on AMWAY's copyrights, trademarks or other intellectual property rights;

13.2.3
BSM relating to the use, characteristics of &/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 & 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';

13.2.4
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' & 'motivational success stories etc. However, BSM dealing with 'how to show the AMWAY Sales & Marketing Plan' must be expressly authorised by AMWAY;

13.2.5
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;

13.2.6
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;

13.2.7
no IBO may produce, sell &/or distribute any BSM that are deceptively similar or substantially identical to literature or material published & 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;

13.2.8 B
SM shall avoid, either express or implied, discriminatory or offensive references to political, sexual, religious or racial matters; 13.2.9 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 & purposes of the AMWAY Sales & 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;

13.2.10
the distribution of BSM to IBOs shall be in accordance with the following procedures:

13.2.10.1
IBOs may sell, & both IBOs may purchase BSM through methods that require an affirmative request for each purchase or through standing order or similar arrangements (ie. arrangements that do not require the affirmative request for each future purchase);

13.2.10.2
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;

13.2.10.3
IBOs who sell BSM under standing 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 & your AMWAY business. This special message is to help you evaluate expenses which relate to Business Support Materials (BSM) available to you. Your expenditures on these items should be reasonable compared to your business volume & profits. You should review your business expenses & decide whether you wish to continue purchasing future BSM. The use of BSM in connection with your AMWAY business is voluntary & 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"

13.2.10.4
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 & approaches suggested have worked for others, no one can guarantee that these techniques & approaches will work for you. We hope, however, that the ideas presented here will assist you in developing a strong & 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;

13.2.10.5

the AMWAY Satisfaction Guarantee & Buy Back Policy DO NOT APPLY to any non AMWAY BSM. AMWAY will only honour the Satisfaction Guarantee with respect to its own materials. Subject to Rule [13.3.2], upon request, an IBO who sells non AMWAY 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 & 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 & the purchaser's Platinum IBO shall be responsible for handling returns. Selling IBOs shall ensure that the terms & conditions of any refund policy adopted comply with all applicable laws.

13.3

Business support offered in the form of major seminars, rallies & other meetings conducted by IBOs shall adhere to the following procedures:

13.3.1

tickets to major seminars & rallies shall contain the same or substantially equivalent, statement as in [13.2.10.4] above;

13.3.2

each IBO who chooses to sell tickets to major seminars & 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 [13.2.10.5];

13.3.3

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

13.4

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

14 – WEB/INTERNET SITES

The Internet has developed into a mainstream network of commerce & communications, offering business people significant potential to conduct transactions & network with others with speed & convenience. To enable Independent Business Owners (IBOs) to take advantage of the explosion of opportunities on the Internet, AMWAY has developed requirements for IBOs wishing to communicate with prospects, potential members, & customers using this technology. This section specifies those requirements.

14.1

Types of IBO Websites

14.1.1

Personal Home Page (PHP): IBOs may create a PHP Home Page to share their personal story or information about their business, hobbies, or interests with friends & downline IBOs, members & clients. A PHP is intended to help build a personal connection & establish credibility with someone who may want to find out more about the AMWAY business opportunity. IBOs must use a service provider of their own choice. Regardless of who builds or hosts the PHP, these Rules of Conduct must be followed.

14.1.2

Prospecting Site: IBOs may develop a site designed to interest potential IBOs in the business opportunity (a prospecting site). A prospecting site is intended to help IBOs in developing their own presence & furthering the image of their business, similar to prospecting

literature. Prospecting Sites must be pass code protected, must link to the home page of AMWAY's primary website, & follow the requirements set forth in these Rules of Conduct.

14.1.3

Product Sales Site: IBOs may develop a site designed to sell AMWAY & AMWAY distributed products & services. Sales information or claims about products & services must be accurate & trademarks & copyrights of AMWAY or its related companies must be appropriately protected. Product Sales Sites must be pass code protected & follow the requirements set forth in these Rules of Conduct.

Other types of sites: Line of Sponsorship (LOS) sites & other hybrid sites may also be developed by IBOs subject to approval by AMWAY.

14.2

General requirements for all web sites

14.2.1

Rule Compliance: All IBO sites must observe the IBO Rules of Conduct. IBOs should regularly review the Rules of Conduct & ensure compliance. Particular attention should be paid to the following Rules:

- (a) Rule 3.11.26 (Mass Mailings) – Prohibits any type of mass communication designed to obtain IBOs, customers, or sales.
- (b) Rule 3.11.27 (IBO Advertising) – Prohibits IBOs from advertising to sell products or offer the business opportunity in any means where the one-to-one personal nature of the business is not present.
- (c) Rule 3.11.33 (Unsolicited E-mail Messages) – Prohibits IBOs from sending, transmitting, or otherwise communicating any unsolicited e-mail message to a person or persons with whom the IBO does not have a pre-existing personal or business relationship.

<p>(d) Rule 3.19 (Compliance with Applicable Laws, Ordinances & Regulations) Requires IBOs to comply with all laws, ordinances & regulations in the operation of their business. This includes the unauthorised use of the intellectual property rights of others.</p>	<p>e-mail address (e.g., Quickstart.com, BuyLOC@amnet.net, AMWAY4u.com). Likewise, IBOs may not use Corporate trademarks or service marks, or any variation likely to cause confusion with a Corporate trademark or service mark, in a meta tag or other site locator.</p>	<p>14.2.8 Online Disclosures: IBOs who operate web sites should provide accurate, clear & easily accessible information sufficient to allow identification of their business, including the legal name of the business &, where relevant, the name under which it trades, the location of the business & an e-mail address or other means of contact. Product Sales Sites should also provide clear, accurate & easily accessible information about the products & services offered & the terms, conditions & costs associated with the transaction. E-Mail Address Posting: No e-mail address is permitted in a non-passcodeprotected environment. E-mail addresses are permitted on prospecting & product sale sites, however, the e-mail must appear behind the pass code page, it cannot appear on the “welcome page or pass code” page.</p>
<p>(e) Rule 3.29 (Confidentiality) — Requires IBOs to maintain the confidentiality of AMWAY’s confidential information</p>	<p>14.2.4 Site Addresses & E-mail Addresses: Addresses for web sites or e-mail must not be deceptive or misleading or violate the Rules of Conduct (e.g., EZmoney.com, Retirenow@USA.com, Nosellingrequired.com). “Spamming”: The sending of unsolicited e-mails to individuals with whom the respective IBO does not have a pre-existing relationship (“spamming”) is strictly prohibited.</p>	<p>14.2.9 Links to Other Sites: IBOs may only link to:</p>
<p>(f) Rule 3.30. (Privacy) Requires the IBO to comply with the Government privacy principles & with AMWAY’s privacy policy. This rule covers all information gathered about other IBOs & prospects who visit the site. IBOs privacy statements & practices must also be consistent with privacy laws.</p>	<p>14.2.5 Fair Business Practices : Web Sites may not contain any income representations or sales plan depictions unless expressly authorised, & may not misrepresent the business opportunity or make any representation or omission that is false or likely to be misleading or deceptive. Language which in the opinion of AMWAY reflects poorly on the business opportunity, is not permitted.</p>	<p>(a) The home page of the official AMWAY site (Deep links or links to other pages are not permitted unless expressly authorised).</p>
<p>(g) Section 8 (Trade & Domain names, Trademarks & Copyrights) — Requires permission to use the trade & domain names, trademarks, or copyrights or AMWAY & its related bodies.</p>	<p>14.2.6 No Programming Meta Tags: Meta tags of any kind are not permitted. No sites may be registered on search engines except for authorised PHPs. Non-Corporate Products or Business Opportunities: No products other than authorised BSMs & products offered by AMWAY to IBOs may be offered, presented, or sold.</p>	<p>(b) An authorised LOS site. (c) An authorised prospecting site.</p>
<p>(h) Section 13 (Business Support Materials) — Requires BSM, including Internet based BSM & web sites, used with prospects, or that contain a presentation, explanation, or illustration of the IBO Plan or product information intended for use in training new IBOs, to be reviewed an authorised by the AMWAY prior to use.</p>	<p>14.2.7 Customer Information: IBOs are required to abide by the provisions of any privacy statement posted on the site which must comply with the AMWAY’s privacy policy. They must also abide by representations made about security. IBOs should take the utmost precaution when handling personal customer information such as names, addresses, & credit card numbers because nothing on the Internet is completely secure.</p>	<p>14.2.10 BSM & Support System Representations: While AMWAY recognises that Business Support Materials &/or system participation can provide valuable support for building & operating an independent business, the purchase &/or use of BSM must not be required, nor may their use or purchase be made a condition of receiving upline support. IBOs may not state or imply that system participation is compulsory or that it will guarantee one’s success in the business.</p>
<p>14.2.2 All site content must be reviewed & authorised in accordance with these IBO Rules of Conduct. IBOs may fax, e-mail, or mail their content to their AMWAY for review.</p>	<p>14.2.3 Use of Corporate Trademarks: IBOs may not use Corporate trademarks or service marks, or any variation likely to cause confusion with a Corporate trademark or service mark, in their site address or</p>	

14.2.11

Employer/Employee Implications: IBOs may not state or imply in any way that IBOs are employees of the AMWAY, their sponsor or their LOS. When presenting the business to prospective IBOs, it must be made clear that it is an independent business ownership opportunity that is being introduced.

14.2.12

Guarantees: IBOs may not make implied or express guarantees of results or success in relation to any aspect of the business opportunity.

14.2.13

A "Sponsoring Only Business"

Opportunity: IBOs are prohibited from stating or implying that one can build a successful business solely through registering other IBOs, or otherwise de-emphasising the sale of products.

14.2.14

Intellectual Property Issues: IBOs may not use any trademark, trade name, service mark, or other intellectual property without prior written permission or license from the intellectual property owner. This applies to intellectual property of the AMWAY, its related companies or any outside manufacturer, vendor, publisher, or other third party. The IBO is solely responsible for all intellectual property issues involving a third party & the Corporation expressly disclaims any responsibility in this regard. IBOs may not frame the web site of AMWAY or its related companies unless expressly authorised by AMWAY. Framing of third party web sites is prohibited.

14.2.15

Applicable Law & Jurisdiction: IBOs should clearly specify that New Zealand law & jurisdiction applies with respect to their web site.

14.3

Additional requirements for Personal Home Pages (PHPs)

14.3.1

Passcode Protection is NOT required for PHPs. Appropriate PHP Content Includes:

(a) The name & location of the IBO;

(b) The IBO's achievement level;

(c) Personal statements regarding the business that comply with the General Requirements in these Rules of Conduct;

(d) A photograph of the IBO;

(e) Artistic elements in good taste that reflect positively upon the IBO & the Business Opportunity;

(f) An audio greeting;

(g) The Business Opportunity must be identified as applicable only in New Zealand ;

(h) A Link to the home page of the primary web site of AMWAY;

14.3.3

Prohibited Content

(a) Product or service information; which could be interpreted as an advertisement or prospecting information;

(b) E-mail contact details;

14.4

Additional requirements for prospecting sites

14.4.1

Passcode Protection:

(a) Prospecting sites must be passcode protected, utilising a passcode that is not easily determined by uninvited individuals seeking entrance;

(b) The passcode page may only contain information needed for sign-in purposes & a small introductory paragraph to verify a viewer has reached the correct site. A technical help e-mail address can appear for individuals experiencing difficulty. The page may not contain IBO numbers or passcodes that would provide a casual web viewer access. IBOs may give out their passcode to prospective IBOs only in face-to-face or other one-to-one contact situations;

(c) The passcode page must carry the following statement: 'For use with prospects by IBOs in New Zealand only';

14.4.2 Appropriate Content Includes:

(a) The representation of information regarding the benefits of participating in the business as IBO and customer;

(b) Identification details, including the legal name, trading name & location of the featured IBO;

(c) The personal story of the featured IBO &/or personal reflections regarding the business opportunity;

(d) Accurately sourced background & statistical information having to do with the economic trends, general business environment, & future projections;

(e) Build-the-dream sections consisting of hyperlinks to sites reflecting potential dreams of a prospect provided that no implication or suggestion is drawn that the business will provide these dreams or goals;

(f) General 'how to's' reflective of the type of activities a new IBO would engage in to build their business. Examples include 'How to Make a Prospecting List', 'How to Conduct Product Demonstrations';

(g) Information regarding the system, organisation, or personal development program in which the featured IBO participates. System participation must always be framed as optional;

(h) Outbound Links to other sites, provided such links are consistent these Rules of Conduct. These links may include the relevant Home Page of the Line of Sponsorship or the home pages of AMWAY's web sites;

(i) Inbound Links from an authorised Personal Home Page & a Line of Sponsorship site.

14.4.3 Prohibited Content

(a) Language which states or implies a guarantee of income;

(b) Personal success stories that reflect a level of achievement not attained solely through participation in the business;

(c) Non-Corporate products & business opportunities;

14.5

Additional requirements for product sales sites Passcode Protection:

(a) Product Sales sites must be passcode protected, utilising a passcode that is not easily determined by uninvited individuals seeking entrance;

(b) The passcode page may only contain information needed for sign-in purposes & a small introductory paragraph to verify a viewer has reached the correct site. A technical help e-mail address can appear for individuals experiencing difficulty. The page may not contain IBO numbers or passcodes that would provide a casual web viewer access. IBOs may give out their passcode to prospective IBOs or clients only in face-to-face or other one-to-one contact situations; IBOs may not sell products to customers outside New Zealand. The passcode page must carry the following statement: "For use with prospects, clients & IBOs in New Zealand only"; Appropriate Content Includes:

(i) Identification details, including the legal name, trading name & location of the featured IBO;

(ii) Current AMWAY of New Zealand product information & imagery as provided by AMWAY. Use of any trademark, trade name, service mark, or other intellectual property including photos & text, must be used appropriately & requires written approval;

(iii) On-line forms & on-line processing of orders that should enable customers to: identify the precise goods they wish to purchase; identify & correct any errors or modify their order; express a deliberate & informed consent to purchase; & retain a complete & accurate record of their purchase;

(iv) Easy to use, secure payment mechanisms & information on the level of security such mechanisms afford. However, IBOs are responsible for all security issues, including but not limited to the confidentiality of customer credit card numbers, associated with their Web sites;

(v) Product Promotion Information as provided by AMWAY;

(vi) A conspicuous statement that IBOs are independent business persons & products are not being ordered directly from AMWAY.

14.5.1

Prohibited Content

(a) Prospecting & recruiting content.

15 – GENERAL

This section says that AMWAY of New Zealand has the right to amend these Rules at any time, that the Rules are enforceable, & provides advice on proper service of notices on or by either AMWAY or IBOs.

15.1

Nothing in these Rules of Conduct in any way limits or detracts from the general Rules of Law applicable to the contractual relationship between a contracting entity & an independent contractor or the relationship of the head agent & sub-agent.

15.2

AMWAY may amend these Rules of Conduct at any time following consultation with the Diamond Body by publishing the amendment in the IBO magazine or by any other written notification to the IBO, & the amendment shall become effective as from the date specified in those publications or by other written notification.

15.3

No waiver by AMWAY or 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 or any other or subsequent such breach, default or omission.

15.4

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 & this document shall be construed accordingly.

15.5

For activity in New Zealand these Rules shall be governed & construed in accordance with the law for the time being & from time to time in force in New Zealand. For activity in Australia these Rules shall be governed & construed in accordance with the

Australian Rules of Conduct & with the law for the time being from time to time in force in Australia.

15.6

Any notice, demand or other document under or relating to these Rules shall be sufficiently served if delivered personally or if sent by facsimile, e-mail or prepaid registered post to AMWAY at 15 Lady Ruby Drive, East Tamaki, Auckland (Attention Business Relations Manager) & to the IBO at the address specified in his or 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 & 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 ordinary course be delivered.

16 – GENERAL TERMS & CONDITIONS OF TRADE PAYMENT/ NON PAYMENT

AMWAY offers different ways for an IBO to pay for their order, by cash, cheque or credit card prior to shipment or by Direct Debit or Payment Plan after order shipment. Where the payment is not completed or in the case of a cheque, dishonoured:-

- Where the payment is for a payment plan the conditions of the Payment Plan Application shall have effect.
- A payment default will represent a breach of the Rules of Conduct.
- Notification of Default: Given that any non payment or return of product will have an effect within the line of sponsorship AMWAY reserves the right to notify your up-line that a default

has occurred and that PV/BV will be deducted from the line of sponsorship.

- Cancellation>Returns/Refunds: Any cancellation or return of product other than for exchange or quality purposes will be subject to deduction of 5% freight and 5% handling charges, recovery of bonuses or other commission payments, and rework of PV/BV through the line of sponsorship.
- Future Purchases: An indebted IBO who is in default may not be permitted to place orders unless the full amount outstanding is paid; any payments to AMWAY by an indebted IBO may be applied at AMWAY's discretion against any debt outstanding in the name of the debtor.
- Where an IBO defaults in payment under a direct debit authority for more than 2 times in any one 12 month period then AMWAY will suspend this payment term for a minimum period of 6 months after which the IBO may apply for it to be reinstated.
- Credit Card Expiry: If you have undertaken to pay terms installments by credit card AMWAY will endeavour to contact you prior to expiry of the card, however, it is your responsibility to ensure that your credit card remains current and available during the period of installment deductions.
- Rebate Payments: AMWAY reserves the right to apply any Rebate payments or returned merchandise credits directly against any outstanding indebtedness.
- Dishonour Charge: where a direct debit payment is not honoured by your bank we will charge you as \$20 fee.
- Debt Recovery Cost: In any case of default AMWAY reserves the right to recover any reasonable costs incurred in recovering the debt from you.

- Future Recovery Action: Should indebtedness not be cleared AMWAY may refer the matter to a Collection Agency for recovery action. The indebted IBO may be liable for any costs associated with recovery.
- Consequences of Default: At its discretion AMWAY reserves the right to withhold qualification for incentive payments, events and seminars and IBO qualification may be revoked.

Right to Vary

AMWAY has the right to vary these General Terms of Trade from time to time as it sees fit. Your continuing to trade with AMWAY after your renewal date will signify your agreement to be bound by the revised General Terms of Trade. The most recent version of the General Terms of Trade can be viewed on www.amway.co.nz or can be obtained by contacting AMWAY on 0800 611 611.

Australia/New Zealand

New Zealand and Australia form one AMWAY market which allows you to sponsor directly into Australia. This means your New Zealand business activity will be governed by the laws of New Zealand and Rules of Conduct for AMWAY IBOs and AMWAY General Terms and Conditions of Trade for AMWAY of New Zealand and AMWAY Services New Zealand Limited and your Australian business activity will be governed by the Laws of Australia and the Rules of Conduct for AMWAY IBOs and the AMWAY General Terms and Conditions of Trade for AMWAY of Australia (ABN 49 004 807 756).

Where these General Terms of Trade conflict with the Rules of Conduct for AMWAY IBOs then the Rules of Conduct shall take precedence.

If these General Terms of Trade conflict with a specific written agreement between AMWAY and the IBO then the specific written agreement shall take precedence.

Buyer Created Tax Invoice Terms and Conditions

Where:

- Supplier is the IBO
- Supplies is the provision of services for which Rebates or Commissions are paid
- Recipient is AMWAY of New Zealand or AMWAY Services New Zealand Limited

The Supplier warrants that the Supplies are Taxable Supplies for GST purposes and will advise AMWAY should any Supplies be GST-free, input taxed or outside the scope of GST.

The recipient and the supplier agree that:

- (a) the Recipient can issue Buyer Created Tax Invoices in respect of the Supplies;
- (b) the Supplier will not issue Tax Invoices in respect of the Supplies;
- (c) the Supplier acknowledges that it is GST registered when it supplies details of GST registration to the Recipient that it will notify the supplier if it ceases to be registered;
- (d) the Supplier indemnifies the Recipient for any liability to tax, overclaimed credits and penalties as a result of an error by the Recipient on any Supply for which it issues a Buyer Created Tax Invoice that might arise due to the failure of the Supplier to notify cessation of registration, or other Tax requirements.

Privacy Policy

We recognise that your privacy is very important to you. We never sell or rent your personal information. You may reasonably obtain access to the personal information we hold. AMWAY will send you product and business information to keep you informed and help you succeed in your business. In addition, from time to time AMWAY and its associated companies may make specific marketing offers which may also be available to your upline or downline. If you do not wish to receive such offers you can opt out by ticking the box on the front of this form.

Credit Reference Enquiry

Should you apply for commercial credit under any installment plan, you agree that AMWAY may obtain a credit report about you from a credit report agency.

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