



Amway Business Manual



Table of Contents

PART 1 Shape the Future with Action - You Deserve It!

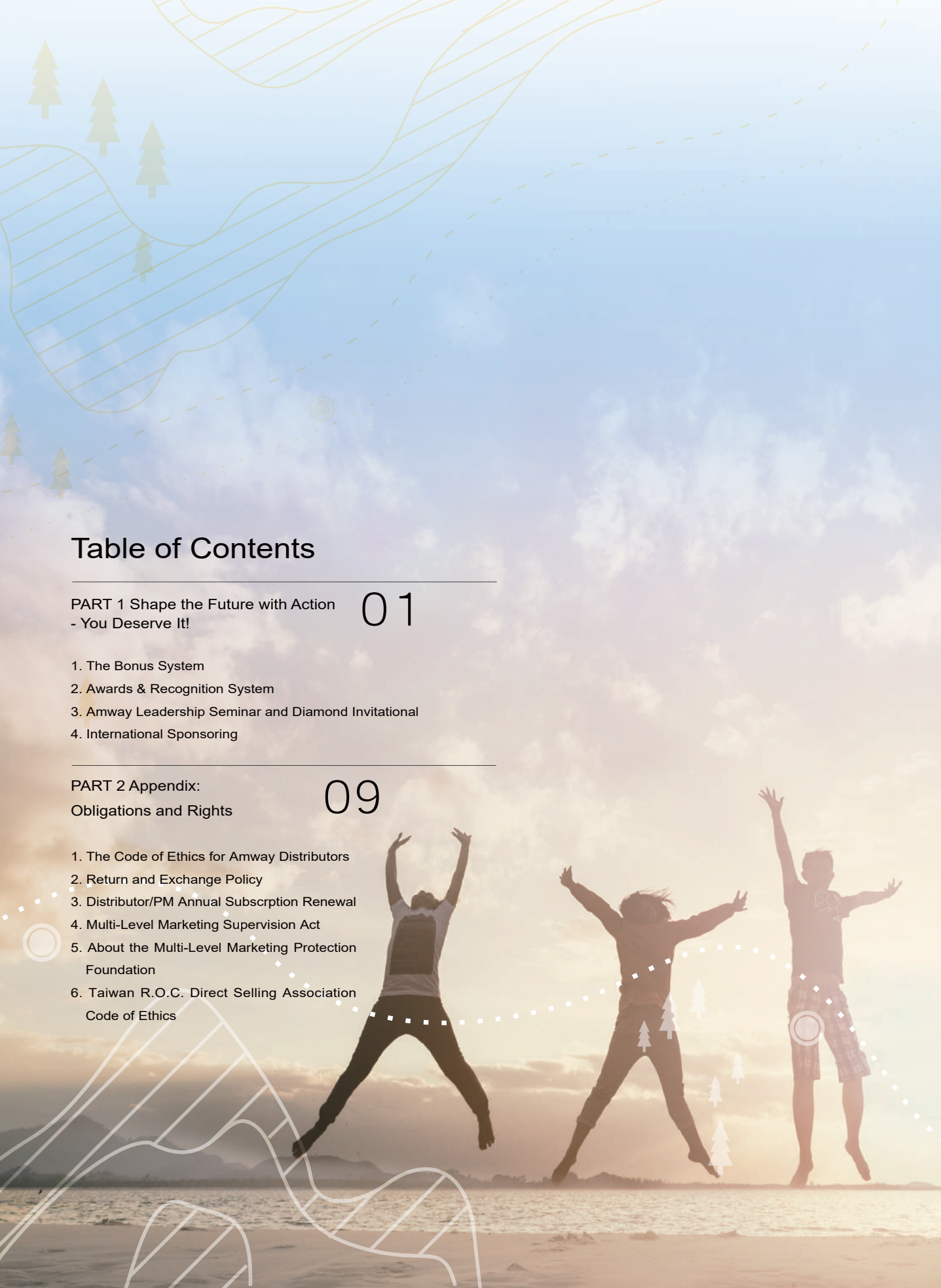
01

1. The Bonus System
2. Awards & Recognition System
3. Amway Leadership Seminar and Diamond Invitational
4. International Sponsoring

PART 2 Appendix: Obligations and Rights

09

1. The Code of Ethics for Amway Distributors
2. Return and Exchange Policy
3. Distributor/PM Annual Subscription Renewal
4. Multi-Level Marketing Supervision Act
5. About the Multi-Level Marketing Protection Foundation
6. Taiwan R.O.C. Direct Selling Association Code of Ethics



Part

1

Shape the Future with Action - You Deserve It!

Amway's incentive system includes a bonus and reward structure designed to encourage distributors to continuously surpass themselves, deepen and expand their organizational layout, and create a successful business framework. The bonus system is designed for comprehensive and sustainable growth, ensuring that effort leads to rewards. Distributors not only earn performance bonuses based on their individual efforts but also receive additional rewards from Amway for helping their partners succeed, allowing them to accumulate their achievements and pass them on to future generations.

1. The Bonus System

Productivity Indicator (PV/BV Ratio)

Business Volume (BV) is the basis for calculating performance bonuses, while Point Value (PV) is used to determine the monthly bonus percentage. Currently, the ratio between PV and BV is 1:50.

Due to factors such as inflation, cost of living, and market demand, Amway may need to adjust product prices, BV, and the ratio between BV and PV accordingly. This means that fluctuating factors can impact the performance and bonus calculation base, making it necessary to use PV as the standard for calculating the performance bonus percentage.

Amway's Business Bonuses* are divided into three main categories:

1. Monthly Bonuses (bonuses calculated on a monthly basis), including:
 - The Performance Bonus: 3%~21%
 - Leadership Bonus: 6%
 - Ruby Bonus: 2%
 - Depth Bonus: 1%
2. Annual Bonuses (bonuses calculated on a yearly basis), including:
 - Emerald Bonus: 0.25%
 - Diamond Bonus: 0.25%
 - Diamond Plus Bonus: 0.25%
3. Global Award Recognition (GAR) Two-Time Cash Incentive: For awards ranging from Executive Diamond to Founders Crown Ambassador, a bonus is awarded upon first qualification and another bonus is awarded if the qualification is met again the following year.

*Bonuses related to awards are subject to award recognition and approval processes and can only be collected once the award has been officially recognized.

Monthly Bonus

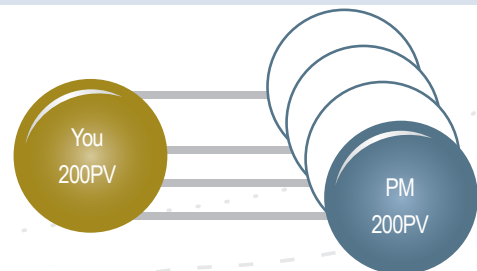
● The Performance Bonus

► Performance Bonus Schedule

If Your Total Monthly Point Value is:	Your Performance Bonus is:
10,000	21% of your BV
7,000	18%
4,000	15%
2,000	12%
1,000	9%
600	6%
200	3%

The calculation of Performance Bonus is based not only on the Distributor's own BV but also includes the BV of Downline Distributors they have sponsored and the BV from products purchased by referred PM.

Example



Your Performance Bonus

$$200 + 200 \times 4 = 1,000\text{PV}$$

$$1,000\text{PV} \times 50 \times 9\% = \text{NT\$4,500}$$

● Leadership Bonus

Eligibility for 6% Leadership Bonus: Must meet the Silver Producer qualification. Amway rewards Sponsors for their efforts in expanding the business of "Downline 21% Distributors" by paying a 6% Leadership Bonus based on the BV of the recommended 21% group. The 6% Leadership Bonus is a permanent benefit that can be inherited by your Successor and is considered part of your business assets.

*Minimum Guarantee for Leadership Bonus

The 6% Leadership Bonus earned by a qualified Sponsor is determined by the BV of the 21% group they personally sponsored. The Amway Sales & Marketing Plan provides Sponsors with a 6% Leadership Bonus, and at the same time, this also generates a 6% Leadership Bonus for their sponsor, known as the "Minimum Guarantee".

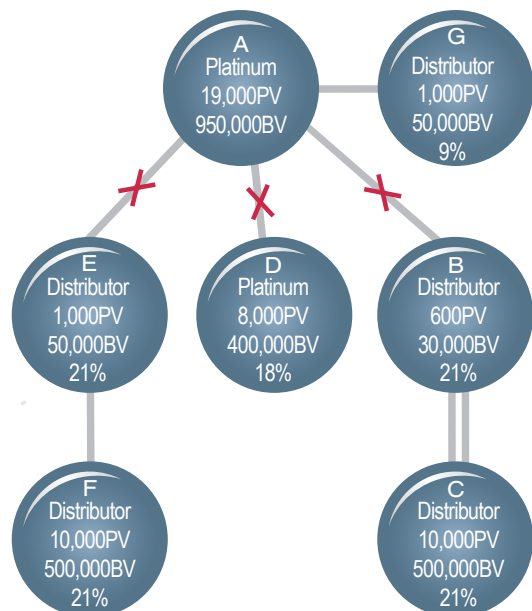
The "Minimum Guarantee" is established and announced by Amway Taiwan Company Ltd. and will be adjusted when there are changes in the ratio between Point Value (PV) and Business Volume (BV). As long as an Upline Distributor receiving the 21% Performance Bonus is entitled to a 6% Leadership Bonus, this bonus will not be less than the "Minimum Guarantee." Therefore, if their personal group's BV does not meet the 6% Leadership Bonus "Minimum Guarantee" for their sponsor, Amway will adjust the 6% Leadership Bonus they could have received to ensure that their qualified Sponsor maintains the "Minimum Guarantee".

● Ruby Bonus

When a Ruby's monthly PV reaches 20,000, the Ruby Bonus is equal to 2% of the Ruby's sales volume for that month and is awarded to the qualified Distributor, regardless of whether they have achieved Platinum qualification. The following will not count towards the Ruby volume:

1. The BV of all Downline Distributors who qualify for the 21% Performance Bonus.
2. The performance of Downline Platinum groups is not included in the Upline Distributor's Ruby PV, regardless of whether Platinum qualifies for the 21% Performance Bonus.
3. The performance of foster-sponsored groups that have reached the 21% highest performance level, along with the performance of all its Upline Sponsors, is not included in this PV.

Example



Explanation:

A and D are Platinum, while B, C, E, F, and G are regular Distributors. A's Ruby PV does not include the following 3 items:

1. The performance of F, who receives the 21% Performance Bonus, and their Upline E.
2. The BV of Downline Platinum Group D.
3. The performance of the foster-sponsored Group C and their upline B, who meet the 21% bonus criteria.

Therefore, A's Ruby PV is calculated as follows:

$$A+G=19,000PV+1,000PV=20,000PV$$

● Depth Bonus

Amway pays the Depth Bonus each month based on the BV of all 21% groups at the second level and below, up to the BV of the next eligible Depth Bonus recipient. This is then added to the total BV of the 21% groups personally sponsored by the Depth Bonus recipient and multiplied by 1%. If a qualified Depth Bonus recipient sponsors or fosters another Depth Bonus recipient, the Depth Bonus that the sponsor can receive will be limited to the BV of the 21% groups personally sponsored or fostered by the new Depth Bonus recipient.

The Depth Bonus is only paid based on the performance of qualified groups within the country that hold Platinum or higher awards. All qualified Depth Bonus recipients must sponsor or foster three or more 21% Performance Bonus-qualified groups within the month to be eligible for the Depth Bonus. All Platinum and higher award holders who meet the qualification criteria can receive this bonus.

*Minimum Guarantee for Depth Bonus

The Depth Bonus has a "Minimum Guarantee for Depth Bonus" requirement. For each 21% group, the Upline Distributor's "Minimum Guarantee" for the Depth Bonus is 1% of the BV.

Annual Bonus

● Emerald Bonus

Amway has established the Emerald Bonus, which is paid to qualified Emeralds. Distributors who sponsor or foster three or more 21% groups in the country, with each group achieving the 21% Performance Bonus standard for six months within the Amway fiscal year (the months need not be consecutive), are eligible for the Emerald Bonus.

The calculation period for the Emerald Bonus begins on September 1 of each fiscal year and ends on August 31 of the same year. The bonus is paid out by the end of December following the close of the fiscal year, and all qualified Emeralds are eligible to participate in the distribution of the Emerald Bonus. The total amount is calculated by taking 0.25% of the annual total BV from all Downline Distributors of each Emerald Bonus recipient within the country. The calculation method is as follows:

For each group of an Emerald that meets the highest Performance Bonus standard, the BV for each month is added together. For the first 1,250,000 in BV, every 1,000 in BV is counted as 4 points; for BV between 1,250,001 and 3,750,000, every 1,000 in BV is counted as 2 points; for BV between 3,750,001 and 6,250,000, every 1,000 in BV is counted as 1 point; for BV above 6,250,001, every 10,000 in BV is counted as 1 point. This calculation is applied to each group.

Amway Taiwan will take 0.25% of the total annual BV from all Downlines of Emerald Bonus recipients to calculate the bonus.

Internationally sponsored groups that meet the highest Performance Bonus standard can also be included in the Emerald Bonus, as long as the Distributor qualifies for the Emerald Bonus within their home country. In such cases, Amway will pay the Emerald Bonus twice: once to the Foster Sponsor and once to the International Sponsor.

For each Emerald, the points from all their direct selling groups are first totaled, and then the total points of all Emeralds are summed to get the overall score. The total bonus amount is then divided by the overall score to determine the average bonus amount per point. The Emerald Bonus is determined by multiplying each Emerald's points by the average bonus amount per point.

● Diamond Bonus

Qualified Distributors participating in the Diamond Bonus distribution share 0.25% of the total BV of all Downline Distributors of Diamonds within the country. The distribution method for the Diamond Bonus is the same as that for the Emerald Bonus.

The Diamond Bonus is paid annually by Amway to those who meet the Diamond qualification. The Distributor must personally sponsor or foster at least six 21% Performance Bonus groups within the country. Each group must maintain the 21% Performance Bonus standard for at least six months within the fiscal year's 12 months.

Internationally sponsored groups that meet the highest Performance Bonus standard can also be included in the Diamond Bonus, as long as the distributor qualifies for the Diamond Bonus within their home country. In such cases, Amway will pay the Diamond Bonus twice: once to the Foster Sponsor and once to the International Sponsor.

The Emerald and Diamond Bonuses also include 0.25% of the BV from international groups sponsored by Domestic Distributors, with the limitation that the BV from international groups only counts for the country in which the business is conducted and does not include BV generated in a third country.

● Diamond Plus Bonus

In the same fiscal year, if a Platinum-level or higher Distributor personally sponsors or fosters at least seven 21% groups within the country, and these groups meet the qualification for at least six months within the fiscal year, they will be eligible for the Diamond Plus Bonus. The calculation and payment of the Diamond Plus Bonus do not include international groups. The bonus payment method is as follows:

Each qualifying 21% group earns "units" for each qualifying month. The distribution of units per group is as described below:














For each fiscal year, Amway sets aside 0.25% of the total BV generated by all 21% groups under domestic Diamonds and higher-level distributors as a fund. Once the units are allocated to each eligible Diamond Plus Bonus recipient, the total fund is divided by the total units to determine the value of each unit. This value is then multiplied by the units allocated to each group to determine the bonus amount for that group.













2. Awards & Recognition System

To reward and recognize the business achievements of distributors, Amway has established a comprehensive system of awards, including a bonus structure. Successful business builders can receive pins, medals, bonuses, and other incentives. Each award and reward is endowed with the highest honor and serves as a symbol of exemplary leadership for other distributors. To earn these awards, distributors must strictly adhere to The Code of Ethics for Amway Distributor. After passing Amway's award verification process (see Note 1), the Company will confer the appropriate awards and rewards, acknowledging the distributor's accomplishments within the Amway business.

List of Awards & Recognition System

Awards	Qualification	Monthly Bonus	Annual Bonus
 Silver Producer	Meet one of the following qualifications: <ul style="list-style-type: none"> Group PV reaches 10,000 Group PV reaches 4,000 + 1 group qualifying for 21% Performance Bonus Group PV under 4,000 + 2 groups qualifying for 21% Performance Bonus 	<ul style="list-style-type: none"> The Performance Bonus 6% Leadership Bonus 	-
 Gold Producer	Qualify for Silver Producer for 3 months	<ul style="list-style-type: none"> The Performance Bonus 6% Leadership Bonus 	-
 Platinum	Qualify for Silver Producer for 6 months (including 3 consecutive months)	<ul style="list-style-type: none"> The Performance Bonus 6% Leadership Bonus 	-
 Ruby	Qualify for Platinum and achieve 20,000 Ruby PV in a single month	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 6% Leadership Bonus 	-
 Founders Platinum	Meet one of the following qualifications: <ul style="list-style-type: none"> Qualify for Silver Producer for 12 months Qualify for Silver Producer for 10 months + VE 144,000PV Qualify for Silver Producer for 10 months + GPV 120,000 	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 6% Leadership Bonus 	-
 Founders Ruby	Qualify for Platinum and achieve 20,000 Ruby PV for 12 months	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	-
 Pearl	Qualify for Platinum with 3 groups of Downline Silver Producer in a single month	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	-
 Sapphire	Qualify for Sapphire for 6 months (and meet one of the following qualifications) <ul style="list-style-type: none"> Group PV reaching 4,000 + 2 groups of Downline Silver Producer Group PV under 4,000 + 3 groups of Downline Silver Producer 	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	-
 Founders Sapphire	Qualify for Sapphire for 12 months, or 10 months of Sapphire + VE 345,600PV	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	-
 Emerald	3 groups of Downline Silver Producer for 6 months	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus
 Founders Emerald	Meet one of the following qualifications: <ul style="list-style-type: none"> 3 groups of Downline Silver Producer for 12 months 3 groups of Downline Silver Producer for 10 months + VE 144,000 PV 3 groups of Downline Silver Producer for 10 months + Group PV reaching 120,000 	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus
 Diamond	6 groups of Downline Silver Producer for 6 months (at least 3 of 6 groups must be personally or foster sponsored groups)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus*
 Founders Diamond	Qualify for Diamond and meet one of the following qualifications: <ul style="list-style-type: none"> 6 groups of Downline Silver Producer for 12 months 6 groups of Downline Silver Producer for 10 months + VE 144,000 PV 6 groups of Downline Silver Producer for 10 months + Group PV reaching 120,000 	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus*

Awards	Qualification	Monthly Bonus	Annual Bonus	GAR TTCA	
				First-time qualification bonus	Requalification bonus
 Executive Diamond	With eligibility as a Founders Diamond, the Distributor must have six Founders Platinum groups across multiple international businesses and achieve 10 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	875,000	288,750
 Founders Executive Diamond	With eligibility as a Founders Diamond, the Distributor must have six Founders Platinum groups across multiple international businesses and achieve 16 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	1,000,000	330,000
 Double Diamond	With eligibility as a Founders Diamond, the Distributor must have eight Founders Platinum groups across multiple international businesses and achieve 25 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	1,250,000	412,500
 Founders Double Diamond	With eligibility as a Founders Diamond, the Distributor must have eight Founders Platinum groups across multiple international businesses and achieve 34 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	1,750,000	577,500
 Triple Diamond	With eligibility as a Founders Diamond, the Distributor must have ten Founders Platinum groups across multiple international businesses and achieve 43 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	2,250,000	742,500
 Founders Triple Diamond	With eligibility as a Founders Diamond, the Distributor must have ten Founders Platinum groups across multiple international businesses and achieve 52 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	3,000,000	990,000
 Crown	With eligibility as a Founders Diamond, the Distributor must have twelve Founders Platinum groups across multiple international businesses and achieve 64 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	4,000,000	1,320,000
 Founders Crown	With eligibility as a Founders Diamond, the Distributor must have twelve Founders Platinum groups across multiple international businesses and achieve 76 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	5,000,000	1,650,000
 Crown Ambassador	With eligibility as a Founders Diamond, the Distributor must have fourteen Founders Platinum groups across multiple international businesses and achieve 88 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	6,000,000	1,980,000
 Founders Crown Ambassador	With eligibility as a Founders Diamond, the Distributor must have fourteen Founders Platinum groups across multiple international businesses and achieve 100 Qualification Credits (QC)	<ul style="list-style-type: none"> The Performance Bonus 2% Ruby Bonus 1% Depth Bonus 6% Leadership Bonus 	<ul style="list-style-type: none"> Emerald Bonus Diamond Bonus Diamond Plus Bonus* 	7,000,000	2,310,000

* VE stands for maximized total Group PV: This includes the sum of the PV for the direct Downline and all their recommended Downlines, including all Downlines qualifying at 21% or higher.

* Leadership Bonus and Depth Bonus are contingent upon having qualifying Downlines in the given month, with limitations for protecting Uplines.

* For the Silver Producer, Gold Producer, and Platinum qualifications, achieving the qualification for the first time must be within 12 consecutive months. To requalify for Platinum, it must be achieved within the same fiscal year.

* For Ruby through Founder Crown Ambassador, both the first-time and requalification must occur within the same fiscal year.

* To qualify for the Emerald Bonus, the Distributor must have at least three qualifying groups, either directly sponsored or indirectly sponsored, within the country.

* To qualify for the Diamond Bonus, the Distributor must have at least six qualifying groups, either directly sponsored or indirectly sponsored, within the country.

* For the Diamond Plus Bonus, the Distributor must have at least seven qualifying groups, either directly sponsored or indirectly sponsored, within the country.

* The two-time cash incentive for newly qualifying Executive Diamond through Founders' Crown Ambassador (the first-time bonus and requalification bonus) are calculated based on the Qualification Credits (QC) generated entirely from the Taiwan market. If QC includes international markets, the bonuses will be distributed according to the QC generated in each market, with priority given to the market with the highest performance. As a result, the actual bonus amount received may vary based on the allocation and Profit Index (PI) of each international market.

* For detailed bonus qualification requirements, please refer to pages P4 to P7 and the Amway official website. For detailed plans on qualifying for awards based on GAR Qualification Credits (QC), please refer to the rewards guidelines on the official website.

Note 1: Amway will thoroughly review all aspects of a distributor's conduct during the award and reward verification process. If any misconduct is found, Amway reserves the right to withhold part or all of the awards, rewards, or bonuses, depending on the specific circumstances, the distributor's attitude, and the intent behind their actions.



3. Amway Leadership Seminar and Diamond Invitational

Amway Leadership Seminar are not just rewards for distributors who meet specific performance standards; they also offer opportunities to explore the world, broaden horizons, and exchange business experiences with Amway elites from around the globe. These trips are a recognition of their achievements.

In addition to the Amway Leadership Seminar, those who meet the Diamond qualifications are also invited to participate in the premier Amway Diamond Invitational.

Leadership Seminar Participation Point Requirements	
First Time	120,000 points
Second Time	135,000 points
Third Time	150,000 points
Fourth Time	170,000 points
Fifth Time	190,000 points
Sixth Time	210,000 points
Seventh Time	240,000 points
Eighth Time	280,000 points
Ninth Time (and over)	320,000 points



Formula for Travel Point Calculation		
BV	Travel Points	
For every Person Group PV (1:1 ratio)	1 point	
BV	First 21% Group	Second and subsequent 21% Groups
If a Distributor's group accumulates 10,000 points or more, for each domestically sponsored group that meets the 21% qualification, they may receive	7,500 points	9,000 points
If a Distributor's group accumulates between 4,000 or 10,000 points, for each domestically sponsored group that meets the 21% qualification, they may receive	5,000 points	6,500 points
If a Distributor's group accumulates fewer than 4,000 points or more, for each domestically sponsored group that meets the 21% qualification, they may receive	2,000 points	3,500 points

Explanation:

1. The points for the Amway Leadership Seminar are accumulated within each fiscal year.
2. For those who qualify as Platinum, all monthly performance points within the fiscal year, regardless of whether the 21% performance bonus standard is met, will be counted.
3. If you qualify as a Diamond within the fiscal year, you will be invited to attend both Leadership Seminar and Diamond Invitational for that year.
4. To be eligible for the Distinguished Distributor Leaders and Diamond Elite Overseas Travel Seminars, you must hold at least a Platinum with Amway Taiwan and strictly adhere to The Code of Ethics for Amway Distributors. All seminars are by invitation only; meeting the specified performance standards does not guarantee automatic eligibility. Participation is subject to Amway's review and invitation process.
5. According to the tax regulations for participants in multi-level marketing businesses, overseas travel is considered a non-cash payment and is treated as taxable income in kind. Attendees are required to comply with the relevant tax withholding requirements.



4. International Sponsoring

Amway is an international business. Once your domestic business is well-established, you can expand it globally to over 100 countries and regions through international sponsorships, allowing you to enjoy greater income and a sense of achievement. For more details, please refer to the Amway website: <https://www.amwayglobal.com/>



If you have any questions about the Amway business opportunity,
please contact your upline distributor or the
Amway customer service hotline at (02) 2175-5166

Part 2

Appendix: Obligations and Rights

The Code of Ethics for Amway Distributors

The Code of Ethics for Amway Distributors and the Amway Business Manual, along with any amendments made by Amway Taiwan Company Ltd. to these documents, shall form part of this Code. Distributors are required to adhere to these provisions, provided that any amendments have been published in the Amway Monthly magazine or communicated to distributors through other means. All Amway Distributors shall comply with the revised Code of Ethics.

The Code of the Ethics for Amway Distributors

As an Amway Distributor, I agree to conduct my Amway Business according to the following principles:

1. I will try to deal fairly with people I meet in my activity as an Amway Distributor in the same manner I would wish them to deal with me.
2. I will uphold and follow the Rules of Conducts as stated in the official Amway Code of the Ethics and Rules of Conduct, Amagram, and official Amway literature, observing not only the "letter" but also the "spirit" of those Rules.
3. I will present Amway Products and the Amway Business Opportunity to my customers and prospective Distributors in a truthful and honest manner; I will make only such claims as are sanctioned in official Amway literature and will make no exaggeration.
4. I will be courteous and prompt in handling any and all product complaints, and will follow procedures prescribed in official Amway literature for the giving of exchanges and refunds.
5. I will conduct myself in such a manner as to reflect the highest standard of integrity, frankness, and responsibility because I recognize that my action as an Amway Distributor have far-reaching effects.
6. I will accept and carry out the various prescribed responsibilities of an Amway Distributor (and of a Sponsor and Direct Distributor when I progress to such level of responsibility) as set forth in official Amway literature.
7. I will use only Amway reviewed or produced literature in connection with presentation of the Amway Sales & Marketing Plan, the selling of Amway Products, and my activities as an Amway Distributor.
8. I will abide by Fair Trade Law, Supervisory Regulations Governing Multi-Level Sales, the Code of the Ethics and the Rules of Conduct by Amway, and other laws of the R.O.C.

Section 1. – Introduction

These Rules of Conduct define the rights, duties and responsibilities of an Amway Distributor. While the Rules primarily define relationships between Amway and Distributors, they also concern relationships among Distributors. The Rules are designed to promote harmony among Distributors and to preserve the benefits available to all Distributors under the Amway Sales and Marketing Plan. The opportunity to become a Distributor is available to all persons regardless of their sex, race, nationality, and political or religious beliefs.

Section 2. – Definitions

- 2.1. These Rules set out the terms and conditions of your contract with Amway, and the Amway Business Policies which shall be followed. Unless the context otherwise requires, the following words and phrases shall have the meanings set out below:
 - 2.1.1. "Amway" means Amway Corporation, Amway Taiwan Company Limited, Amway's affiliates or other meanings of the term itself (including Chinese and other languages) except where the context otherwise requires. "Amway Taiwan" means Amway Taiwan Company Limited.
 - 2.1.2. Amway Business: A business, as identified by the Amway Distributor Authorization (ADA) number and the Amway Application for Appointment as an Authorized Distributor of Amway Products Form.
 - 2.1.3. "Amway Sales & Marketing Plan" means the Amway bonus system, rewards and awards, Sponsoring procedures and Amway's guidelines, requirements, systems, procedures and policies regarding Distributors' presentation of Amway products and the Amway business and the operation of an Amway Distributorship, as set out in the Amway Business Manual as may be amended from time to time by Amway Taiwan in accordance with actual needs. The Amway Sales & Marketing Plan shall be deemed from part of these Rules.
 - 2.1.4. Amway Business Policies: Rules and policies set forth in official Amway literature, including the Rules of Conduct and various other policies and bulletins that may be maintained by Amway from time to time which are incorporated by reference into; the Amway Distributor Contract, and the Business Manual, and communicated through official Amway literature or communication and announcements on Amway Website. The Amway Business Policies shall have the same force and effect as the Rules.
 - 2.1.5. Amway Business Opportunity: The products, marketing, support and compensation system offered by Amway.
 - 2.1.6. "Amway Corporation" means the Amway Corporation of 7575 East Fulton Road, Ada, Michigan, USA.
 - 2.1.7. Bonus: The monetary rewards that Amway pays to Distributors in accordance with the Amway Sales and Marketing Plan.
 - 2.1.8. Business Support Materials ("BSM"): The definition for BSM is intended to be interpreted broadly and includes, by way of example, the following; printed materials, audio-video and multimedia productions, internet-based products and services, non-Amway recognition and award systems, meetings and other events, and other materials or equipment used to provide information or support the sale of Amway products and services, as well as coupons, vouchers, tickets or standing order/subscriptions programs relating to any of the previously mentioned. When the term BSM is used without the preface "Amway Produced", it refers to non-Amway produced BSM only.

- 2.1.9. "Distributor" means a contractor authorized by Amway Taiwan for the sale of Amway products and Amway-distributed products and for the Sponsorship of applications for appointment as Amway Distributors. The term includes an Amway Platinum, a Sponsor, and his/her successors and assignees.
- 2.1.10. Distributor Contract: Refers to the Distributor Application along with the incorporated documents that form the terms of the contractual agreement between Distributor and Amway, including but not limited to the Amway Sales and Marketing Plan, the Amway Business Policies and these Rules, which all constitute part of the Amway Distributor Contract.
- 2.1.11. Distributor in Good Standing: For the purposes of interpreting and enforcing the Rules of Conduct only, the term "good standing" shall refer to a Distributor who is currently authorized by Amway to hold himself out as a Distributor and whose conduct complies with the letter and spirit of the Rules of Conduct and Amway Business Policies for each market in which a Distributor has a presence; is not engaged in conduct that negatively affects the reputation of Amway, Amway's affiliates, and its Distributor; is not engaged in conduct that supports or defends the activity of other Distributor which jeopardizes the ongoing nature of an Amway affiliate or otherwise is inconsistent with the other criteria set forth herein; is not engaged in conduct that does not comply with all applicable laws and regulations in each country and whose conduct does not demonstrate cultural sensitivity given market conditions.
- 2.1.12. Distributorship: A distributorship is another way to describe an Amway business, which is identified by an ADA number, including the qualification, position and rights of a Distributor.
- 2.1.13. Leg: A Distributor and all downline Distributors from that individual.
- 2.1.14. "Platinum" means a Distributor who has been recognized by Amway Taiwan as such pursuant to the Amway Sales & Marketing Plan.
- 2.1.15. "Line of Sponsorship" in the case of any one Distributor means the Sponsorship chain formed by the Distributor, his/her Sponsor, and the Sponsor's Sponsor, and so forth, up to and including Amway Taiwan.
- 2.1.16. "Personal Group" in respect of any one Distributor means the Distributor in question, all Distributors personally sponsored by him/her, all Distributors personally sponsored by such personally-sponsored Distributors, and so forth downline from the Distributor in question, to and including those Distributors who have not themselves sponsored other Distributors, but the term does not include any Platinum downline from the Distributor in question nor any 21% Distributors downline from any such Platinum.
- 2.1.17. Prospect: A potential Distributor or customer.
- 2.1.18. All terms used in these Rules, which are defined or explained in the Amway Sales & Marketing Plan, shall have the same meaning as they have in the Amway Sales & Marketing Plan. Without limiting the generality thereof, such terms include "Business Volume" (or "BV"), "Diamond", "Emerald", "Foster Sponsor", "Internationally Sponsored Distributor", "Pearl", "Performance Bonus", "Point Value" (or "PV"), "Ruby", "Gold Producer", "Silver Producer" and "21% Sponsor".
- 2.1.19. The concept of "Sponsorship" is that explained in the Amway Sales & Marketing Plan.
- 2.1.20. Personal Sponsor: A Distributor who introduces and sponsors a Prospect into the Amway Business Opportunity.
- 2.1.21. International Sponsor: A Distributor who introduces a prospect from another country to the Amway Business Opportunity and he/she becomes the ("International Sponsor") when this prospect signs up and is being foster sponsored by another Distributor in that market.
- 2.1.22. Foster Sponsor: A Distributor of Amway in the affiliate who is designated to provide training and support to an Internationally Sponsored Distributor.
- 2.1.23. "Amway Products" means products, business support materials or services manufactured, supplied or provided by or on behalf of Amway Corporation or Amway Taiwan and which are made available by Amway to Distributors for sale or use in accordance with the Rules.
- 2.1.24. "Rules" or "Rules of Conduct" means these Rules of Conduct for Distributors, as may from time to time be altered or amended by Amway Taiwan.
- 2.1.25. Digital Communications: Digital Communications are electronic transmissions (generally by computer or mobile device) of text, data, images, video, voice, and other information including, without limitation, any posts or publications made available within the digital space, including emails, videos, live streaming, podcasts, blog posts, mobile applications (apps), advertising, forums, webpages, and through any social media or messaging platform, e.g., Facebook®, YouTube®, Instagram®, Twitter®, WeChat®, VK®, Line®, WhatsApp® or Snapchat®.
- 2.1.26. Digital Property: A digital property is an online presence including websites, social accounts and messaging platforms owned or controlled by an individual, group, organization, business or company.
- 2.1.27. Digital Communication Standards ("DCS"): The Rules apply to Distributor Digital Communications regarding Amway, the Amway opportunity, Amway products and services (directly or indirectly), or when the Digital Communications constitute BSM as defined under the Rules and BSM Policy. Since the digital space is unique, Amway has established Digital Communications Standards (DCS) to ensure Distributor Digital Communications are in compliance with the Rules. The DCS are incorporated into and made a part of these Rules, and Distributors must comply with the DCS. A copy of the currently applicable DCS is available upon request from Amway.
- 2.1.28. Distributorship owner refers to the person(s) who owns, individually or jointly, the Distributorship set forth in 2.1.12, is entitled to all rights and benefits granted under the Distributorship and shall perform the obligations and duties under the Rules of Conduct and the Distributor Contract.
- 2.1.29. Successor refers to the person(s) with heirship receiving the Distributorship by the Distributor's preplanning in accordance with Chapter 10 or any other person designated by the Distributor to receive the Distributorship by sale or transfer.

Section 3. – Becoming a Distributor

- 3.1. To become a Distributor of Amway Products, a person must be sponsored by a currently authorized Distributor and must request authorization to distribute Amway Products from Amway by completing an "Application for Amway Distributor Authorization". If the applicant is not a citizen of the Republic of China, he/she shall present copies of his/her passport and R.O.C. Resident Certificate, or relevant documentations of established corporation or business entity, and shall sign "NON-R.O.C. Citizen Distributor Agreement & Proxy - Taiwan" upon application.
- 3.1.1. The "Application for Amway Distributor Authorization" must be sent to Amway Taiwan immediately after completion.
- 3.1.2. 1st Amway Business Residency Requirement: Reside within the country (Except for EU. Europe can decide the wording to replace "country") where the business is being

- registered, if this is a person's first Amway business in any market where Amway operates. The company retains the discretion to allow registration beyond the restriction.
- 3.2. A husband and wife shall be deemed to be a partnership holding one Distributorship. If two Distributors marry and neither is a Platinum, one Distributorship must be terminated within 30 days after the marriage. If either of the Distributors is a Platinum, each Distributorship may continue to be operated separately in its original Line of Sponsorship. In case that a Distributorship is jointly owned, both owners shall fulfill full obligations involved.
 - 3.3. Without limiting the generality of Amway's discretions pursuant to Rule 3.5, to become a Distributor or to renew his/her authorization as a Distributor an applicant:
 - 3.3.1. Must be at least 18 years of age; and must not be incapable of managing his/ her affairs by reason of mental or other condition;
 - 3.3.2. Must not be the spouse of a currently authorized Amway Distributor unless he or she qualifies under 3.2.
 - 3.3.3. Must not have been terminated for breach of contract under a previous Distributorship or Distributorship with another Amway affiliate; and
 - 3.3.4. A former Distributor may apply for authorization as a new Distributor, provided that the provisions in Rule 6.4.4, 6.4.8-6.4.11 and 6.4 are adhered to.
 - 3.3.5. Must not be an employee of a direct-selling company at the time of the initial application or during the term of his or her authorization as a Distributor.
 - 3.3.6. Must be a Taiwanese citizen or resident duly authorized by the relevant authority to conduct business (or permitted to work) in Taiwan.
 - 3.3.7. must not be in prison or confined to any other corrective institution.
 - 3.3.8. must not be a bankrupt or a party to any arrangement or composition with his/her creditors or any of them or own any property or assets the subject of receivership or official management.
 - 3.3.9. must not be suspended or disbarred from practicing his/her usual trade or profession by any competent authority, trade or professional association, institute or society.
 - 3.4. Amway Taiwan reserves the right in its sole and absolute discretion to accept or reject any application for appointment as a Distributor, without having to assign any reason for its acceptance or rejection.
 - 3.5. Amway Taiwan reserves the right to reject any renewal application (including separately rejecting one of the joint Owner in a jointly owned Distributorship), which includes but not limited to the situations below:
 - 3.5.1. The Distributor was operating in a manner that was contrary to the reputation and interests of Amway; or
 - 3.5.2. The Distributor did not comply with or is in breach of Distributor Contract or the Rules of Conduct within the 12 months preceding the period for which extension is sought; or
 - 3.5.3. Failure to meet the requirements outlined in Rule 3.3 of the Rules of Conduct.
 - 3.6. A distributorship shall be formed initially by and in the name(s) of the individual applicant(s). After receiving a distributor number, a distributor who wishes to operate his/her distributor ship as a corporation, limited liability company(LLC), formal partnership, limited partnership, limited liability partnership (LLP) or trust must complete the appropriated Entity Agreement for Independent Business Owners (IBOs) and submit it to Amway, which may accept or reject it. A Distributorship will not be granted to any company, unincorporated business, or partnership per se.
 - 3.7. The authorization of a Distributor will be effective only if and when the prospective Distributor receives(issue) from Amway Taiwan his/her Amway identification number (also known as Amway Distributor Authorization No.) and Amway Distributor Card.
 - 3.8. The only purchase requirement imposed on a prospective Distributor is the purchase of an unaltered and complete Amway Starter Kit. No prospective or existing Distributor will be required, and no existing Distributor may require new or prospective Distributors to do the following for any reason:
 - 3.8.1. Purchase any specified amount of products or Business Support Materials.
 - 3.8.2. Maintain a specified minimum inventory or Business Support Materials.
 - 3.8.3. Purchase any non - Amway produced products or services.
 - 3.8.4. Purchase tickets to attend rallies, seminars, or other meetings.
 - 3.8.5. Sponsor a specific number of new Distributors.
 - 3.8.6. Subscribe to any non-Amway produced business promotion items and/or programs.
 - 3.9. A Distributor's authorization will expire at the end of the 13th calendar month period counting from and including the month of first authorization. A Distributor shall renew the authorization annually to maintain his/her Distributorship before the end of the expiry month; otherwise, the authorization will lapse at midnight of the last day of the expiration month.
 - 3.10. A Distributor may apply to renew his/her authorization by sending to Amway Taiwan a completed Notice of Intent to Continue Form and the current renewal fee prior to the expiration of authorization then current.
 - 3.11. If a Distributor fails to file a completed Notice of Intent to Continue Form together with the current renewal fee by the due date, or if Amway does not accept an application for renewal, his/her authorization shall expire automatically in accordance with Rule 3.9.
 - 3.12. A Distributor may rescind or terminate his/her Distributorship at any time by giving written notice to his/her Sponsor, Platinum and Amway Taiwan and return Amway products according to the Return policy.
 - 3.13. Conspiracy; Inducement to Breach: A Distributor shall not conspire with any other person to breach or induce a breach of any Rules of Conduct or the Amway Business Policies or to induce or attempt to induce another Distributor to breach any of the Rules of Conduct or the Amway Business Policies. Any such activity shall constitute a breach of the Rules of Conduct or the Amway Business Policies.
 - 3.14. Exceeding Scope of Authorization: A Distributor shall not exceed the scope of authorizations granted pursuant to the Distributor Contract. Any such activity shall constitute a breach of the Distributor Contract.
 - 3.15. Representations and Warranties: A Distributor shall not make any false representation or statement to Amway, nor induce Amway to enter into a Distributor Contract under false pretenses, nor breach any representation or warranties implied in this contract or by law. Any such activity shall constitute a breach of the Rules of Conduct or the Amway Business Policies.
 - 3.16. A distributor shall not engage in any of the following activities:
 - 3.16.1. promoting or selling goods or services, or recruiting participants to Amway business, by deceptive or misleading means;
 - 3.16.2. raising funds from other persons in the name of Amway or through its organization;
 - 3.16.3. engaging in sales by means that run counter to public order or good morals;
 - 3.16.4. affecting consumers' rights and interests by improper direct sales calls;
 - 3.16.5. If the Distributor breaches any of local laws, including but not limited to Supervisory Regulations Governing Multi-Level Sales, Criminal law, Personal Information Protection Act, Trade Secrets Act, Fair Trade Law or Amway's Rules of Conduct.
 - 3.17. Unauthorized Amway Business Owner Activity in Unopened Markets: Each Distributor has a Distributor Contract that authorizes the Distributor to engage in activities within the countries and territories described in that Distributor Contract ("Opened Market"). Any activity taken in furtherance of an Amway business in any country or territory other than an "Opened Market" is considered "Unauthorized Activity" and is strictly forbidden. No Distributor shall conduct unauthorized activities in markets Amway has not opened (also refer to Unauthorized Distributor Activity in Unopened Markets Policy, available on (<https://www.amway.com.tw/weblight/opportunity/數位溝通準則20181128.pdf>)).
 - 3.17.1. In the event that Amway officially launches a new market, Amway shall announce the opening of the market through the official

corporate communication channels. Such communications will include the date of launch, indicate what pre-launch activity is permitted, and provide other information critical for Distributors in order to assist them in the new market. Only after Amway has made such announcement should Distributors begin preparation to operate in a new market.

- 3.17.2. Amway defines "Distributor activity" as any activity that is designed to promote or build the Amway business. All Distributors are prohibited from visiting a new market for the purpose of appealing one or more prospective Distributors into the Amway business. Amway does not permit holding meetings (even one-on-one meetings) in any country prior to the announcement of the launch date and launch plans.
- 3.17.3. The importation, use, or sale of any privately produced literature, tapes or other such business support materials (including the use of websites, e-mail and other electronic means of advertisement or communication) in relation to the Amway business not previously reviewed by Amway for use in a each specific market is unauthorized and a violation of this policy. Authorized or legal actions in one market do not automatically serve as authorization for use in all markets, especially for new or unopened markets.
- 3.17.4. As means for Amway Corporation to manage its products, and to ensure its compliance to local laws and regulations governing product labeling, commercial product inspection, trademark, and safety/sanitation issues, importation of any Amway product or promotional materials into a new market for any reason including sales, gifts, demonstration, or display is strictly prohibited. Importation of products and promotional materials without proper import licenses, registrations, and labeling may subject the violating Distributor and Amway to substantial fines, increased scrutiny, and other repercussions.
- 3.18. Circumvention of the Rules of Conduct: A Distributor shall comply with the Rules of Conduct and shall not attempt to circumvent or acting against the intent and spirit of the Rules of Conduct. In case of any violation or improper conduct, Amway may at any time take corrective action at its discretion.
- 3.19. All Distributors shall be subject to the Enforcement Procedure which is set out in the Business Manual provided that Amway expressly reserves the right to terminate, at any time and with immediate effect, the authorization of a Distributor who shall have provided false information in the Application (including signatures not made by the Distributor) or who shall have accepted authorization as a Distributor in violation of these Rules or who shall have conducted himself in manner that in Amway's opinion brings the Amway Sales and Marketing Plan into disrepute.

Section 4. – Responsibilities and Obligations of all Distributor

- 4.1. Distributors must be in Good Standing and will at all times fully and promptly comply with the Rules of Conduct, the Amway Sales & Marketing Plan, and all other guidelines, requirements, systems, procedures, measures and amendments thereof set out in the Amway Business Manual and the Amway Policies and Regulations. Amway Taiwan may in its discretion alter or amend the Amway Business Manual and the Amway Policies and Regulations at any time deemed necessary and the amendments will be announced in the AMAGRAM magazine or via any other means of communication. If the distributor is in material breach of the foresaid rules, policies, guidelines, etc., and are terminated, denied for renewal or suspended distributorship, in that event, Amway at its sole discretion determines that the distributor fails being in good standing, and this may impact or be revoked the eligibility of discretionary benefits which is not in Core Plan, included but not limited the Core Plus, incentive trips, global incentives in any market with multiple

business.

- 4.2. Cooperation with Investigations: Distributors shall cooperate in any investigation undertaken by Amway into activities that are potentially in contravention of his or her Distributorship or the Distributorship of another Distributor.
- 4.3. A Distributor must order directly from Amway Taiwan or his/her Sponsor or his/her upline Distributor up to his/her Platinum at the current Distributor price of all Amway products and business support materials. Platinum must order directly from Amway Taiwan. For the purpose of maintaining the integrity of the Line of Sponsorship and Sponsor's interests for each Distributor, a Distributor shall not conduct cross-group ordering or supplying products to other Distributors. A Distributor shall not place order in the name of his/her downline Distributor for tax planning or other purposes.
- 4.4. Direct selling is a selling model under which a Distributor sells goods or services directly to consumers without a fixed retail location to ensure that the consumers can understand the usage methods of products through explanation by the Distributor with comprehensive pre-sale, mid-sale and after-sale services provided by dedicated personnel to the consumers. To carry out Amway's direct selling philosophy and guarantee a consumer's adequate understanding of the safe usage of Amway products, Distributor shall not engage in any of the following acts:
 - 4.4.1. Without Amway's approval, the Distributor sells products to Distributors who are not directly sponsored or to consumers who are end user.
 - 4.4.2. The Distributor sells or supplies Amway products to any third party outside of Amway's sponsorship system for sales or services.
 - 4.4.3. Amway products and business support materials are sold or displayed at retail premises or other distribution channels such as stores, vendors, markets, pawn shops, or unauthorized digital retail property / unauthorized websites, including marts or other similar occasions.
 - 4.4.4. Amway products and business support materials are provided or sold for resale in retail premises or other distribution channels by others.
 - 4.4.5. Distributors are not allowed, on their own or utilizing non-Distributor third parties, to sell or promote Amway products or services in any digital retail property which has the primary purpose of selling products or services to the public. No Amway products or services are allowed to appear in these properties even if the products or services are not for sale.
- 4.5. In order to avoid violating the Trademark Law and other relevant laws and to reduce the disturbance to consumers and environmental pollutions, Distributors may never publish or produce Amway opportunity or Amway product related advertisements; telephone canvassing campaigns, letterbox drops, mass mailings or similar promotions to promote their Amway businesses. Advertising is allowed in a limited context as described in the Digital Communication Standards.
- 4.6. Distributors may not advertise or promote the Amway opportunity or Amway products via Digital Communications or Digital Properties which an Distributor does not own or control. Additionally, Distributors may not send Digital Communications to individuals with whom they do have a personal, pre-existing relationship.
- 4.7. Endorsement and testimonial
 - 4.7.1. Endorsement and testimonial must reflect the honest opinion, belief or experience of the endorsers, and cannot be used to make a claim that Amway couldn't legally make.
 - 4.7.2. Distributors may not provide any form of compensation in exchange for an endorsement, testimonial, or positive reviews with the exception of providing product samples.
- 4.8. Product demonstrations must strictly follow Amway-published instructions.

- 4.9. A Distributor shall follow and explain the product feature, directions for use and caution specified on product labels during the demonstration and selling of those products.
- 4.10. Distributors shall be prohibited from and shall be liable for, and shall compensate Amway Taiwan the damages and incurred costs arising from the following:
- 4.10.1. Make any exaggerated or unwarranted claims about Amway products or Amway-distributed products;
 - 4.10.2. In any way misrepresent the price, standard, quality, grade, composition, style or model, place of origin, or availability of Amway products or Amway-distributed products.
 - 4.10.3. Represent that Amway products or Amway-distributed products have Sponsorship, approval, performance characteristics, accessories, uses or benefits they do not have;
 - 4.10.4. In any way act so as to represent Amway, Amway's affiliates, Amway Taiwan or Amway-distributed products in a false or misleading manner;
 - 4.10.5. Promote any non-Amway products or services as Amway products or services.
- 4.11. Repackaging: Distributor may not repackage products, change the content of products or otherwise change or alter any of the packaging labels of Amway products or services.
- 4.12. Whenever a customer requests that the Satisfaction Guarantee be honored, the Distributor shall inquire as to the circumstances giving rise to the request and offer that customer to choose a full refund of the purchase price, exchange for a like product, or full credit for exchange with another item.
- 4.13. Distributors will immediately communicate all significant consumer complaints to Amway Taiwan and furnish copies of all correspondence and details of all conversations relating thereto.
- 4.14. Distributors are not authorized to make any offer of settlement or to otherwise bind Amway Taiwan in connection with claims arising from the use or misuse of Amway products other than in accordance with the terms of the Amway Satisfaction Guarantee.
- 4.15. Where the claims Distributors make to their customers exceed the terms of the Satisfaction Guarantee, if they settle with the customers or a judgment is rendered, the Distributors shall assume the sole, ultimate and complete liabilities and shall compensate Amway for any damage thereto.
- 4.16. Distributors shall comply with all laws, regulations and codes of practice (including Fair-Trade Law, Supervisory Regulations Governing Multi-level Sales and Consumer Protection Law) applying to the operation of their Distributorships in Taiwan and shall not engage in any fraudulent or illegal transaction, or participate in any activity which may harm their or Amway's reputation.
- 4.17. Professionalism: A Distributor shall at all times conduct himself or herself in a courteous and considerate manner and shall not engage in any high-pressure tactics, but shall make a fair presentation of Amway products or services, or the Amway Sales and Marketing Plan, when and where appropriate.
- 4.18. No Distributor shall do any of the following acts. Otherwise he/she shall compensate Amway Taiwan in respect of any cost or damages arising from any such misrepresentation:
- 4.18.1. Represent or hold himself/herself out in any way as an employee or a partner of Amway Taiwan.
 - 4.18.2. Represent or hold himself/herself out in any way as a business agent, commercial agent, sales representative, broker, assignee, mandatory or manager or other agent of Amway Taiwan.
- 4.19. No Distributor shall represent that Amway grants its Distributors exclusive territories.
- 4.20. A Distributor may sell merchandise or services other than Amway products or business support materials, however, except otherwise pre-approved by Amway Taiwan in writing, he/she must not sell, promote, or introduce such merchandise or service to any Distributors whom he/she does not personally sponsor, nor may he/she solicit any Amway Distributors whom he/she does not personally sponsor to sell, promote, or introduce such merchandise or services, except as provided in the Digital Communications Standards. In the event a Distributor's spouse has not been registered as a Distributor under the same distributorship, the aforementioned prohibited acts made by the spouse shall be deemed as those by the Distributor. The term "solicit" shall mean persuading or attempting to persuade another Distributor by whatever means and whether or not for gain, benefit or any other consideration, to sell or attempt to sell such products, business support materials or services. If such products or services have been widely circulated in the Distributor's or other Lines of Sponsorship, such circulation shall be deemed as a violation of the rule in the previous paragraph regarding the sales, promotion, or introduction to any Amway Distributors whom he/she does not personally sponsor.
- 4.20.1. In the online environment, ABOs are allowed to blend and leverage their non-Amway communities and businesses, promote and sell Amway products, and prospect contacts made through that business or community, only in accordance with the Digital Communication Standards.
- 4.21. Distributors shall not sell, offer to sell, or promote any other business opportunities, products, or services in connection with the Amway Sales and Marketing Plan.
- 4.22. In order to avoid adverse impact on the harmonic development of the Line of Sponsorship and damages on the Sponsorship rights of his/her upline Distributors, a Distributor shall in no circumstances directly or indirectly and whether on his/her own behalf or in conjunction with or by way of assisting any other person, solicit, interfere with or endeavor to entice another Distributor to break away from his/her Line of Sponsorship or to change his/her Line of Sponsorship.
- 4.23. To induce or attempt to induce another Distributor to deny training, education, motivation or other support to a downline Distributor;
- 4.24. To induce or attempt to induce another Distributor to breach any Rules of Conduct or the Amway Business Policies.
- 4.25. As means for Amway Taiwan to manage its products, and to ensure its compliance to local laws and regulations governing product labeling, commercial product inspection, trademark, and safety/sanitation issues, no Distributor may import or sell Amway products which are not from Amway Taiwan nor may any Distributor export or knowingly sell to others who export Amway products from Amway Taiwan, regardless if Amway has set up a company locally.
- 4.26. To qualify for a Performance Bonus on the products obtained by him/her during a given month, a Distributor must make sales to ten different retail customers each month.
- 4.27. A Distributor must sell at least 70% of the total products he/she ordered in a given month to his/her sponsored Distributors and customers who are end user in order to enjoy the following benefits:
- 4.27.1. Receive a Performance Bonus for that month calculated on all products ordered, and
 - 4.27.2. Qualify and be recognized as a Silver Producer or Platinum by Amway Taiwan.
- 4.28. If a Distributor fails to comply with Rule 4.27, his/her Sponsor will pay him a Performance Bonus calculated on the value of products actually supplied to customers and/or delivered to his/her downline Distributors, instead of the value of products ordered.
- 4.29. The meeting or activities of Distributors shall be exclusively for the purposes of promoting or selling Amway Products but for the purposes of making profits or attaining other goals other than from the Amway Sales and Marketing Plan.
- 4.30. No Distributor shall manipulate the Amway Sales and Marketing Plan or manipulate sales volume in any way which results in the payment of bonuses or other awards and recognition, or otherwise.
- 4.30.1. "Artificial Business Structuring" is an unacceptable business building practice. It is defined as the practice of an upline Distributor placing new Distributors in depth, regardless of whether there are relationships

between those who are sponsored and those who sponsor. The strategic and artificial structuring of an Amway organization for the purpose of depth building by using the concept of "Artificial Business Structuring" is considered to be manipulation and an unacceptable business practice. Artificial Business Structuring is a violation of these Rules. Amway in its sole discretion will determine what constitutes manipulation and/or Artificial Business Structuring.

4.31. When A Distributor's performance meets the qualifications, Amway Taiwan will follow the Amway reward and award recognition process as set out in the Amway Business Manual, examine if the conduct of a Distributor complies with the Amway Business Policies and the Amway Sales and Marketing Plan to determine whether to recognize it.

4.32. Personal/Business Information Update: All Distributors are responsible for communicating any updates or changes to their personal information (e.g., name, address, and telephone numbers, etc.) or business information (e.g., change of business status, etc.) to Amway.

4.33. All Amway Distributors shall comply with this Rule 4.33 in order to protect the personal information of Amway Distributors, customers and Privileged Members as well as Amway's Business Secrets (defined below) and information:

4.33.1. In the event that a Distributor collects, through Amway or other Amway-associated channels, personal information of others (including but not limited to the upline or downline Distributors in his/her Line of Sponsorship, his/her Foster Sponsors, his/her International Sponsors, other Distributors, Privileged Members, consumers, Amway activity attendants and any other persons) and processes, uses or internationally transmits such personal information, the Distributors shall strictly conform to R.O.C. Personal Information Protection Act, Fair-Trade Act, other relevant laws and regulations, this Rules, Amway's privacy policy, Amway's rules for personal information protection and other rules and regulations pertaining to personal information protection, and a Distributor (i) shall use the personal information only for the purpose of conducting his/her own Amway business, not for any other purposes; and (ii) shall comply with any laws, regulations and responsibilities that Amway is required to comply with or fulfill.

4.33.2. Any commercial or business information that is unique, privileged or commercially benefits Amway, or any information that is not accessible to public, confidential and with present or potential economic value, shall all be deemed as Amway's business secrets ("Business Secrets") and shall be deemed as: (i) the [business secrets] specified in the participation agreement between Amway and Amway's Distributors; (ii) the trade secrets specified in the Trade Secrets Act of R.O.C; and (iii) the commercial and industrial secrets specified in Article 317 of the Criminal Law of R.O.C. The Business Secrets include but not limited to information about Line of Sponsorship (such as personal information and name lists of Distributors/Privileged Members, information about the network of Line of Sponsorship, and the information through any means collected by Amway regarding Amway business, Distributors and Line of Sponsorship), business information, manufacture and product development information, business plans, information regarding orders, sales and income by/of Distributors/Privileged Members and financial information.

4.33.3. With respect to any personal information and Business Secrets ("Information and Secrets") a Distributor collected through Amway or other Amway-associated channels, such Information and Secrets shall only be used by the Distributor himself/herself pursuant

to relevant laws, regulations, the Rules and the agreements between Amway and the Distributor, and shall not provide such Information and Secrets to others or authorize others to use without the consents from Amway and the person whose personal information is concerned. Distributors shall bear the responsibilities to well protect and keep the confidentiality of the Information and Secrets, and to prevent the Information and Secrets from undue disclosure.

4.33.4. A Distributor shall cease collecting, processing, using and internationally transmitting the Information and Secrets he/her possesses in the event that: (a) the participation agreement between Amway and the Distributor is null and void, revoked, expired, terminated, cancelled or not taking effect for any reason; or (b) the Distributor is subject to probation or retraining ordered by Amway and is ordered by Amway to cease collecting, processing, using and internationally transmitting the Information and Secrets he/she possesses. In the event that the participation agreement between Amway and the Distributor is null and void, revoked, expired, terminated, cancelled or not taking effect for any other reason, the Distributor shall also immediately destroy and delete the Information and Secrets he/she possesses, and Amway as the case may be is entitled to inspect or require Distributors to submit or present to Amway the evidence of the destroy or deletion of the Information and Secrets.

4.33.5. In the event a Distributor is aware of that the Information and Secrets may possibly be, or have been, disclosed to a third party that is not permitted by the Rules (including but not limited to loss of documents or information, or the situation of possible or confirmed hacking), the Distributor shall immediately report to Amway, and shall proactively take necessary actions and cooperate with Amway to retrieve such Information and Secrets, and to prevent the third party from further collecting, processing, using, internationally transmitting, disclosing, or infringing such Information and Secrets.

4.33.6. Violation of the Rules by a Distributor (including but not limited to disclosure of the Information and Secrets in violation of the Rules) shall be deemed as causing material and irrecoverable damage to Amway and Amway may demand the Distributor to cease the violating conducts, claim for damage or injury, and/or seek other compensations under relevant laws and regulations.

4.33.7. This Rule 4.33 shall survive, and the Distributor shall comply with this Rule 4.33 regardless of, the voidance, revocation, expiration, termination or cancellation of the participation agreement, or the situation where the participation agreement does not take effect for any reason.

4.34. Presentation Rules

The content of the presentations which include or support the promotion of the retailing of Amway™ products and services, or the Amway Sales and Marketing Plan, must otherwise be in accordance with the following:

4.34.1. Distributors shall not:

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

- e. promotes one's Line of Sponsorship, affiliation or group in any manner that will give rise to or likely to give rise to resentment by or cause any detriment to others;
 - f. misrepresent whether directly or indirectly and by whatever means the relationship of the Distributor to Amway, for example, suggesting or implying that Amway is "just a supplier", or that the Distributor represents a business opportunity of which "Amway is a part", or that the Distributor "outsources" administrative support to Amway, etc.;
 - g. promotes any other business opportunity other than the Amway Business or solicit any participants to attend meetings for the purpose of presenting another business opportunity at any time; or,
 - h. uses the meeting as a platform to promote or advocate religious, political and/or personal social beliefs.
- 4.34.2. Personal reflections on the following are not appropriate:
- (a) social and cultural issues;
 - (b) preferences regarding specific political views, parties, candidates or elected
- 4.34.3. Discussions must only relate to ethics and positive attitudes that will assist and encourage the Distributor's and Amway's products, services and business.
- 4.34.4. Income representations, whether direct or implied, must reflect a realistic income potential from participation in the Amway Sales & Marketing Plan.
- 4.35 Activity Outside Taiwan or Activity Outside The Market Where The Distributor Is Registered: Distributors who engage, directly or indirectly, in any activity related to the Amway business in a jurisdiction outside of Taiwan must do so in a manner that complies with the letter and spirit of the applicable laws, regulations, and rules, policies and procedures of the Amway affiliate in that jurisdiction, regardless of whether they are registered Distributors in that jurisdiction. Failure to do so shall be a breach of the Distributor Contract.

Section 5. – Responsibilities and Obligations of all Sponsors/Platinums

- 5.1. Amway distributors are responsible for building their own Amway business. Amway recognizes that proper support, training and motivation from the Sponsor/Platinum are also important to the continued growth of Amway businesses downline. However, Sponsor and other upline activities must never undermine the independence and personal effort of each Amway business or improperly interfere with the relationship between Amway and each distributor. Distributors who qualify at the Emerald or Diamond level should only support and communicate with Distributors in their downline qualified Emerald and/or Platinum Business Groups as set forth in Rule 5.4.4 below. Further, Rule 5 prohibits excessive or improper upline involvement which may also constitute manipulation of the Amway Sales and Marketing Plan, including but not limited to systematic, ongoing or repeated involvement, and upline is even prohibited from frequently fulfilling distributor's responsibilities for downline. Where at its sole discretion, Amway have the right to evaluate upline's involvement, and other relative matters to determine whether it constitutes interference in violation of the Rules of Conduct.
- 5.2. A Distributor has the right to sponsor others to become Distributors, but he/she shall do the following:
- 5.2.1. When sponsoring another to become an Amway Distributor, a Distributor shall honestly explain the Amway Business Manual, and provide the following information before requesting the prospective Distributor to sign the "Application for Amway Distributor Authorization" without any false or misleading representation:
- (a) Capital of Amway Taiwan (NT\$250 million);

- (b) Amway Sales & Marketing Plan;
 - (c) Rules of Conduct;
 - (d) Distributor's obligations and responsibilities;
 - (e) Awards and Bonuses;
 - (f) The variety, price, feature, quality and use of Amway products;
 - (g) Amway Satisfaction Guarantee;
 - (h) Distributor's resignation and Product Return policy;
 - (i) Other matters as may be designated by the Fair-trade Commission.
- 5.2.2. Regularly train and motivate his/her personally sponsored Distributors or the first Distributor down to the line of sponsorship in accordance with the guidelines and requirements set out in the Amway Business Manual, Amagram, or otherwise as required or directed by Amway from time to time.
- 5.2.3. Maintain adequate stocks of products and business support materials for the Distributors in his/her Personal Group or alternatively, ensure that each such Distributor understands the relevant Amway procedures to enable such Distributor to order adequate stocks of Amway products and business support materials directly from an Amway Taiwan.
- 5.2.4. When his/her personally sponsored Distributors resign their Distributorships, assist the resigning Distributors to handle the return of products.
- 5.2.5. Use his/her best endeavors to supervise and to ensure that each of his/her personally sponsored Distributors fully and promptly complies with all of his/her obligations expressed or implied in these Rules and the procedures specified in Rule 4.1.
- 5.2.6. Encourage his/her personally sponsored Distributors to attend Amway meetings and other Amway activities.
- 5.2.7. Encourage his/her personally sponsored Distributors or the first-generation Distributors below him/her to study and use the official Amway publications, and prudently manage their Distributorships according to the information in such official publications.
- 5.3. If a Sponsor fails to comply with Rule 5.2, he/ she may make arrangements with his/her Platinum to act in his/her stead. A Sponsor who does not meet his/her responsibilities personally or by alternative methods once upon the upline Platinum notifies Amway Taiwan, will be ceased to be a qualified Sponsor and the Sponsorship of the Sponsor shall pass to the first upline Distributor in his/her Line of Sponsorship.
- 5.4. A Platinum, other than complying with Rule 5.2, shall:
- 5.4.1. Conduct periodic meetings to train and motivate the Distributors who are in his/ her Personal Group; if the Distributors within his/ her Personal Group are residing in different regions, he/she shall assist local Distributors to hold such meetings or to participate other activities.
 - 5.4.2. Convey important messages announced by Amway Taiwan to all Distributors in his/ her Personal Group, including the time, venue of meeting, product information, retail training and other matters necessary to assist such Distributors;
 - 5.4.3. Inform and educate his/her Personal Group the obligations to comply with the Personal Information Protection Act and to adequately protect the personal information of Distributors and consumers.
 - 5.4.4. Distributors who qualify at the Emerald or Diamond level have the following additional responsibilities related to the Distributors in their downline qualified Emerald and/or Platinum Business Group:
 - 5.4.4.1. Offer to consult and support them in coordination with the downline qualified Emerald and/or Platinum of the group to strengthen the success of their business.
 - 5.4.4.2. Promote compliance with the Amway Rules of Conduct.

Section 6. – Responsibilities and Obligations of all Sponsors/Platinums

- 6.1. Protection of the Line of Sponsorship: The transfer or sale of a Distributorship, a Distributor's change of his/her sponsor or transfer to a different Sponsor with all or part of his/ her Personal Group requires prior approval by Amway. This approval shall be at Amway's sole discretion.
 - 6.1.1. The transfer of a Distributor, with or without his/her personally sponsored and downline of those sponsored, moves the sponsorship of that Distributorship from one Distributor to another.
 - 6.1.2. When a Distributorship is sold, such Distributorship shall remain in the same position in the Line of Sponsorship.
 - 6.1.3. The transfer or sale of a Distributorship, a Distributor's change of his/her sponsor or transfer to a different Sponsor with all or part of his/ her Personal Group, may not be used to strategically or artificially restructure any part of the Line of Sponsorship.
- 6.2. Transfer of Distributors from one Sponsor to another are only granted at the sole discretion of Amway Taiwan.
- 6.3. Without limiting or restricting in any way Amway's powers and discretion under the above: Any Distributor (including a Platinum) who wants to change Sponsor must submit a written request to Amway Taiwan accompanied by (1) a written release signed by all the Distributors in his/her Line of Sponsorship up to and including the first qualified Platinum, and (2) a written acceptance from the new Sponsor and Platinum. Amway will also contact any international Sponsor and international leadership bonus recipients and will allow 30 days for comment.
- 6.4. Without limiting or restricting in any way Amway's powers and discretion under the above:
 - 6.4.1. A Distributor who wishes to transfer to a different Sponsor with all or part of his/ her Personal Group must submit a written request to Amway Taiwan accompanied by a written consent from all Distributors in his/her Line of Sponsorship up to and including the first qualified Platinum and all Platinum up to and including the first qualified Emerald. If the first qualified Platinum is a qualified Emerald, written consent must be received from the next qualified upline Platinum in the Emerald 's Line of Sponsorship as there could be an effect on Depth Bonus. Amway Taiwan will then notify the first qualified upline Diamond and allow fifteen days for comment.
 - 6.4.2. The transfer request must accompany by a written consent of all those Distributors who want to follow their Sponsor, as well as a written acceptance of the transfer, signed by the new Sponsor and Platinum to whom the requester wants to be transferred. Amway will also contact any international Sponsor and international leadership bonus recipients and will allow 30 days for comment.
 - 6.4.3. No Distributorship currently recognized by Amway as a group leader (i.e., Silver Producers, Gold Producers, or a Platinum, etc.) can be transferred under this Rule. A former Platinum or Group Leader may be transferred if more than two (2) full years have elapsed since the last month in which the Distributorship was recognized as such, provided there has been compliance with the procedures outlined above.
 - 6.4.4. A former Distributor (spouse included) who voluntarily terminate (by resignation or failure to renew) his/her Distributorship under his/ her present Sponsor needs to be inactive for a period of six or more consecutive months before he/she can reapply to become a new Distributor under a new Sponsor. The Former Distributors may not apply to become active in an already existing Distributorship during the six-month inactive period:
 - (a) To apply for a new Distributorship under this inactivity rule, the Distributor must complete a new "Application for Amway Distributor Authorization". The application should then be sent to Amway Taiwan accompanied by a written statement of inactivity. When Amway receives the application accompanied by the written statement of inactivity, it notifies the Platinum in the original Line of Sponsorship and grants him/her 15 days to file an objection to the inactivity claim. If evidence of activity during the six-month period is provided, Amway will refuse to honor the application and will return it to the applicant. If the Platinum does not reply within 15 days, or if he/ she verifies that the Distributor has in fact been inactive for six months, then the new application will be accepted and processed. The right of a Distributor to contest the Sponsorship of a former Distributor who is now sponsored under a different Sponsor ceases when two years have elapsed since the date Amway accepted the application
 - (b) "Inactivity" for purposes of this Rule shall mean that during the period of inactivity, the Distributor shall have been completely inactive, which means that he/she has not purchased Amway products as a Distributor for personal use (although he/she may do so as a customer), has not sold any Amway products except pursuant to the "buy-back" policy, has not engaged in any phase of a product sale/purchase (e.g., taking an order, making a delivery, or accepting a payment), has not presented the Amway Sales and Marketing Plan to any prospective Distributors, has not renewed his/her Distributorship, and has not attended any recruiting, training, or motivational meeting conducted by any Amway Distributor or any Amway company-sponsored meetings. During the inactive period, the former Distributor must not participate in any Amway activity under another Distributorship in the name of his/her parents, sibling, or others; otherwise he/she shall not be determined as "inactive" for the purposes of this Rule.
 - (c) For purposes of this Rule, the following shall NOT constitute activity and do not, therefore, interrupt the running of the six-month inactivity period so long as the former Distributor is otherwise inactive:
 - (i) Procuring and/or submitting a written request for transfer;
 - (ii) Filing a request for the review of an Amway decision by an International Review Panel; or
 - (iii) Directing an inquiry to Amway as to the status of his or her Distributorship.
 - 6.4.5. When either a husband or wife is a Distributor, both must fulfill the six-month inactivity requirements before one can be sponsored again as a Distributor.
 - 6.4.6. If the Distributor who is changing Sponsors under this Rule also has any internationally sponsored Distributors, the Distributor's internationally sponsored Distributors are forfeited once the six-month inactivity period has begun.
 - 6.4.7. If the Distributor who is changing Sponsors under this Rule also owns Amway businesses in other markets, he/she must elect one of them to be the International Sponsor of his/her new Distributorship when completing the new Distributor Contract.
 - 6.4.8. A Distributor who transfers to, or who, following six months of inactivity, applies for Distributorship under a different Sponsor pursuant to the provisions of this Rule, may not be sponsored by anyone who was previously above him/her in his/ her original Line of Sponsorship up to and including the first qualified Platinum, or below him/her in his/her original Personal Group down to and including the first Platinum and who has since been transferred to or re-sponsored

- by a different Sponsor, unless two years have elapsed since the termination of his/her Distributorship. A Distributor who transfers to, or who, following six months of inactivity, applies for Sponsorship under a different Sponsor pursuant to the provisions of this Rule, shall have no right to sponsor in his/her new Personal Group any Distributor who was previously above him/her in his/ her original Line of Sponsorship up to and including the first qualified Platinum, or below him/her in his/ her original Personal Group down to and including the first qualified Platinum. However, a Distributor who has been inactive for a period of two years maybe sponsored by any Sponsor, including his/her former Sponsor who may have since been transferred to or re-sponsored by a different Sponsor.
- 6.4.9. A Distributor's continuing business activity in one country will not affect his/her eligibility to reapply after six months of inactivity as a Distributor in any other country in which Amway does business.
- 6.4.10. A formerly internationally sponsored Distributor may reapply for a Distributorship in any Line of Sponsorship pursuant to Rule 4.9.1, 4.9.2 and 4.9.3 and subject to the following conditions:
- (a) At the time of application, the former Distributor must specify whether or not he/she wishes to be internationally and foster sponsored again, and
 - (b) A former Distributor may not be personally sponsored by a Sponsor who was previously above him in his/her original Line of foster Sponsorship up to and including the first qualified Platinum, or below him/her in his/her original Personal Group down to and including the first qualified Platinum unless two or more years have elapsed since the termination of his/her Distributorship.
- 6.4.11. If any of the provisions of Rule 6.4.4, 6.4.8, 6.4.9 and 6.4.10 is violated, Amway may take corrective actions, which may include but is not limited to transfer of the Distributorship of the Distributor at fault and his/her Personal Group and the Business Volume generated during the period of violation to the original Line of Sponsorship.
- 6.5. A Distributorship may be assigned for value or preplanned to be assigned or transferred to third parties by other juristic acts (e.g. will or contract, etc.) pursuant to the provisions set forth in Rule 10, provided that the assignee or Successor is or applies to become a Distributor in accordance with the Rules and in particular Rule 3.1, 3.4, 3.7 and 3.12.
- 6.6. Prior to assigning for value or preplanning of assignment or transference of a Distributorship by other juristic acts (e.g. will or contract, etc.) pursuant to the provisions set forth in Rule 10, the relevant terms and conditions (except for the price) or related legal documents, as well as the information of proposed assignee or Successor shall be submitted in writing to Amway Taiwan for its approval. Amway Taiwan may disapprove the assignment or transference if it considers, in its absolute discretion, that the assignment or transference is in breach of the Rules or the assignee or Successor cannot work properly with the Line of Sponsorship and/or Personal Group or joint owner of the Distributorship to develop the Distributorship.
- 6.7. A Distributors who owns and operates a Distributorship (whether or not qualified as a Platinumship) may sell his/her ownership interest in such Distributorship.
- 6.7.1. Before selling a Distributorship of the Amway business, the terms and conditions (except the price) must be submitted in written to Amway Taiwan for approval.
- 6.7.2. A Distributor's business can only be sold to another Distributor. The purchased business shall remain separate from the buyer's other Amway business and the Line of Sponsorship shall not be altered in any way as a result of the sale.
- 6.7.3. If a Distributor wishes to sell his/her Amway business, he/she must offer it to another Distributor in the following order of priority:
- (a) If the business is internationally sponsored, it must be offered to the International Sponsor, who throughout the negotiations to sell the Distributorship retains the right to acquire same by matching the price and conditions of any bona fide offer received by and deemed acceptable to the seller.
 - (b) If the International Sponsor does not accept the offer of purchase, the business must be offered to the local Foster Sponsor of the Distributor.
 - (c) If no International Sponsor exists, the business must be offered to the local Sponsor, who throughout the negotiations to sell the Distributorship retains the right to acquire same by matching the price and conditions of any bona fide offer received by and deemed acceptable to the seller.
 - (d) In the case where the local Sponsor does not accept the offer, the business must be offered simultaneously for sale to all Distributors personally sponsored by the owner.
 - (e) In the case where none of the Distributors personally sponsored by the Distributor accept the offer, the business must be offered simultaneously to all Platinum located above or below in the Line of Sponsorship.
 - (f) If the Platinum above or below in the Line of Sponsorship of the Distributor concerned also reject the purchase offer, or fail to respond to the offer, the Distributor may offer the business to all qualified Emeralds at that time in Taiwan.
- 6.7.4. All purchasing Distributors must be in good standing as determined by Amway. All sales (except the price) must be reviewed and approved by Amway before they become final. Amway reserves the right to approve all sales at its own discretion. No changes in ownership will be implemented and no change of title of the business shall be made final until the sales agreement has been received and approved by Amway and a finally executed copy of the sales agreement is provided to Amway for its records.
- 6.7.5. If the Distributor wishes to sell the business under terms and conditions different from those of his/her first offer, the business must be once again offered for sale under the revised terms and conditions in accordance with the order of Rule 6.7.3 indicated above. (Note: change of price may be presented during the negotiation)
- 6.7.6. All purchasing Distributors must meet the following criteria as reasonably determined by Amway. Failure to meet the following criteria will act as if the offer to purchase was revoked or the option to purchase was never exercised:
- 6.7.6.1. Possesses sufficient expertise in the business so as to demonstrate a complete and accurate understanding of the Amway Sales and Marketing Plan and the Amway Business Opportunity;
 - 6.7.6.2. Possesses a complete and accurate understanding of the Rules of Conduct and demonstrate a willingness to abide by them;
 - 6.7.6.3. Possesses adequate resources to operate the seller's Distributorship and to provide necessary training and support;
 - 6.7.6.4. Possesses an understanding of any relevant market factors that may impact the operation of the seller's Distributorship; and,
 - 6.7.6.5. Is not currently engaged in any dispute or possess any conflict which may impact their ability to operate the seller's Distributorship.
- 6.7.7. Monthly Performance Bonuses accruing to the business after the date of sale will be paid to the new owners. Annual Bonuses (such

as Emerald and Diamond Bonuses) shall be paid as specified in the Sales Agreement as authorized by Amway Taiwan. All awards previously awarded to the business will not be transferred to the new owners. Qualification for awards for the business will be determined only by sales achievement occurring after the date of sale.

6.8. A Distributor may own or have an ownership interest in only one Distributorship except as provided below:

6.8.1. where two Distributors marry and one or both have attained Platinum qualification or above prior to marriage pursuant to Rule 3.2.

6.8.2. where an existing Distributorship purchases another Distributorship pursuant to the provisions regarding sale of Distributorship in Rule 6.

6.8.3. where a Distributor (transferor), in order to facilitate the transfer of a Distributorship in the event of his/her or her death, requests the name of another existing Distributor be added to their Distributorship. The name of the transferor(s) must continue to be on the Distributorship until his or her death and supporting estate planning documentation must be provided to Amway.

6.8.4. where an existing Distributorship inherits all or a portion of a Distributorship. In the event a Distributor owns or has an ownership interest in two or more Distributorships pursuant to Rule 2.15, he/ she may operate such Distributorships jointly under a single corporation, unincorporated business or partnership umbrella, but Amway Taiwan shall continue to carry such Distributorships and will only recognize them as separate, individual Distributorships for both award and bonus purposes.

6.8.5. In the event that a Distributor acquires another Distributorship, the Distributor shall not transfer Business Volumes between the businesses operated by him/her other than strictly in accordance with the Amway Sales & Marketing Plan.

6.8.6. in no event may an Amway Distributorship be divided up or partially assigned other than in the circumstances set out in Rule 10 of the Rules of Conduct.

6.8.7. In the event that a Distributorship is joint ownership by two persons and a dispute or disagreement (due to marriage or other reasons) arises between the joint owners such that in Amway Taiwan's opinion the Distributorship cannot be being properly operated, then:

6.8.7.1. The Distributorship may with the prior approval from Amway (which, if given, maybe subject to such conditions and provisions as Amway may attach) be operated during the period of the dispute or such other period as Amway may approve or specify, by one of the joint owners or by a manager jointly appointed by the joint owners for the purpose.

6.8.7.2. In case that after the dispute comes to Amway's notice the joint owners cannot agree on which partner or on the appointment of a manager to operate the Distributorship during such period, then Amway may instead of terminating the Distributorship, appoint an acting manager on such terms and conditions as Amway considers appropriate, to operate the Distributorship. Without limiting the breadth of Amway's discretion in respect of the terms and conditions upon which an acting manager may be so appointed, the acting manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the bonuses and privileges accruing from the Distributorship during the period of his/her management. During the period of procurement, a part of the bonus generated from the

business of Distributorship as stated in 6.8.7.2.1 or a reward negotiated between the acting manager and owner of the Distributorship may be paid to the acting manager as a reward. The reward may be paid in the following manners:

6.8.7.2.1. The Monthly Bonus (including bonus of performance bonus, Leadership, Ruby and Peral/Deep) generated from the business of Distributorship may be paid as the reward; or

6.8.7.2.2. A reward negotiated between the acting manager and owner of the Distributorship may be paid to the acting manager as a reward.

6.8.7.3. During such period, none of the joint owners may operate or participate in the operation of any other Amway Distributorship and if, and to the extent, directed by Amway Taiwan, the joint owners or the joint owners specified by Amway Taiwan shall not attend any Amway meeting.

6.9. Distributorships shall not be merged or combined without the prior written approval of Amway Taiwan, which may be given or withheld in Amway's absolute discretion. Amway Taiwan may attach conditions on the approval of merger or combination of Distributorships.

6.10. Disposition of a Distributorship: If a Distributor terminates his/her Distributorship with Amway, or fails to apply for extension of the Distributorship within the required time period, or dies without leaving heirs who are willing and able to assume responsibility for the Distributorship, Amway, at its sole discretion, shall decide the future of the Distributorship in accordance with Section 13.

Section 7. – USE OF BUSINESS SUPPORT MATERIAL/ EVENTS POLICY

7.1. For the purposes of protecting Amway Distributors and business, compliance with Supervisory Regulations Governing Multi-Level Sales and any other applicable laws, and avoiding any adverse effect on consumer rights and any conduct which may damage Amway's reputation any matter involving distributor's Business Support Materials (BSM) or Events shall comply with the Amway Taiwan BSM/Events Policy, the Rules of Conduct the Digital Communication Standards, and the BSM/Events Management Rules ("Management Rules"). Hereunder Business Support Materials (BSM) shall mean those objects or services created by Amway which are intended to support and assist the marketing and sale of the Amway Sales and Marketing Plan, products, the Amway Business Opportunity, or prospecting thereof, including, but not limited to, those listed below:

(a) Printed materials (books, magazines, catalogues, newsletters or any other printed materials)

(b) Any form of video and audio materials (tapes, video-cassettes, DVD, VCD, CD)

(c) Internet websites (Blog, web pages, social media)

The term "Events" shall mean any and all meetings which are intended to support and assist the marketing and sale of the Amway Sales and Marketing Plan, products, the Amway Business Opportunity or prospecting thereof, including any meeting, rally, seminar, or any other form of gatherings and campaigns held for the purpose of motivation or training.

7.1.1. Prior to the production, sale, or distribution of the BSM to others, the Distributor shall submit the contents, sample, and sale price of such BSM for Amway Taiwan's review and written approval, except that the items of such BSMs have complied with the Management Rules.

- 7.1.2. The contents of BSM and Events shall be fair and truthful, and shall comply with Amway Rules of Conduct, the Digital Communication Standards, Management Rules, and all relevant laws of the ROC. Without prior written permission of Amway, neither prediction of possible income or future financial gain from becoming an Amway Distributor, nor any matter involving the Amway Sales and Marketing Plan, or Amway product usages, features, and claims may be contained in the BSM. Amway has the authority to review any BSM produced, sold, or distributed by any Distributor and the contents and speech of events at any Distributor event and to recommend any change thereof. However, a Distributor shall be solely responsible for the legality of his/her BSM and Events. If Amway discovers that the contents or the conducts violate the laws, the Rules of Conduct, the Digital Communication Standards, or the spirit thereof, Amway may make necessary dispositions pursuant to Rule 7.2.
- 7.1.3. A Distributor may only supply non-Amway BSM, or hold Events in accordance with Rule 4.17 in this Rules of Conduct, and all purchases and sales of such BSM shall be strictly voluntary. Bundling of BSM/Events with Amway products or with products/services provided by the Distributor or any other third party is strictly prohibited.
- 7.1.4. When selling BSM, a Distributor shall provide a written buy-back statement, which allows the purchaser, within 3 months after the purchase, to return the BSM with no question asked and to receive a full refund; when a purchaser of an Event ticket cancels his/her participation or asks for a refund before the Event is conducted, the refund must be completed within 30 days after the Event (a reasonable cost occurred may be deducted).
- 7.1.5. All such BSM shall display the date of recording or publication, and a remark of prohibiting reproduction.
- 7.1.6. No Distributor may receive any compensation, reward, or benefits from BSM produced or Events held by the Distributor or other third parties.
- 7.1.7. Distributor may sell BSM and Event tickets only at cost and the pricing must be clearly and publicly stated. Amway has the authority to specify the prices for certain BSM and Event tickets/attendance that are subject to prior notification and review procedure according to the fluctuation of price indices in the Management Rules for the Distributors to follow. If a Distributor's promotion and selling prices for BSM and Event tickets/attendance exceed Amway's specification of the prices that are subject to notification and review procedure, the Distributor shall notify Amway in writing, and obtain prior written permission from Amway before promoting or selling.
- 7.1.8. When a Distributor plans to hold Events by himself/herself or by any outsourced party, if the selling prices exceed Amway's specification of the prices in Rule 7.1.7, that Distributor shall notify Amway about such Events and get prior written permission at least three weeks prior to the promotion or sales of Events; however, such notification and permission does not mean that Amway approves the contents of the Events.
- 7.1.9. No Distributor or third party may use Amway's corporation name, brand names, trademarks, or service marks on any Event or BSM without Amway's prior written permission.
- 7.1.10. The content of any speech, scheme, or promotion, or the BSM used in a Distributor Event shall comply with the rules regarding presentation of the Amway Sales and Marketing Plan in Rule 4.34, and may not involve any discussion of religions, politics, and business opportunities not related to the Amway business, and may not contain any

statement which may harm other individuals or system/Lines of Sponsorship.

- 7.1.11. No Distributor shall require other Distributors or prospects to pay a fee obviously incommensurate with the costs in the names of holding an Event or other similar activities, or to profit therefrom. The above rule is also applicable to Distributors' sales of BSM. A summary of account substantiating no profit was earned must be submitted to Amway Taiwan upon request.
- 7.1.12. Distributors may promote and sell BSM/Events made by himself/herself or third parties, only if such BSM/Events comply with the BSM/Events Policy, the Rules of Conduct, the Digital Communication Standards, the Management Rules, that includes any BSM/Events which have no specification of prices that are subject to notification and review procedure listed in the Management Rules.
- 7.1.13. Amway may, from time to time, make any rule relevant to the BSM/Events (including but not limited to the BSM/Events Management Rules) for Distributors to comply with.
- 7.2. If distributor-produced Business Support Materials or Events have violated the laws or this Rules of Conduct, Digital Communication Standards or Amway Taiwan determines that such Materials or Events violate or are against the law, the spirit and intent of the Rules of Conduct, Digital Communication Standards, Amway Sales and Marketing Plan, or give rise to claims of others against Amway Corporation or Amway Taiwan, or are potentially detrimental to the businesses of Amway Corporation or Amway Taiwan causing losses in the sales revenue or in the reputation of Amway Corporation or Amway Taiwan, such Distributor shall immediately cease producing, selling, or distributing his/her Business Support Materials and Events upon Amway Taiwan's request. Amway Taiwan may adopt all necessary dispositions, including, but not limited to, probation (including us pension of that Distributor's right of ordering, right of sponsoring, payment of all bonus, rewards, recognitions, or cancellation of invitation of attending oversea Leadership seminar or Diamond meeting, or suspension or cancellation of other rights or rewards.) or termination of distributorship. A violating distributor shall be liable for the damages and the costs of Amway Corporation or Amway Taiwan caused by such violation.

Section 8. – Presentation of the Amway Sales and Marketing Plan

- 8.1. A Distributor issue an invitation shall emphasize that the event is merely an occasion to learn about a business opportunity, shall not issue an invitation to learn about the Amway business, or do any other act, matter or thing which is likely to mislead or deceive prospective Distributors, customers or any other persons into believing that:
- 8.1.1. gives the erroneous impression that it relates to an employment opportunity;
- 8.1.2. appears to be an invitation to a social event;
- 8.1.3. falsely claims to be a "market survey", or
- 8.1.4. promotes the event as a tax seminar, finance seminar, investment seminar or a similar event.
- 8.1.5. The Amway business opportunity is an agency or business relationship with a person, company or organization other than Amway;
- 8.1.6. Amway products are marketed by a person, company or organization other than Amway;
- 8.1.7. The Amway business or Amway Distributors or Amway products are, or are part of, or are ancillary to, any business other than the business of Amway.
- 8.1.8. A Distributor may not deny, if asked, that the presentation of the Amway business is about the Amway Sales & Marketing Plan. When making a detailed explanation of the Amway business during the presentation, a Distributor shall correctly describe the legal relationship and the rights and obligations between Amway and its Distributors.
- 8.1.9. Or in any other way violate Rule 4.34 above.

8.2. First Contact with Prospects: It is a breach of the Rules of Conduct or the Amway Business Policies for a Distributor to mislead or fail to inform a Prospect of the nature of the Distributor activities and, therefore, at the first contact with Prospects, a Distributor must:

8.2.1. Truthfully and honestly represent the Amway Sales and Marketing Plan, its products and/or services;

8.2.2. Truthfully and honestly respond with full transparency and candor to any questions that the Prospect has concerning the Amway Business Opportunity, Amway products and services, the Distributor or Amway.

8.3. Presentation of the Amway business shall be made in accordance with Rule 4.1 and Rule 5.1.1, and other relevant rules as well as the following provisions:

8.3.1. Distributors shall not represent that Distributors can benefit solely or principally by sponsoring others to be Distributors, or a successful Distributorship can be built in the form of a "wholesale buying club" or "group buying club".

8.3.2. Distributors shall state that Distributors are under no obligation to sponsor others to be Distributors;

8.3.3. Distributors shall state that income or bonuses will only be realized through continued sales of Amway products and provision of personal services to consumers and maintenance of certain qualifications;

8.3.4. Distributors shall not promote the enjoyment of tax benefits as a reason for becoming a Distributor;

8.3.5. Distributors shall not state that the Amway business is a "get-rich-quick" opportunity in which it is easy to achieve success with little or no expenditure of effort or time;

8.3.6. Distributors shall only represent the past, present or future profits or earnings of Distributorship only in the following manner:

(a) may use specific income amounts in hypothetical illustrations or examples set out in the Amway Business Manual or other Amway-produced literature, and provided that the amounts are stated to be only hypothetical; or

(b) may use those earnings and/or bonus representations based on their own personal experiences; if the name, retail profits and/or bonuses of other Distributors are disclosed, Distributors must obtain the prior consent of the Distributor concerned.

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

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

9.1. Distributors shall acknowledge that all Amway trademarks and service marks are owned and registered by Amway Corporation which constitutes trademarks or service marks under the Trademark Law. Use of such trademarks or service marks in any manner without a proper authorization from Amway Corporation is a violation of the Trademark Law.

9.2. As means for Amway Taiwan to manage its products, and to ensure its compliance to local laws and regulations governing product labeling, commercial product inspection, trademark, and safety/sanitation issues, no Distributor may produce or procure from any source other than Amway any item upon which the Amway name or logo or any of its trade names or trademarks is imprinted.

9.3. No Distributor may place classified or other sponsoring advertisements in any media using the

Amway trade name, NUTRILITE, ARTISTRY, eSpring or any other Amway brand and product name.

9.4. All Amway Corporation and Amway Taiwan printed material is protected by international, U.S. and Taiwan copyrights and may not be reproduced in whole or in part by Distributors or other persons without the written permission of Amway Taiwan.

9.5. Distributors shall not display the Amway trade name on his/her business vehicle, office, phone listings, premises, or stationery without Amway's prior written approval, unless the display material is produced by Amway.

9.6. In their use of trademarks of Amway, in addition to complying with Rule 9.1, Distributors shall:

9.6.1. always indicate that Amway Corporation is the proprietor of the trademarks;

9.6.2. not represent in any way that they own the trademarks or are entitled to use the trademarks as an Amway Distributor;

9.6.3. only use registered trademarks as registered and shall provide Amway Taiwan with samples of all proposed uses of the trademarks;

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

9.7. Distributors shall not use the word "Amway" as part of any corporate or business name or permit or allow any other person or corporation to do so.

9.8. Distributors must not produce or obtain any printed products from any source other than Amway which bears the Amway name, trademark, logo or trade name without written permission. Such permissions must be renewed for each Event/Meeting.

9.9. Amway reserves the right at all times to withdraw permission to display the Amway name if standards stated are not met, of which Amway shall be the sole judge.

9.10. For the purposes of maintaining the direct selling principle of Amway products and of ensuring consumers' full understanding of the accurate use of Amway products, no Distributors shall display the Amway name on the exterior of their business premises. Violation of Rule 7.2 by unauthorized manufacturing products bearing Amway name shall constitute as a violation of the Fair-Trade Law and as a trademark infringement under the Trademark Law, and violating Distributors shall be responsible for the associated civil, criminal and administrative sanctions.

9.11. Distributors may use official Amway literature only for the purpose of carrying out their functions as Distributors.

9.12. Articles from the Amway official literature may be reprinted by Distributors in newsletters which they publish for their Personal Group provided that each article is reproduced completely and is immediately followed by the statement "Reprinted with permission of Amway Taiwan."

9.13. No Distributor may record speeches or presentations made at Amway-sponsored meetings.

Section 10. – Death and Inheritance

10.1. Upon the death of a Distributor, the Distributor may have planned to pass the Distributorship to a relative or other designated person, subject to compliance of the laws of the Republic of China and pursuant to the application procedures on Distributorship assignment/transference as specified in Rule 6 of the Rules of Conduct, as well as the approval of Amway Taiwan. Therefore, the original Distributor must make proper arrangements during their lifetime for the orderly and legal transfers of ownership of their Distributorship to their assignee / Successor. This is to ensure that downline Distributors will continue to receive proper service, training and motivation. In the event that the assignee or Successor does not take over the Distributorship pursuant to the procedures specified in Rule 6 of the Rules of Conduct, the Distributorship may be deemed abandoned in accordance with 13.1. When a Distributorship is deemed abandoned, the assignee or Successor shall have no further rights in the Distributorship. Amway may then move the Distributorship up the Line of Sponsorship to the next qualified Sponsor unless such a movement increases the number of 21% legs of the upline Sponsor in which case the Distributorship shall be designated as a placeholder.

- 10.1.1. In the event of the death of a Distributor, then, in addition to Rule 10.1, the following provisions must be followed:
- 10.1.2. Amway Taiwan may appoint a manager on such terms and conditions as Amway considers appropriate, to operate the Distributorship until such time as the Distributorship is assigned or otherwise dealt with pursuant to Rule 10.1.2 or terminated by Amway pursuant to Rule 12.1.1.1(d). Without limiting the breadth of Amway Taiwan's discretion as to such terms and conditions, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the bonuses and privileges accruing in respect of the Distributorship during the period of management. The reward may be paid in the following manners:
- 10.1.2.1. The Monthly Bonus (including bonus of performance bonus, Leadership, Ruby and Peral/Deep) generated from the business of Distributorship may be paid as the reward; or
- 10.1.2.2. A reward negotiated between the acting manager and owner of the Distributorship may be paid to the acting manager as a reward.
- 10.1.3. The executor or administrator of the estate of the deceased Distributor shall within thirty (30) days after the grant of probate or letters of administration:
- (a) assign or transfer the Distributorship pursuant to Rule 6;
 - (b) if the heir of the deceased Distributor is or applies to become a Distributor, then the heir shall inherit that Distributorship and carry on the business; or
 - (c) appoint a manager for such period and on terms and conditions specified or approved by Amway, to operate the Distributorship, provided the manager himself/herself is or applies to become a Distributor before commencing to operate the Distributorship. Without limiting the breadth of Amway's discretions as to the terms and conditions which may be so specified, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the bonuses and privileges accruing in respect of the Distributorship during the period of management.
- 10.1.4. In the event that a Distributorship is jointly owned by two persons and one of them dies, then, apart from handling in accordance with related procedures on assignment for value or succession of the Distributorship, the following Rules shall be followed:
- 10.1.4.1. The surviving joint owner shall be deemed to be the temporary manager of the Distributorship, until such time as the Distributorship is assigned or otherwise dealt with pursuant to Rule 10.1.4.2 or terminated by Amway pursuant to Rule 12.1.1.1(d);
- 10.1.4.2. Within thirty (30) days after the grant of probate or letters of administration, the situation shall be handled as follows:
- (a) the surviving joint owners shall bear (whether taking over the Distributorship by means of assignment for value or preplanning) all rights and obligations of the deceased joint owners in the Distributorship; or
 - (b) The executor or administrator of the estate of the deceased Distributorship joint owner shall assign or transfer all the rights and obligations of the deceased joint owner in the Distributorship to another Distributor (including the Successor), who shall carry on the Distributorship in partnership with the surviving joint owner; or
 - (c) the Distributorship shall be assigned or transferred pursuant to Rule 6 of the Rules of Conduct; or
 - (d) the executor or administrator of the estate of the deceased Distributorship joint owner and the surviving joint owners shall appoint a manager for such period and on such terms and conditions as are specified or approved by Amway Taiwan, to operate the Distributorship provided the manager himself is or applies to become a Distributor before commencing to operate the Distributorship.
- 10.1.5. As long as a Distributor's preplanning is approved, Amway Taiwan may transfer his/her Distributorship to an Successor or heir pursuant to the provisions set forth Rules 10.1 and 10.1.4. In case that a disagreement is presented, Amway Taiwan may carry out the change of Distributorship owner in accordance with the final judgement of the court or document with final validity regarding the dispute. Before the final judgement of the court or document with final validity regarding the dispute is rendered, in case that situations harmful to the Distributorship occur during the dispute period, Amway Taiwan may handle the Distributorship by means of one or a combination of (including but not limited to) the following approaches:
- (a) Suspend or freeze the Distributorship and/or payment of bonuses.
 - (b) The Company appoints another manager to manage the Distributorship. During the period when another manager is appointed by the Company, the reward to the acting manager may be derived from the monthly performance bonus accrued from the Distributorship managed by the acting manager.
 - (c) The Distributorship owner retains another manager to manage the Distributor through negotiation. When the Distributorship owner retains another manager to manage the Distributorship through negotiation, the parties shall negotiate a management fee as the reward.
 - (d) Terminate the Distributorship.
- 10.1.6. The Successor of the Distributorship shall meet the following conditions in order to take over the Distributorship otherwise Amway Taiwan may disapprove or revoke the takeover approval:
- (a) Meet the conditions for becoming an Amway Distributor or renewing Distributorship and have none of the situations as specified in Rules 3.3 or 3.5 of the Rules of Conduct.
 - (b) Possess sufficient professional knowledge of the business and demonstrate his/her full and correct understanding of Amway Sales and Marketing Plan and Amway Business Opportunity.
 - (c) Fully and correctly understand the Rules of Conduct and demonstrate his/her willingness to abide by it.
 - (d) Possess the ability to operate the Distributorship and adequate resources to provide necessary training and support.
 - (e) Understand related market factors that might affect the operation or succession/assignment of the Distributorship.
 - (f) No disputes or conflicts have occurred that might affect his/her ability to operate the Distributorship up to the present.
 - (g) Complete Amway training programs.
 - (h) Have in involvement in any other situations that might affect Amway's reputation or his/her management of the Distributorship.



- 10.1.7. In case that the Successor of the Distributorship is found to have the situations as specified in Rule 10.1.6 before, during, or after his/her takeover of the Distributorship, Amway Taiwan may, apart from handling according to Rule 10.1.6, deal with the issue in advance according to Rule 10.1.5 before the issue is determined as follows:
- (a) Disapprove or revoke the approval or re-decide the Successor of Distributorship according to the provisions set force in Rule 10 of the Rules of Conduct.
 - (b) Terminate the Distributorship.

Section 11. – Procedures

- 11.1.1. Investigation: When Amway believes that a breach of the Rules of Conduct, the Amway Business Policies, or the Fair-Trade Law or Supervisory Regulations Governing Multi-Level Sales has occurred, will occur, or is likely to occur, Amway may investigate the activity of the Distributor at issue. Amway may undertake this investigation on its own initiative or when requested by another Distributor who has submitted a written complaint to Amway as provided in Rule 11.1.2.
- 11.1.2. Complaints by Distributor: A Distributor who believes that another Distributor has breached the Amway Business Policies and/or the Rules of Conduct, or who has personal knowledge of the activities leading to such alleged breach, shall notify Amway in writing of the alleged breach and all facts connected with it. A copy of this notification shall be provided either by the Distributor or Amway to the Distributor's Upline Platinum.
- 11.1.2.1. On receiving this notice Amway will notify the appropriate Distributor of the complaint and request an immediate response.
- 11.1.2.2. If the complaint and response do not contain sufficient facts upon which to make a decision, additional information may be requested from any party by Amway.
- 11.1.2.3. When Amway believes that it has sufficient information regarding the facts and circumstances relevant to the complaint, Amway will decide whether there has been a violation of the Amway Business Policies or other breach of the Rules of Conduct and will take appropriate action in accordance with Rule 12.
- 11.1.3. Notification of Action.
- 11.1.3.1. Amway will forward a decision letter to the violating Distributor, as well as the Sponsor and the first upline Platinum of the sanctioned Distributor. The decision letter will list the specific complaint(s), outline the corrective action to be taken and, if appropriate, set a time limit for the Distributor to comply.
- 11.1.3.2. Any notice shall:
- 11.1.3.2.1. Be mailed, e-mailed or faxed or sent by registered mail or other confirmable method allowable by law to the address or contact information that Amway has on record for the Distributor. Claim of failure of a Distributor to receive a notice shall not delay the action by Amway; and
- 11.1.3.2.2. If applicable, state the Section(s) of the Rules of Conduct or other provisions of the Distributor Contract violated or breached by the Distributor; and
- 11.1.3.2.3. state the date on which any such action shall come into effect;
- 11.1.3.2.4. Inform the Distributor that if he/she disagrees with the penalty for his/her violation, they may request reconsideration in writing to Amway. If the reconsideration by the International Review Panel is applicable, the Distributor is then informed of the opportunity to request reconsideration by the International Review Panel.
- 11.2. International Review Panel: The International Review Panel (IRP) provides an internal procedure for the review of decisions as to the termination, suspension, and/or non-renewal of ABOs qualified at the Platinum level or higher. Any other decision may be reviewed by the IRP at Amway's discretion.
- 11.2.1. Procedure for filing an appeal request to the international review panel: In the event a Amway Business Owner (ABO) qualified at the Platinum level or higher disagrees with an affiliate's decision to terminate, suspend, or not renew his or her Amway business, the Distributor has the right to request an appeal of their case for review by the IRP. The appeal request must be submitted in writing (in local language or English). The appeal request should contain a 1–2-page narrative describing the basis for the appeal, issues to be considered for the appeal, any relevant facts, and the relief being sought. The appeal should also contain any information and documents (translated into English) which support the appeal. Only the Distributor whose Amway business was terminated, suspended, or not renewed, can appeal and must do so within 30 days of the date of the affiliate's decision letter. The appeal request must be submitted to the Review Panel Chair either via email at appeal.administrator@amway.com or via postal service to Amway Corporation, Attn: Appeal Administrator Center Rules/IRP, Mail Code: 78-2G, 7575 Fulton Street East, Ada Michigan 49355 USA.
- 11.2.2. Membership of the international review panel: The IRP consists of the Review Panel Chair and additional corporate staff from the Amway Legal Division in Ada, all of whom are Legal or Rules professionals.
- 11.2.2.1. Members of the IRP do not act as arbitrators.
- 11.2.3. Market decision remains in force pending decision by the international review panel: In the event Amway grants a Distributor the opportunity to have an affiliate's decision reviewed by the International Review Panel, the decision taken by Amway will remain in force until the review has taken place and a final determination has been made by the International Review Panel.
- 11.2.4. Procedures for review by the international review panel:
- 11.2.4.1. The Review Panel Chair will review the appeal request and determine if it meets the requirements for review by the IRP. If the requirements are met, the Review Panel Chair will provide notification to all parties (affiliate and the ABO) that the appeal request will be reviewed by the IRP. If the requirements are not met, the Review Panel Chair will advise the ABO accordingly and if possible, permit the ABO to rectify and resubmit the appeal request within the stated deadline.



11.2.4.2. The parties may produce additional information for the appeal independently or as requested by the IRP. The IRP will determine the relevancy and materiality of the information offered.

11.2.5. FINAL DETERMINATION BY THE INTERNATIONAL REVIEW PANEL:

11.2.5.1. The IRP may affirm: or reverse the decision of Amway, or may remand the case back to the affiliate for further action.

11.2.5.2. The determination of the IRP will be communicated to all parties.

11.2.5.3. Amway will take such steps as may be necessary to implement the IRP's determination.

11.2.5.4. In the event the determination of the IRP is rendered in favor of the Distributor, Amway shall restore full rights and privileges, and as appropriate, pay the balance of monies previously held in escrow, or take such other actions as may be agreed by the IRP.

11.2.5.4.1. In the event of any other decision taken by the IRP, Amway shall determine the disposition of the monies held in escrow.

11.2.5.5. The decision of the IRP shall not give rise to any legal or financial liability, claim for damages or other recourse, including but not limited to loss of profits or goodwill, on the part of Amway or any other Amway affiliate to the Distributor or any other person.

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

Section 12. – Breach of Contract; Sanctions

12.1. Sanctions: In the event Amway at its sole discretion determines that there has been a breach of the Rules of Conduct or the Amway Business Policies by a Distributor, Amway may take one or more of the following actions:

12.1.1. Terminate part or all of the Distributorship.

Effective upon the date notified to the relevant Distributor by Amway in writing, the Distributorship shall be terminated, and the right to receive any further income from or generated by such Distributorship whether arising or accruing before or after the date of termination shall be lost.

12.1.1.1. In case that one of the following situations (including but not limited to) occurs, part or all of the Distributorship may be terminated:

- (a) If the Distributor to breach any Rules of Conduct or the Amway Business Policies.
- (b) If the Distributor (including any one partner of the jointly owned Distributorship) is convicted of an offence punishable by prison term;
- (c) If the Distributor (including any one partner of the jointly owned Distributorship) is suspended or disbarred from practicing his/her usual trade or profession by any trade or professional association, institute or society;
- (d) If the Distributor (including any one partner of the jointly owned Distributorship) dies and the Distributorship is not assigned

or otherwise dealt with pursuant to Rules 10.1.3 or 10.1.4.2, within thirty (30) days after the grant of probate or letters of administration of the deceased Distributor or if probate or letters of administration are not granted within six (6) months after the date of death;

(e) If the Distributor commits repeated breaches of any of these Rules of Conduct.

12.1.1.2. In case of a personal conduct involving civil or criminal law issues, Amway Taiwan reserves the right to separately terminate the Distributorship of an Owner in a jointly owned Distributorship and the remaining Owner shall bear all the rights and obligations in this joint Distributorship.

12.1.1.3. Unless otherwise herein provided or implied, Amway shall have the exclusive right and discretion to determine the appropriate disposition and the terms of such disposition of the rights and benefits if any, of the Personal Group of any terminated or de-sponsored Distributors.

12.1.2. Require the Distributor to attend training; or

12.1.3. Suspend specific authorizations under the Distributorship, such as by way of example and without limitation, the Distributor opportunity to Sponsor, to purchase or sell Amway products and services, or to conduct similar activities associated with the Amway Business;

12.1.4. Remove the Distributor as a Sponsor of any downline Distributor also called "de-sponsoring" and/or restrict the Distributor's authority to Sponsor others;

12.1.5. Require refund of Amway Bonus;

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

12.1.7. Require written acknowledgement of the breach(es) and an undertaking not to breach the Distributor Contract in the future; or

12.2. Depending on the circumstances, Amway may impose the sanction under Paragraph 12.1 on an upline Distributor on a case-by-case basis in any of the following circumstances:

12.2.1. The upline Distributor covers up or facilitates any illegal act engaged by his/her downline Distributors.

12.2.2. In spite of the obvious awareness of the upline Distributor or of Amway's notification that his/her downline Distributors are in violation, the upline Distributor still fails to stop such violation or to inform Amway immediately to address the violation.

12.3. When any Distributor violates these Rules, Amway Taiwan may determine, on a case-by-case basis, the appropriate disposition upon the Distributorship of the violating Distributor based on factors like the materiality of the violation, the Distributor's attitude, conduct, and motive, among other things.

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

12.5. Suspension: Amway reserves the right to determine the specific terms of each Suspension on a case by case basis. In the event of any breach of contract by a Distributor, Amway may take action to suspend some or all of the Distributor's privileges under the Distributorship, including but not limited to:

12.5.1. Withholding Bonus for payment of final resolution of the matter; and/or

12.5.1.1. Pursuant to Rule 12.5.1, Amway may request a qualified Sponsor in



the Line of Sponsorship to operate the Distributorship and who shall be entitled to all, or such part as Amway specifies, of the bonuses accruing in respect of the Distributorship during the period of service.

- 12.5.1.2. All expenses incurred by Amway in conducting the retraining seminars and in administering the probation generally will be deducted from the bonuses held by Amway in escrow during the probation period and the balance, if any, paid to the appropriate Distributors.
- 12.5.2. Suspending authorization to conduct sponsoring activity (sponsoring, recruiting meetings, training sessions, home presentations, etc.); and/or
- 12.5.3. Suspend invitations to company-sponsored seminars, trips and events; and/or
- 12.5.4. Conduct reorientation and retraining meetings; and/or
 - 12.5.4.1. Amway Taiwan personnel may attend all or any one of such retraining sessions to monitor the meeting. And if considered necessary, the Amway personnel present may take over the conduct of the sessions to ensure their compliance with Amway's requirements.
- 12.5.5. Require that Distributor provide Amway with recordings of their Amway Sales and Marketing Plan presentations and recordings of retraining meetings.
- 12.6. Actions on Termination: Upon termination for any cause whatsoever, the Distributor shall:
 - 12.6.1. Cease to identify himself/herself as a Distributor;
 - 12.6.2. Return in good condition to Amway Taiwan all Amway products and Amway-distributed products then held by the Distributor in accordance with the policy for the return of products and obtain a refund;
 - 12.6.3. Cease to use any and all Amway trademarks, trade names and marks related to the Amway business.

Section 13. – GENERAL

- 13.1. Abandonment: When a Distributorship is terminated or not renewed, the Distributorship is considered abandoned, and the signatory to the Distributor Contract shall have no further rights in the Distributorship. Amway may Assign or Dissolve the Distributorship, pursuant to Rule 13.1.1 and Rule 13.1.2, the right to operate an Amway business in the former Distributor's position in the Line of Sponsorship to another Distributor, or may remove such position in the Line of Sponsorship, in its sole discretion. In exercising its prerogative hereunder, Amway may elect to employ one of the following methods or any other method permissible by law, and may unilaterally modify and amend the Distributorship of any affected Distributor to change their Sponsor and the Line of Sponsorship as may be necessary to implement such decision:
 - 13.1.1. Sale of Distributorship. If Amway elects to sell the right to operate an Amway business in the former Distributor's position in the Line of Sponsorship, the following will be observed:
 - 13.1.1.1. The sale shall be offered in the order of priority imposed by Rule 6.5 above.
 - 13.1.1.2. The terms of the sale will be set forth in a written contract executed between Amway and the purchaser.
 - 13.1.1.3. The purchasing party shall operate the Amway business in the position in the Line of Sponsorship held by the previous Distributor.
 - 13.1.2. Dissolution of Distributorship. If Amway so elects, the Sponsor of the former Distributor in the Line of Sponsorship may undertake the obligations of the former Distributor

and assume the role of Sponsor for all Distributors who had been personally or Internationally Sponsored by the former Distributor.

- 13.2. No Limitation on Amway: Amway, however, is in no way limited to any of the above methods of disposition of an Amway business and may exercise complete discretion as to methods and/or timing of disposition.
- 13.3. These Rules shall be governed and construed in accordance with the law of the Republic of China for the time being and from time to time in force.

Appendix II• Return and Exchange Policy

To protect consumer rights and reduce the investment risk for distributors engaged in the Amway business, Amway Taiwan Company Ltd. (hereinafter referred to as Amway) has established a comprehensive return policy. This policy ensures that the consumer rights of customers purchasing Amway products are

respected. Additionally, it allows distributors to appropriately handle any excess inventory they may have accumulated during their involvement with Amway, including when they exit the business.

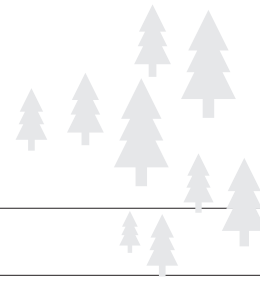
Amway's Product Return and Exchange Methods:

Returns (Handled According to the Satisfaction Guarantee Policy) - For Amway Members:

Reason	Dissatisfaction after use or within the 14-day cooling-off period
Application method	By home-pickup, self-mailing or in-person processing at the experience center
Required documents	<ol style="list-style-type: none"> 1. Complete the Product Return Application Form. 2. If the invoice is a physical paper document, the original purchase invoice must be appended. 3. If the invoice is in electronic format, no attachment is necessary.
Refund method	Refunds will be processed via bank transfer to the invoice purchaser's account. (Distributors must recalculate their personal and group performance and bonuses for the month in which the invoice was issued)
Items Not Eligible for Return	<ol style="list-style-type: none"> 1. Products that do not meet the applicable items and conditions under the Satisfaction Guarantee Policy (please refer to the Satisfaction Guarantee Policy for details). 2. Deliberate damage or misuse. 3. If the provided information is found to be false. 4. Products not covered by Amway's satisfaction guarantee, or those not manufactured/imported by Amway. 5. The specified satisfaction guarantee period for individual products has expired since the date of purchase. 6. The product has exceeded its shelf life. 7. Cases involving malicious, intentional, or abusive use of the satisfaction guarantee.

Returns (Handled According to the Satisfaction Guarantee Policy) - For Distributors and PMs

Reason	Dissatisfaction after use or within the 14-day cooling-off period
Application method	By home-pickup, self-mailing or in-person processing at the experience center
Required documents	<ol style="list-style-type: none"> 1. Complete the Product Return Application Form. 2. If the invoice is a physical paper document, the original purchase invoice must be appended. 3. If the invoice is in electronic format, no attachment is necessary.
Refund method	<ol style="list-style-type: none"> 1. You can choose to receive a refund via electronic cash voucher to the invoice recipient. 2. Alternatively, you can opt for a bank transfer refund to the invoice recipient. (Distributors need to recalculate their personal and team performance and bonuses for the month of the invoice.)
Items Not Eligible for Return	<ol style="list-style-type: none"> 1. Products that do not meet the applicable items and conditions under the Satisfaction Guarantee Policy (please refer to the Satisfaction Guarantee Policy for details). 2. Deliberate damage or misuse. 3. If the provided information is found to be false. 4. Products not covered by Amway's satisfaction guarantee, or those not manufactured/imported by Amway. 5. The specified satisfaction guarantee period for individual products has expired since the date of purchase. 6. The product has exceeded its shelf life. 7. Cases involving malicious, intentional, or abusive use of the satisfaction guarantee.



Returns (Excess Inventory) - Distributor

Reason	Excess inventory
Application method	By self-mailing or in-person processing at the experience center
Required documents	<ol style="list-style-type: none"> 1. Complete the Product Return Application Form. 2. If the invoice is a physical paper document, the original purchase invoice must be appended. 3. If the invoice is in electronic format, no attachment is necessary.
Refund method	Refunds will be processed via bank transfer to the invoice purchaser's account. (Distributors must recalculate their personal and group performance and bonuses for the month in which the invoice was issued)
Items Not Eligible for Return	<ol style="list-style-type: none"> 1. Promotional materials. 2. Products with transparent film or packaging that has been opened. 3. Starter kits missing blank application forms due to low stock. 4. Products not covered by Amway's satisfaction guarantee, or those not manufactured/imported by Amway. 5. Products that have exceeded their expiration date or were purchased over a year ago. 6. Discontinued products and old packaging products that have been out of stock for more than six months from the date announced on the website or in the monthly magazine.

※ For returns due to excess inventory, Amway will repurchase the products at 95% of the original purchase price.

Exit (Return Upon Exit) - Distributor

Exit		
Reason	When a Distributor decides to exit the business	Product return when a Distributor exit the business
Application method	<ol style="list-style-type: none"> 1. Self-mailing 2. In-person processing at the experience center 	
Required documents	<ol style="list-style-type: none"> 1. Distributor/PM Exit Application Form. ※For returns processed due to exiting, a separate Product Return Application Form must also be completed. 2. For physical invoices, the original sales invoice must be provided. For electronic invoices, no documentation is required. 3. Additionally, an ID document (such as a front copy of an ID card, health insurance card, or driver's license) or the Distributor/PM card must be submitted for processing. 	
Refund method	Refunds will be processed via bank transfer to the invoice purchaser's account. (Distributors must recalculate their personal and group performance and bonuses for the month in which the invoice was issued)	
Items Not Eligible for Return	<ol style="list-style-type: none"> 1. Please have Distributor or another Distributor belonging to the same line handle the return, and do not delegate it to a Downline Distributor. 2. Distributors with an ID number starting with 3, 4, or 5 must return the plastic data folder. 3. Distributors with an ID number starting with 6 or above do not need to return the paper data folder. 	<p>All products, (whether they have points or not), can be returned for stock inventory.</p> <ol style="list-style-type: none"> 1. If a Distributor terminates or cancels their contract within 30 days of joining Amway and applies for a return within 30 days of contract termination, Amway will refund the full original purchase price of the returned products, minus any bonuses or rewards already paid. If the returned products fall into the conditions listed in point 3, they will be considered as having zero value and the refund will be adjusted accordingly. 2. If a Distributor terminates their contract after 30 days of joining Amway, they may apply for a return within 30 days of contract termination. Amway will repurchase the returned products at 95% of the original purchase price, minus any bonuses or rewards already paid. If the returned products fall into the conditions listed in point 3, they will be considered as having zero value and the refund will be adjusted accordingly. 3. Products in the following conditions will be considered as having zero value: <ol style="list-style-type: none"> a. Products that have been opened and used. b. Discontinued products and old packaging products that have been out of stock for more than six months from the date announced on the website or in the monthly magazine. c. Products that have exceeded their shelf life. <p>(When processing a return upon exit, Distributors should consider the above conditions to avoid additional shipping costs.)</p>

Reminder: Processing a return and refund requires a certain amount of time. Please submit your request as soon as possible to protect your rights.

Replacement for defective products

Reason	Quality defects or damaged packaging
Application method	1. Call customer service hotline 2. In-person processing at the experience center
Required documents	1. For physical invoices, a copy of the original sales invoice must be provided. For electronic invoices, no documentation is required. 2. Product defect descriptions.
Refund method	Replace the product with the same product
Items Not Eligible for Return	1. Accidental damage, misuse, or modification. 2. Use in commercial establishments. 3. Normal wear and tear. 4. Deliberate damage. 5. Incorrect usage. 6. Improper storage. 7. Exchange for a different product. 8. The product has exceeded its shelf life.

1. Documents required for return/exit application:

1) Product Return Application Form:

- (A) For products purchased on different dates, with different invoice numbers, or different buyers (invoiced person), fill out separate product return application forms.
- (B) The signature section must be signed or stamped by the original invoice recipient (buyer). If the buyer is a company, please stamp with the company's uniform invoice stamp or the business's stamp.
- (C) The first copy of the Product Return Application Form, along with the related documents and products, should be sent to the after-sales service department of Amway's experience centers. Keep the second copy for your own records.
- (D) When returning a product due to dissatisfaction, please indicate the user's name, contact number, and reason for dissatisfaction on the Product Return Application Form.
- (E) If returning the product in person at any experience center, please present identification documents for the invoice recipient or an authorized individual.

2) Original Invoice: For personal-paper invoices, when returning the last main product, please include the original invoice with the product. Attach the original invoice receipt copy (main copy). If there are any continuation pages of the sales invoice, they must be returned as well.

3) Distributor/PM Exit Application Form:

- (A) When applying to exit the business, please complete the Distributor/PM Exit Application Form and fill in the exit distributor number (one number per form) and attach a front copy of identification (choose one: ID, Health Insurance card, or driver's license). Alternatively, the application can also be processed with the applicant's Distributor/PM Card.
- (B) Upon exiting, all associated rights and provided by Amway will be terminated. This includes, but is not limited to: ordering privileges, product vouchers/discount coupons, R&J electronic coffee vouchers, shopping points, or long-term customer program contracts and so forth.
- (C) If there are unused cash vouchers at the time of exit, these will be converted to cash after the membership is invalidated, and the distributor must recalculate their personal and group BV and bonuses for the month. If there's an impact, the bonus will be deducted and refunded via bank transfer.
- (D) For exits without an invoice, as Amway cannot apply for tax refunds with the National Tax Bureau, the exiting applicant will bear the cost of 5% business tax.

2. Handling of product return:

1) Home pickup for returning product:

- (A) Count the number of products and verify product codes to match those listed on the product return application and the original sales invoice.
- (B) Seal the returned products (including any related gifts) and the return application form in a box.
- (C) Online product return pickup application.
- (D) Once the pickup request is completed, the courier will collect the items from your home within 5 business days (excluding holidays).

Self-borne shipping fees shall apply in the following cases	When returning excess inventory or applying for inventory returns upon exit
	If the return application is not approved after review

※ Reminder: In the event of the aforementioned non-compliance situations, a necessary round-trip shipping fee of NT\$100 per trip will be charged.

2) Returning products by self-mailing:

- (A) Count the number of products and verify product codes to match those listed on the product return application and the original sales invoice.
- (B) Ensure all return documents are complete.
- (C) Seal the returned products (including any related gifts) and the return application form in a box.
- (D) Mark the sender's name, address, phone number, and distributor number on the outside of the box.
- (E) Send the package via a courier to the After-Sales Service Department at Amway's various experience centers.
- (F) Pay for shipping in advance when sending the package.

If a Distributor wishes to return products by courier to Amway's return and exchange center, they must pay for the shipping upfront. Amway will reimburse the shipping cost along with the refund for the returned products or issue a separate refund for the shipping fee.

When paying for the shipment, please be mindful of the following:	When paying for the shipment, please ensure that you request the courier company to issue an invoice using Amway's Business ID Number. The invoice should be addressed to "Amway Taiwan Company Ltd." with the following details: 1. Amway Taiwan Company Ltd. 2. Business ID Number: 84308897 3. Address: 11th Floor, No. 168, Dunhua North Road, Taipei City	
	Place the invoice or its second and third copies inside the package and clearly write "Invoice Enclosed" on the box.	
	Be sure to obtain a copy of the shipping receipt for your own records, so you can track the shipment if needed later.	
Amway's refund method for shipping fees	For product return	Shipping fees will be refunded either by electronic cash voucher or bank transfer.
Self-borne shipping fees shall apply in the following cases	When returning excess inventory or applying for inventory returns upon exit	
	If the return application is not approved after review	
	If the required shipping invoice or the second and third copies of a three-part invoice are not included with the return or contain errors.	

3) Return in person at any of the experience centers:

- (A) Count the number of products and verify product codes to match those listed on the product return application.
- (B) Ensure all return documents are complete.
- (C) Seal the returned products (including any related gifts) along with the return application form to be processed at any experience center.

3. Notes on refund method:

Applicable refund method			
Refund method / Status	Distributor	PM	Friends of Amway
Electronic cash voucher	V	V	
Refund by bank transfer	V	V	V
Handling / Usage Regulations and Notes			
Refund method / Item	Refund processing time	Notes	
Electronic cash voucher	Effective immediately	-	
Refund by bank transfer	2 ~ 3 weeks	1. The distributor must recalculate their personal and group BV and bonuses for the month. If there's an impact, the points bonus will be deducted and refunded via bank transfer. The refund amount will be based on the actual amount remitted. 2. For Friends of Amway, to comply with financial institution requirements, please accurately fill in your ID number or residence permit number (for foreign nationals) to ensure your refund rights. 3. The account name/ID number/residence permit number for bank or postal account refunds must match the name on the invoice to ensure your refund rights.	

If opting for a refund method other than electronic cash vouchers:

- (1) Refunds will be processed at the beginning of the following month if the return request is made within 6 days before the end of the current month. (This does not apply to exit requests)
- (2) As annual bonuses are settled every September, please be sure to complete your return request promptly after the settlement is finalized. The actual processing date will be based on Amway's official announcement. (This does not apply to exit requests)

※ If the provided bank information is incomplete or incorrect, making it impossible to process a bank transfer, Amway will issue a refund via a check and a handling fee will be charged based on the costs specified by Amway at that time. In the case of a check refund, Amway reserves the right to directly deduct the handling fee from the refund amount. This approach is intended to expedite the refund process and simplify the collection of handling fees.

4. Deductions for Returns:

When processing a return, relevant bonuses or awards shall be handled according to the following provisions:

- 1) Amway will directly deduct a percentage of the performance bonus from the refund amount.
- 2) The return will be subject to a 21% deduction based on the performance bonus percentage for the month of purchase. In addition to the return's direct deduction from the sales bonus for that month, the deduction will also apply proportionally up the hierarchy to the Upline Distributor's performance bonuses, with a maximum deduction rate of 21%.
- 3) Any differences in bonus percentages due to varying point values, as well as impacts on other types of bonuses, will also be deducted.
- 4) If the deduction affects the bonus levels of Upline Distributors, the adjustments will be applied retroactively.
- 5) If the return causes the Distributor or their Downline to no longer meet the qualifications for overseas travel or related promotional activities, the eligibility for such trips or promotional awards will be canceled, and compensation for related expenses will be required.

5. Price changes:

The basis for calculating the return will be based on the price, sales amount, and point value listed on the return invoice.

6. Please Note:

- The buyback agreement from Amway applies only to current, sellable, complete Amway products. This agreement does not apply to non-Amway products. If you purchased non-Amway products (e.g., promotional materials, audiovisual equipment) from your sponsor or Platinum, Amway will not be responsible for their buyback.
- If Amway verifies that there is malicious, intentional, or abusive use of the product satisfaction guarantee, Amway may take necessary actions, including but not limited to supervision, termination of distributor rights, or refusal to renew the agreement.
- When Amway distributors process a customer's dissatisfaction return, please ensure that the user's name, phone number, and reason for dissatisfaction are correctly filled in. A single user cannot return the same product more than once within the valid return period. If incorrect information is provided and Amway verifies that the data is inaccurate or does not meet return standards, Amway may reject the return request or require corrections.
- When returning a product, all components and related gifts (including non-electrical gifts that have been opened or expired) must be returned. If any of these items are not returned or are depleted, their equivalent value will be deducted before the return can be completed.※ Components include the product, accessories, internal and external packaging, and gifts.
- Any discount vouchers, coupons, or promotional credits used in the order will not be refunded if the order is returned.
- The Long-Term Customer Program contract will be terminated after processing a return for a long-term customer order.
- Consumers who choose paper invoices (excluding companies) must return the original paper invoice along with the product when returning the last item in the order to successfully process the return.
- Consumers who choose donated invoices or receive electronic invoices (cloud invoices) agree that, when applying for (partial) returns or exchanges, the company's electronic system will handle and issue sales return, purchase exit, or discount certificates, as well as related matters.
- Products purchased with point redemption, point add-on purchases, or cash add-on purchases can be returned or exchanged within the 14-day cooling-off period, provided the products are unopened. (Note that point renewals are not considered products; therefore, once the renewal fee is redeemed, it cannot be returned or points cannot be restored)
- Any changes to these policies will be subject to the latest announcements from Amway.

Product return application when a Distributor exit the business

All Amway distributors may apply to exit the Amway business at any time and may apply for inventory return. The details are as follows:

1. Distributors who cancel or terminate their contract within 30 days from the date of signing:

Distributors may notify Amway in writing to cancel or terminate their contract within 30 days from the date of signing, effectively applying for withdrawal from Amway's business. They may also apply for a return of products within 30 days after the contract is canceled or terminated. Amway must accept the distributor's return request and refund the purchase price of the returned products and other payments made to Amway. However, any bonuses or rewards given to the distributor for that purchase may be deducted. If the returned products fall into the conditions listed in point 4 of Section 3. Other Matters, they will be considered as having zero value and the refund will be adjusted accordingly.

2. Distributors may terminate the contract at any time after 30 days from the date of signing:

Distributors may notify Amway in writing to terminate the contract at any time after 30 days from the date of signing, effectively applying for withdrawal from Amway's business. They may also apply for a return of products within 30 days after the contract is terminated. Amway must accept the distributor's return request and repurchase the returned products at 95% of the original purchase price. However, any bonuses or rewards given to the distributor for that transaction may be deducted. If the returned products fall into the conditions listed in point 4 of Section 3. Other Matters, they will be considered as having zero value and the refund will be adjusted accordingly.

3. Other Matters:

- 1) When distributors exercise their right to cancel or terminate the contract according to the aforementioned regulations, Amway may not claim damages or penalty from the distributor for the contract's cancellation or termination.
- 2) If the direct-selling products are provided by a third party, Amway shall handle returns and repurchase according to the previous two clauses. Amway will also bear the damages or penalties resulting from the contract's cancellation or termination.
- 3) Bonuses are only payable to distributors who hold their distributor status at the time of bonus distribution. If the distributor's status has been lost by the time the bonus is paid, they will not be eligible to receive the bonus.
- 4) Processing a return and refund requires a certain amount of time. Please submit your request as soon as possible to protect your rights.
- 5) Products in the following conditions will be considered as having zero value:
 - (A) Products that have been opened and used.
 - (B) Discontinued products and old packaging products that have been out of stock for more than six months from the date announced on the website or in the monthly magazine.
 - (C) The product has exceeded its shelf life.
- 6) Other related return regulations shall be handled according to Amway's return and exchange policies.

Appendix III: Distributor/PM Annual Subscription Renewal

I. Distributor/PM Qualification Period

The qualification period for distributors/PMs is from the date of authorization until the end of the same month in the following year.

Annual renewal is required to maintain distributor/PM status.

The renewal methods are outlined in the table below.

- II. Distributors who have not violated any laws, regulations, or Amway's business conduct rules will generally be eligible for renewal. Amway reserves the final authority to determine if a distributor has violated any of these rules.

III. 3-Month Grace Period - Renewal Extension

To extend the renewal, distributors can apply for an extension within 3 months starting from the month following the renewal due date.

Extensions can be processed at Amway service counters, through Amway's ordering hotline, on Amway's official website, Amway's online store, or via Am-Card. If renewal is not completed within this 3-month grace period, all distributor/PM benefits will be terminated.

Type	Renewal method	Notes on the process	Renewal fee	Status conversion application
Order placement and contract renewal	Same as order placement	Renewal can be handled with an order through any of the ordering channels.		Applications for changing status will only be accepted on an individual basis.
Processing of individual applications	In person	Please go to the service counter at any of our experience centers to submit and process your application.		<ol style="list-style-type: none"> Distributors may apply to change their status to a Privileged Member at any time. To do so, they must complete and submit the "Privileged Member Enrollment/Conversion Application Form." The original referral system remains unchanged, but the distributor will lose their downline organization and retain their original distributor number. The change will take effect from the date of completion (based on the effective date in Amway's internal system). Privileged Members may apply to change their status to a distributor at any time, provided they meet the relevant conversion requirements. They must complete and submit the "Distributor Enrollment/Conversion Application Form" (the original referral system for Value Members remains unchanged), and retain their original member number. The change will take effect from the date of completion (based on the effective date in Amway's internal system).
	Online	<ol style="list-style-type: none"> Log in to the Amway official website distributor section and select the "Renewal" option. Log in to the Amway online mall and follow the prompts to process the renewal. Log in to Am-Card. <p>▣ Distributors/members extending their renewal during the 3-month grace period can complete their online renewal through the Amway official website, Amway online mall, and Am-Card.</p>	<ol style="list-style-type: none"> NT\$ 500 for distributor NT\$ 200 for PM During the renewal period, the fee for changing status to a PM will be NT\$ 200; if outside the renewal period, no fee is required for changing status to a PM. 	
	Convenience Store Barcode	<p>Log in to the official website using your mobile device to display the mobile barcode, then pay at the counter of 7-11, FamilyMart, Hi-Life, or OK Convenience Store.</p> <p>▣ Payment must be completed by 6:00 PM on the 25th of the month to ensure the renewal is successful for that month.</p>		
	For co-branded cards (Elite Card) and other credit cards *American Express and Diners Club cards are not accepted.	<ol style="list-style-type: none"> Cardholders of the Amway co-branded card or other credit cards must fill out the "Amway Annual Automatic Renewal Application Form" to authorize automatic renewal payments each year. For holders of Amway co-branded cards or other credit cards: If you do not wish to renew or plan to apply for a status conversion, you must call Amway Customer Service by the 24th of the month before the renewal to request cancellation. Those who wish to handle this can do so online or at the counter during each year's renewal period. 		

※ Any changes to these policies will be subject to the latest announcements from Amway.

※ In alignment with the government's goal of electronic and paperless invoicing, Amway has fully implemented electronic invoices. You can check invoice information through the "Order Management" section on the Amway website.

To protect distributors' rights and ensure personal data security, Amway adheres to the Personal Data Protection Act and has established a comprehensive personal data protection system to ensure that distributors' personal information is thoroughly protected. If distributors need to inquire about, review, copy, supplement/correct, stop deletion, or opt-out of marketing for their personal data, they can apply directly to Amway's Customer Service Center.



Appendix IV Multi-Level Marketing Supervision Act

2024-08-07

Hua Zong Yi Yi Tzu No. 10300013741

CHAPTER ONE GENERAL PROVISIONS

Article 1 This Act is enacted for the purpose of assuring sound transaction order of the multi-level marketing, and protecting the rights and interest of participants.

Article 2 The term "competent authority" as used in this Act means the Fair Trade Commission.

Article 3 The term "multi-level marketing" as used in this Act means the marketing practice to establish multi-levels organization by having participants introduce new participants into multi-level marketing enterprise, and promote and sale goods or services.

Article 4 The term "multi-level marketing enterprise" as used in this Act means the companies, sole proprietorships or partnerships, groups or individuals that conduct overall planning or the carrying out of multi-level marketing activities as referred to in the preceding article.

A participant of foreign multi-level marketing enterprise or a third party that introduces or carries out the multi-level marketing plans or organizations of such enterprise shall be deemed a "multi-level marketing enterprise" as referred to in the preceding paragraph.

Article 5 The term "participants" as used in this Act means persons who may earn commissions, bonuses and other economic benefits by taking part in the plans of a multi-level marketing enterprise and promoting or selling goods or services, and who may earn commissions, bonuses and other economic benefits by introducing other persons to participate, to promote, sell goods or services or introduce more persons.

The persons who enter into contracts with multi-sale enterprises that after meeting specific conditions such persons may get the qualification to promote, sell goods or services, or to introduce other persons to participate shall be deemed as participants from the time such contracts are entered into.

CHAPTER TWO PROCEDURES OF REPORT FILING FOR RECORD BY MULTI-LEVEL MARKETING ENTERPRISES

Article 6 Prior to engaging in multi-level marketing operations, a multi-level marketing enterprise, should prepare a report containing the following items, and apply for record by the competent authority:

1. the basic information and business places of the multi-level marketing enterprise;
2. the multi-level marketing plans, and conditions of participation;
3. the content of contracts that will be executed with participants;
4. the itemized products or services, prices, and source;
5. the evidence of marketing practice in compliance with laws or regulations other than this Act, or having ex-ante approval issued by other authorities, where the compliance or the ex-ante approval is imposed by such laws or regulations;
6. the calculation methods, criterion, and reasons, when multi-levels sale enterprises deduct the devaluation amount from the price in repurchasing the goods or services pursuant to the later sentence of Article 21.3 or 24 of the Act;
7. such other matters as may be required by the competent authority.

When multi-level marketing enterprises fail to provide documents and materials according to the requirements of the preceding paragraph, the competent authority may order them to provide within specific deadlines additional supplemental amendments. If multi-level marketing enterprises fail to provide within specific deadlines additional supplemental amendments, it shall be deemed to not have applied at all, and the competent authority may return their report, and order them to resubmit a complete one for record.

Article 7 Except for the following situations, when there is any change in the content of submitted documents and materials, the multi-level marketing enterprise shall report in advance:

1. For changes of enterprises' basic information as referred in subparagraph 1, paragraph 1 of preceding article, a report is

not required except for the change of enterprise's names.

2. For changes of enterprise's names, it should be reported within 15 days after the change is in effect.

If multi-level marketing enterprises fail to report the change according to the preceding paragraph, when the competent authority considers it to be appropriate, it may order the enterprises to provide within specific deadlines additional supplemental amendments. If multi-level marketing enterprises fail to provide within specific deadlines such additional supplemental amendments, it shall be deemed to not have reported the changes at all, and the competent authority may return their report, and order them to resubmit a complete one for record.

Article 8 The format and process of report referred in the preceding two articles will be prescribed by the competent authority.

Article 9 Multi-level marketing enterprises which intend to cease their multi-level marketing operations, shall file a written report with the competent authority prior to cessation, and shall have announcement in each business place to notify participants about their rights and interests to return goods to multi-level marketing enterprises according to participation contracts.

CHAPTER THREE THE PRACTICE OF MULTI- LEVEL MARKETING ACTIVITIES

Article 10

Before a participant takes part in the plan or organization of a multi-level marketing enterprise, the enterprise shall inform the participant of the following particulars, and shall make no concealment, false, or misleading presentations:

1. paid-up capital and gross business volume of the multi-levels sales enterprise;
2. multi-level marketing plan, and conditions of participation;
3. laws and regulations relevant to multi-level marketing;
4. obligations and responsibilities of a participant, and conditions of withdrawal by a participant from the organization or plan, and rights and obligations arising from the withdrawal;
5. matters relevant to the goods or services;
6. the calculation methods, criterion, and reasons, when multi-levels sale enterprises deduct the devaluation amount from the price in repurchasing the goods or services pursuant to the later sentence of Articles 21.3 or 24 of the Act;
7. such other matters as may be required by the competent authority.

When a participant introduces another person to participate in the organization or plan, such participant shall make no false or misleading presentations on items listed in the preceding paragraph.

Article 11 When recruiting participants by advertising or other means, a multi-level marketing enterprise shall make it clearly known that it is engaged in multi-level marketing activities; neither may it recruit participants under the disguise of recruiting employees or on other pretense.

Article 12 When promoting or selling goods or services or recruiting participants by means of declared cases of success, a multi-level marketing enterprise or its participants shall concretely explain the time periods, benefits obtained, and course of development of such cases, and may not make false or misleading representations.

Article 13 A multi-level marketing enterprise shall enter into a participation contract in writings with that who intends to participate in the plan or organization, and the multi-level marketing enterprise shall give the participant an original participation contract.

The writing referred to in the preceding paragraph may be in the form of an electronic document.

Article 14 The content of written contract should include the following:

1. matters referred in of Subparagraph Articles 10.1(2)-(7);
2. breaches of contract by the participants and the measures to the breaches;
3. the rights and obligations as referred in Articles 20-22, or the provisions that are more beneficial for participants;
4. the method for handling a request by a participant to return goods, when the contract is terminated because of participants' violation of business rules or plans, or breaches as referred in Article 15.1, or other reasons

- attributable to participants; and;
- 5. the conditions for renew of contracts and the method of handling, when the contracts stipulate specific term of participation.

Article 15 Multi-level marketing enterprises shall stipulate in contract that the following are breaches of the participant, and shall prescribe methods for handling such breaches in order to prevent such breaches:

1. promoting or selling goods or services, or recruiting participants to the sales organization, by deceptive or misleading means;
2. raising funds from other persons in the name of the multi-level marketing enterprise or through its organization;
3. engaging in sales by means that run counter to public order or good morals;
4. affecting consumers' rights and interests by improper direct sales calls;
5. engaging in sales that violate the Criminal Code or other laws or regulations governing industry and commerce.

Multi-level marketing enterprises shall enforce the handling methods referred in the preceding paragraph faithfully.

Article 16 Multi-level marketing enterprises may not recruit incapacitated persons to be participants.

A multi-level marketing enterprise recruiting a person with limited capacity to be a participant shall first obtain the written consent from the legal representative of such a person and also attach the said written consent to the contract.

The written consent referred to in the preceding paragraph may not be an electronic document.

Article 17 A multi-level marketing enterprise shall prepare the balance sheet and income statement for its multi-level marketing operations in the previous accounting year before the end of May each year and keep them in its main office.

When the capital of a multi-level marketing enterprise reaches the amount specified in Article 20.2 of the Company Act or the total multi-level marketing business volume in the previous accounting year exceeds the amount announced by competent authority, the multi-level marketing enterprise shall require auditing and certification by a certified public accountant for its financial statements.

Participants may request to inspect the aforesaid financial statements of the multi-level marketing enterprise to which they belong and the multi-level marketing enterprise may not refuse such requests without justifications.

Article 18 Multi-level sales enterprises shall have participants engaged in promoting and selling goods or service in reasonable market price as their major income, instead of earning mainly by introducing new participants.

Article 19 A multi-level marketing enterprise may not engage in any of the following activities:

1. requiring a participant to pay any fee obviously incommensurate with the cost in the name of training, seminars, social activities, meetings, promotion or other like activities;
2. requiring a participant to pay any security deposit, breach penalty, or other fee, which is obviously unreasonable;
3. requiring a participant to purchase goods in a quantity that would obviously be impossible for an average person to sell out in a short period, unless it is agreed that the price shall be paid only after the goods are re-sold;
4. giving specific persons preferential treatment in a manner contrary to the multi-level marketing organization or plan and therefore damaging other participants' rights and interests;
5. unduly request a participant to buy or grant a participant permission in two or more multi-level sales organizations;
6. requiring a participant to undertake obviously unfair obligations.

Participants shall not engage in the activities referred in subparagraph 1 through, 3, 5 and 6 against the persons he or she introduce to participate.

CHAPTER FOUR RESCISSION AND TERMINATION OF CONTRACTS

Article 20 Any participant may rescind or terminate the participation contract by giving the multi-level enterprise notice in writings within thirty days after entering into such contract.

Within a period of thirty days after rescission or termination of the contract takes effect, the multi-level marketing enterprise shall accept the application from the participant for returning of goods, collect or accept goods returned by the participant, and return to the participant all the payment for goods made upon purchase and any other fees paid to the multi-level enterprise. In returning the payments made by the participant according to the preceding paragraph, the multi-level marketing enterprise may deduct upon the time of returning of the goods the value

decreased due to the damage or loss attributable to the participant, and any bonus or remuneration already paid to the participant for purchase of such goods.

If the returned goods are collected by the enterprise, the enterprise may deduct the shipping costs required for such collection.

Article 21 After the lapse of the period as referred to in the first paragraph of the preceding article, the participant at any time may still terminate the contract by writing and withdraw from the multi-level marketing plans or organizations, and request to return the goods.

Within thirty days from the termination of the contract in accordance with the preceding paragraph, the multi-level marketing enterprise shall buy back all goods possessed by the participant at ninety percent (90%) of the original purchase price.

The multi-level marketing enterprise may deducted the bonuses or remuneration paid to the participant for the purchase as well as the amount of the decreased value of the goods.

If the returned goods are collected by the enterprise, the enterprise may deduct the shipping costs required for such collection.

Article 22 When the participant exercises the right to rescind or terminate the contract in accordance with the two preceding articles, the multi-level marketing enterprise may not claim damages or levy penalties against the participant for such rescission or termination.

When the sold goods are supplied by third parties, and the participants exercise the right to rescind or terminate, the multi-level sales enterprise shall handle the returning of goods and repurchase according to the preceding two articles, and shall pay the damages or penalties third party suppliers charge the participants.

Article 23 Multi-level sales enterprises shall not improperly hinder a participant from returning goods according to provisions of this Act.

Multi-level sales enterprises shall not unjustifiably withhold commissions, bonuses, or other economic benefit payable to a participant after rescission or termination of the contract.

Article 24 The regulations relevant to the goods in this Chapter shall apply mutatis mutandis to services.

CHAPTER FIVE PROCEDURE OF BUSINESS INSPECTIONS AND SANCTIONS

Article 25 A multi-level marketing enterprise shall record the organization development, sales of goods or services, payment of bonuses, and handling of goods returning within the territory of the Republic of China on a monthly basis and keep such records in its primary place of business for inspection by the competent authority.

The materials in the preceding paragraph shall be kept for five years; the same shall apply in the case of an enterprise that ceases multi-level marketing practice.

Article 26 The competent authority may at any time dispatch personnel to inspect, or order an enterprise to fill forms and provide materials about the operation and development within specific deadline in the methods and format required by competent authority, and the enterprise shall not evade, impede, or refuse.

Article 27 The competent authority may investigate and handle, upon complaints or ex officio, any violation of the provisions of the Act.

Article 28 In conducting investigations under the Act, the competent authority may proceed in accordance with the following procedures:

1. to notify the parties and any related third party to appear to make statements;
2. to notify the parties and any related third party to submit books and records, documents, and any other necessary materials or exhibits, and
3. to dispatch personnel for any necessary on-site inspection of the office, place of business, or other locations of the parties or any related third party.

Things that may serve as evidence and are found during inspections referred above may be seized by competent authority, and the scope and duration of seizure shall be limited to an extent necessary for examination, inspection, verification or other purposes in connection with the preservation of evidence.

The person who is under investigation conducted according to paragraph 1 may not evade, impede, or refuse without justifications.

An investigator carrying out its duties under this Act shall present the documents supporting its duties, and the person to be investigated may refuse the investigation

where the investigator fails to present such documents.

CHAPTER SIX PUNISHMENT

Article 29 If any person violates the provisions of Article 18, the violator shall be punished by imprisonment for not more than seven years and at the same time may be fined not more than one hundred million New Taiwan Dollars.

Shall any representative, agent, employee or other staff of a juristic person be punished for the violation of Article 18 in conducting business, not only the violator shall be punished in accordance with the preceding paragraph, the juristic person shall also be fined as prescribed in the preceding paragraph.

Article 30 Where any other laws provide for more severe punishment than those prescribed in the preceding article, the provisions of such other laws shall apply.

Article 31 The competent authority may order the multi-levels sale enterprise violating the provisions of Article 18 to dissolve, suspend or terminate business operation not longer than six months.

Article 32 If any person violates the provisions of Articles 6.1, 20.2, 21.2, 22, or 23, the competent authority may order the violators to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and fine New Taiwan Dollar 100,000 or more and not more than New Taiwan Dollar 5,000,000, and after the lapse of such period, shall such enterprise fail to cease therefrom, rectify such conduct, or take any necessary corrective action, the competent authority may again order the violators to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and fine New Taiwan Dollar 200,000 or more and not more than New Taiwan Dollar 10,000,000 each time until the violator ceases therefrom, rectifies such conduct, or takes necessary corrective action. If the situation is serious, the competent authority may order the violator to dissolve, suspend or terminate business operation not longer than six months.

The provisions of preceding paragraph shall apply to the violation of Article 20.2 when applied *mutatis mutandis* according to Article 24, the violation of Articles 21.2, 22, or 23. When the protection institution violates the regulations relevant to business operation methods and inspection prescribed in Article 38.5, the competent authority may impose a sanction according to paragraph 1 of this Article.

Article 33 If any person violates the provisions of Article 16, the competent authority may order the violators to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and fine New Taiwan Dollar 100,000 or more and not more than New Taiwan Dollar 2,000,000, and after the lapse of such period, shall such enterprise fail to cease therefrom, rectify such conduct, or take any necessary corrective action, the competent authority may again order the violators to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and fine New Taiwan Dollar 200,000 or more and not more than 4,000,000 each time until the violator ceases therefrom, rectifies such conduct, or takes necessary corrective action.

Article 34 If any person violates Articles 7.1, 9-12, 13.1, 14, 15.17, 19, 25.1, or 26, the competent authority may order the violators to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and fine New Taiwan Dollar 50,000 or more and not more than New Taiwan Dollar 1,000,000, and after the lapse of such period, shall such enterprise fail to cease therefrom, rectify such conduct, or take any necessary corrective action, the competent authority may again order the violators to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and fine New Taiwan Dollar 100,000 or more and not more than New Taiwan Dollar 2,000,000 each time until the violator ceases therefrom, rectifies such conduct, or takes necessary corrective action.

Article 35 When the competent authority conducts investigation according to Article 28, if the party under investigation violates Article 28.3, the competent authority may fine New Taiwan Dollar 50,000 or more and not more than New Taiwan Dollar 500,000. If after notice again, the party under investigation evade, impede, or refuse without justifications, the competent authority may continue to issue notice for investigation, and fine New Taiwan Dollar 100,000 or more and not more than New Taiwan Dollar 1,000,000 each time until the party accepts investigation, appears to respond, or renders relevant materials like books and records, documents, or exhibits.

CHAPTER SEVEN Supplementary Provisions

Article 36 For the enterprises not meeting the definition of multi-levels sale enterprise prescribed in Article 8 of the Fair Trade Act, but actually conducted multi-levels sale business prior to the implementation of this Act shall apply for record by the competent authority according to Article 6 within three months after this Act takes effect. Any enterprises that fail to apply shall be subject to punishment under Article 6.1.

The multi-levels sale enterprises as referred in preceding paragraph shall enter into written contract with the participants having participated prior to the implementation of this Act according to Article 13.1 within six months after this Act takes effect. Any enterprises that fail to enter into written contract shall be subject to punishment under Article 13.1.

Participants participating multi-levels sale enterprises prior to the implementation of this Act may rescind or terminate contract according to Articles 20, 22, and 24 since the day this Act takes effect through 30 days expires after the contract referred in preceding paragraph is entered. Even after such period, participants may still terminate contract according to Articles 21, 22, and 24.

For the participants terminating contracts after this Act takes effect, the period prescribed in the exception clause of Article 21.1 shall start from the day this Act takes effect.

Article 37 If any multi-levels sale enterprises have applied for record prior to the implementation of this Act, they still shall revise the filing documents according to Article 6.1, and provide competent authority within two months after this Act takes effect supplemental amendments. If any multi-levels sale enterprises do not provide supplemental amendments, the competent authority will make decision as the enterprises in violation Article 7.1.

If any multi-levels sale enterprises have applied for record prior to the implementation of this Act, they still shall revise the written contract entered into with participants, notify participants the revision content in written, and make announcements in business places. If any multi-levels sale enterprises do not notify participants the revision content in written, the competent authority will make decision as the enterprises in violation Article 13.1.

After receiving the notification referred in preceding paragraph, if participants do not object within specific period, it will be deemed as they accept the revision.

Article 38 The competent authority shall designate the multi-levels sale enterprises having applied for record to donate certain property in order to establish a protection institution in charge of protecting the rights and interests of multi-levels sale enterprises having applied for record, and participants, and dispute resolution. The donation amount may be deducted from the protection fund and annual fee as prescribed in Paragraph 2.

The protection institution may collect protection fund and annual fee from the multi-levels sale enterprises having applied for record. The collection methods and specific amount shall be determined by the competent authority.

If the multi-levels sale enterprises having applied for record fail to pay according the preceding two paragraphs, it will be deemed as in violation of Article 32.1, and sanctioned accordingly.

The enterprises may request the protection offered by the protection institution only after paying fund and annual fee according to the rules issued by the competent authority.

The organizations, duties, fee appropriation, operation procedures, and its monitoring and management shall be determined by the competent authority.

Article 39 After this Act takes effect, the provisions in the Fair Trade Act relevant to multi-levels sale shall not apply.

Article 40 The enforcement rules of this Act shall be made and promulgated by the competent authority.

Article 41 This Act shall take effect upon promulgation.

Appendix V: About the Multi-Level Marketing Protection Foundation

The Multi-Level Marketing Protection Foundation (MLMPF), established by 12 MLM companies, officially began operations on December 29, 2014. It provides a civil dispute resolution avenue outside of court proceedings for MLM companies and distributors. Additionally, the MLMPF assists distributors in filing lawsuits, compensates for liabilities of MLM businesses, and provides multi-level marketing education, training, and legal consultations. The foundation serves as a professional institution dedicated to safeguarding the interests of both MLM companies and distributors while offering specialized services. The operational funds for the MLMPF come from protection funds and annual fees paid by MLM companies and their affiliated distributors. MLM companies are required to pay the protection fund and annual fee based on their previous year's revenue, according to a tiered standard. For distributors, payment of the protection fund and annual fee is not mandatory; however, only those who have paid are eligible to access the services offered by the MLMPF. The protection fund for distributors is a one-time fee of NT\$100 upon joining, while the annual fee for the year 2014 was NT\$200, with subsequent fees based on standards announced annually by the Fair Trade Commission.

MLMPF website: www.mlmpf.org.tw

Appendix VI. Taiwan R.O.C. Direct Selling Association Code of Ethics

Taiwan Direct Selling Association believes that distributors engaged in direct selling build their sales channels for products and services based on personal relationships, which makes them accountable to their consumers. Therefore, the association has established this Code of Ethics to set fundamental standards of fairness and moral conduct. The primary purpose of the code is to meet consumer needs, protect consumer rights, promote fair competition, and enhance the overall social image of direct selling. This ensures that direct selling companies and their distributors continue to follow these ethical guidelines in their business practices.

Link to Taiwan R.O.C. Direct Selling Association Code of Ethics: <http://www.dsa.org.tw/Conduct.php>

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Customer Service Hotline: (02)21755166

Amway Taiwan Company Ltd.

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