



Statement of Policies

Introduction

The Statement of Policies outlines the policies and procedures designed to ensure the interaction between an Executive and the Gold Canyon home office is as effective as possible. This includes basic corporate information such as the best ways and times to contact Gold Canyon. We encourage you to study this document carefully, as many of your questions can be answered here.

Corporate Information

There are several ways in which you may contact Gold Canyon. Following is a list of helpful information such as mailing address, phone and fax numbers and the corporate website address.

U.S. Mailing Address

Gold Canyon International, L.L.C.
6205 S. Arizona Ave.
Chandler, AZ 85248

Canadian Mailing Address

Gold Canyon Canada, U.L.C.
5925 Airport Road, Suite 200
Mississauga, Ontario L4V 1W1

Orders are not accepted via mail.

Telephone

Gold Canyon Customer Service for Executives: Toll Free: (866) 737-8311
Gold Canyon Customer Service for local Executives: (480) 222-2699
Gold Canyon Customer Service for Customers: Toll Free: (866) 996-4222

Fax

Main: (480) 449-0997
Main Toll Free: (877) 546-4828
Orders are not accepted via fax.

Tickets

Customer Service: Submit a Support Ticket in the Help menu on the Business Center

Live Chat

Customer Service: Live chat available on the Business Center from 8:00 a.m. to 5:00 p.m. AZ Time.

Email

Customer Service: gcsupport@goldcanyon.com

The Gold Canyon Customer Service Department is a team of representatives ready to assist Gold Canyon Executives with questions and concerns that relate to policies, procedures, orders and incentives.

Internet

U.S. Corporate Website: <http://goldcanyon.com>
CA Corporate Website: <http://goldcanyoncandle.ca>
Executive Portal: <http://BusinessCenter.GoldCanyon.com>

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We recommend you also consult the following resources as they can answer many of your questions:

- The Business Center (<http://BusinessCenter.GoldCanyon.com>)
- My Account (Account Overview, Manage Website, Customers & Change Password)
- Orders (Order Entry and Order History)
- Reports (Gold Dollars Ledger, Customer List, Order History, Shipment Tracking, Organization Data, Personal Website Billing, Personal and Team Performance Reports, Earning Statement & Conference Recognition)
- Events (Event registration)
- Communication (Emails)
- News (Announcements)
- Tools (Tax Rate Lookup, Resource Library and Direct Selling Insurance Programs)
- Help (Support Tickets)
- Your upline

Preferred Sales Method

As an independent contractor, each Executive is responsible for his or her own business activity. An Executive is not considered an employee of Gold Canyon or his or her upline. Executives are required to follow the tax codes and business reporting requirements in the respective jurisdiction where their business activities take place and it is recommended that they consult with a local professional advisor for more information related to their business. Gold Canyon Executives are responsible for:

- Complying with all federal, state, county and local laws and regulations as they relate to the possession, distribution, sale, stocking, receipt and advertising of Gold Canyon products or the operation of a business
- Acquiring any applicable licenses or business registration, filing all necessary reports and paying all appropriate taxes and/or fees legally required in order to operate a Gold Canyon business
- Collecting all sales tax, whether assessed at the local, state, territorial, county or city levels. These taxes must be remitted to Gold Canyon. Gold Canyon, in turn, remits these taxes to the government tax authorities on behalf of Executives. Any taxes that Gold Canyon does not process must be sent directly to the appropriate tax authorities
- Reporting their earnings to the Internal Revenue Service and state revenue departments when applicable and are responsible for maintaining records and receipts of all business activities
- Paying any required Social Security tax for the self-employed

General Policies

Responsibilities of Gold Canyon Executives

Executives are required to:

- Familiarize themselves with the Gold Canyon Statement of Policies, Terms and Conditions and Rewards Plan, as well as all guidance provided through corporate newsletters and other official announcements
- Manage their Gold Canyon businesses in a way that is consistent with the Gold Canyon Statement of Policies, Terms and Conditions and any other amendments or publications made available by Gold Canyon
- Avoid making any claims or representations regarding the Gold Canyon product line that are inconsistent with the current catalog or publications made available by the Company



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- Avoid making any claims or representations relating to potential compensation, except for those representations made in Gold Canyon publications
- Understand and adhere to the replacement and guarantee provisions of product sales
- Protect each customer's payment and payment information, submit and deliver each order in a timely manner
- Coordinate and carry out Parties, Fundraisers and other sales events according to Gold Canyon Statement of Policies
- Verify that each Host fully understands the Host Rewards program before organizing any Party
- Uphold the high standards of professionalism expected of a Gold Canyon Executive and diligently promote, market and sell Gold Canyon products. The Executive further agrees to require and monitor those same standards of professionalism with his or her organization.

Communications Requirements

Communication between an Executive and Gold Canyon is crucial. While Gold Canyon produces newsletters and other communications, the principle method of communicating to the Executive is through the Executive website, the Business Center. Executives also receive numerous email communications regarding their business. In order to stay informed and current with their business, Gold Canyon requires that all Active Executives receive these email communications; they may not unsubscribe as long as they are an Active Executive.

An Executive's main method of communication to Gold Canyon is typically via Support Tickets, faxes and calls placed to the Gold Canyon Customer Service Department. Technology is critical and Executives need to have access to a computer with Internet capability.

All correspondence by Gold Canyon through the Business Center and email is done in a current version of Microsoft Office and Adobe Acrobat; therefore, an Executive's systems must be compatible to open files that work with these programs. It is the responsibility of the Executive to select the communication method that can best suit his or her needs to maintain the proper communication equipment.

To expedite service when contacting the Gold Canyon Customer Service Department, you are required to give your Executive ID number when you call. The Gold Canyon Customer Service Department will make every effort to respond to your inquiry as soon as possible.

All calls to the Gold Canyon Customer Service Department are recorded for quality purposes. Please maintain a level of professionalism when working with the service representatives. They have your best interests in mind and do their best to serve you.

Gold Canyon Customer Service Department hours are Monday through Friday from 8:00 a.m. to 5:00 p.m. AZ Time. As noted in the Policy section of this manual, Arizona does not recognize daylight-saving time. All references in corporate communications will be to AZ Time.

To improve service to Executives, the Gold Canyon Customer Service Department conducts training meetings every Wednesday from 10:00 a.m. to 11:00 a.m. AZ Time. Additional monthly meetings will be announced on the Business Center. While these meetings are in progress, members of the Gold Canyon Customer Service Department are unavailable.



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The Business Center

The Business Center (accessed through <http://BusinessCenter.GoldCanyon.com>) is a vital part of the Company and features changing, up-to date information for Executives. Gold Canyon offers this password-protected site exclusively to Gold Canyon Executives. This is considered the lifeline between Executives and the Company. All Executives are encouraged to access the Business Center daily to receive vital business information from Gold Canyon as quickly and easily as possible.

Technology Recommendations

The following is a list of technology recommendations to expedite your business interactions with Gold Canyon:

Operating System:

- PC Windows 7 or later, recommended Windows 10
- Mac OS El Capitan or greater

Browser (one of the following):

- Internet Explorer 11 or greater or Microsoft Edge
- Firefox (recommended)
- Safari (for Mac machines)

Business Procedures

Proper Completion of Documents

It is the Executive's responsibility to complete all order submissions and other business forms. Gold Canyon will not assume liability for any non-receipt of product orders, registration for a Gold Canyon event or loss of product or commissions because of:

- An Executive's or customer's mistake in completing and/or submitting orders, agreements or other documents
- A delay or error in receiving documents because of failed fax or email transmission or failed postal delivery
- A delay or loss of order information because of interruption in Internet capabilities or
- Interruptions of telephone, fax or email services where neither the Executive nor Gold Canyon is at fault

Use of Authorized Forms

All copyrighted paperwork and forms necessary to solicit sales, provide customer receipts and notices, submit orders, sponsor team members and perform other functions are made available to Executives by Gold Canyon through the Business Center. Executives should consistently use all Gold Canyon forms for their business. Producing photocopies of any Gold Canyon paperwork or forms is not permitted unless the form is available in a downloadable format on the Business Center. Any order, agreement or other information submitted to Gold Canyon must be received on an authorized Gold Canyon form or via the Business Center. If an Executive submits information in any manner other than the appropriate authorized form, Gold Canyon reserves the right to either refuse the submission or assess a fee for processing. Gold Canyon will not be liable for any losses an Executive experiences when an unauthorized form is submitted.



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Shipping

Gold Canyon will choose the method of shipping depending on the overall cost, weight and zip code of the order's ship-to address. Most product orders will be shipped via a parcel carrier. In addition to your shipping address, all Executives are required to provide a valid mailing address for receipt of documentation and/or marketing materials. From time to time, the Company will release the rates and procedures for shipping. For larger orders (determined at the discretion of Gold Canyon), pallet shipping may occur and Gold Canyon will ship LTL (less than truckload). Pallet orders will be delivered on 48"x 40" wood pallets. (For current shipping rates, see the Business Center/Resource Library/Gold Canyon USA and Canada/Shipping and Sales Tax.)

P.O. Box Shipping

Executives must always provide Gold Canyon with a street address for shipping purposes. Gold Canyon will not ship to post office boxes.

Payment Prior to Shipping

Please note that Gold Canyon will not ship an order until valid payment from the Executive is received. Once the Company receives valid payment, all orders will ship from the Chandler, Arizona, warehouse within approximately five business days. Gold Canyon will attempt to process most orders within one to two business days, but during peak times, (for example: end of month, end of quarter, new catalog release, fourth quarter), it may be necessary to extend shipping times.

Special Shipping Charges for Alaska, Hawaii, U.S. Territories and Military States (AP, AE and AA)

Due to the distance and high costs of shipping, additional shipping charges are required for products sent to Alaska, Hawaii, U.S. Territories and Military States (AP, AE and AA).

Product Guarantee

Candles, Accessories, and Home Décor Items

Defective products can be returned within 90 days of product order from Gold Canyon for replacement of the same product. If the item being exchanged is a limited edition or seasonal item and the product is no longer available, it may be exchanged for another item of equal or greater value. At the discretion of Gold Canyon, any defective product may be required to be returned to the home office so it can be verified that the item does not meet product specifications. All returned items must be accompanied by a Returns Material Authorization (RMA) letter issued by the Gold Canyon Customer Service Department. Gold Canyon will pay the shipping charges for products returned because of defects. The Company will provide a Return Shipping Label to cover the shipping charges for a defective item return.

Replacement Process

If an Executive needs to replace any Gold Canyon product, he or she can either call Customer Service or go to the Business Center and enter a Support Ticket with the category of "Replacement Order". The Support Ticket must include the original order number, the item numbers to be replaced and reason for the replacement. If the order is shipping to the customer, then the customer's name and address must be included in the ticket otherwise the order entered by Customer Service will ship to the Executive.

Please note that replacements with a reason of "Changed Mind or Did Not Like or Ordered Wrong Item" need to be returned to Gold Canyon at the Executive's expense with a Return Material Authorization



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(RMA) letter issued by Gold Canyon Customer Service. The product needs to be in new and sellable condition and can only be replaced for products of equal or greater value. Please retain any product that you are requesting to be replaced for 30 days after you have submitted the ticket in case Gold Canyon needs it for analysis.

Reporting Errors

If a Gold Canyon Executive has questions or believes an error has been made regarding commissions, bonuses, product orders or charges, the Executive must notify Gold Canyon Customer Service via telephone call, live chat or Support Ticket within 30 days of receipt of the order or incident in question. Gold Canyon will not be responsible for errors or omissions not reported within 30 days.

Refunds

Gold Canyon does offer refunds for returned items from customers who do not choose to accept replacement product. Proof of purchase is required for any refund.

Product Availability

Occasionally, there may be a need for some or all of a customer's order to be placed on back order. If a customer chooses to cancel a back-ordered item, the Executive needs to contact Gold Canyon to have the back-ordered item cancelled. It is the Executive's responsibility to remit a refund to the customer for the original purchase amount of the cancelled item.

If after 5 business days, a back-ordered item has not been shipped, the item will be cancelled. Gold Canyon will also cancel all supply items and any commissionable items under \$5.00 on back order and take these items offline. To remain consistent with this policy, the Company will take any item offline that will be out of stock for longer than 5 business days. Items that have been taken offline will not be placed online again until they are in house and ready to ship.

Additionally, there may be instances when an item has already been purchased and the Company determines that the item will be on back order longer than 5 business days. Should this occur, Gold Canyon will cancel these items in advance of the stated 5 business day policy. If a back-ordered item is cancelled, the Executive will receive an adjustment in the form of Gold Dollars within five business days of the item being cancelled. Gold Dollars adjustments are for the wholesale amount (catalog price less 25%) or for supply items, the purchase price and any other additional charges associated with the purchase.

For current product availability information go to the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Product Availability List.

Inventory

Gold Canyon does not encourage stocking inventory. While nothing prohibits Executives from maintaining an inventory base, doing so would primarily be for personal purposes or individual sales. The preferred method of doing business is for all Executives to place customer orders with Gold Canyon. The products will then be shipped from the home office to the Executive, Host or customer. Because Gold Canyon strives to get products to the customer as quickly as possible, there is little incentive to stock inventory.



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Inventory Returns

Upon cancellation or termination of an Executive's Agreement, the Executive may return inventory and sales aids they personally purchased for a refund from the Company. An Executive may only return products and sales aids that are in resalable condition. Upon receipt of the products and sales aids, the Executive will be reimbursed 90% of the net cost of the original purchase price(s), less shipping charges. The Company shall deduct from the reimbursement paid to the Executive any commissions, bonuses, rebates or other incentives received by the Executive which were associated with the merchandise that is returned. Products and sales aids shall be deemed "resalable" if each of the following elements is satisfied:

- 1) They are unopened and unused
- 2) Packaging and labeling has not been altered or damaged
- 3) The product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price
- 4) Products are returned to Gold Canyon within one year from the date of purchase
- 5) The product contains current Gold Canyon labeling

Any merchandise that is clearly identified at the time of sale as non-returnable discontinued, or as a seasonal item, shall not be resalable. The Executive returning the merchandise is responsible for all return shipping charges.

Substitutions

From time to time, Gold Canyon may need to make a substitution for a raw material or finished good. Gold Canyon reserves the right to substitute a component of similar value, purpose and quality for a product or component that has changed. These substitutions will not affect the quality of any of our products. These substitutions may result in a difference between the specifications of the final product and those included in the catalog or other Gold Canyon publications.

Altering Gold Canyon Products

Any alteration of a Gold Canyon product by Executives, such as re-melting and repackaging, for sampling or reselling is prohibited and is grounds for termination.

International Sales

Executives are authorized to sell Gold Canyon products only to those residing within the United States, its territories and military bases, Canada and its provinces.

International Sponsoring

Executives are authorized to undertake sponsoring only to those residing within the United States, its territories and its military bases, Canada and its provinces. Please note that if you undertake sponsoring efforts in Canada, your business activities must comply with the guidelines set forth in the Statement of Policies of Canada.

Time Zones

Gold Canyon's corporate offices are in Arizona and in the Mountain Time zone. References in corporate communications will be to Arizona Time. Arizona does not recognize daylight savings time and therefore adheres to Mountain Standard Time, rather than Mountain Daylight Time.



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Independent Gold Canyon Executive Status

Executive Requirements

As a Gold Canyon Executive, you have the opportunity to develop friendships, to earn a competitive income and to develop professionally. The basic requirements of becoming a Gold Canyon Executive are as follows:

- Be at least 18 years of age
- Be a citizen or a permanent resident of the U.S. or a citizen of a U.S. Territory, Canada or a Canadian territory
- Possess a legitimate Social Security number
- Sign and submit an Executive Agreement
- Provide complete, accurate and unique profile information at time of enrollment (name, birth date, address, email, phone, etc.)

Individual Agreement

Gold Canyon recognizes one name per Executive Agreement. Gold Canyon will not accept agreements from partnerships, teams, corporations or any other form of business entity. Executive Agreements exist only between Gold Canyon and the individual who signs the Executive Agreement. Spouses of an Executive may not also be Executives.

Executive - Active

An Executive must be in compliance with the Gold Canyon Statement of Policies, Terms and Conditions and amendments thereto. As an Active Gold Canyon Executive, you are entitled to the full benefits of being an Executive. An Executive must renew their agreement annually on their anniversary to be considered Active for the following year, this is done by paying an annual fee or being enrolled in Scent of the Month the previous 12 months

Executive – In Good Standing

To be considered a Gold Canyon Executive In Good Standing, an Executive must be in compliance with the Gold Canyon Statement of Policies, Terms and Conditions and all amendments thereto. As a Gold Canyon Executive In Good Standing, you are entitled to the full benefits of being an Executive.

Executive – Resignation

An Executive in Resignation status is one whose account with Gold Canyon was closed voluntarily by sending a Support Ticket to Customer Service asking to be resigned or choose not to renew their account on their anniversary date. See Renewal for additional details.

Executive - Terminated

An Executive in Terminated status is one whose account was closed by Gold Canyon as a result of disciplinary action.

Compression Policy

When an Executive closes their account and is no longer part of the company, their organization and customers are moved to the upline filling the gap left by this Executive.



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Hold Status

An Executive in Hold status is one who has violated a policy and is not allowed to log in to the Business Center or do any business as an Executive until the violation has been corrected. See Hold Status in the Statement of Policies for additional information.

Renewal

An Executive renews their agreement with the Company on an annual basis. This is done by paying an Annual Renewal Fee of \$99 USD / \$128.70 CAD on the anniversary of their enrollment. The Annual Renewal Fee is waived if an Executive is enrolled in Scent of the Month the 12 months just prior to their anniversary date. Annual renewals for Executives enrolling prior to February 1, 2018 will start February 2019. Executives that choose not to renew their accounts will be placed into Resignation status, their team and customers will be compressed on the Executive's anniversary date.

Termination of the Executive Agreement

Termination of the Executive Agreement may occur in one of three ways: either voluntarily by the Executive as cancellation or resignation, involuntarily through disciplinary action by Gold Canyon or termination by Gold Canyon upon 30 days written notice without cause. Each of these methods is collectively referred to as "termination".

Termination by Resignation

An Executive may resign by submitting written notification to the home office. Should an Executive wish to resign, he or she must provide the written notification to Gold Canyon. Once an Executive resigns, he or she will not be permitted to sign a new Executive Agreement and purchase an Enrollment Kit until he or she has waited six calendar months from the actual resignation date.

- Executives who terminate their Executive Agreement through resignation may submit their letter of resignation by submitting a Support Ticket to the Gold Canyon Customer Service Department on the Business Center. This letter must include the Executive's name and a reason for resigning.
- The resignation will take effect on the Executive's anniversary date following the period in which the resignation was received.
- Should a resigning Executive wish to return any products, Gold Canyon will accept current items that are in salable condition in accordance with the terms of the Inventory Return Policy.
- If an Executive resigns, the Executive loses all rights to promote, market or sell the Gold Canyon product line and the Executive's organization is compressed to the resigning Executive's upline according to Gold Canyon's policy. The compression process will take place on the Executive's anniversary date following the period in which the resignation was received.

Termination as Disciplinary Action

Gold Canyon may terminate an Executive's Agreement as a disciplinary action for breach of the Statement of Policies or Terms and Conditions, abuse of incentives or promotions, misrepresentation, violation of the law, disreputable or unprofessional conduct or engaging in conduct that, in Gold Canyon's discretion, damages the Company's goodwill. Gold Canyon reserves the right to reject any new Executive Agreement if that Executive has been terminated on a previous occasion. The Disciplinary Action policies will be upheld if necessary.



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Effect of Termination of the Executive Agreement

Upon an Executive's termination, the Executive loses all rights to promote, market or sell the Gold Canyon product line and use or represent the Gold Canyon business name. Additionally, the Executive forfeits all rights to any former team or organization members and any privileges previously enjoyed as an Active Executive. The Executive will receive any commissions or financial benefits earned up through the day his or her agreement was terminated, but is not entitled to any amounts withheld during a disciplinary review or any amounts due Gold Canyon for any reason.

The Executive will not receive any commissions or financial benefits derived from either personal sales or their former team or organization. Prior to resigning or being terminated, an Executive must redeem any and all incentives or bonuses and will not be entitled to awards or incentives unless he or she is Active at the time the award is distributed or carried out. Incentives and bonuses earned by an Executive who resigns or is terminated may not be redeemed for cash.

Switching Uplines

Because of the nature of the business model, Executives may not switch uplines.

Team Development

Use of Titles

Gold Canyon permits Executives to publish their leadership title (i.e. 3 Star Executive, 5 Star Executive, 10 Star Executive, etc.), in places such as on an Executive's website, business card, checks or within an email signature. When the title is used on a business card or anywhere else, the management title must be accompanied by the words "Independent Executive". Executives must avoid any implication of being a direct employee of Gold Canyon.

Sponsoring a Team

Once an Executive receives his or her Enrollment Kit and has thoroughly read the Rewards Plan, Statement of Policies, he or she may begin sponsoring. There is no limit to the number of Executives that may be sponsored. The sponsoring Executive must be Active and must also be in compliance with Gold Canyon's Statement of Policies and Terms and Conditions. Override Commissions are paid on an Executive's team only when the Executive meets the Paid-As Title requirements as outlined in the Rewards Plan.

Income Claims

Making claims regarding potential income to be earned under the Gold Canyon Rewards Plan is prohibited pursuant to Federal Trade Commission regulations. Executives may not estimate projected income for new Executives or share their personal income histories with potential new Executives. Any examples of potential earnings should be consistent with the information presented in Gold Canyon publications. It should be made clear to the prospective Executive that the examples of potential earnings are hypothetical and not based on an individual's actual performance, but rather on mathematical projections that are solely intended to illustrate how the financial opportunity operates.

Referral Program

The preferred sales method for Gold Canyon is the home Party where personal relationships can be built between Executives and their customers. With this method in mind, each time potential customers



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contact Gold Canyon to purchase products, host a Party, inquire about being an Executive or find out more information on Gold Canyon Fundraisers, they will be redirected to an Executive in their area.

For online shopping, a customer will be asked to select an Executive. They will enter their postal code and the search feature will return a list of nearby Executives who have an active personal website and have a Paid-As Title of 1 Star Executive or above for the last closed period. The results lists shows the Career Title of the Executives who are found in the search.

When a person decides to join Gold Canyon through GoldCanyon.com, they are required to select a Sponsor to complete their request. If they don't already have an Executive when they go to enroll online, they will be asked to select one by entering their postal code. The search feature will return a list of nearby Executives who have both an active personal website and a Paid-As Title of 3 Star Executive or above in the previous month.

Executive Agreement

For a new Executive to complete the enrollment process, the Executive Agreement must be submitted and the Enrollment Kit must be purchased. The Executive Agreements are submitted online through an Active Executive's website or GoldCanyon.com using one of the following credit cards: American Express, Discover, Visa and MasterCard.

Promotions

An Executive promotes to a new Career Title when they meet all of the qualifications for that title in a single month. Regardless of what day the promotion was actually achieved, the new Career Title is effective for the entire month when determining qualification for Team Overrides, Scent of the Month Bonus, Enrollment Bonus, Star Bonus and Lifestyle Bonus. An Executive may promote to more than one new title in the same month. In this instance, the Executive is paid at the highest title to which they promoted in that month.

Leadership Titles

Each Executive is paid at the title for which they qualify during the period. The requirements to be paid as a title are the same as the requirements to promote to that title but subject to a single month.

An Executive's Career Title is their recognition title, typically the highest title they have achieved. An Executive's Career Title does not change unless they promote, unlike a Paid-As Title, which may vary from month to month.

Leaders Code of Conduct

Leaders, 5 Star Executives and above, are expected to meet the requirements as set forth in this Statement of Policies and Terms & Conditions. In addition to other requirements, leaders agree to:

- hold monthly Gold Canyon Team Meet-Ups
- proactively work with team members to help them in their Gold Canyon businesses
- respond to Gold Canyon team members' inquiries in a timely and professional fashion
- attend Gold Canyon events and participate in Gold Canyon leadership calls
- Leaders also agree not to train, teach or otherwise promote methods to manipulate the Rewards Plan, incentives, bonuses or promotions, such as entering orders or placing newly enrolled Executives under Executives in his or her organization



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Non-Competition

Leaders also agree to Non-Competition, meaning they will not, directly or indirectly, compete with Gold Canyon, and will refrain from directly or indirectly:

- recruiting for, or promoting, displaying or selling any products or services of, any direct selling company other than Gold Canyon;
- being an owner, employee, or independent contractor for any direct selling company other than Gold Canyon, except for the sole purpose of purchasing products for personal use.

Further, leaders will adhere to these policies:

- will be an independent contractor with control over the scope, methods and manner of their activities pursuant to this Statement of Policies and Terms & Conditions.
- will conduct business in an ethical fashion and provide the leadership and direction explained in this Statement of Policies.
- will operate his or her business in full compliance with all federal, state and local laws and regulations.

Failure to adhere to this Leader's Code of Conduct will result in Disciplinary Action as outlined on pages 21 of this Gold Canyon Policies document.

Selling or Transferring an Executive's Business

Selling or transferring an Executive's business is not permissible. The Agreement with each Executive is a personal contract to Gold Canyon and may not be transferred by the Executive to a third party.

Commissionable and Non-Commissionable Items

The following orders are considered commissionable:

- Sales submitted as a Party order
- Sales submitted through a personal website
- Sales submitted as an Executive order
- Sales submitted as a customer order
- Sales submitted as a Fundraiser as outlined in the Fundraiser Program

However, the following items are considered non-commissionable even though they can be placed on the order types listed above:

- Sales Tools (supplies)
- Scent of the Month
- Host Rewards and any free promotional items
- Scent Delivery Systems
- Any items purchased using Gold Dollars on any order type

Social Selling

While products can be sold through various social selling methods, the preferred and most successful method for selling Gold Canyon products is the Gold Canyon Party. Other approaches to selling Gold Canyon products are open houses, social media, Gold Canyon personal website, trade shows, craft fairs, expos and Fundraisers.



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Sales through Internet Auction Sites

Executives are not permitted to sell current catalog items, Host Rewards, and other special product promotions through Internet auction sites (e.g. eBay or similar Internet sites).

Shows, Expos and Fairs

Gold Canyon supports craft shows, trade shows, county fairs, state fairs and expos because they are short-term engagements that do not recur on a daily, weekly or monthly basis. Please note the following guidelines for these events:

- An Executive must register for an event as an Independent Executive when completing the enrollment process to avoid any implication that he or she is an employee of Gold Canyon.
- An Executive must limit his or her participation in accordance with the following guidelines:
 - The consecutive time frame for any single event may not exceed three weeks in any calendar year.
 - Executives may not participate in events that have a recurring presence for extended periods of time. These will be deemed fixed retail locations. For example, a craft mall, swap meet, flea market, farmer's market or mall kiosk that has a presence in a single location every weekend for a period of time greater than four weekends in a calendar year would be considered a fixed retail location.
 - Registration at trade shows, craft shows or expos is established on a first-come, first-serve basis.
 - Note: Gold Canyon does not approve or deny applications for these events.
 - An Executive must ensure that his or her booth is staffed at all times.
 - An Executive may take orders at these events and offer cash and carry for product.
 - An Executive may only use Gold Canyon products as part of his or her display. He or she may use decorations or props provided they are not competing products, but may not offer these items for sale to the public.
 - Gold Canyon products may not be displayed or sold along with any other products or services, competing or otherwise, nor may Executives share booths at craft fairs, trade shows or expos with a representative of any other sort of business, competing or otherwise.

Fundraisers

The Fundraiser Program is fully integrated into the Rewards Plan. Fundraiser sales will count toward all Qualifying Volume Requirements (PV, TV and QV). The Executive retains 10% of the retail profit of the Fundraiser order amount.

The Commissionable Volume on Fundraiser orders is set to 50% of retail value for most products and the full Rewards Plan will pay out on all Team Overrides. For additional information, review the Rewards Plan Information in the *Rewards Plan Guide* in the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Career Tools.

Note: The Fundraiser products are not intended for resale.



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Sales in a Retail Setting

Gold Canyon Executives are not permitted to stock inventory for cash and carry in a retail setting. A fixed retail location is not the appropriate place to conduct an Executive's day-to-day business. Gold Canyon does, however, permit Executives to display product in retail settings. See below for complete guidelines.

Product Displays

Gold Canyon recognizes the benefits of placing product displays in retail settings. Please note the following guidelines for this sales setting:

- Executives are permitted to display product in salons and similar locations.
- Examples of acceptable locations are salons, local stores, doctor's offices, dentist's offices, local banks.
- Examples of locations that are not acceptable are national retail chains with multiple locations like Wal-Mart, Walgreens or Target.
- Your display should emulate your Party display and represent an array of product categories offered by Gold Canyon.
- Executives may advertise the business opportunity and promote the Party sales avenue.
- Product is for display purposes only. Cash and carry sales are not permitted.
- Executives may take orders and book Parties, but selling of the product display or other inventory is not permitted.
- Executives may not have orders shipped to the location; orders must be delivered directly to the customer or Executive for delivery to the customer.
- No excess inventory allowed other than display product.
- No temporarily or permanently affixed signage.
- Signs, banners and other advertising outside the location announcing or directing customers to a Gold Canyon display inside an establishment are prohibited.
- Only one Executive display per location.

Special Product Promotions

All orders containing special product promotions must be submitted to Gold Canyon on the day the promotion expires. Orders must be received through Gold Canyon's online ordering system by 11:59 p.m. AZ Time on the day the promotion expires. Orders containing incentives for special product promotions count toward the commissionable sales of the month in which they are received. These orders cannot contain any incentives offered for other months.

Notice of Right to Cancel

The Federal Trade Commission requires that customers be provided three business days during which they may cancel a sale under specific conditions (Alaska residents have five business days to cancel; Canadian residents have 10 business days to cancel). This requirement applies to Executive's sales that meet the following standards:

- The sale of products to one customer at one time worth at least \$25.00 or more (including shipping and handling, but excluding tax)
- Solicited in-person, except for craft fair or expo sales



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If the sale meets the standards described above, the Executive must provide each customer with two copies of a *Notice of Right to Cancel* form. The *Customer Order* form includes the *Notice of Right to Cancel* on the reverse side and the bottom two copies of the order form are designated for the customer.

It is also a requirement of the FTC that the Executive verbally makes the customer aware of the right to cancel within three business days. An ideal time to mention this to customers is at the point in the transaction when you give them their two copies of the *Customer Order* form.

If a customer decides to exercise his or her right to cancel and submits a signed *Notice of Right to Cancel* form within three business days of the sale, the Executive must refund the customer's payment within 10 business days (15 days in Canada). Once an Executive receives a *Notice of Right to Cancel* and the product order has been submitted to Gold Canyon, he or she must contact Gold Canyon immediately to avoid shipment of the order if at all possible.

Should the cancelled order ship before an Executive is capable of calling to cancel it, the Executive may choose to keep the products for personal or business use or to exchange the product in accordance with the replacement process and procedure. Any fees incurred as a result of a customer's right to cancel are the complete responsibility of the Executive and cannot be passed along to the customer who chooses to cancel.

Cancelled orders do not count toward an Executive's sales totals and will affect commissions, incentives, recognition, etc.

Requests to Change or Cancel Orders

Gold Canyon will not accept any changes or cancellations for orders that have been submitted unless a customer has exercised their right to cancel. If a customer communicates he or she would like to exercise their right to cancel, please contact the Gold Canyon Customer Service Department as soon as possible. After the three-business day cancellation period, orders cannot be cancelled.

An order that has already been submitted, processed and/or shipped cannot be cancelled and must be processed using the replacement process.

Transferring Sales

Gold Canyon's business model is largely driven by the personal relationships Executives develop with their customers and the resulting sales to these customers. As a result, Executives may not take the following actions:

- Sell booked Parties or other sales opportunities to another Executive
- Submit orders or enroll new Executives under another Executive in order to earn an incentive, change in leadership title or otherwise manipulate the Rewards Plan, incentives, programs or promotions.
- Subsidizing partial or entire cost of a customer purchase, Enrollment Kits, excessive inventory and the purchase of products to qualify for incentives, programs, promotions or personal sales requirements for coaching commissions or leadership title or to avoid cancellation. Submitting an enrollment order using your credit card and/or shipping the Enrollment Kit to your address rather than the new Executive is considered subsidizing the cost of an Enrollment Kit and is not allowed.
- Subsidizing the cost of an Enrollment Kit is not allowed.
- Directly or indirectly split commissions with another Executive for Party sales



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- Contract employees or other Executives to carry out any Party, promote sales or collect orders from customers

If an audit of accounts and/or orders leads to the discovery of the above mentioned actions, the Executive may lose the incentive, additional commissions and/or leadership title earned or potential termination of the Executive Agreement by taking this action.

Exceptions:

- An Executive may pass a booked Party or other sales opportunity along to another Executive should he or she encounter a personal illness, family emergency or other extenuating circumstance that inhibits him or her from keeping a previous obligation. This is only permitted if it is understood between the Executives that the Party belongs completely to the Executive who conducts the Party. Any commissions, recognition, or other compensation that are accumulated as a result of the transferred Party shall exclusively belong to the Executive who completed the Party. Before the transfer of the Party occurs, the Executives must come to an agreement regarding any Party bookings or new Executives that might stem from the transferred Party.
- An Executive may conduct the first Party (a Gold Canyon Launch Party) for a new team member, who will act as a Host. At this Party, the new Executive receives the resulting commissions, Host Rewards and bookings.
- When an Executive conducts a Party and enrolls the Host as a new Executive, it's a win-win situation. The Executive may keep the 25% Base Commission/Retail Profit but enter the Party under the new Host-turned-Executive. The new Executive receives the Personal Override Commissions and Qualifying Volume/PV and Host Rewards.

Financial Transactions

Payment Types

All orders must be prepaid by the Executive before the order is processed and shipped. When placing orders with Gold Canyon, various types of payments are accepted. Payments can be made during the online order entry process by credit card, debit card or e-check (ACH). Please note that Gold Canyon currently accepts American Express, Discover, Visa and MasterCard for credit and debit card payments. Note: Gold Canyon does not accept any personal checks.

Payment for Fundraisers

Payment for Fundraiser orders must be submitted in advance. Exceptions may include institutional Fundraisers for organizations such as schools. (See the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Fundraiser Tools for more information.)

Rejected E-Check (ACH)

If Gold Canyon receives a rejected E-check, the Gold Canyon Finance Department will attempt to contact the Executive for an alternate method of payment. Executives will be required to contact the Finance Department to pay for any returned payments in a timely manner. Once the Finance Department is notified of the returned payment, the Executive's Business Center account will be placed in Hold status, thus preventing access to the Business Center. (See Executive – Hold in the Glossary of Terms for additional information.) The Executive will be charged a \$25.00 fee for returns due to insufficient funds. An Executive may choose to have the e-check payment reprocessed, but their account will remain in



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Hold status for three business days, allowing Gold Canyon time to confirm the payment was successful. Credit card payments can also be accepted and their account will be taken out of Hold status immediately after the payment is successfully processed.

Should Gold Canyon receive three rejected e-checks, the Executive will not be permitted to pay using this method again and an alternate form of payment must be provided each time an order is placed in the future. Once e-check privileges have been revoked, they will not be reinstated.

Commissions Cut-Off Date (All times are Mountain Standard Time.)

Weekly Commissions

The final cut-off date for weekly commissions is Monday of the week bonuses are calculated. Orders must be received by Gold Canyon's ordering system by no later than 11:59 p.m. AZ Time on Monday the week of bonus payout.

Monthly Commissions

The final cut-off date for monthly commissions is the last day of the month. Orders must be received by Gold Canyon's ordering system by no later than 11:59 p.m. AZ Time on the last day of the month.

Incentives

The final cut-off date for incentives is the last day of the incentive. Orders must be received through Gold Canyon's ordering site no later than 11:59 p.m. AZ Time on the day the incentive expires.

Commission Payments

Base Commissions, Scent of the Month (personal Preferred Customers and Level 1 Executives) and Enrollment Bonuses (Level 1 enrollments) are paid on a weekly basis to those Executives enrolled in Scent of the Month. Team Override Commissions, Scent of the Month and Enrollment Bonuses for additional levels are paid on a monthly basis to qualified Executives.

Payments are made to Executives by e-check (ACH) once the authorization process has been established by Gold Canyon. Commission checks for override commissions earned during the prior month will be deposited on approximately the tenth day of the month. Please note that deposits will not be mailed to Executives until the check total exceeds \$10.00. To offset the cost associated with processing and managing paper checks, a \$5.00 check fee will be assessed for Executives opting for a mailed check instead of direct deposit.

If a check needs to be reissued for any reason, the Executive must contact Gold Canyon, who will reissue a check as soon as possible within the necessary check processing timeframe. The Executive may be charged a \$25.00 stop payment fee.

A termination fee of up to \$10.00 will be assessed to any account that is terminated, resigned, etc. 30 days after the account closes. The Executive has 30 days with which to request any remaining balance on their account to be distributed. If the Executive does not submit a request to have their balance distributed, the remaining balance on the account will be used to satisfy the fee.



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Performance

Executives can view their activity online in the Reports menu of their Business Center (<http://BusinessCenter.GoldCanyon.com>), the Executive portal. All performance reports and other reports, lists and data provided to Executives by Gold Canyon are considered confidential and proprietary. They are also considered trade secrets and are the exclusive property of Gold Canyon.

Team and Organization Performance reports reflecting organization activity are made available to Executives with the understanding that they are not to be disclosed to anyone, and are to be used solely to provide the necessary information regarding organization activity to each Executive so that he or she may assist their organization in growing their Gold Canyon businesses.

If an Executive has questions regarding any commissions, adjustments or fees within a report, or should an error within an activity report be discovered, it is the Executive's responsibility to contact Gold Canyon within 30 days of the date the report was first made available.

Personal Website Billing

The charge to renew an Executive's personal website will be processed each month on the same date as your personal website enrollment. For example, if you were to sign up for or reactivate a website on July 20, your credit or debit card will automatically be billed \$11.99 USD / \$12.99 CAD on the 20th of each month. The personal website fee is waived every month an Executive is enrolled in Scent of the Month.

To manage your personal website, use the "My Website" portal under "My Account" on the Business Center. You'll see that you can edit all your personal details including your name, phone and photo. This is also the location to edit your payment details and view the next payment date. Keep in mind that payment for your personal website can only be done with a credit or debit card. It is the Executive's responsibility to verify that payment information has been entered correctly and that the card has not expired to ensure personal website service continues.

If the card payment is unsuccessful, you will receive an email notification that your payment failed, and you will be notified of the time you have to update your payment method in the "My Website" page on the Business Center. If this second attempt is unsuccessful, a third attempt will be made before the website will be cancelled. The Executive must then update the payment method in "Financial Accounts" under "My Account" on the Business Center and then reactivate the personal website in the "My Website" portal under "My Account" on the Business Center.

Tax Information

General Sales Tax Information

It is required that sales tax and/or use tax be collected any time a Gold Canyon product is sold. The sales tax for an order is based on catalog pricing and is determined according to the local sales tax for the ship-to address.

To help Executives meet reporting compliance with sales tax regulations and as a service to Executives, Gold Canyon collects and remits sales tax on each Executive's behalf. Executives are responsible for collecting sales tax from their customers at the time of the sale and then submitting it to Gold Canyon. Gold Canyon subsequently passes the sales tax along to the appropriate state and local tax authorities.



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Tax-Exempt Sales and Fundraiser Orders

Some organizations are sales tax-exempt. Please be aware that an organization may be exempt from income tax but still be required to pay local sales taxes. Before an Executive places a Fundraiser order for a tax-exempt organization, Gold Canyon must verify, document and approve the sales tax-exempt status. To receive approval, an Executive must do the following on behalf of the tax-exempt organization:

- Submit a Fundraiser application and select “Yes” for the question “Is Tax-Exempt?”. You also need to upload a copy of the tax-exempt certificate
- The tax-exempt certificate must be received before the Customer Service Department can verify the organization’s tax-exempt status.

Upon receipt of these items, Gold Canyon will validate and approve the sales tax-exempt status of the organization so the organization can be considered a tax-exempt account. Once sales tax-exempt status has been verified, the Fundraiser can be submitted without sales tax. Fundraiser orders cannot be combined with or be entered as a Party order. (See the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Fundraiser Tools for more information about Fundraisers.)

Income Tax

Because Executives are considered independent contractors, it is the responsibility of the Executive to pay EI, CPP, Social Security and any other applicable taxes. Gold Canyon does not deduct any taxes from Executive commission payments. It is recommended that an Executive with questions regarding self-employment tax, payment methods or other required filings contact a professional tax accountant.

If an Executive receives a B-Notice or request for a W-9 from Gold Canyon and doesn’t comply with the instructions, Gold Canyon will be required by the IRS to withhold taxes from future commission payments. It is important that Executives enter their SSN, Taxpayer Identification Number or SIN correctly and the name and number match the information the Social Security office and IRS have on file. Executives should update the Social Security office of any name changes to prevent reporting discrepancies.

Each year, Gold Canyon will issue an IRS Form 1099 Misc. or CRA T4A to each Executive for the prior year’s earnings, provided they have earned at least \$600.00 USD or \$500 CAD (the lowest amount in annual compensation that must be reported to the IRS) in Override Commissions, incentives, including trip incentives and other reportable earnings. It is recommended that an Executive with questions regarding self-employment tax, payment methods or other required filings contact a professional tax accountant. The \$600.00 USD (\$500 CAD) for which an IRS Form 1099 Misc. or CRA T4A form is issued is comprised of cash commission as well as any incentives. Due to the commission structure, only a portion of the Executive’s earnings will be reflected in the 1099 form or CRA T4A form. Gold Canyon does report base commissions paid by Gold Canyon directly on IRS form 1099 Misc. or CRA T4A form.

The Executive is responsible for tracking and accurately reporting all their business income and expenses. The monthly reports found on the Business Center include information regarding Executives’ sales and overrides that can assist with tax preparation.

Should a replacement copy of an Executive’s IRS Form 1099 Misc. or CRA Form T4A become necessary for any reason, the Executive may be charged a \$10.00 USD processing fee. Additional copies of commission records for preceding years may be charged a \$25.00 USD per hour researching fee as well as the cost of photocopies.

Marketing & Advertising

Advertising

To market their Gold Canyon businesses, Executives may choose to use advertising and printed materials. Because it is necessary to use the Gold Canyon business name and trademarks in these advertisement and printed materials, Executives are required to follow the applicable policies regarding marketing and advertising.

When Executives choose to advertise their Gold Canyon business, they must adhere to the following rules:

General Use of Gold Canyon Business Name, Logo and Trademark

Home office approval is not required for the following, provided guidelines with regard to logo and trademark usage are followed and an Executive has stated his or her status as an Independent Executive:

- team newsletters
- any items intended for team distribution only (agendas, worksheets, etc.)
- instructions for new team members
- Host or new Executive cover letters
- newsletters or emails intended for current customers (Executives need to be careful not to violate antispam laws.)

Local and National Advertising

- Executives are not permitted to refer to themselves in such a way that would lead anyone to believe they have obtained any sort of geographical territory. An Executive may refer to himself/herself as a “local” Executive, but using any type of a reference to a geographical area, such as a city, state or country, is not permitted.
- Executives may engage in local advertising, such as a local newspaper or magazine that circulates within your state, local professional or networking organization, school programs and church bulletins.
- In all circumstances, Executives must refer to themselves as Independent Executives and must not present themselves in any way that would lead someone to believe they represent the corporate entity Gold Canyon International, LLC.
- Executives may choose to become members of any local professional or networking organization. Any print advertising by such local professional or networking organizations must read “Executive Name, Gold Canyon® Independent Executive”. Listings on online directories for such local professional or networking organizations must include “Executive Name, Gold Canyon® Independent Executive and Executive contact information (contact information being a phone number or email address).” In addition, they may also include their Gold Canyon personal website address in this listing.

Fundraiser Advertising

- When advertising Fundraisers, the word “Fundraiser” should be prominently presented in each advertisement or promotional material.
- When advertising Fundraisers, a disclaimer stating that the Fundraiser is not connected with or sponsored by Gold Canyon must be included. The type-size for the disclaimer must not be any smaller than the second largest type-size used in the advertisement to ensure it is visible to those who read the advertisement or promotional material.



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Advertising Methods

- Executives may choose to promote the Gold Canyon opportunity and products via online advertising methods such as pay-per-click advertising, banner ads and social media. It must be clear that the advertisements are sponsored by an “Independent Executive”. Any ads featuring images, photos or graphics need to feature the approved images provided by Gold Canyon.
- It is important to add the following verbiage to the bottom of any advertisement or materials you’ve written, created or updated so customers and other Executives can distinguish advertising that comes direct from Gold Canyon and pieces you are producing: “These materials have been produced by <your name here>, an Independent Executive with Gold Canyon, and are not official materials prepared or provided by Gold Canyon”.
- Advertisements through TV and radio broadcasting are permitted with prior approval from Gold Canyon.
- Print advertisements featured in magazines and newspapers or any other placement need to only feature Gold Canyon approved images. Any nationally or internationally distributed print advertisements need approval from Gold Canyon. Any print advertising must read “Executive Name, Gold Canyon® Independent Executive”.
- An Executive is permitted to use the Gold Canyon name, trademark or logo on any permanent outdoor advertising such as billboards or signs as long as approved images from Gold Canyon are utilized.
- Executives may not engage in the hiring of professional services to conduct telephone solicitation or telemarketing on their behalf.

Advertising/Promotional Supplies

- To promote consistency, Executives need to purchase those business supplies (business cards, letterhead, etc.) made available through an approved vendor via the Executive website.

Your Personal Executive Website

Like all successful businesses, you have the opportunity to have a presence on the Internet. Gold Canyon’s personal websites allow Executives to enhance their businesses in the following ways:

- Share the Gold Canyon vision through information regarding our commitment to quality and the history of our Company.
- Share your personal story. Doing so can increase your sponsoring efforts, as your story can encourage your website visitors to review the Gold Canyon business opportunity.
- Stay in touch with customers by announcing new catalog releases, seasonal products and promotions, and incentives Gold Canyon offers.
- Allow customers to order online when they are unable to attend a Party.
- Provide an easy way for customers to contact you through the “My Executive” drop down, which includes your personal contact information.

From the “My Website” page under “My Account” on the Business Center, you can create your own personal website allowing you to earn full commissions for orders placed through your personal website. Through this service, Gold Canyon conveniently ships orders directly to the customer whether your online customer is across town or across the country. The benefits of having your own professional website outweigh the small fee it costs to maintain the site. (See “My Website” under “My Account” on the Business Center for complete information on setting up your personal Executive website.) Orders



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received through your personal Executive website are not eligible for Host Rewards. (If attached to an Online Party, the personal website order will count towards total used to calculate Host Rewards.)

Internet/Intranet Approved

- Executives may only sell Gold Canyon products and conduct business online with the Executive personal websites. Executives may choose to create blogs, landing pages, team pages or other micro websites. Any e-commerce activity needs to be transacted through the personal website.
- Executives **may advertise on classified ad sites and personal networking sites.** Examples of websites where Executives could advertise are craigslist.org, Facebook.com, etc. The advertisement must include "Executive Name, Gold Canyon® Independent Executive and Executive contact information (contact information being a phone number or email address)." In addition, they may also include their Gold Canyon personal website address in this listing.
- Executives may use the following recommended text in their ad: "We offer a complete line of scented products including candles and flameless fragrance, eco-friendly, natural, green cleaning products, home décor with various candle holders, and candle care products such as wick dippers and trimmers."
- Executives may not purchase adwords containing the following text: "Gold Canyon", "Gold Canyon Candles" or "GC Candles".

Social Media Websites – Guidelines for Executives

Gold Canyon Executives are encouraged to actively participate on their own social media websites if they wish. Executives may post comments on the Gold Canyon corporate social media websites and/or create their own social media profiles or Facebook pages to share information about the Gold Canyon business, provided they comply with these guidelines.

Personal Social Media Profile/Page

- Executives must identify themselves on these sites as an Independent Gold Canyon Executive. The company name "Gold Canyon" can only be used in this format. Executives may not use the company's name as their profile or Facebook page name by itself or in conjunction with any other title other than the format identified above.
- Executives are prohibited from representing themselves as Gold Canyon.
- Executives may provide a link to their Gold Canyon personal website on their personal profile or page.
- Executives may only use the pre-approved logos and copyrighted images available on the Executive website (The Business Center) under Tools/Resource Library/Gold Canyon USA and Canada/Social Media on these sites.
- Executives must avoid inappropriate conversations, comments, images or content. The determination of what is inappropriate is at Gold Canyon's sole discretion.
- Executives must not solicit business for another company on their Gold Canyon profile or Facebook page.
- It is recommended Executives create a separate profile or Facebook page for the purpose of discussing or promoting their Gold Canyon business. *Example: First Name = Mary Smith, Last Name = Gold Canyon would be the profile or page built for professional posts, while First Name = Mary, Last Name = Smith would be a profile used for personal posts with friends and family.*



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- Any unauthorized claims (including hourly earnings and other earnings-related statements), lifestyle claims or enrollment promotions other than those offered by the Gold Canyon Home Office are prohibited.
- Executives are required to promptly remove any comments or postings by others on their personal page that, had they been made directly by the Executive, would violate these guidelines.
- In the event you are no longer a Gold Canyon Executive, use of the name, brand or names of current employees, associates or directors is prohibited unless you are using these names in good faith on social sites. If at any time after your separation from the company you post derogatory remarks or anything that could be considered potentially damaging to the company's reputation and good standing, you must immediately remove the company name from all public viewing within your pages, profiles and posts.

Executive Participation on Gold Canyon's Corporate Social Media Profiles/Pages

Gold Canyon Executives are encouraged to actively participate on Gold Canyon's social media websites. Please use good judgment and discretion as you promote your business in this way. It is beneficial for your business to make proactive, positive use of Gold Canyon's social media pages, including the sharing of ideas, product ideas, product uses, Party ideas, encouragement to Executives, Hosts or customers or responses to posted questions. Based on the quality of your posts, other Facebook users may want to personally contact you via Facebook, which allows you to develop a relationship with those individuals to help promote your Gold Canyon business. The following policies will ensure that Gold Canyon's social media pages continue to represent our family of Executives in a manner that is consistent with our company values.

- Executives are not allowed to post references to their personal business (i.e. personal website URL, email address, phone number, etc.) on Gold Canyon's corporate social media pages.
- Executives must avoid inappropriate or disparaging conversations, comments, images, or content. The determination of what is inappropriate is at Gold Canyon's sole discretion.

Internet/Intranet Non-Approved

- eBay and other auction-style websites are not permitted methods to sell Gold Canyon products. Amazon and other "personal store front" websites are not permitted. In general, supplying products to another individual, company or website for sale and distribution is not permitted.
- Executives may not advertise any other products or opportunities other than those of Gold Canyon in an ad for Gold Canyon.

Copyrights on Website Materials

The Business Center contains links to training materials, business forms and many other important features. Electronic publications are protected under U.S. copyright laws. These publications are copyrighted by Gold Canyon regardless of whether or not the publication contains a copyright notice. Executives may only use copyrighted materials for purposes approved by Gold Canyon.

Media Interaction

Periodically, Gold Canyon may provide media interaction ideas to assist Executives in marketing their businesses while establishing greater brand recognition for Gold Canyon. In these instances, Gold Canyon will provide the necessary tools to effectively advertise through the media. All Executives are required to follow the rules and regulations set forth at the time of each media interaction campaign.



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Use of Titles

See Team Development section for details.

Trademark Usage Rules

The Gold Canyon business name and trademarks belong exclusively to the Company. An Active Executive may use the trademarks provided he or she uses them correctly. Executives must use the registered trademark symbols, “®” or “™” where applicable and may not alter the trademarks in any way.

The following are U.S. registered trademarks of the Company and must be displayed in the following format:

A Happy Fragrance Experience™
Cozy Christmas®
Diamond-Light™
Friends, Fragrance & Fun!™
Gold Canyon®
Heritage®
Homeology®
Lending a Hand™
Lumie™

Scent Pods®
Scent Pod® Warmer
Scentric™
Scentre™
Simple Selling System™
"The World's Finest"®
Try•Lights™
VoLights™

Logo Usage Guidelines

Executives must use the standard Gold Canyon logo, as it appears on the pre-approved logos available on the Executive website. The logo cannot be altered in any way. Additionally, Executives may not duplicate the Gold Canyon logo on any type of clothing, supply item or other promotional items to market their Gold Canyon businesses or for the purpose of resale. Logo wear and promotional items are provided to Executives through the Gold Canyon Print Shop (accessible at the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Supplies, which provides attractive, comprehensive product lines to meet an Executive's needs. If an Executive wishes to use the logo in a way outside of the provided guidelines, he or she must get approval from Gold Canyon.

Gold Canyon offers a variety of promotional products to help Executives display their enthusiasm for the Company and enhance their professional image as they share the Gold Canyon opportunity with others. We offer clothing and sales aids bearing the Gold Canyon logo, available for purchase as supply items at the Business Center. You'll find a selection of advertising and business tools, at Tools/Resource Library/Gold Canyon USA and Canada/Supplies. Simply add your favorite promotional products to your Party or Executive Order.

Intellectual Property

Gold Canyon Business Name

The Gold Canyon business name belongs solely to Gold Canyon. The business name reflects the Company's reputation, goodwill and drawing power and, therefore, must be used with care. It is necessary and expected that Executives use the business name when discussing their Gold Canyon business, when introducing themselves or when selling Gold Canyon products. Executives may not use “Gold Canyon” in their team names, individual email addresses or website addresses.



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Gold Canyon Literature

Producing photocopies of any Gold Canyon publication is permitted provided it is intended for business use but not for dissemination. Copyrighted material includes any publication or form provided by Gold Canyon via the Internet or otherwise. Reproducing or scanning copyrighted publications, including a Gold Canyon catalog, is a violation of the U.S. copyright laws protecting these items. Executives are permitted to use text from Gold Canyon publications, provided they include a citation of the publication from which the information was taken, giving all credit to Gold Canyon. Gold Canyon owns the copyrights to any advertisements approved by the home office and reserves the right to use these approved advertisements in any way seen fit.

Home-Produced Training Materials

The home office must approve any production, distribution or sale of video or audio that Executives produce to train their team, sponsor new Executives or market their businesses.

It is important to add the following verbiage to the bottom of any advertisement or materials you've written, created or updated so customers and other Executives can distinguish advertising that comes direct from Gold Canyon and pieces you are producing: "These materials have been produced by <your name here>, an Independent Executive with Gold Canyon, and are not official materials prepared or provided by Gold Canyon".

Confidential and Proprietary Information

All lists, data collections, reports or other information provided to Executives by Gold Canyon are strictly confidential. This applies to all activity statements, organization activity reports and/or other collections of data available either in a hard copy or online format. Any lists including but not limited to lists with names of Executives, customers, Executive organization information, or information regarding the sale of Gold Canyon products, are proprietary trade secrets, which are the exclusive property of Gold Canyon.

Patents

Any patents owned by Gold Canyon that cover certain Gold Canyon products are protected under U.S. federal law.

Conflicts of Interest

Outside Employment and Business Dealings

Certain types of outside employment or business dealings may cause a conflict of interest or the appearance of a conflict. Any activity that diminishes your ability to conduct your Executive business objectively, benefits you at the expense of Gold Canyon, competes with any business or service provided by the company, or has the potential to damage Gold Canyon's reputation will not be permitted. Certain types of outside employment or business dealings may not be accepted while Active as an Executive with Gold Canyon, including:

- Employment or association with companies or organizations that prepare, audit or certify statements or documents pertinent to the company's business,
- Employment with clients, competitors, vendors or suppliers that Gold Canyon deals with in the normal course of your Executive duties,
- Any business relationship with a client, prospect, supplier, vendor or agent of the company (other than normal consumer transactions conducted through ordinary retail sources), and
- Any business relationship with a prospective supplier of goods or services to Gold Canyon, or a member of their family, shall not participate in the preparing of bids on products or services being offered by Gold Canyon.



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Competitive Selling

So long as an Executive's Gold Canyon Executive Agreement remains in force, an Executive may not become a salesperson for any direct sales, Party plan or network marketing program that sells candles and/or related home décor products. An Executive must not be an agent, independent salesperson, employee or owner of any entity whose primary purpose is the manufacture, marketing or sale of candles and/or related home décor products. Doing so will make an Executive subject to disciplinary action. For the purposes of this policy, a company is competing with Gold Canyon when the candle offering is a significant portion of the company's product and marketing presence. An Executive may not present Gold Canyon products along with any other company's products or services at the same event, regardless of whether or not the other company's products or services compete with those of Gold Canyon.

Competitive Sponsoring

Executives may not use the association and drawing power of their Gold Canyon business to sponsor or develop any other direct sales organization including the use of Gold Canyon's brand or good will to solicit business with other companies through social media or otherwise. During the term of an Executive's agreement, Executives may not sponsor other Gold Canyon Executives or customers for any other network marketing, Party plan or direct sales business.

Following the cancellation of an Executive's Agreement, and for a period of twelve calendar months thereafter, a former Executive may not sponsor any Gold Canyon Executive or customer for another network marketing business if:

1. that Executive or customer was in the former Executive's organization marketing organization;
2. that Executive was in the former Executive's upline marketing organization; or
3. the former Executive met, developed a relationship with, or gained knowledge of the Executive or customer by virtue of their mutual participation in Gold Canyon.

The term "sponsor" means actual or attempted solicitation, enrollment, encouragement or effort to influence in any other way, either directly or indirectly, another Gold Canyon Executive or customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes sponsoring even if the Executive's actions are in response to an inquiry made by another Executive or customer.

Cross Sponsoring

Gold Canyon undertakes all efforts to support the ethical business efforts of all Executives. Any activity that attempts to sponsor another Executive's team member(s), slander another Executive or undertake other activities that could be interpreted as unethical may subject an Executive to disciplinary action.

Non-Disparagement

Gold Canyon wants to provide its Independent Executives with the best products, financial opportunity and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Gold Canyon Customer Service Department. Remember, to best serve you, we must hear from you! While Gold Canyon welcomes constructive input, negative comments and remarks made in the field by Executives about the Company, its products or Rewards Plan serve no purpose other than to sour the enthusiasm of other Gold Canyon Executives. For this reason, and to set the proper example for their team, Executives must not disparage, demean or make negative remarks about Gold Canyon, other Gold Canyon Executives, Gold Canyon's products, the Marketing and Compensation plan or Gold Canyon's directors, officers or employees. Doing so will make an Executive subject to disciplinary action.



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Disciplinary Action

Should an Executive violate the Executive Agreement or engage in any dishonest, misleading, unethical or criminal behavior, Gold Canyon may, at its sole discretion, choose to take any of the following disciplinary measures:

- Require the Executive to rectify the situation immediately;
- Issue a verbal or written notice to the Executive;
- Suspend distribution of one or more commission payments while Gold Canyon is investigating the alleged offense (Should an Executive be terminated as a result of this review, the Executive will not be entitled to any commissions withheld during the investigation);
- Suspend the Executive's agreement, meaning a temporary loss of any rights and privileges to which he or she would ordinarily be entitled;
- Terminate the Executive Agreement;
- Take any other action necessary to resolve the situation.
- In certain situations, Gold Canyon may determine that the most suitable manner by which to obtain financial or equitable compensation is by taking legal action.

Unless otherwise communicated to an Executive by Gold Canyon, a disciplinary measure shall take effect upon the following:

- The placement of the warning in U.S. mail or with an overnight delivery service, addressed to the Executive's last documented mailing address;
- Verbal notice of the applicable disciplinary measure to the Executive by a Gold Canyon representative;
- Written notice sent via fax or email to the Executive's last documented fax number or email address.

The Business Center

The Business Center Tutorial

As mentioned earlier, the Business Center is the website dedicated to Gold Canyon Executives. This website contains several helpful tools that make operating your Gold Canyon business easier. Through the Business Center, you can manage your customer lists, view your commissions and organization activity, place orders, read company announcements and much more. Take time to review this quick tour of the Business Center so you can become familiar with all the features that will make running your business a snap.

Logging On

When you enroll as a Gold Canyon Executive, you are provided an Executive ID. Your username and password for the Business Center is created through the enrollment process (your username is your Executive ID number). Your Executive ID is provided during the enrollment process and is used when you call the Customer Service Department. To log on to the Business Center website, go to BusinessCenter.GoldCanyon.com. Enter your username and password and then click "Log In".

After you log on to the Business Center, you will land on the home page. The home page contains eight menus that provide access to all functionality: My Account, Orders, Reports, Events, Communication, News, Tools and Help.

Main/Home Page

The Breaking News banner is displayed directly under the banner at the top of the page should there be any. Gold Canyon shares the most important updates for an Executive's business here.



Statement of Policies

My Metrics is on the left-hand side, New Retail Customers and My New Recruits is on the right-hand side of the page. My Metrics displays key performance data for the month selected using the drop down. New Retail Customers displays the name and email of newly added customers for the month selected in the drop down. My New Recruits displays name, start date and email of newly enrolled Executives for the month selected. Featured News articles are listed below My Metrics, New Retail Customers and My New Recruits. Gold Canyon shares additional information for an Executive's business in this section. Below the Featured News is a section on the Direct Selling Association (DSA) featuring information on Gold Canyon's membership and tools to help you run a safe, ethical business.

My Account

This page is used to manage an Executive's Personal Information, Personal Website, Customers and Password.

Orders

Executives can enter orders, schedule a Party, schedule a Fundraiser and view order history.

Reports

Executives can view their Gold Dollars ledger, Customer list, Order History and Tracking, Organization data, Personal Website Billing, Incentive progress, Personal and Team Performance, Earnings Statement and Conference Recognition.

Events

Executives can register for upcoming events they are eligible to attend.

Communication

Executives can email individuals or groups of Executives and customers within this menu.

News

Breaking and Featured News articles from the home office are found in this menu.

Tools

Executives can view sales tax rates, the Resource Library and Direct Selling Insurance programs.

The Resource Library houses key information for your business such as the Product Availability List, Calendars, Career Tools, Events, Fundraiser Tools, Happy News Archive, Hosting Tools, Incentives, Leader Tools, Logos, Policies, Recognition, Customer Specials, Host Promotions, Sales Tools, Shipping & Sales Tax, Social Media tools, Sponsoring Tools, Supply information, Tutorials and more.

Help

Support Ticket s can be entered and reviewed under this menu.

Ordering Information

Order Types

As an Executive, you will find it necessary to place various types of orders. There are five commonly used order types at Gold Canyon. The six commonly used order types at Gold Canyon are as follows:

- Customer



Statement of Policies

- Executive
- Fundraiser
- Gold Dollar
- Party
- Scent of the Month

Below is a brief description of each order type and the appropriate use for each of them.

Customer Orders

Customer orders are those orders an Executive places for product for his or her customer when their total does not reach the 200 Qualifying Volume minimum to enter a Party order. These orders do not qualify for Host Rewards. A shipping surcharge is added to the total of customer orders. For current shipping rates, see the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Shipping and Sales Tax.)

Executive Orders

Executive orders are those orders an Executive places for product for his or her personal use when their total does not reach the 200 Qualifying Volume minimum to enter a Party Order. These orders do not qualify for Host Rewards. A shipping surcharge is added to the total of Executive orders. For current shipping rates, see the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Shipping and Sales Tax.)

Fundraiser Orders

These orders are placed on behalf of an organization by an Executive. The organization receives 40% of the retail profit, while the Executive retains 10% of the retail profit of the order amount. See Getting Started with a Gold Canyon Fundraiser on the Business Center for details regarding this program and PV - Fundraiser (PV-FR). This order type is not eligible for Host Rewards. Products sold through the Fundraiser Program must not be entered as a Party order(s), as this is a misrepresentation of the Gold Canyon Fundraiser Program and misuse of the Rewards Plan. Nor can Party order(s) be submitted as a Fundraiser order. Fundraiser orders must be a minimum of \$400 retail.

Gold Dollar Orders

Gold Dollar orders are those orders an Executive can use to purchase full-price retail products. Scent of the Month and supply items are not eligible for Gold Dollar purchases. Gold Dollar orders do not qualify for Host Rewards, QV or CV. For current shipping rates, see the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Shipping and Sales Tax.

Party Orders

The Party order consists of orders collected at the “Home Party”, “Catalog Party”, or “Facebook Party” with a minimum of 200 in Qualifying Volume. These orders are eligible for Host Rewards and are submitted on the Business Center. A shipping surcharge is added to total of the order. For current shipping rates, see the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Shipping and Sales Tax. Products sold through the Fundraiser Program must not be entered as Party Order(s), as this is a misrepresentation of the Gold Canyon Fundraiser Program and misuse of the Rewards Plan. Nor can Party Order(s) be submitted as a Fundraiser order.



Statement of Policies

Scent of the Month Orders

Scent of the Month orders are monthly auto-ship orders an Executive places for themselves or their customer for exclusive products that arrive on or around the tenth of each month. These orders do not qualify for Host Rewards. These orders are charged \$5 for shipping each month, which is reimbursed monthly in the form of Gold Dollars applied to the Executive's or customer's account. Executives may sign up for Scent of the Month using their Executive Account at <http://goldcanyon.com>. Simply log in with the email address you used to enroll (and to access the Business Center). If it is your first time logging in, click "Forgot Password?" to set up a password for your account. Then go to the Preferred Customer page to sign up for Scent of the Month. You will be enrolled in the Scent of the Month program, but will not receive the 25% discount. While Executives may sign up for Scent of the Month, they may not be Preferred Customers; Executives found to be actively using a Preferred Customer account to purchase product at a discount will be subject to disciplinary action as this is a direct violation of this Statement of Policies. To ensure the Preferred Customer program remains a benefit for loyal customers no commissions will be earned on Preferred Customer orders that are found to be in violation of said policy. To further ensure compliance with our preferred customer program, Gold Canyon reserves the right to cap base commissions at \$25.00 USD / \$32.50 CAD per Preferred Customer (excluding Scent of the Month commissions and bonuses). For details regarding this auto-ship program, see the Business Center / Tools / Resource Library / Scent of the Month.

Completing Order Paperwork

Although each order type requires a specific form, Gold Canyon paperwork is simple to use. This section of Procedures contains instructions for completing forms. Most forms are printed in duplicate, triplicate or four-part copies. As with other business forms, use a blue or black pen and press firmly while writing to transfer the information onto all of the copies.

It is imperative that all forms are completed legibly and contain accurate information. When working with customers, inform them of the importance of writing correct item numbers and descriptions to ensure shipment of the correct items. Although customers and Hosts fill out some forms, it is your responsibility as the Executive to check for errors and miscalculations. If there is a discrepancy between the item number and the description on an order, the wrong item number may be used when you enter the order. If a wrong item is inadvertently ordered, the error can be corrected later using the Replacement Process. (See Replacement Process).

Forms

Party Forms

The following forms should be used in connection to a Party:

Customer Order Forms

- White copy – Executive's copy
- Yellow copy – Host's copy
- Pink copy – First customer's copy (to keep at time of purchase)
- Gold copy – Second customer's copy (to keep at time of purchase)

Customer Order Form

Customers use this form to order products from the catalog. A separate form is used for each customer placing an order. These forms are helpful to Executives as they enter the orders in the Business Center.



Statement of Policies

Payment is due at the time the order is placed. (See Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Sales Tools.)

Products ordered at a Party typically ship to the Host or Executive as designated during the order entry. However, the Executive may select Direct Ship during the order entry process to ship an individual customer's products to a separate address. For current shipping rates, see the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Shipping and Sales Tax.

Under federal law, when a customer orders \$25.00 or more of products (including shipping and handling, but excluding sales tax) and the sale is solicited in person (except craft fairs or expo sales), the customer has three business days to cancel the order and receive a full refund (five business days for Alaska customers). Because refunds and any fees associated with canceling an order are the Executive's responsibility, Gold Canyon recommends that Executives wait until the three business days (five business days for Alaska customers) have expired before submitting the order to Gold Canyon.

Additional Product Order Forms

Fundraiser Seller Forms

The sellers for the organization use this form to collect orders for the Fundraiser.

Fundraiser Master Order Form

This form is filled out by the organization and the Executive to total all orders received through the course of the Fundraiser. Although the order is placed through the Business Center, filling out this form with the organization can ensure the totals are figured accurately.

Sponsoring Forms

Executive Agreement

Executive Agreements must be submitted to Gold Canyon through online enrollment. Please note that Gold Canyon does not accept faxed or mailed Executive Agreements. (The agreement is available on the Business Center under Tools/Resource Library/Gold Canyon USA and Canada/Sponsoring Tools.)

Ordering Procedures and Deadlines

Paying for Orders

All customers and Hosts pay the Executive for their orders at the time they place the product order. The Executive then orders the product from Gold Canyon through the Business Center. The Executive may choose to retain commissions when a customer pays cash or if the order is being charged to the Executive's credit card. Retaining commissions means the card will only be charged the Executive price and no base commissions will be paid. Executives should NOT choose this option if using a customer's credit card. Base Commissions are paid to Executives by Gold Canyon via direct deposit once a week. At the time an order is submitted, payment can be made by American Express, Discover, Visa, MasterCard or E-check (Automated Clearing House - ACH).

Paying for Fundraiser Orders

Payments for Fundraisers must be made at the time the Fundraiser orders are submitted to Gold Canyon. If the Fundraiser's total value is over a predetermined amount at Fundraiser price, the organization can establish terms with the Gold Canyon Accounting Department. For additional information, please contact the Customer Service Department.



Statement of Policies

Processing Orders

All orders will ship from our Chandler Arizona-warehouse approximately five business days from receipt of order in our system. Gold Canyon will attempt to process most orders within five business days but during peak times (examples: end of month, end of quarter, new catalog release, fourth quarter) it may be necessary to extend the processing time. Gold Canyon will do its best to minimize this time. You can track the progress of your order by going to the Business Center/Reports/Administration/Order Shipment Tracking Report.

Important Deadlines

Weekly Commissions

Scent of the Month and Enrollment Bonuses are paid out on a weekly basis. The final cut-off date for weekly commissions is Monday of the week bonuses are calculated. Orders must be received by Gold Canyon's ordering system by no later than 11:59 p.m. AZ Time on Monday the week of bonus payout. Executive must be enrolled in Scent of the Month to be paid bonuses in the weekly commissions process.

Monthly Commissions

The final cut-off date for monthly commissions is the last day of the month. Online orders must be received by Gold Canyon's ordering system by no later than 11:59 p.m. AZ Time on the last day of the month, according to the received time in the Business Center.

Incentives

The final cut-off date for incentives is the last day of the incentive. Online orders must be received through Gold Canyon's ordering site no later than 11:59 p.m. AZ Time on the day the incentive expires.

Order Checklists

While each form contains specific instructions, this short checklist indicates which forms work together for different types of orders.

Party Orders

Party Orders are obtained from various sales methods such as Parties, Open Houses, and so on. They must reach a minimum of 200.00 Qualifying Volume in order to be eligible for Host. Executives may use the Customer Order Form to take orders from their customers at Parties.

Fundraiser Orders

Fundraiser orders are gathered when an Executive works with an organization to help the organization financially while benefiting the Executive's business as well. Fundraiser orders are only accepted online through the Business Center. When working with an organization on a Fundraiser, the organization uses the following forms:

- Seller Order Forms (accompanies the Fundraiser Seller Packet)
- Master Order Form (See the Business Center/Tools/Resource Library/Gold Canyon USA and Canada/Fundraiser Tools for more information.)

Ordering Online

Log On

When you enroll as a Gold Canyon Executive, you are provided an Executive ID. Your username and password for the Business Center are set-up during the enrollment process. To log on to the Business Center website, go to <http://BusinessCenter.GoldCanyon.com>. Enter your username and password and click "Log In".



Statement of Policies

Shipping Information

Processing Orders

All orders will ship from our Chandler, Arizona, warehouse approximately within five business days from receipt of order in our system. Gold Canyon will attempt to process most orders within five business days but during peak times (examples: end of month, end of quarter, new catalog release, fourth quarter) it may be necessary to extend the processing time. Gold Canyon will do its best to minimize this time. You can track the progress of your order by going to the Business Center/Reports/Administration/Order Shipment Tracking Report.



DIRECT SELLING ASSOCIATION

Code of Ethics

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Code of Ethics

Explanatory provisions in italics.

Preamble

The Direct Selling Association (“DSA”), recognizing that companies engaged in direct selling assume certain responsibilities toward consumers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies will continue to adhere to in the conduct of their business.

A. Code of Conduct

1. Deceptive or Unlawful Consumer or Recruiting Practices

- a. No member company or independent salesperson for a member company shall engage in any deceptive, false, unethical or unlawful consumer or recruiting practice. Member companies shall ensure that no statements, promises or testimonials are made that are likely to mislead consumers or prospective independent salespeople.
- b. Member companies and their independent salespeople must comply with all requirements of law. While this Code does not restate all legal obligations, compliance with all pertinent laws by member companies and their independent salespeople is a condition of acceptance by and continuing membership in DSA.

- ▶ 1. *This section does not bring “proselytizing” or “salesforce raiding” disputes under the Code’s jurisdiction, unless such disputes involve allegations of deceptive, unethical or unlawful recruiting practices or behaviors aimed at potential salespeople. In those cases, the section applies. As used in this section, “unethical” means violative of the U.S. DSA Code of Ethics.*

The DSA Code Administrator appointed pursuant to Section C.1 (“Administrator”) has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code using prevailing legal standards as a guide. Compliance with any particular law, regulation or DSA Code of Ethics provision is not a defense to a determination by the Administrator that a practice is deceptive, unlawful or unethical. For example, in a sale to

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c. Member companies shall conduct their activities toward other member companies in compliance with this Code and all pertinent laws.

d. Information provided by member companies and their independent salespeople to prospective or current

independent salespeople concerning the opportunity and related rights and obligations shall be accurate and complete. Member companies and their independent salespeople shall not make any factual representation to prospective independent salespeople that cannot be verified or make any promise that cannot be fulfilled. Member companies and their independent salespeople shall not present any selling opportunity to any prospective independent salesperson in a false, deceptive or misleading manner.

e. Member companies and their independent salespeople shall not induce a person to purchase products or services based upon the representation that a consumer can recover all or part of the purchase price by referring other consumers, if such reductions or recovery are violative of applicable referral sales laws.

f. Member companies shall provide to their independent salespeople either a written agreement to be signed by both the member company and the independent salesperson, or a written statement containing the essential details of the relationship between the independent salesperson and the member company. Member companies shall inform their independent salespeople of their legal obligations, including their responsibility to handle any applicable licenses, registrations and taxes.

g. Member companies shall provide their independent salespeople with periodic accounts including, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the member company's arrangement with the independent salesperson. All monies due shall be paid and any withholdings made in a commercially reasonable manner.

h. Independent salespeople shall respect any lack of commercial experience of consumers. Independent salespeople shall not abuse

1. CONTINUED...

a consumer, compliance with the Federal Trade Commission Cooling-Off Rule does not prevent the Administrator from making a determination that a particular sales practice is deceptive, unlawful or unethical and that a refund or compensation is required.

the trust of individual consumers, or exploit a consumer's age, illness, handicap, lack of understanding or unfamiliarity with a language.

2. Products, Services and Promotional Materials

- a. The offer of products or services for sale by member companies and their independent salespeople shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model and availability. All product claims made by member companies and their independent salespeople must be substantiated by competent and reliable evidence and must not be misleading. A consumer's order for products and services shall be fulfilled in a timely manner.
- b. Neither member companies nor their independent salespeople shall make misleading comparisons of another company's direct selling opportunity, products or services. Any comparison must be based on facts that can be objectively and adequately substantiated by competent and reliable evidence. Neither member companies nor their independent salespeople shall denigrate any other member company, business, product or service—directly or by implication—in a false or misleading manner and shall not take unfair advantage of the goodwill attached to the trade name and symbol of any company, business, product or service.
- c. Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are false, deceptive or misleading. (Promotional literature shall contain the name and address or telephone number of the member company and may include the telephone number of the individual independent salesperson).
- d. Independent salespeople shall offer consumers accurate information regarding: price, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Independent salespeople shall give understandable and accurate answers to questions from consumers. To the extent claims

▶ 1. and 2. These sections cover communications about your own company or another company. For example, this section covers misleading statements made by an independent salesperson for company A about company B and/or its products to consumers or prospective independent salespeople.

are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

3. Terms of Sale

- a. A written order or receipt shall be delivered to the consumer at or prior to the time of the initial sale. In the case of a sale made through the mail, telephone, Internet, or other non-face-to-face means, a copy of the order form shall have been previously provided, be included in the initial order, or be provided in printable or downloadable form through the Internet. The order form must set forth clearly, legibly and unambiguously:
 1. Terms and conditions of sale, including the total amount the consumer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;
 2. Identity of the member company and the independent salesperson, and contain the full name, permanent address and telephone number of the member company or the independent salesperson, and all material terms of the sale; and
 3. Terms of a guarantee or a warranty, details and any limitations of after-sales service, the name and address of the guarantor, the length of the guarantee, and the remedial action available to the consumer. Alternatively, this information may be provided with other accompanying literature provided with the product or service.
- b. Member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three business days from the date of the purchase transaction and receive a full refund of the purchase price.
- c. Member companies and their independent salespeople offering a right of return, whether or not conditioned upon certain events, shall provide it in writing.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with the terms of all warranties and guarantees offered to consumers.

5. Identification and Privacy

- a. At the beginning of sales presentations independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation shall stop upon the consumer's request.
- b. Member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, independent salesperson or prospective independent salesperson.

6. Pyramid Schemes

For the purpose of this Code, pyramid or endless chain schemes shall be considered actionable under this Code. The DSA Code Administrator (appointed pursuant to Section C.1) shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

- ▶ 6. The definition of an "illegal pyramid" is based upon existing standards of law as reflected in *In the matter of Amway*, 93 FTC 618 (1979) and the anti-pyramid statutes of various states. In accordance with these laws, member companies shall remunerate independent salespeople primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on purchases that are not simply incidental to the purchase of the right to participate in the program. See Section 9 for further clarification.

7. Inventory Purchases

- a. Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall adopt and communicate a policy, in its recruiting literature, sales manual, or contract with an independent salesperson, that the company will repurchase on reasonable commercial terms currently marketable inventory and company produced promotional materials, sales aids, tools and kits, in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the independent salesperson's business relationship with the company. For purposes of this Code, "reasonable commercial terms" shall include the *repurchase of marketable inventory, and company produced promotional materials, sales aids, tools and kits* within twelve (12) months from the salesperson's date of purchase at not less than 90 percent of the salesperson's original net cost less appropriate set offs and legal claims, if any. For purposes of this Code, products shall not be considered "currently marketable" if returned for repurchase after the products'

- ▶ 7a. The purpose of the buyback is to eliminate the potential harm of "inventory loading;" i.e., the practice of loading up salespeople with inventory they are unable or unlikely to be able to sell or use within a reasonable time period. Inventory loading has historically been accomplished by giving sellers financial incentives for sales without regard to ultimate sales to or use by actual consumers. The repurchase provisions of the Code are meant to deter inventory loading and to protect distributors from financial harm that might result from inventory loading. Company-produced sales aids, kits and promotional materials, while not inventory, are subject to the repurchase requirement consistent with this section. Sales aids, kits and promotional materials that are produced by a third party, i.e. non-company produced, shall not be subject to the buyback.

"Inventory" is considered to include both tangible and intangible product; i.e., both goods and services. "Current marketability" of inventory shall be determined on the basis of the specific condition of the product. Factors to be considered by the DSA Code Administrator (appointed pursuant to Section C.1) when determining "current marketability" are condition of the goods and whether or not the products have been used or opened.

Changes in marketplace demand, product formulation, or labeling are not sufficient grounds for a claim by the company that a product is no

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commercially reasonable usable or shelf life period has passed; nor shall products be considered “currently marketable” if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

- b. The DSA Code Administrator appointed pursuant to Section C.1, upon finding a member company has engaged in false, misleading or deceptive recruiting practices, may employ any appropriate remedy to ensure any complainant shall not incur significant financial loss as a result of such prohibited behavior, including but not limited to requiring such member company to repurchase any and all inventory, and company produced promotional materials, sales aids and/or kits which a complainant has purchased.

7a. CONTINUED...

longer “marketable.” Nor does the ingestible nature of certain products limit the current marketability of those products. Government regulation that may arguably restrict or limit the ultimate resalability of a product does not limit its “current marketability” for purposes of the Code. State statutes mandate that certain buyback provisions required by law must be described in an independent salesperson’s contract.

While acknowledging that the contract is probably the most effective place for such information, the DSA Code allows for placement of the provision in either “its recruiting literature, sales manual or contract.” Regardless, the disclosure must be in writing and be clearly stated. Wherever disclosed, the buyback requirement shall be construed as a contractual obligation of the company. A member company shall not place any unreasonable or procedural impediments in the way of salespeople seeking to sell back products to the member company. Direct Selling Association Code of Ethics 9 The buyback process should be as efficient as possible and designed to facilitate buyback of products. The buyback provisions apply to all terminating independent salespeople who otherwise qualify for such repurchase, including independent salespeople who are not new to a particular company, or those who have left a company to sell for another company. The buyback policy should be published

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7a. CONTINUED...

in multiple locations and formats, and stated in a manner understood easily by a typical independent salesperson. It should be the goal of each member company to ensure that the typical independent salesperson is aware of the company's buyback policy. Therefore, each member company should undertake its best efforts to ensure the effective communication of the policy.

8. Earnings Representations

- a. The following shall be considered “earnings representations” under this Code:
 1. Any oral, written or visual claim that conveys, expressly or by implication:
 - a) A specific level or range of actual or potential sales; or
 - b) Gross or net income or profits, including but not limited to representations that either explicitly or implicitly suggest that lifestyle purchases—including homes, vehicles, vacations and the like—are related to income earned.
 2. Any statement, representation or hypothetical scenario from which a prospective independent salesperson could reasonably infer that he/she will earn a minimum level of income;
 3. Any chart, table or mathematical calculation demonstrating possible income, actual or potential sales, or gross or net profits based upon a combination of variables;
 4. Marketing materials or advertising explicitly describing or promising potential income amounts, or material-based lifestyles of independent salespeople;
- ▶ 8. *There is ample legal precedent in the form of FTC decisions to afford guidance on the subject of earnings representations. While not controlling, these precedents should be used by the Administrator in making determinations as to the substantiation of a member company's earnings claims.*
- The Code's simple prohibition of misrepresentations was intended, in part, to avoid unduly encumbering start-up member companies that have little or no actual earnings history with their compensation plan or established member companies that are testing or launching new compensation plans. The prohibition approach is meant to require that member companies in these circumstances need only ensure that their promotional literature and public statements clearly indicate that the compensation plan is new and that any charts, illustrations and stated examples of income under the plan are potential in nature and not based upon the actual performance of any individual(s).*

5. Any award or announcement of compensation describing the earnings of any current or past salesperson. A company's sales incentive awards, trips or meetings, and/or commissions, overrides, bonuses or other compensation, shall not be considered earnings representations unless they are accompanied by express indication of their value.
- b. Member companies must comply with, and obligate their independent salespeople to also comply with, the following standards:
 1. Earnings representations and sales figures must be truthful, accurate, and presented in a manner that is not false, deceptive or misleading.
 2. Current and prospective independent salespeople must be provided with sufficient information to understand that:
 - a) Actual earnings can vary significantly depending upon time committed, skill level and other factors;
 - b) Not everyone will achieve the represented level of income; and
 - c) Such amounts are before expenses, if any.
 3. Current and prospective independent salespeople must be provided with sufficient information to enable a reasonable evaluation of the opportunity to earn income.
 4. If a specific independent salesperson's commission or bonus payments are included in an earnings representation, any distributions made for those payments to others in the sales organization must be disclosed or deducted from the figure(s) used.
 5. Any sales and earnings representations must be documented and substantiated. Member companies and their independent salespeople must maintain such documentation and substantiation, making it available to the Administrator upon written request.
 6. Industry-wide—including DSA-produced—financial, earnings or performance information cannot be used as the primary source in documenting or substantiating a member company's or independent salesperson's representations. Such information can, however, be used in a general manner.

- c. In assessing whether an earnings representation violates this section of the Code, the Administrator shall consider all relevant facts and information, including but not limited to the factors outlined in this section.

9. Inventory Loading

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed by the independent salesperson within a reasonable period of time.

Member companies shall take clear and reasonable steps to ensure that independent salespeople are consuming, using or reselling the products and services purchased.

It shall be considered an unfair and deceptive recruiting practice for a member company or independent salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. The Administrator may employ any appropriate remedy to ensure any individual salesperson shall not incur significant financial loss as a result of such prohibited behavior.

- 9. See, Code Explanatory Section 7a. regarding inventory loading.

This provision should be construed in light of the regulatory admonition that commissions be generated by purchases that are not simply incidental to the purchase of the right to participate in the program (see Federal Trade Commission 2004 Advisory Opinion Letter to DSA.) Member companies that implement procedures demonstrating that salespeople are purchasing the product for resale, for their own use/ consumption (i.e., "self-consumption", "personal consumption" or "internal consumption") or for other legitimate purposes will be better able to meet the requirements of Section 9. The Code recognizes this as a long-standing and accepted practice in direct selling and does not prohibit compensation based on the purchases of salespeople for personal use.

Further, the Code does not set forth specific standards or requirements that a minimum level of sales take place outside of the salesforce.

10. Payment of Fees

Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the member company's business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return.

11. Training and Materials

- a. Member companies shall provide adequate training to enable independent salespeople to operate ethically. Such training should include the scope of permissible representations especially the parameters regarding product claims, inventory purchases and earnings representations in accordance with sections 2, 7 and 8 of this Code.
- b. Member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company's policies and procedures.
- c. Independent salespeople selling member company-approved promotional or training materials, whether in hard copy or electronic form, shall:
 1. Use only materials that comply with the same standards used by the member company,
 2. Not make the purchase of such materials a requirement of other independent salespeople,

▶ 10. High entrance fees can be an element of pyramid schemes, in which individuals are encouraged to expend large upfront costs, without receiving product of like value. These fees then become the mechanism driving the pyramid and placing participants at risk of financial harm. Some state laws have requirements that fees be returned similar to the repurchase provisions delineated in Code Section 7a. The Code eliminates the harm of large fees by prohibiting unreasonably high fees. The Administrator is empowered to determine when a fee is "unreasonably high." For example, if a refund is offered for only a portion of an entrance fee, to cover what could be described as inventory, and there is nothing else given or received for the balance of the entrance fee, such as a training program, that portion of the entrance fee may be deemed to be unreasonably high by the Administrator. This Code section reinforces the provisions in Section B. Responsibilities and Duties requiring member companies to address the Code violations of their independent salespeople.

3. Provide such materials at not more than the price at which similar material is available generally in the marketplace, and
 4. Offer a written return policy that is the same as the return policy of the member company the independent salesperson represents.
- d. Member companies shall take diligent, reasonable steps to ensure that promotional or training materials produced by their independent salespeople comply with the provisions of this Code and are not false, misleading or deceptive.

B. Responsibilities and Duties

1. Prompt Investigation and No Independent Contractor Defense

- a. Member companies shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints.
- b. In the event any consumer shall complain that the independent salesperson offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to cause the redress of any wrongs that its investigation discloses to have been committed.
- c. Member companies will be considered responsible for Code violations by their independent salespeople where the Administrator finds, after considering all the facts, that a violation of the Code has occurred. For the purposes of this Code, in the interest of fostering consumer protection, member companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations, provided, however, that such action shall not be construed to be a waiver of the member companies' right to raise such defense under any other circumstance.
- d. Member companies should be diligent in creating awareness among their employees and/or the independent salespeople marketing the member company's products or services about the member company's obligations under the Code. No member company shall in any way attempt to persuade, induce or coerce another company to breach this

Code, and an attempt to induce a breach of this Code is considered a violation of the Code.

- e. Independent salespeople are not bound directly by this Code, but as a condition of participation in a member company's distribution system, shall be required by the member company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.
- f. This Code is not law but its obligations require a level of ethical behavior from member companies and independent salespeople that is consistent with applicable legal requirements. Failure to comply with this Code does not create any civil law responsibility or liability. When a company leaves the DSA membership, a company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a company was a member of DSA.

2. Required Code Communication

a. All member companies are required to publicize the DSA Code of Ethics and the process for filing a Code complaint to their independent salespeople and consumers. At a minimum, member companies must have one of the following:

1. an inclusion on the member company's website of the DSA Code of Ethics with a step-by-step explanation as to how to file a complaint; or
2. a prominent link from the member company's website to the DSA Code of Ethics web page, with a separate mention of, or separate link to, the Code complaint filing process; or

► *2a. The links should be clear and conspicuous. The location of the link on the member company's website should be prominent so as to be accessible and visible to salespeople and the consumer; member companies should place the link on a web page that is commonly accessed by salespeople and consumers. Inclusion of statements, such as, "We are proud members of the DSA. To view the Code of Ethics by which we abide please click here," and "To file a complaint, please contact us at [company email and/or phone number]. If you are unsatisfied with the resolution, you may escalate your complaint to the DSA by clicking here," are also ideal. Member companies should specifically link to either www.dsa.org/consumerprotection/Code and www.dsa.org/consumerprotection/filing-a-code-complaint.*

3. an inclusion of the member company's Code of Ethics and its complaint process on its website with an explanation of how a complainant may appeal to the Administrator in the event the complainant is not satisfied with the resolution under the member company's Code of Ethics or complaint process, with a reference to the DSA Code of Ethics web page.
- b. All member companies, after submission of their program, are required to state annually, along with paying their dues, that the program remains effective or indicate any change.

3. Code Responsibility Officer

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by his or her company and responding to inquiries by the DSA Code Administrator appointed pursuant to Section C.1. He or she will also serve as the primary contact at the member company for communicating the principles of the DSA Code of Ethics to the member company's independent salespeople, employees, consumers and the general public.

4. Extraterritorial Effect

Each member company shall comply with the World Federation of Direct Selling Associations' Code of Conduct with regard to direct selling activities outside of the United States to the extent that the WFDSA Code is not inconsistent with U.S. law, unless those activities fall under the jurisdiction of the code of conduct of another country's DSA to which the member company also belongs.

C. Administration

1. Interpretation and Execution

The Board of Directors of the DSA shall appoint a Code Administrator ("Administrator") to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code. The Administrator will be responsible directly and solely to the Board.

2. Code Administrator

- a. The Administrator shall be a person of recognized integrity, knowledgeable about the industry, and of a stature that will command respect by the industry and from the public. He or she shall appoint a staff adequate and competent to assist in the discharge of the Administrator's duties. During the term of office, neither the Administrator nor any member of the staff shall be an officer, director, employee, or substantial stockholder in any member of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall have the same rights of indemnification as the Directors and Officers have under the bylaws of the DSA.
- b. The Administrator shall establish, publish and implement transparent complaint handling procedures to ensure prompt resolution of all complaints.
- c. The Administrator shall review and determine all charges against member companies, affording those companies an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings and shall at all times have the full cooperation of all member companies.

3. Procedure

- a. The Administrator shall have the sole authority to determine whether a violation of the Code has occurred. The Administrator shall answer as promptly as possible all queries relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, Code amendments, or other implementation procedures to make the Code more effective.
- b. If, in the judgment of the Administrator, a complaint is beyond the Administrator's scope of expertise or resources, the Administrator may decline to exercise jurisdiction over the complaint and may recommend to the complainant another forum in which the complaint can be addressed.
- c. The Board of Directors may direct that the Administrator undertake an investigation of a DSA member company in response to reports, investigations or litigation that give rise to concerns regarding the member company's compliance with the Code of Ethics. The Administrator shall provide a report to the Board of Directors

regarding findings of the investigation and whether there are any Code of Ethics violations. The Board may (among other remedies) suspend the company based on the results of the investigation. The Board may end the suspension of the member company upon the Administrator's report that the matter is resolved.

- d. The Administrator shall undertake to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. DSA Code of Ethics Enforcement Procedures

1. Receipt of Complaint

Upon receipt of a bona fide complaint from a bona fide consumer, the Administrator shall forward a copy of the complaint, to the accused member company together with a letter notifying the company that a preliminary investigation of a specified possible violation is being conducted and requesting the member company's cooperation in supplying necessary information and documentation. If the Administrator has reason to believe that a member company has violated the Code, even if a written complaint has not been received, then the Administrator shall provide written notice to the member company stating the basis for the Administrator's belief that a violation has occurred. The Administrator shall honor request by complainants for confidential treatment of their identity. The subject matter of a complaint will not be kept confidential.

2. Cooperation with the Code Administrator

In the event a member company refuses to cooperate with the Administrator and/or refuses to supply necessary information and documentation, the Administrator shall serve upon the member company, by certified mail, a notice affording the member company an opportunity to request Appeals Review Panel to evaluate whether its membership in the DSA should not be terminated. In the event the member company fails to request a review by an Appeals Review Panel pursuant to Section D.5. below, the DSA Board of Directors may vote to suspend or terminate the membership of the member company.

3. Investigation and Disposition Procedure

- a. The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, the investigation and administrative action shall terminate and the complaining party shall be so notified.
- b. The Administrator may, at his discretion, remedy an alleged Code violation through informal, oral and written communication with the accused member company.
- c. If the Administrator determines that there are violations of such a nature, scope or frequency that the best interests of consumers, the DSA, and/or the direct selling industry require remedial action, the member company shall be notified. The reasoning and facts that resulted in the decision as well as the nature of the remedy under Section E.1. shall be included in the Administrator's notice. The notice shall also offer the member company an opportunity to consent to the suggested without the necessity of a Section D.4. appeal. If the member company desires to dispose of the matter in this manner, it will within 20 calendar days advise the Administrator, in writing. The letter to the Administrator may state that the member company's willingness to consent does not constitute an admission or belief that the Code has been violated.

4. Appeals Review Panel

If a member company has submitted a request for review pursuant to Section D.2. or an appeal of the Administrator's remedial action pursuant to Section D.3., an Appeals Review Panel consisting of three representatives from active member companies shall be selected by the Executive Committee of DSA's Board of Directors within 20 calendar days. The three member companies shall be selected in a manner that represents a cross-section of the industry. When possible, none of the three shall sell a product that specifically competes with the member company that is seeking the Appeals Review Panel (hereinafter "the Appellant"), and every effort shall be made to avoid conflicts in selecting the Panel. If for any reason, a member of the Panel cannot fulfill his or her duties, the Chairman of the Board of DSA can replace that person with a new appointment. The representatives serving on the Appeals Review Panel

shall during their time on the Panel have the same rights of indemnification the Directors and Officers have under the bylaws of the DSA.

5. Appeals Review Procedure

- a. A member company must make a request to convene an Appeals Review Panel in writing to the Administrator within 20 calendar days of the Administrator's notice of the member company's failure to comply or the Administrator's recommended remedial action. Within 10 calendar days of receiving such a request, the Administrator shall notify the Chairman of the Board of DSA. The Executive Committee then shall select the three-person Panel as set forth in Section D.4.
- b. As soon as the Panel has been selected, the Administrator shall inform the Appellant of the names of the panelists. Within 14 calendar days of that notification, the Administrator shall send a copy of the Complaint and all relevant documents, including an explanation of the basis of the decision to impose remedial action, to the panelists with copies to the Appellant. Upon receipt of such information, the Appellant shall have 14 calendar days to file with the Panel its reasons for arguing that remedial action should not be imposed along with any additional documents that are relevant. Copies of that information shall be provided to the Administrator, who can provide additional information as the Administrator decides is necessary or useful to the Panel and the Appellant.
- c. Once the information has been received by the panelists from both the Administrator and the Appellant, the Panel will complete its review within 30 calendar days or as soon thereafter as practicable. If the review pertains to whether the Appellant's membership in the DSA should be terminated, the Panel shall decide whether the member company's failure to work with the Administrator justifies suspending or terminating the Appellant's membership in the DSA. If the review pertains to the Administrator's suggested remedial action, the Panel shall decide whether the Administrator's decision to impose remedial action was reasonable under all of the facts and circumstances involved and shall either confirm the Administrator's decision, overrule it, or impose a lesser sanction under Section E. The Panel shall be free to contact the Administrator, the Appellant, and any other persons who may be relevant, in writing as deemed appropriate. A decision by the Panel shall be final and shall be promptly communicated both to the Administrator and the Appellant.

The costs involved in the appeal such as costs of photocopying, telephone, fax, and mailing, shall be borne by the Appellant.

E. Powers of the Administrator

1. Remedies

If pursuant to the investigation provided for in Section D.3., the Administrator determines that the accused member company has committed a Code violation or violations, the Administrator is hereby empowered to recommend any appropriate remedies, either individually or concurrently, including but not limited to the following:

- a. Complete restitution to the complainant of monies paid for the accused member company's products, promotional materials, sales aids and/or kits that were the subject of the Code complaint;
- b. Replacement or repair of any of the accused member company's product that was the source of the Code complaint;
- c. Payment of a voluntary contribution to a special assessment fund that shall be used for purposes of publicizing and disseminating the Code and related information. The contribution may range up to \$1,000 per violation of the Code;
- d. Submission to the Administrator of a written commitment to abide by the Code in future transactions and to exercise due diligence to assure there will be no recurrence of the practice leading to the subject Code complaint; and/or
- e. Cancellation of orders, return of products purchased, cancellation or termination of the contractual relationship with the independent salesperson or other remedies.

2. Case Closed

Once the Administrator determines that there has been compliance with all imposed remedies in a particular case, the complaint shall be considered closed.

3. Refusal to Comply

If a member company refuses to comply voluntarily with any remedy imposed by the Administrator and has not requested a review by an Appeals Review Panel, the DSA Board of Directors, or designated part thereof, may conclude that the member company should be suspended or terminated from membership in the DSA.

4. Appeal for Reinstatement after Suspension or Termination

If the DSA Board of Directors, or designated part thereof, suspends or terminates a member company pursuant to the provisions of this Code, the DSA shall notify the member company of such a decision by certified mail. A suspended member company, after at least 90 calendar days following that notice, and a terminated member company, after at least one year following that notice, may request the opportunity to have its suspension or termination reviewed by an Appeals Review Panel, which may in its discretion recommend that the Board of Directors reinstate membership.

5. Referral to State or Federal Agency

In the event a member company is suspended or terminated by the DSA Board of Directors, or designated part thereof, pursuant to the provisions of this Code, the DSA shall inform the Federal Trade Commission (“FTC”) of such suspension or termination and shall, if requested by the FTC, submit any relevant data concerning the basis for suspension or termination.

F. Restrictions

1. Conferring with Others

At no time during an investigation or the hearing of charges against a member company shall the Administrator or member of an Appeals Review Panel confer with anyone concerning the alleged violation(s) of the Code, except as provided herein and as may be necessary to conduct the investigation and hold a hearing. At no time during the investigation or the Appeals Review Panel process shall the Administrator or a member of the Appeals Review Panel confer with a competitor of the member company alleged to be in violation of the Code, except when it may be necessary to call a competitor concerning the facts, in which

case the competitor shall be contacted only for the purpose of discussing the facts. At no time shall a competitor participate in the Administrator's or in an Appeals Review Panel's disposition of a matter.

2. Documents

Upon request by the Administrator to any member company, all documents directly relating to an alleged violation shall be delivered to the Administrator. Any information that is identified as proprietary by the producing party shall be held in confidence. Whenever the Administrator, either by his own determination or pursuant to a decision by an Appeals Review Panel, closes an investigation, all documents shall either be destroyed or returned, as may be deemed appropriate by the Administrator, except to the extent necessary for defending a legal challenge to the Administrator's or Appeals Review Panel's handling of a matter, or for submitting relevant data concerning a complaint to a local, state or federal agency. At no time during proceedings under this Code shall the Administrator or a member of an Appeals Review Panel either unilaterally or through the DSA issue a press release concerning allegations or findings of a violation of the Code unless specifically authorized to do so by the Executive Committee of DSA's Board of Directors.

3. Pending Members of DSA

Nothing in Section F shall prevent the Administrator from notifying, at his discretion, DSA staff members of any alleged violations of the Code that have come to his attention and which may have a bearing on a pending member company's qualifications for active membership.

4. Public Reporting of Code of Ethics Complaints and Compliance Efforts

The Administrator may issue periodic reports on Code of Ethics compliance including disclosure of numbers and types of complaints as well as company-compliance efforts. The issuance of these reports will not identify individual complaints.

G. Resignation

Resignation from DSA by an accused member company prior to completion of any proceedings constituted under this Code shall not be grounds for termination of said proceedings, and a determination as to the Code violation shall be rendered by the Administrator at his or her discretion, irrespective of the accused member company's continued membership in DSA or participation in the complaint resolution proceedings.

H. Amendments

This Code may be amended by vote of two thirds of the Board of Directors.

As Adopted June 15, 1970

As Amended by Board of Directors
through June 3, 2017



Code of Ethics & Business Practices

April 27, 2016



Codes of Ethics & Business Practices

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1. Foreword

1.1 These Codes are the outgrowth of an initiative sponsored by the Direct Sellers Association (DSA). They are intended to be an expression of the high standards of business conduct which are subscribed to by each Member company within the Association and, further, are devoted to the enhancement of relations between Member companies, their direct Salespersons and the ultimate Consumer. Though these Codes reflect the codes adopted by the World Federation of Direct Selling Associations (WFDSA) they have been in place for longer than the WFDSA codes. The provincial and federal legislation that governs direct selling sets out the minimum obligations of Members and Salespersons; the obligations imposed by these Codes go beyond those minimum standards.

1.2 They are undertaken as part of an overall effort by DSA Members to protect and enhance the position of direct selling within the Canadian consuming public's purchasing habits and shopping mode preferences. Additionally, all DSA Members seek to make the industry a welcome and attractive place to earn a living. These Codes are a reflection of the commitment of all Members and Salespersons to these goals.

1.3 These Codes operate within the context of Canadian law. Members and Salespersons are bound by the legislation enacted Parliament, the *Competition Act* and the *Personal Information Protection and Electronic Documents Act* for example, and by provincial and territorial legislatures—their *Consumer Protection Acts*, for example. The provisions of these Codes may reflect the legislation that exists or they may go further; they are not to be understood as qualifying in any way the legal obligations that Members and Salespersons are under. Compliance with these Codes may not be compliance with all legislative requirements.

2. Introduction

2.1 Direct Selling refers to the marketing of Consumer Products directly to Consumers, generally in their homes or the homes of others, at their workplace and other places away from permanent retail locations, usually through explanation or demonstration of the Products by a Salesperson.

2.2 Direct sales involve several participants: the direct seller, the Salesperson and the purchaser of the Product offered. The relationship between them must be based on fair and ethical principles.

2.3 The strength of direct selling lies in its tradition of independence and its commitment to a free-market system. Each Member recognizes, however, that this freedom of enterprise carries with it the obligation to consider not only one's personal well being, but also that of others, and of the industry as a whole.

2.4 To achieve this goal, DSA Members commit themselves to abide by these Codes in order to ensure a high level of ethical conduct on the part of all Members and Salespersons, individually and collectively, when dealing with each other under competitive conditions.

3. Definitions Applicable to the Codes and Code Enforcement/Complaints Procedure

“**Board**” means the Board of Directors of the DSA.

“**Codes**” means the Code of Ethics and the Code of Business Practices adopted by the DSA and “**Code**” means either the Code of Ethics or the Code of Business Practices.

“**Code Administrator**” means the person appointed by the Board to monitor Members’ observance of the Codes and to resolve complaints under the Codes.

“**Consumer**” means any individual to whom direct sales activities are directed by a Member or a Salesperson.

“**DSA**” or “**Direct Sellers Association**” means the incorporated body constituting the national association of Canadian direct selling companies that market and distribute Products directly to Consumers.

“**Member**” means an active member of the Direct Sellers Association and does not include a Supplier Member or an Affiliate Member.

“**Offer**” means any solicitation of, or communication or interaction with a Consumer by a Member or a Salesperson, either in writing or orally, directly or by telemarketing, the Internet, text message or any other form of electronic communication or direct mail.

“**Order**” includes any agreement for the purchase of goods or services.

“**Product**” includes goods and services.

“**Recruiting**” means any activity conducted for the purpose of assisting or inducing a person to become a Salesperson.

“**Sale**” includes any purported Sale, incomplete Sale, completed Sale, any Sale that is subsequently cancelled by a Consumer and any arrangement whereby a Consumer becomes liable to a Member or Salesperson.

“**Sales Documents**” includes the Offer, any agreement recording a Sale, and any other document by which the parties to a Sale are identified or which sets out the terms of the Sale.

“**Salesperson**” means any individual engaged on his or her own behalf or on behalf of a Member, selling Member Products through personal Sales contacts, which may also include contacts by telemarketing or direct mail, and includes a distributor, agent, representative, employee and any intermediary (including independent sales contractors) associated with the sale or distribution of Member Products.

Code of Ethics

1. Scope

1.1 The purpose of the Code is to emphasize the sense of responsibility toward the Consumer and toward the general public by all Members. The Code applies to direct Sales practices used in the marketing of Products and refers only to the relationship of Members and their Salespersons with the ultimate Consumers who purchase Products from them.

1.2 The Code is to be applied in spirit as well as to the letter, bearing in mind the varying degrees of knowledge, experience and discriminatory ability of those to whom direct Sales are directed.

2. Basic Principles

2.1 All Members shall conform to the principles of fair competition as generally accepted in business, with particular regard to:

- (a) the terms of the Offer and the Sales Documents and the methods and form of the contact with the Consumer.
- (b) the methods of presentation and demonstration of, and information about the Product.
- (c) the fulfilment of any obligation arising from the Offer, the Sales Documents or any operation connected with them, including delivery.

2.2 This Code reflects the pledge of all Members to carry out their activities in conformity with the laws of Canada, its provinces and territories.

2.3 This Code is a measure of self-regulation by the Direct Sellers Association. It is not a law, and its obligations may require a level of ethical behaviour that exceeds existing legal requirements. Non-observance of the Code does not create any civil responsibility. With termination of its Membership in the DSA, a company is no longer bound by the Code, the provisions of which remain applicable to events or transactions occurring during the time a company was a Member of the DSA. Conversely, compliance with the Code may not satisfy the legal obligations imposed on Members and Salespersons.

2.4 All Members believe that their business dealings should be carried out at a level well above the minimum required by law, and that integrity and customer satisfaction are their two most valued objectives.

2.5 Members shall voluntarily assume responsibility toward their Consumer with respect to fair Sales methods and Product value, and shall make every effort to ensure Consumer satisfaction.

2.6 All Members recognize their responsibility to fully inform Salespersons as to the characteristics of the Products offered to enable them to give the Consumer all necessary information.

Member Responsibilities

3. The Terms of the Offer

3.1 The terms of the Offer shall be clear, so that the Consumer may know the exact nature of what is being offered and the commitment involved in the placing of an order and, in particular, shall be accurate and truthful as to any representation made and as to price, delivery, payment terms, grade, quality, make, value, performance, quantity, currency of model, and availability.

4. Price & Credit Terms

4.1 Whether the Sale is on a cash basis (which includes payment by cheque, debit or credit card), or on an instalment basis, the price and terms of payment, a description of the Product and quantity purchased, as well as any agreed delivery date, shall be clearly stated on the order form together with the nature of any additional charges (such as postage, handling, taxes, etc.) and, wherever possible, the amounts of such charges.

4.2 In the case of a Sale on an instalment plan, the credit terms, including the amount of any deposit, the number, amount and frequency of such instalments and total price as compared with the cash price, shall be clearly shown on the order form.

4.3 Any information required by Canadian and applicable provincial or territorial laws, or needed by the Consumer to understand the cost, interest and terms of any other form of credit, shall be specified either in the Offer or when the credit is offered.

5. Cooling Off

5.1 The Member shall make sure that any order form, contract or annexed document used by it in Sales to Consumers for cash or credit will contain, as required, by provincial or territorial laws, the appropriate "Buyers Right to Cancel" permitting the Consumer to withdraw from the contract within a specified time, and to obtain reimbursement of any down payment.

6. Guarantees and Warranties

6.1 Offers may contain the words, "guarantee," "guaranty," "guaranteed," or "warranty," or words having the same meaning, only if the terms of the guarantee or warranty, as well as the remedial action open to the purchaser, are clearly set out in the Offer, or are available to the purchaser in writing, during display and with the Products. Such guarantee shall in no way diminish the rights that a purchaser would enjoy under Canadian and applicable provincial and territorial laws. The name and address of the guarantor and the duration of the guarantee shall be clearly stated.

7. After-Sales Service

7.1 When an after-Sales service is offered, details and limitations of such service shall be included in the Offer or in any guarantee. When a Consumer might reasonably expect after-Sales service and the service is not offered, the customer shall be informed and the Offer and any Sales Document shall so state.

8. The Presentation of the Offer

8.1 The full name, the permanent address, and the telephone number of the Member or Salesperson, and any other information as may be required by provincial or territorial laws, shall be given in the Offer or any other Sales Document or any sales literature distributed to the Consumer, so that the Consumer may contact the Member directly. The contact information shall include a postal address. Sales Documents and other sales literature containing only an accommodation address or a post office box number are not acceptable.

9. Clarity

9.1 All Sales Documents and all sales literature shall be printed in a font and colour which are easy to read. Particular care shall be taken where the intended class of Consumers might be expected to have problems in reading. The requirements of all provincial and territorial laws with respect to type size or any other aspect of any Sales Document shall be met. All photography or artwork used in promotional literature must accurately illustrate the actual Product or be properly qualified.

10. Safety

10.1 Whenever necessary to ensure safety, printed information shall be provided with the Product and shall include proper directions for use and full instructions covering safety.

11. Packaging

11.1 Products and, where applicable, samples shall be packaged in such a way as to be suitable for delivery to the Consumer and for possible return, all in compliance with applicable safety requirements.

12. Refunds

12.1 When a Consumer is entitled to a refund, every reasonable effort shall be taken to ensure that the Consumer is promptly reimbursed.

13. Complaints

13.1 Each Member shall promptly investigate any Consumer complaint that a Salesperson has engaged in any improper course of conduct pertaining to the Sale of a Product.

13.2 The Member shall promptly investigate and take any steps appropriate and necessary in the circumstances to redress the complaint.

Salespersons Responsibilities

14. The Presentation of the Offer

14.1 All Salespersons shall, without being asked, immediately and truthfully identify themselves to the prospective Consumer, indicate the purpose of their approach to the Consumer, and identify the Member or manufacturer with whom they are associated and the Product line with which they deal. The name and telephone number of the Member shall appear on any Sales Documents given to the Consumer. In party plan selling, Salespersons shall make clear the purpose of the occasion to the hostess and the participants.

15. Information

15.1 Salespersons shall make every effort to assist the Consumer to evaluate the nature of the Sale. Direct Sales shall be organized and operated so as not to:

- (a) create confusion in the mind of the Consumer,
- (b) abuse the trust of the Consumer, or
- (c) exploit the lack of experience and knowledge of the Consumer.

15.2 Any explanation and demonstration of the Product offered shall be accurate and complete, in particular with regard to price and, if applicable, cost of credit and terms of payment, the "Buyers Right to Cancel" or return the Product and delivery as specified by federal, provincial or territorial laws.

15.3 Salespersons shall give sufficient time for the Consumer to read the entire contract form thoughtfully and without harassment.

15.4 Where Salespersons have reason to believe that a Consumer has difficulty understanding the meaning of clauses in the contract or of any aspect of the Sales Documents in general, they shall, wherever possible, provide the required explanations, or allow the Consumer time to obtain

other assistance for proper understanding of the Sales Documents and the transaction before signing or assenting to the terms of the Offer. The demonstration or explanation of the Product shall, as far as possible, be responsive to the needs of the individual Consumer.

15.5 Salespersons shall make known to the Consumer, at the time of Sale, all aspects of the company's guarantees, warranties, and other after-sales service.

Salespersons Operations

16. Respect for Privacy

16.1 Direct Sales shall not be intrusive. The right of the Consumer to refuse further or any discussion shall be scrupulously respected. Calls (whether personal or by telephone) should only be made during reasonable hours and subject to all restrictions on telephone contact.

17. Honesty & Fairness

17.1 Salespersons shall not abuse the trust of individual Consumers or exploit their lack of experience or knowledge, nor play on superstition or on fear, thereby exerting undue pressure on Consumers.

18. Veracity

18.1 Salespersons shall not, in the course of a sales presentation, during the completion of the Sales Documents or contract with any Consumer, make any statement or take any demonstration measure that, directly or by implication, omission, ambiguity or exaggeration, is likely to mislead the Consumer with regard to the terms of the Offer.

18.2 Salespersons shall give accurate and clear answers to questions concerning the Product and the Offer.

Member & Salespersons: Joint Responsibilities

19. Testimonials & Endorsements

19.1 Neither the Member nor any Salesperson shall refer to any testimonial or endorsement that is:

- (a) not authorized by the person quoted, whether in a private or public capacity;
- (b) not genuine or that is unrelated to the experience of the person giving it;
- (c) obsolete or otherwise no longer applicable;
- (d) used in connection with any Product other than that for which the testimonial or endorsement was originally furnished;
- (e) not authorized for certain categories of Products;
- (f) used in any way likely to mislead the Consumer by falsely listing customers, falsely indicating prior Consumer satisfaction or in any other way.

20. Comparisons & Fair Competition

20.1 The Member and the Salesperson shall refrain from using comparisons that are likely to mislead and that are incompatible with the principles of fair competition. Points of comparison shall be fairly selected and shall be based on facts that can be substantiated.

20.2 The Member and the Salesperson shall not discredit any firm or Product directly or by implication. Accurate and truthful Product comparisons, however, are acceptable.

20.3 The Member and the Salesperson shall not seek to induce any Consumer to cancel a contract with another seller.

20.4 The Member and the Salesperson shall not take unfair advantage of the goodwill attached to the trade name and symbol of another firm or Product.

20.5 Neither the Member nor any Salesperson shall mislead or otherwise create any confusion in the mind of the Consumer about the identity of the represented Member, its promotion campaigns or trade mark, and those of its competitors.

20.6 The Member and the Salesperson shall ensure that all terms of the Offer are communicated to the Consumer in writing in a clear and understandable manner.

21. Disclosure

21.1 Member Offers shall be accurately and truthfully presented to the Consumer, in particular with regard to:

- (a) the characteristics of the Product;
- (b) price and credit terms;
- (c) other terms of purchase;
- (d) delivery, exchange, return, after-sales service (if any);
- (e) terms of guarantee or warranty;
- (f) official recognition or approval, awards, prizes and diplomas, with respect to the offered Product; and
- (g) any other information required to be provided to the Consumer by Canadian and applicable provincial and territorial laws.

21.2 All product claims made by Members and Salespersons must be substantiated by competent and reliable evidence and must not be misleading.

22. Referral Selling

22.1 Members and Salespersons shall not induce a Consumer to purchase goods or services based upon the representation that a Consumer can reduce or recover the purchase price by referring prospective Consumers to the sellers for similar purchases, if such reduction or recovery is contingent upon some future event that may not occur.

23. Delivery

23.1 Members and Salespersons shall fulfil the Consumer's order in a timely manner.

24. Responsibility for Code Observance

24.1 The prime responsibility for the observance of this Code rests with the Member who recognizes the importance of promoting the principles contained herein. Every Member shall pledge to abide by the Code as a condition of admission and continuing Membership in the DSA.

24.2 In addition, the Code shall be duly observed by:

- (a) every authorized Salesperson, whether acting as an agent or otherwise on behalf of the Member; and
- (b) every authorized Salesperson acting as an independent Sales contractor.

Code of Business Practices

1. Scope

1.1 The purpose of this Code is to emphasize the sense of responsibility among Members, and among Members and their Salespersons, and to encourage the highest level of ethical business conduct among all participants in the direct selling industry.

1.2 The success of every direct seller rests in the ability to Offer the best opportunity possible and recruit the most promising candidates. To meet this competitive challenge, the ethical principles and practices of this Code shall be carefully observed.

1.3 This Code is to be applied in spirit as well as to the letter, bearing in mind the varying degrees of knowledge, experience and discriminatory ability of those concerned. All Members are committed to abide by all Canadian and applicable provincial and territorial laws. Notable among Members, however, is the belief that all business dealings must be carried out at a level well above the minimum required by law. Integrity and customer satisfaction are the two most valued objectives of all Members.

2. Basic Principles

2.1 All Members and Salespersons commit themselves to the high standards of ethical conduct as contained in the Code of Ethics.

2.2 All Members shall conform to the principles of this Code with respect to

- (a) fair competition as generally accepted in business, with particular regard to:
- (b) their methods and approach used to recruit Salespersons;
- (c) their efforts and obligations to train and educate;
- (d) their Salespersons; and
- (e) their general approach to and treatment of all participants in the direct selling industry.

2.3 This Code is a measure of self-regulation by the Direct Sellers Association. It is not a law and its obligations may require a level of ethical behaviour that exceeds existing legal requirements. Non-observance does not create any civil law responsibility. With termination of its Membership in the DSA, a company is no longer bound by the Code, the provisions of which remain applicable to events or transactions occurring during the time a company was a Member of the DSA.

3. General

3.1 All Members and their Salespersons shall adopt the highest level of ethical standards in their dealings with Consumers and shall abide by the spirit and letter of the Code of Ethics. Every Member pledges to abide by the Code as a condition of admission and continuing Membership in the DSA.

3.2 To guide Salespersons in dealing with the Consumer, and with each other, and with all direct selling industry participants, every Member shall make available to their Salespersons the Code of Ethics and this Code of Business Practices. Each Member shall ensure that each Salesperson becomes familiar and complies with the contents of these Codes.

3.3 To guide employees and executives in dealing with the Consumer, their Salespersons, and all direct selling industry participants (including Salespersons of other direct selling companies), each Member shall, by way of a compliance statement from the Chief Executive Officer or senior operating officer, ensure that the employees and executives become familiar with, understand and comply with the Code of Ethics and this Code of Business Practices.

3.4 Each Member shall establish procedures to ensure that it is sufficiently informed of the Sales activities and practices of its Salespersons.

4. Recruiting

4.1 Every Member shall refrain from business recruiting practices directed at the Salespersons or other Members, whether directly or through third parties that do not comply with the provisions of applicable federal and provincial laws, including the Civil Code of Quebec and the applicable common law that may, among other things, deal with wrongful or malicious interference with contractual relationships in effect between companies and their independent contractors.

5. Education

5.1 Sales educational programs offered to Salespersons by Members shall conform to the principles of fair competition as generally accepted in business and law, particularly concerning:

- (a) the methods and forms of the contract with the Consumer;
- (b) the methods of presentation and demonstration of the Product; and
- (c) the information on the Product to be given to the Consumer.

6. False or Misleading Statements

6.1 No Member shall make any statement or condone any statement, by inaction or otherwise, of any of its Salespersons that contains false, misleading, unwarranted or exaggerated claims, either directly or by implication. For example, if a competitor's name is used, it shall be used only in the context of a factual comparison and relevant significant terms.

6.2 If a testimonial and endorsement is used, it must represent the honest opinion of a competent endorser.

6.3 If a competitor's Product is used, it shall be used only in comparison with a Product that is actually competitive and where significant similarities exist.

7. Disparaging Claims

7.1 Every Member shall not make claims or condone claims being made by others in relation to the sales or marketing plan of other Members that do not comply with the provisions of applicable federal and provincial laws, including the Civil Code of Quebec and the applicable common law.

8. Member Obligations to Salespersons, Sales Policies and Salesperson Relations

8.1 Members shall give their Salespersons either a written agreement to be signed by both the company and the Salesperson, or a written statement containing all essential details of the relationship between the Salesperson and the company. Members shall inform their Salespersons of their legal obligations, including any applicable licences, registrations and taxes.

8.2 No Member shall require or encourage its Salespersons to purchase inventory or to assume other expenses in connection with the exercise of its business that are unreasonably high.

8.3 The facts of each particular case, including the following, will determine whether the expenses assumed or inventory purchased are unreasonable:

- (a) the relationship of the expenses or inventory to the possible earnings expectation;
- (b) the nature and competitiveness of the products held and the market environment; and
- (c) the Member's Product return and/or inventory restocking policies and the established Sales record of the Salesperson.

8.4 Each Member shall provide its Salespersons with periodic accounts concerning, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations, and other relevant data, in accordance with the company's arrangement with its Salespersons.

8.5 All amounts due shall be paid and any withholdings made in a commercially reasonable manner.

8.6 Notwithstanding Section 8.3, every Member shall permit its Salespersons to return Products in Saleable condition on reasonable commercial terms.

8.7 Every Member shall inform its Salespersons of the right to return Products and how it can be exercised. Salespersons must be given the option of returning Product to the person from whom they purchased it, or to the company.

8.8 The factors to be considered in determining what constitutes reasonable commercial terms include:

- (a) the nature of the Product;
- (b) the time period given to return Product;
- (c) the percentage of money returned;
- (d) the procedures to be followed in returning the Product; and
- (e) a comparison of other Product return policies of similar companies.

9. Other Materials

9.1 Members shall prohibit Salespersons, while they are acting as Salespersons, from marketing any materials that are inconsistent with the policies and procedures of the Member.

9.2 Salespersons who sell company approved promotional or training literature, whether in hard copy or electronic form, shall (i) utilize only materials that comply with the same standards to which the Member adheres, (ii) refrain from making the purchase of such sales aids a requirement of downline Salespersons, (iii) provide sales aids at a reasonable and fair price, equivalent

to similar material available generally in the marketplace, and (iv) offer a written return policy that is the same as the return policy of the Member the Salesperson represents.

10. Recruiting

10.1 Every Member shall present the advantage of the selling opportunity to any prospective Salesperson in an honest and forthright manner.

10.2 Members and Salespersons shall not misrepresent the actual or potential sales or earnings of their Salespersons. Any earnings or sales representations made shall be based upon documented facts and, where applicable, be in compliance with federal, provincial or territorial laws.

10.3 No Member shall make any statement to any prospective Salesperson that cannot be verified or make any promise that cannot be fulfilled.

11. Education

11.1 Every Member shall inform its Salespersons fully as to each of the following:

- (a) the importance of compliance with these Codes;
- (b) the recourse available through the DSA for a violation of these Codes;
- (c) the characteristics of the Products offered to enable them to give the Consumer all necessary information;
- (d) the applicable price and credit terms associated with each Product or Offer;
- (e) the “cooling-off” requirements in their province;
- (f) the applicable guarantee or warranty associated with each Product or Offer;
- (g) the inventory buy-back terms; and
- (h) any applicable after-sales service associated with their company.

12. Responsibility for Code

12.1 The prime responsibility of the observance of the Code toward Salespersons and toward other direct sellers rests with the Member.

12.2 Every Member shall be responsible for the practices of its Salespersons where a violation of this Code has occurred and where the Member has either authorized, condoned, or in any way supported such a practice.

12.3 If a Member is negligent in failing to establish procedures whereby the Member would be kept informed of the sales practices of its Salespersons, that Member shall be considered responsible for the violation.

13. Termination

13.1 When a Salesperson wishes to terminate his or her relation with a member, the Salesperson shall have the right to return unsold Product as set out above and to return promotional materials, sales aids and kits purchased within the preceding twelve months for a refund of not less than 90% of the price paid by the Salesperson.

13.2 When a Salesperson is terminated by a Member for cause, the Salesperson shall be entitled to know the reason for the termination and to be given an opportunity to answer any accusations made against him or her.

13.3 When a Salesperson is terminated without cause, the Member should give the Salesperson as much notice of the impending termination as is reasonably possible in the circumstances.

Code Enforcement/Complaints Procedure

1. Interpretation and Execution

1.1 The Board shall appoint a Code Administrator to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under these Codes.

1.2 The Administrator will be responsible directly and solely to the Board. The Board shall establish all regulations necessary to administer the provisions of this Code.

2. Code Administrator

2.1 The Administrator shall ideally be a person of recognized integrity, knowledgeable in the industry, and of a stature that will command respect by the industry and from the public. He or she may, with the approval of the Board, appoint a staff adequate and competent to assist him or her in the discharge of his or her duties. During his or her term of office, neither the Administrator nor any Member of his or her staff shall be an officer, director, employee, or substantial stockholder in any Member or affiliate of the DSA.

2.2 The Administrator shall disclose all holdings of stock in any Member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board. The Administrator shall also have the same rights of indemnification as the Directors and Officers have under the bylaws of the DSA.

2.3 The Administrator, in accordance with the regulations established by the Board, shall hear and determine all complaints against Member companies or their Salespersons. He or she shall afford the Member or Salesperson an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings, and shall at all times have the full co-operation of all Members.

3. Procedure

3.1 The Administrator shall determine whether a violation of the Code has occurred in accordance with the regulations established hereunder and the Code Enforcement/Complaints Procedure on file at the DSA office. The Administrator shall answer as promptly as possible all queries posed by Members and Salespersons relating to the Codes and their application, and, when appropriate, may suggest, for consideration by the Board, new regulations, definitions, or other implementations to make the Code more effective.

4. Extra-Territoriality

4.1 Every national DSA is required to undertake that it will require its Members, as a condition of their admission and continuing Membership in each national DSA, to comply with the Codes with regard to direct selling activities outside its home country, unless those activities are

under the jurisdiction of Codes of Conduct of another national DSA to which the Member also belongs.

5. Amendments

5.1 These Codes may be only be amended in accordance with the procedures of the Board for a two-thirds majority.