

# BUSINESS REFERENCE GUIDE

**Amway**<sup>™</sup>

This *Business Reference Guide* is current as of September 1, 2017.  
Updates are posted at: [Amway.com/BRG](http://Amway.com/BRG)







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Use this guide to discover how to earn income. Read the Rules of Conduct and find helpful business information.

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### **BUSINESS CONDUCT & RULES DEPARTMENT CONTACT INFO**

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Phone 616-787-6712

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# INTRODUCTION

## Welcome to Amway

Congratulations, Independent Business Owner! You have started a great business supported by Amway – a family-owned company, built on the power of relationships. We want to make it as easy as possible for you to build your business, which is why we've put together this *Business Reference Guide*. Read over it to get started – and refer to it anytime you have a question about your business.

## Amway, IBOs, and the IBOAI®

You're in business for yourself but never by yourself. Amway and Independent Business Owners ("IBOs") work together every step of the way to move the business forward. Amway and IBOs also work with the Independent Business Owners Association International, Inc.® (the "IBOAI®") to make positive changes that benefit all IBOs.

Let's take a look at the relationship between Amway, IBOs, and the IBOAI®.

Under the IBO Contract, Amway provides IBOs with the right to purchase products through Amway at IBO cost for resale, the right to sponsor others to become IBOs and sell Amway™ products, the right to qualify for bonuses under the Amway IBO Compensation Plan, and a variety of support for IBOs and their customers. IBOs own and operate their own Independent Businesses ("IBs") through which they sell Amway products and may sponsor others to do the same. As independent contractors, IBOs are required to comply with the IBO Contract including the Rules of Conduct, but otherwise have the freedom to work how, when, and where they want. They define what success means to them, set their own goals, and develop a plan for how to get there. And they have the support of their upline, as well as thousands of Amway employees, working hard to help them achieve their goals.

The IBOAI® is a trade association that any IBO can join, but it's more than that: it is the voice of all IBOs – a clear, open channel of communication between IBOs and Amway North America. You and every other IBO are the heart of the Amway opportunity, and when the IBOAI® was first established in 1959 as the American Way Association, the founding IBOs discovered the importance of making sure all IBOs had a voice in the Amway business. They believed in several founding principles, including the right to be in business for yourself and that the opportunity should be open to all people from all walks of life. The IBOAI® listens to IBOs' ideas, proposes improvements, and advises Amway on the best ways to move the business forward. The IBOAI® Board is comprised of 15 voting members qualified at the Diamond level or above, elected by IBOs qualified at the Platinum level or above. You may contact them either through your upline or directly to the Association office at:

### IBOAI®

220 Lyon Street NW, Suite 850

Grand Rapids, MI 49503

iboai@iboai.com

iboai.com

Phone: 616-776-7714 Fax: 616-776-7737

## Direct Selling Distribution Channel

Direct selling businesses rely on person-to-person contact; relationships are the heart of our business. Every product has a unique story, and every IBO is a product ambassador who tells that story.

**The Direct Selling Model.** Unlike businesses that rely on mass advertising and online selling, the IBO business model is based on personal interactions and relationships.

Amway is a prominent and active member of regional and national direct selling associations worldwide, and Amway executives hold approximately 50 leadership positions in these associations. In the U.S., Amway has been a member of the Direct Selling Association (DSA) since 1962. Check out the DSA's website, [dsa.org](http://dsa.org), to learn more.

\*IBOAI® is a registered trademark of Independent Business Owners Association International.



# INTRODUCTION

## Best Practices

IBOs know the power and privilege of business ownership, and along with these comes responsibility. It's your responsibility to follow the Rules of Conduct, located in Section C of this Guide, which are part of your contract with Amway. For example, the Rules allow you to conduct online selling only through your Personal Retail Website provided by Amway, not in retail stores or on retail sites like eBay or Amazon. The Rules also prohibit IBOs from causing Amway™ products to be exported or imported to or from any other country, regardless of whether Amway is doing business in that country.

When it comes to social media, be sure to use privacy settings so that only your personal contacts see your business information, not the whole world. Want to make a video to promote your Amway™ business? According to the Rules of Conduct and applicable copyright laws, you must first obtain the rights to use the music. Amway also requires that all videos be approved by the Amway Business Support Materials Administration Department before posting, regardless of whether they contain music.

Following the Rules helps protect your business and the businesses of all IBOs, and these are just a few examples. Please review the entire Rules of Conduct in this Guide, plus these helpful online resources at [Amway.com/protectyourbusiness](http://Amway.com/protectyourbusiness).

### Quality Assurance Standards

### Power of Ownership Intellectual Property Issues: FAQs for IBOs

### Power of Ownership: Three Best Practices for New IBOs (video)

### Social Media Guidelines

### Music Copyrights Guide

These departments within Amway are always ready to answer questions.

### Customer Service (CS)

### Business Conduct and Rules (BCR)

### Business Support Materials (BSM)

## Code of Ethics

As IBOs, we are committed to conducting our businesses according to the following principles:

- We will follow not only the letter of the Rules of Conduct, but also the spirit of the Rules.
- We will conduct ourselves in such a manner as to reflect only the highest standards of integrity, honesty, and responsibility because we recognize that our actions as IBOs have far-reaching effects, not only on our own businesses, but on that of other IBOs as well.

## Tips for Successful Business Building

Building a balanced business requires three components: use the products yourself so you get to know them better, sell the products to customers, and help new IBOs you sponsor to do the same.

## Getting Started

### Tip 1. Get to know the products.

**Learning:** Product sales are the key to earning money, and Amway.com is a great way to learn about all the wonderful products Amway has to offer. Think about which products you and your customers would likely order again and again.

Product experience is the best sales tool. When you become familiar with the high quality and unsurpassed performance of Amway™ products, you'll be able to talk about them with confidence, making it easy to sell to customers. Share your favorites, and friends and family will likely be interested in buying them, too. An easy way to get started is with the optional Product Starter Kit, which gives you a collection of our most popular, easy-to-sell products. On top of great business potential, you'll enjoy the added benefit of buying great products at IBO cost!

Amway™ catalogs and other printed materials list our prices using a code so you can show products to customers without revealing your (reduced) IBO price. In the Price Code, the number after the P is the PV, the number after the B is the BV, and the number after the Y is Your IBO Cost. Add a decimal point before the last two numbers. Once you have experienced the products and considered your pricing strategy, you'll be ready to introduce the products to others!

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## Tip 2. Introduce products to others.

**Selling:** You earn income by selling Amway™ products. Every product has a Suggested Retail Price, but you decide how much to charge your customers. Earn immediate income by offering products to customers at a price you determine. You keep the difference between their price and your cost. It's as easy as that.

A great way to introduce the products and start selling to others is through the optional Product Starter Kit. You can try out samples of the products yourself and offer samples to others. Customers will have more faith in your recommendations if they know you've experienced the benefits yourself.

Other places you can go for more information about selling products include:

- Your upline.
- Amway.com for the latest information about products.
- Sales Kits available on Amway.com.
- Education courses on how to sell products at Amway.com/Education.

## Tip 3: Build for profitability.

**Sponsoring:** You have a lot of freedom when it comes to building your business. However, we've found that most successful IBOs experience the products first to become familiar with them; they sell products to customers; and then they sponsor new IBOs to do the same. Expand your business and share the Amway opportunity by sponsoring others. You'll train new IBOs, just as you were trained by the IBO who sponsored you. In doing so, you may earn monthly performance bonuses based on how much you sell, and monthly and annual Leadership Bonuses based on the sales of downline IBOs.

## Registering Other IBOs

### Tip 1. Ask your upline IBO for help.

The IBO who registered you likely has a proven system for generating sales and showing the Amway Independent Business Owner Compensation Plan to people who might be interested in starting their own Amway business. Use them as a resource when you start presenting the Plan.

### Tip 2. Get to know Amway.com.

Visit Amway.com. Go to "Shop" in the main tool bar. Look for Nutrition & Wellness, Beauty, For The Home, B2B products, and all the other product categories. Then, check out the other tabs on the main tool bar. Become familiar with the simplified categories and navigation. This will save you time and enable you to show prospects how easy the Amway™ website is to use.

### Tip 3. Recommend the Product Starter Kit.

Purchasing the Product Starter Kit is a smart choice for new IBOs. The Product Starter Kit was developed to help new IBOs get to know some of our favorite and easy-to-share products so they can successfully introduce them to others. Although purchasing the Kit is optional, research suggests that IBOs who purchase the Product Starter Kit when they register are more productive and have a stronger start than those who do not buy the Kit.



# INTRODUCTION

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## Training Resources

### **Know the business and the products.**

There's a lot to learn when you first get started, and upline IBOs are a great resource for information on building a business. Training resources developed by Amway are also very helpful. The educational videos focus on topics like making money, selling, and business essentials. You can find them on [Amway.com/Education](https://www.amway.com/education). Plus, you can take advantage of training at Amway-sponsored events. Many events include instructor-led workshops. You can find additional support from Amway-accredited Approved Providers. Approved Providers are authorized by Amway to provide IBOs with support such as conferences, literature, webinars, mentoring, and more! For additional materials to help you grow your business, go to [Amway.com](https://www.amway.com), log in, and go to Business Center > Resource Center.



# THE PLAN

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# THE PLAN | HOW YOU EARN INCOME

## Amway IBO Compensation Plan

The Amway Independent Business Owner Compensation Plan enables you to earn income based on merchandising an array of high-quality products and services. (Selling and using the products is one segment of building a balanced and successful business, which also includes sponsoring others into the business.)

You may earn bonuses based on the overall sales volume generated through the customers you serve and through the business organization you develop by registering others as IBOs. *Simply stated, the Amway Independent Business Owner Compensation Plan rewards you for selling products and services, and for registering others as IBOs who do the same.*

The Amway Independent Business Owner Compensation Plan rewards several levels of achievement. Each IBO is an independent businessperson, whose individual success depends on his or her own selling efforts and the selling efforts of those he or she registers. Gross income from your independent business is based on a combination of what is referred to as immediate income – retail markup on sales to customers – plus any bonuses earned on your overall sales volume.

## Immediate Income

Your immediate income is the difference between the cost at which you purchase product inventory from Amway or your sponsoring IBO, and the price at which you sell the products to your own customers. This income is realized immediately upon each sale to a customer. For your convenience, Amway publishes suggested retail prices for all products. However, these are suggested prices only, and you are not obligated to charge these prices. Each IBO is entitled to determine independently the prices at which they sell products to IBOs or other customers.

## Performance Bonus

Additional income may be earned through the monthly Performance Bonus. The Performance Bonus is driven by sales volume, which is tracked from two sets of numbers – Point Value (PV) and Business Volume (BV) – that are published in connection with each available product or service.

**PV** is a unit amount (you can think of it as the number of points) assigned to each product. The total PV associated with your monthly sales volume is tracked to determine your Performance Bonus bracket. The higher your PV total, the higher the percentage (up to 25%) used in calculating your bonus (see the Performance Bonus Schedule below).

**BV** is a dollar figure assigned to each product. The total BV associated with your monthly sales volume is multiplied by the percent from your PV bracket to determine your gross Performance Bonus. Your sales volume, or your PV/BV as it is generally known, is generated by your own purchases, whether for personal use or resale, and by the purchases made by your registered customers.

To figure your *gross* Performance Bonus, you add the *Pass-up Volume* from your frontline IBOs (those you personally registered) – both PV and BV – to your personal PV and BV, then make your calculation according to the Performance Bonus Schedule. However, any Performance Bonuses earned by your frontline IBOs, using the same Schedule, must be subtracted from the gross amount to arrive at your net Performance Bonus. In addition, you will at least be at the same percentage bracket as your downline.

Note: Experience has shown that IBOs who register others generally have higher average volume than those who do not.

## Performance Bonus Schedule

<i>If Your Total Monthly PV is:</i>	<i>Your Performance Bonus is:</i>
7,500 or more	25% of your BV
6,000–7,499	23%
4,000–5,999	21%
2,500–3,999	18%
1,500–2,499	15%
1,000–1,499	12%
600–999	9%
300–599	6%
100–299	3%

**The average monthly Gross Income for “active” IBOs was \$207.**

Approximately 48% of all IBOs were “active.”

U.S. IBOs were considered “active” in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. “Gross Income” means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | HOW YOU EARN INCOME

## How Performance Bonuses Are Presented on Your Bonus Statements

On Performance Bonus Statements, the Performance Bonus is presented as two elements: “Personal Volume” and “Differential on Personally Sponsored [IBOs] ...” Instead of subtracting your frontline’s total bonuses from your gross bonus, the differential method shown on your bonus statement makes the subtraction between the PV bracket percentages of you and your frontline. Both methods arrive at the same result.

Here is how each element is calculated in the differential method, followed by a simplified example.

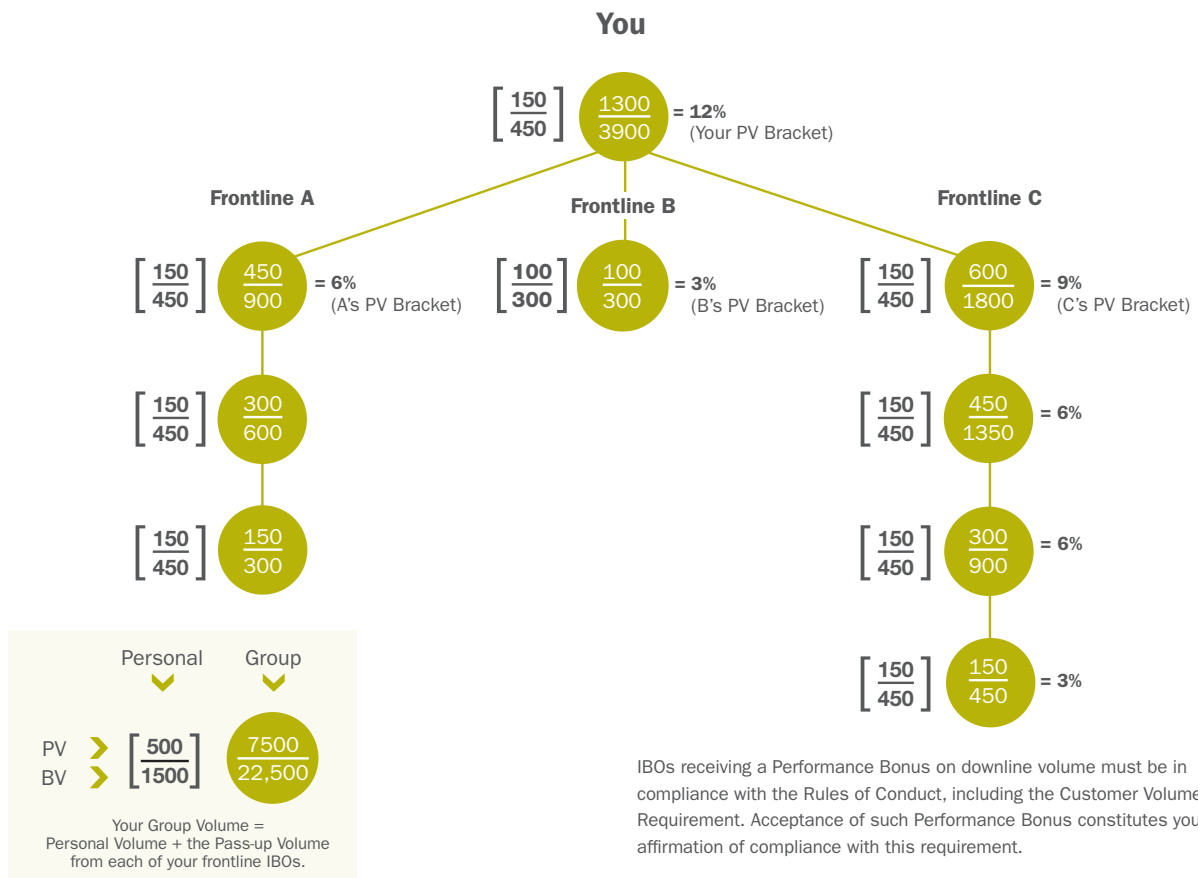
### 1. Personal Calculation:

Your personal BV times your PV bracket percent (based on your total PV, including pass-up).

### 2. Differential Calculation:

The group BV of each of your frontline IBOs, times: your PV bracket percent minus that IBO’s PV bracket percent. (Differential is calculated separately for each of your frontline IBOs.)

## How to Interpret a Performance Bonus Statement



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# THE PLAN | HOW YOU EARN INCOME

## How to Interpret a Performance Bonus Statement

North America Performance Bonus Statement For the Month of September 2017 Currency: USE United States Dollar - Amway								
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To: 1234567 You PO BOX 33333 CITY, ST 11111-0422								
-----								
Rules of Conduct require all IBOs who receive a Performance Bonus on downline volume to be in compliance with the Rules of Conduct, including the Customer Volume Rule. Acceptance of any Performance Bonus on downline volume constitutes your affirmation of compliance with these rules. In order to ensure compliance, your bonus may have been paid directly to your upline Platinum for handling. If you have questions regarding this, please consult with your upline Platinum.								
-----								
IBO Number	Name	Cls	PV	BV	%	Bonus/Diff.	A/R	Net Bonus
-----								
	Personal Volume:	2	150.00	450.00 <sup>5</sup>	12 <sup>9</sup>	54.00 <sup>13</sup>	0.00	54.00
-----								
DIFFERENTIAL ON PERSONALLY SPONSORED WITH VOLUME								
15554	IBO, A	9	450.00 <sup>1</sup>	1350.00 <sup>6</sup>	6 <sup>10</sup>	81.00 <sup>14</sup>		81.00
25551	IBO, B	9	100.00 <sup>2</sup>	300.00 <sup>7</sup>	9 <sup>11</sup>	27.00 <sup>15</sup>		27.00
20949	IBO, C	9	600.00 <sup>3</sup>	1800.00 <sup>8</sup>	3 <sup>12</sup>	54.00 <sup>16</sup>		54.00
-----								
	Group Totals:		1300.00 <sup>4</sup>	3900.00		216.00 <sup>17</sup>	0.00	216.00
-----								

## Key to the Calculations

IBO	Performance Bonus Element	Finding the Performance Bonus %		Calculating your bonus amounts		
		Group PV	Performance Bonus %	PB%	Personal BV	Group BV
YOU	Personal	1,300.00 <sup>4</sup>	12% <sup>9</sup>	.12 x	450.00 <sup>5</sup>	= 54.00 <sup>13</sup>
A	Differential	450.00 <sup>1</sup>	12% - 6% = 6% <sup>10</sup>	.06 x	1,350.00 <sup>6</sup>	= 81.00 <sup>14</sup>
B	Differential	100.00 <sup>2</sup>	12% - 3% = 9% <sup>11</sup>	.09 x	300.00 <sup>7</sup>	= 27.00 <sup>15</sup>
C	Differential	600.00 <sup>3</sup>	12% - 9% = 3% <sup>12</sup>	.03 x	1,800.00 <sup>8</sup>	= 54.00 <sup>16</sup>

**Your Total Gross Monthly Performance Bonus**

**\$216.00<sup>17</sup>**

**The average monthly Gross Income for "active" IBOs was \$207.**

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# THE PLAN | AWARDS AND QUALIFICATIONS

To recognize and reward your achievements, Amway offers an extensive award and bonus system. The Corporation awards pins and plaques for business-building achievements and provides additional recognition in written publications and elsewhere. Amway continually updates the bonuses and awards to encourage growth and performance. Refer to current materials or contact your upline with questions.

To be eligible for these awards and bonuses, you must be in compliance at all times with the Amway Independent Business Owner Compensation Plan and the IBO Rules of Conduct. All achievement awards and bonuses are subject to review and approval by Amway prior to being granted. The following pages focus on each of the IBO awards and their qualification requirements. The eligible bonuses referred to on these pages are explained in more detail in the “Monthly Bonuses” and “Annual Bonuses” sections that follow.

## 25% Sponsor

You can qualify as a 25% Sponsor if you: Register one qualifying North American Silver Producer or Platinum.

You are eligible to receive:

- A 25% Performance Bonus.

## Silver Producer

You can qualify as a Silver Producer if you achieve any of the following for one month:

1. Generate Award Volume (also referred to as Group PV) of at least 7,500 PV, or
2. Register or foster-register one North American group qualified at the 25% Performance Bonus level, and generate Award Volume of at least 2,500 PV in the same month, or
3. Register or foster-register at least 2 North American groups qualified at the 25% Performance Bonus level in the same month.

*Internationally registered groups may not be used for Silver Producer qualification.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Silver Producer pin.
- Other recognition, such as acknowledgment in an IBO publication.

## Gold Producer

You can qualify as a Gold Producer if you attain any 3 qualified Silver Producer/Platinum months within the IBO fiscal year (September 1–August 31). *In the case of your first-time Gold Producer qualification, you may use a rolling 12-month period to achieve any 3 qualified months.*

Internationally registered groups may not be used for Gold Producer qualification.

You are eligible to receive:

- A 25% Performance Bonus.
- A Gold Producer pin.
- Other recognition, such as acknowledgment in an IBO publication.

## Platinum

Becoming a Platinum is an important milestone. The Platinum is viewed as the leader of his or her own group. As a Platinum, you train, supply, and motivate your group, teaching them to assume the leadership responsibilities in their own groups. In short, becoming a Platinum means you're entering a new phase of the business. You continue doing the things that made you Platinum – registering IBOs and retailing products – but now you're also a recognized leader with new, challenging, and exciting responsibilities.

You can qualify as a Platinum by achieving 6 qualified Platinum months within the IBO fiscal year (September 1–August 31).

There are three ways to achieve a Platinum month:

1. Generate Award Volume of at least 7,500 PV, or
2. Generate Award Volume of at least 2,500 PV and register or foster-register one North American group that qualifies at the 25% Performance Bonus level, or
3. Register or foster-register 2 North American groups that qualify at the 25% Performance Bonus level.

**The average monthly Gross Income for “active” IBOs was \$207.**

Approximately 48% of all IBOs were “active.”

U.S. IBOs were considered “active” in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. “Gross Income” means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.



# THE PLAN | AWARDS AND QUALIFICATIONS

*In the case of your first-time Platinum qualification, you may use a rolling 12-month period to achieve 6 qualified Platinum months, 3 of which must be consecutive.*

To requalify as Platinum, you must achieve at least 6 Platinum months within the fiscal year.

Internationally registered groups may not be used for Platinum qualification.

You are eligible to receive:

- A 25% Performance Bonus.
- A Platinum pin.
- Other recognition, such as acknowledgment in an IBO publication.
- Participation in the annual Growth Incentive Program.
- An invitation to New Platinum Conference, a two-day, expenses-paid business seminar with world-class training, and the opportunity to connect with Amway staff and executives.

## Founders Platinum

You can qualify as a Founders Platinum by achieving Platinum qualification for all 12 months of the fiscal year.

*If you qualify at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generate at least 108,000 Total PV, you are considered qualified for 12 months by virtue of Volume Equivalency.*

*Total PV includes all personal PV as well as PV from all downline IBOs.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Platinum pin.
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Ruby

You can qualify as a Ruby by generating Personal Group/ Ruby Volume. of at least 15,000 PV in a single month.

*Internationally registered groups may not be used for Ruby qualification.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Ruby pin and other recognition, such as acknowledgment in an IBO publication (provided you are a qualified Platinum).
- The monthly Ruby Bonus.

## Founders Ruby

You can qualify as a Founders Ruby by achieving Ruby qualification for all 12 months of the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Ruby pin.
- Participation in the annual Growth Incentive Program.
- The monthly Ruby Bonus.
- Other recognition, such as acknowledgment in an IBO publication.

## Sapphire

You can qualify as a Sapphire by achieving 6 Sapphire months within the fiscal year.

There are two ways to achieve a Sapphire month:

1. Generate Award Volume of at least 2,500 PV and register or foster-register 2 North American groups which qualify at the 25% Performance Bonus level, or
2. Register or foster-register 3 North American groups which qualify at the 25% Performance Bonus level.

*Internationally registered groups may not be used for Sapphire qualification.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Sapphire pin.
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

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# THE PLAN | AWARDS AND QUALIFICATIONS

## Founders Sapphire

You can qualify as a Founders Sapphire if you either:

1. Achieve Sapphire qualification for all 12 months of the fiscal year, or
2. Achieve 10 or 11 Sapphire months and 252,000 Total PV. Total PV includes personal group PV and PV of all downlines.

A Sapphire month is achieved by one of the following requirements:

Generate 2,500 Award PV and have 2 in-market qualified legs, or

Have 3 or more in-market qualified legs.

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Sapphire pin.
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Emerald

You can qualify as an Emerald if you:

1. Achieve Platinum qualification, and
2. Personally, internationally, or foster-register 3 or more groups which qualify at the maximum Performance Bonus level for at least 6 months of the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- An Emerald pin.
- The annual Emerald Bonus.\*
- Participation in the Emerald Profit Sharing Bonus.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Emerald

You can qualify as a Founders Emerald by achieving Emerald qualification for all 12 months of the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Emerald pin.
- The annual Emerald Bonus.\*
- Participation in the Emerald Profit Sharing Bonus.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Diamond

You can qualify as a Diamond if you personally, internationally, or foster-register 6 or more groups (3 must be North American), each of which qualifies at the 25% Performance Bonus level for at least 6 months of the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- A Diamond pin.
- The annual Emerald and Diamond Bonuses.\*
- The annual Diamond Plus Bonus, provided you have 7 or more qualified groups.\*
- Participation in the Emerald Profit Sharing Bonus.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Diamond

You can qualify as a Founders Diamond if you either:

1. Achieve Emerald Bonus and Diamond qualification for all 12 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 8 Founders Achievement Award credits\*\* during the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- The Founders Diamond pin.
- The annual Emerald and Diamond Bonuses.\*
- The annual Diamond Plus Bonus, provided you have 7 or more qualified groups.\*
- Participation in the Emerald Profit Sharing Bonus.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

**The average monthly Gross Income for "active" IBOs was \$207.**

Approximately 48% of all IBOs were "active."

U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

\*Internationally registered groups may be used for awards of Emerald and above. They may not be used for qualification of bonuses except for one-time cash bonuses at the Double Diamond and above levels or Founders Achievement Award.

\*\*According to the original FAA credit schedule.

# THE PLAN | AWARDS AND QUALIFICATIONS

## Executive Diamond

You can qualify as an Executive Diamond if you either:

1. Personally, internationally, or foster-register 9 or more groups (3 must be North American), each of which qualifies at the 25% Performance Bonus level for at least 6 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 10 FAA credits\*\* during the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- An Executive Diamond pin.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Executive Diamond

You can qualify as a Founders Executive Diamond if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 9 or more groups, each of which qualifies at the maximum Performance Bonus level for all 12 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 12 FAA credits\*\* according to the original FAA program during the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Executive Diamond pin.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Double Diamond

You can qualify as a Double Diamond if you either:

1. Personally, internationally, or foster-register 12 or more groups (3 must be North American), each of which qualifies at the 25% Performance Bonus level for at least 6 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 14 FAA credits\*\* during the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- A Double Diamond pin.
- A one-time cash award of U.S. \$48,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Double Diamond

You can qualify as a Founders Double Diamond if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 12 or more groups, each of which qualifies at the 25% Performance Bonus level for all 12 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 16 FAA credits\*\* during the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Double Diamond pin.
- A one-time cash award of U.S. \$64,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

### The average monthly Gross Income for "active" IBOs was \$207.

Approximately 48% of all IBOs were "active."

U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

\*Internationally registered groups may be used for awards of Emerald and above. They may not be used for qualification of bonuses except for one-time cash bonuses at the Double Diamond and above levels or Founders Achievement Award.

\*\*According to the original FAA credit schedule.

# THE PLAN | AWARDS AND QUALIFICATIONS

## Triple Diamond

You can qualify as a Triple Diamond if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 15 groups (3 must be North American), each of which qualifies at the 25% Performance Bonus level for at least 6 months of the fiscal year, or
2. Attain Diamond Bonus qualification and generate at least 18 FAA credits\*\* during the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- A Triple Diamond pin.
- A one-time cash award of U.S. \$80,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Triple Diamond

You can qualify as a Founders Triple Diamond if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 15 groups, each of which qualifies at the 25% Performance Bonus level for all 12 months of the fiscal year, or
2. Attain Diamond Bonus qualification and generate at least 20 FAA credits\*\* during the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Triple Diamond pin.
- A one-time cash award of U.S. \$96,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Crown

You can qualify as a Crown if you either:

1. Personally, internationally, or foster-register 18 groups (3 must be North American), each of which qualifies at the 25% Performance Bonus level for at least 6 months of the fiscal year, or
2. Attain Diamond Bonus qualification and generate at least 22 FAA credits\*\* during the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- A Crown pin.
- A one-time cash award of U.S. \$128,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Display of a formal portrait in the “Hall of Achievement” at Amway Headquarters.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Crown

You can qualify as a Founders Crown if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 18 groups, each of which qualifies at the 25% Performance Bonus level for all 12 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 25 FAA credits\*\* during the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Crown pin.
- A one-time cash award of U.S. \$160,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

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U.S. IBOs were considered “active” in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. “Gross Income” means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

\*Internationally registered groups may be used for awards of Emerald and above. They may not be used for qualification of bonuses except for one-time cash bonuses at the Double Diamond and above levels or Founders Achievement Award.

\*\*According to the original FAA credit schedule.



# THE PLAN | AWARDS AND QUALIFICATIONS

## Crown Ambassador

You can qualify as a Crown Ambassador if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 20 groups (3 must be North American), each of which qualifies at the 25% Performance Bonus level for at least 6 months of the fiscal year, or
2. Achieve Diamond qualification and generate at least 27 FAA credits\*\* during the fiscal year.

You are eligible to receive:

- A 25% Performance Bonus.
- A Crown Ambassador pin.
- A one-time cash award of U.S. \$192,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Display of a formal portrait in the “Hall of Achievement” at Amway Headquarters.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Crown Ambassador

You can qualify as a Founders Crown Ambassador if you either:

1. Achieve Emerald Bonus qualification and personally, internationally, or foster-register 20 groups, each of which qualifies at the 25% Performance Bonus level for all 12 months of the fiscal year, or
2. Achieve Diamond Bonus qualification and generate at least 30 FAA credits\*\* during the fiscal year.

*If one or more of your sponsored groups qualifies at the 25% Performance Bonus level for 10 or 11 months of the fiscal year and generates at least 108,000 Total PV, that group is considered qualified for 12 months by virtue of Volume Equivalency.*

You are eligible to receive:

- A 25% Performance Bonus.
- A Founders Crown Ambassador pin.
- A one-time cash bonus of U.S. \$224,000.
- Participation in the Emerald Profit Sharing Bonus.\*
- The annual Emerald, Diamond, and Diamond Plus Bonuses.\*
- Participation in the annual Growth Incentive Program.
- Other recognition, such as acknowledgment in an IBO publication.

## Founders Achievement Awards Program

The Founders Achievement Awards (FAA) Program was developed to recognize and reward the worldwide business contributions of top IBOs. Since 1991, these annual discretionary cash awards have been presented to IBOs who demonstrate extraordinary business development and exhibit high ethical and business standards. To qualify for this award, an IBO must be a Diamond Bonus recipient and have a minimum of eight FAA credits. Details can be found on page A-21, and at Amway.com.

### FAA Credit Calculation

Domestic Leg	Credits
12-month leg	1.0
Emerald Bonus leg	1.5
Diamond Bonus leg	3.0

International Leg	Credits
#2 12-month leg	1.0
#2 Emerald Bonus leg	1.5
#2 Diamond Bonus leg	3.0–6.0
Other 12-month leg	0.5

## Standard GI/FAA Disclosure

Amway Independent Business Owners can be recognized and compensated by Amway in a variety of ways. The Amway Independent Business Owner Compensation Plan offers monthly and annual bonuses that IBOs can earn in accordance with their contract with Amway. IBOs are also eligible for two discretionary programs that are separate from the IBO Plan and that can vary from year to year:

- The Growth Incentives (GI) Program offers additional awards, rewards, non-cash awards, and participation in business conferences.
- The Founders Achievement Awards Program (FAA) rewards IBOs for their global business contributions.

IBO eligibility for the GI and FAA is at Amway’s discretion and is based on conduct that demonstrates high ethical and business standards aligned with the goals and objectives of Amway and its related businesses. These standards require that:

- An IBO’s conduct must not negatively affect the reputation of Amway, its related businesses, or IBOs affiliated with Amway and its related entities;

**The average monthly Gross Income for “active” IBOs was \$207.**

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\*\*According to the original FAA credit schedule.

# THE PLAN | MONTHLY BONUSES

- An IBO complies with the letter and spirit of the Rules of Conduct, laws, and regulations in any market the IBO has a presence, and demonstrates cultural sensitivity given market conditions; and
- An IBO doesn't defend or support the conduct of others who don't comply with this criteria.

## Ruby Bonus

IBOs who generate at least 15,000 Personal Group/Ruby PV in one month receive a Ruby Bonus equal to 2% of their net Personal Group/Ruby Volume for that month. Ruby Volume includes Personal Volume plus Pass-up Volume from any downline 25% Sponsors, Silver Producers, and/or Gold Producers who have not qualified at the 25% Performance Bonus level for the month; downline Platinum volume is not included.

## Monthly Leadership Bonus

In the course of building your business, you may register and train an IBO until that IBO reaches the Silver Producer level or above. Amway believes this hard work, ability, and performance merits reward. So to help compensate you for the time and effort involved, and to provide additional incentive for you to continue developing Silver Producers and above, the Amway Independent Business Owner Compensation Plan provides monthly Leadership Bonus payments.

The Leadership Bonus is computed from the bottom up, never from the top down. This means that your Leadership Bonus is based on the performance of your downline group(s); at the same time, your performance contributes to the Leadership Bonus for your Sponsor.

Amway calculates and pays all Leadership Bonuses according to the following rules.

### Rules for calculating the North American Leadership Bonus

**Eligibility.** You qualify for the Leadership Bonus if you either:

1. Register one North American group that qualifies at the 25% Performance Bonus level, and you generate an additional Award Volume of at least 2,500 PV\* in the same month, or
2. Register 2 or more North American groups that qualify at the 25% Performance Bonus level for the month.

*Even if you don't meet the qualifications for a given month, any Leadership Bonus amounts based on your group's BV (including your own) are added to the bonus amounts being rolled up your Line of Sponsorship.*

**Factors Used in the Calculations.** There are three factors or elements that Amway uses in arriving at the monthly Leadership Bonus for each eligible IBO:

- A. **The percentage.** Currently 6%. The group BV of IBOs involved is multiplied by 6% to determine bonus amounts used in the calculations.
- B. **BV/PV Ratio.** The weighted average ratio in use as of September 1, 2017, is 3.09. The following formula yields the maximum Leadership Bonus Adjustment (the Published LBA).

<b>25% qualifying PV times the current ratio</b>	<b>7,500 x 3.09</b>
<b>"official" qualifying BV</b>	
<b>= 23,175</b>	
<b>23,175 x 6% = 1390.50</b>	

**1390.50 is the actual Published Leadership Bonus Adjustment in effect for fiscal 2017–2018.**

For simplicity in the following examples, we are using a "Published LBA" of \$1350 - which is based on an average BV/PV ratio of 3:1 (one point of PV equals \$3 BV). The circles in the examples show the PV above the line, the BV below. Most of them reflect the average ratio, but not all do so - in order to show a variety of calculations.

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Approximately 48% of all IBOs were "active."

U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | MONTHLY BONUSES

**C. Leadership Bonus Adjustment (LBA).** The LBA is a credit/debit amount used in calculating how much of the bonus rolled up to an IBO is applied to his or her bonus, and how much is rolled up to his or her Sponsor. The Published LBA is the maximum adjustment used in the calculations. If the initial LBA within a Leg is less than the Published LBA, it continues to grow as bonus amounts are rolled up the Leg until the Published LBA is reached. At that point, the Published LBA becomes the minimum bonus amount that must be rolled up to each successive IBO in a Line of Sponsorship.

Leadership bonuses are computed from the bottom up. Note that the LBA continues to increase until it reaches the Published LBA level.

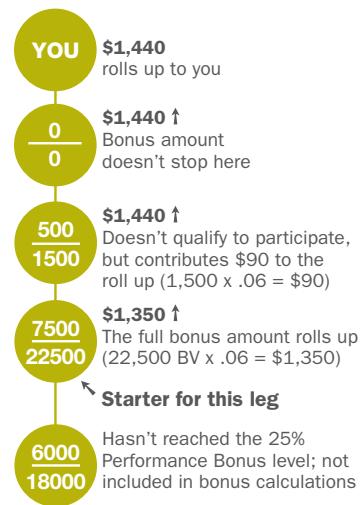


## The Calculations

1. The Leadership Bonus starts with the IBO furthest downline in each Leg of a Line of Sponsorship (LOS) who qualified at the 25% Performance Bonus Level for the month. That IBO is called the "Starter." Of the Starter's BV, 6% is rolled up to his or her immediate Sponsor. That Sponsor may keep all, some, or none of the amount rolled up, depending on his or her PV and BV.

### Rule 1 Example A

Note: Bonus calculations roll up through non-qualified IBOs.



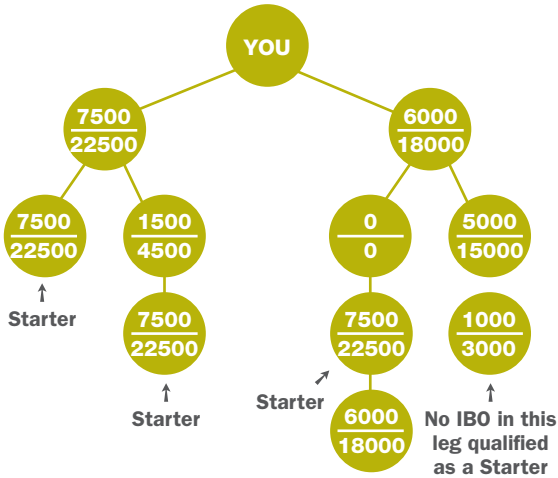
The average monthly Gross Income for "active" IBOs was \$207.

Approximately 48% of all IBOs were "active." U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

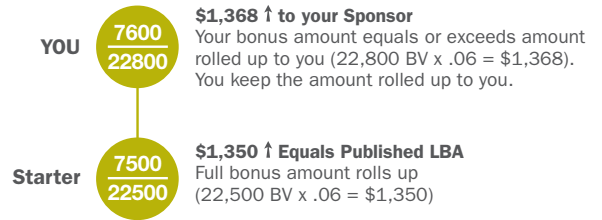
# THE PLAN | MONTHLY BONUSES

## Rule 1 Example B

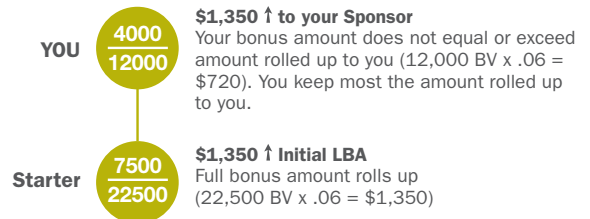
The first (lowest in diagram) IBO that reaches 7,500 PV in each Leg of the LOS becomes the "Starter" for that Leg.



## Rule 2a Example 1



## Rule 2a Example 2



2. Calculations for each subsequent upline IBO who is eligible for the Leadership Bonus depends on the amount of their BV relative to the bonus amount rolled up to them:
  - a. If 6% of your BV equals or exceeds the bonus amount rolled up from your downline or the Published LBA (whichever is smaller), you keep the bonus amount rolled up to you, and the bonus amount based on your BV is rolled up to your Sponsor.

- b. If 6% of your BV is less than the bonus amount rolled up from your downline or the Published LBA (whichever is smaller), the bonus amount based on your BV or the Published LBA is added to the bonus amount rolled up to you, and the LBA (or Published LBA, whichever is smaller) is subtracted. You keep the difference from that subtraction; the LBA (or Published LBA) amount is rolled up to your Sponsor.

Note: If you are eligible for the Leadership Bonus based on 2 or more downline Legs, and the LBA from at least one of those Legs equals or exceeds the Published LBA, either Rule 2a or 2b is used to calculate your Leadership Bonus, just as if the total amount rolled up came from a single Leg.

The average monthly Gross Income for "active" IBOs was \$207.

Approximately 48% of all IBOs were "active."

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# THE PLAN | MONTHLY BONUSES

## Rule 2b Example 1

**YOU**  $\frac{2500}{7500}$

**Starter**  $\frac{7500}{22500}$

**\$1,350 ↑ to your Sponsor**  
Your bonus amount is less than the amount rolled up to you (7,500 BV x .06 = \$450). Use calculation below.

**\$1,350 ↑ Initial LBA**  
Full bonus amount rolls up (22,500 BV x .06 = \$1,350)

Amount rolled up to you	\$1,350
Add 6% of your BV	+450
Total	\$1,800
Subtract the LBA	-1,350
Your Leadership Bonus	\$ 450

## Rule 2b Example 2

**YOU**  $\frac{4000}{12000}$

**Starter**  $\frac{7500}{15000}$

**\$1,350 ↑ to your Sponsor**  
Your bonus amount is less than the amount rolled up to you (12,000 BV x .06 = \$720). Use calculation below.

**\$900 ↑ Initial LBA equals published LBA**  
Full bonus amount rolls up (15,000 BV x .06 = \$900)

Amount rolled up to you	\$900
Add 6% of your BV	+720
Total	1,620
Subtract the LBA	-1,350
Your Leadership Bonus	\$270

## Rule 2b Example 3

**YOU**  $\frac{7500}{22500}$

**Starter**  $\frac{7600}{22800}$

**\$1,350 ↑ to your Sponsor**  
Your bonus amount is less than the amount rolled up to you (22,500 BV x .06 = \$1,350)\* Use calculation below.

**\$1,368 ↑ Bonus roll up exceeds published LBA**  
Full bonus amount rolls up (22,800 BV x .06 = \$1,368)

Amount rolled up to you	\$1,368
Add 6% of your BV or the Published LBA	+1,350
Total	\$2,718
Subtract the LBA*	-1,350
Your Leadership Bonus	\$1,368

\* Remember, the Published LBA is the maximum amount subtracted in this type of calculation.

## Rule 2b Example 4

For Multiple Legs

**YOU**  $\frac{110}{330}$

**Starter**  $\frac{6500}{19500}$

**Starter**  $\frac{7500}{22500}$  **\$1,350 ↑ Initial LBA**

Bonus amount equals or exceeds amount rolled up (19,500 BV x .06 = \$1,170). This IBO keeps some of the amount rolled up (\$270).

**\$450 ↑ Initial LBA**  
Full bonus amount rolls up (7,500 BV x .06 = \$450)

Amount rolled up to you	\$2,700.00
Add 6% of your BV	+19.80
Total	\$2,719.80
Subtract the LBA*	-1,350.00
Your Leadership Bonus	\$1,369.80

The average monthly Gross Income for "active" IBOs was \$207.

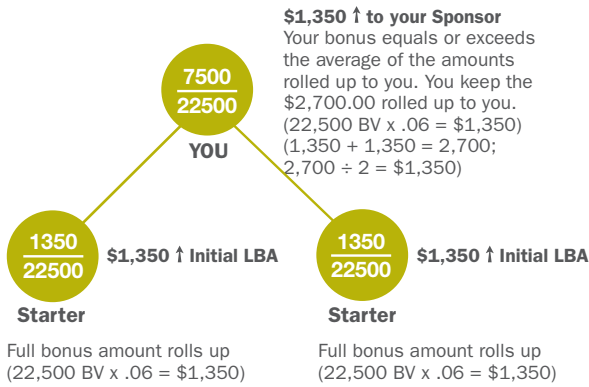
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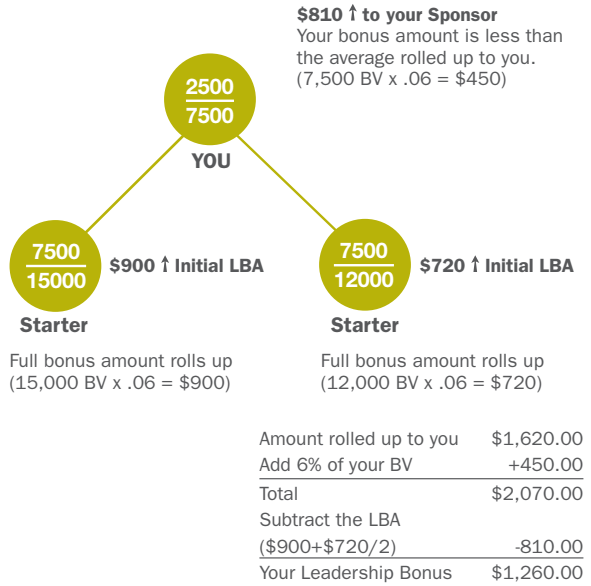
# THE PLAN | MONTHLY BONUSES

3. If you are eligible for the Leadership Bonus based on 2 or more downline Legs, and the LBA from each Leg is less than the Published LBA, your bonus calculation depends on the amount of your BV relative to the average of the bonus amounts rolled up to you:
- If 6% of your BV equals or exceeds the average bonus amount rolled up from your downline Legs, you keep the bonus amounts rolled up to you, and the bonus amount based on your BV is rolled up to your Sponsor.

### Rule 3a Example 1



### Rule 3b Example 2



- If 6% of your BV is less than the average bonus amount rolled up from your downline Legs, the bonus amount based on your BV is added to the total amounts rolled up to you, and the LBA (the average roll up), is subtracted. You keep the difference from that subtraction; the LBA amount is rolled up to your Sponsor.

The average monthly Gross Income for "active" IBOs was \$207.

Approximately 48% of all IBOs were "active."

U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | MONTHLY BONUSES

## How to Interpret a Leadership Bonus Statement

North America Leadership Bonus Statement For the Month of September 2017 Currency: USD United States Dollar - Amway								
To: 1234 IBO A 878 Parkway Anywhere, USA		Published Leadership Bonus Adjustment Amount: USD					① 1,350.00*	
Number	IBO Name	Point Value	Business Volume	Leadership	Adjustments From Downline	To upline	Net Bonus	
1234	IBO A	4150.00	12,450.00			② 603.00	603.00	
1234b	IBO B	900.00	2,700.00	④ 162.00	⑤ 1,350.00		⑥ 1,512.00	
Total.....:				162.00	1,350.00	603.00	③ 909.00	

**IBO A**

4150	<b>\$1,350 ↑ to A's Sponsor</b>
12450	Your bonus amount is less than the amount rolled up to you. (12,450.00 x .06 = \$747.00) Use calculation at right.

**IBO B**

900	<b>\$1,512 ↑ ⑥ Total rolled up to A</b>
2700	(Exceeds Published LBA) B doesn't qualify to participate, but contributes 6% to the roll up (2,700.00 x .06 = \$162.00) ④

**IBO C Starter**

7500	<b>\$1,350 ↑ Initial LBA</b>
22500	Full bonus amount rolls up. (22,500.00 x .06 = \$1,350.00) ⑤

Amount rolled up to A	\$1,512.00
Add 6% of A's BV	+747.00
<b>Total</b>	<b>\$2,259.00</b>
Subtract the LBA	-1,350.00
③ A's Leadership Bonus	\$909.00

- ② The difference between 6% of A's BV and amount rolled up to A's Sponsor [1350 - 747 = 603]. Used in the computer program, but not needed in the manual calculations shown at left.
- ③ Bonus amount(s) rolled up from recipient's second level or lower are combined in the "Adjustments from Downline" column. Only volumes from frontline IBOs are shown on the statement.

The average monthly Gross Income for "active" IBOs was \$207.

Approximately 48% of all IBOs were "active."

U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

\*In this example, we are using a Published Leadership Bonus Adjustment of \$1,350.

# THE PLAN | MONTHLY BONUSES

## Monthly Depth Bonus

In building your business, you may devote time and effort to help and encourage your North American frontline Silver Producers and above to register and develop downline Silver Producers of their own. To encourage and reward these efforts, the Amway Independent Business Owner Compensation Plan provides Monthly Depth Bonus payments.

The Monthly Depth Bonus is computed from the top down, starting with your second level qualified IBOs and extending downline until reaching the first level that owes a Monthly Depth Bonus to another IBO. The bonus is calculated separately for each of your qualified Legs.

When you qualify for a Monthly Depth Bonus, your upline Depth Bonus recipient is guaranteed a minimum Depth Bonus amount from each of your qualified Legs. This minimum guaranteed amount is either the Monthly Depth Bonus Adjustment (MDA), or the “base amount” of your Monthly Depth Bonus from that Leg – whichever is less. (The base amount is the total Monthly Depth Bonus from a Leg prior to any adjustment; see calculations section for details.)

<b>25% qualifying PV times the current ratio</b>	<b>7,500 x 3.09</b>
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**“official” qualifying BV = 23,175**

**23,175 x 1% = 231.75**

**231.75\* is the Monthly Depth Bonus Adjustment (MDA) in effect for fiscal 2017–2018.**

\*For simplicity in the following examples, we are using a Monthly Depth Bonus Adjustment of 225, which is based on an average ratio of 3:1 (1 point of PV equals \$3 of BV). The circles in the examples in the next section show the PV above the line, and the BV below the line. Most of them reflect the average ratio, but not all do so.

Amway calculates and pays all Monthly Depth Bonuses according to the following rules.

## Rules for Calculating the North American Monthly Depth Bonus

**Eligibility.** You qualify for the Monthly Depth Bonus when both of these conditions are met:

1. You register 3 or more North American groups (your frontline IBOs) that qualify at the 25% Performance Bonus level for the month, and
2. At least one of those IBOs registers one or more North American groups (your second level IBOs) that qualify at the 25% Performance Bonus level for the month.

*Note:* International Legs do not count toward eligibility.

**Factors Used in the Calculations.** There are three factors Amway uses in arriving at the Monthly Depth Bonus for each eligible IBO, just as for the Leadership Bonus.

- A. The percentage.** Currently 1%. The group BV of IBOs involved within each Leg is multiplied by 1% to determine the base amount used in the bonus calculations.
- B. The BV/PV ratio.** Exactly the same ratio, based on the same data, used for the Leadership Bonus.
- C. Monthly Depth Bonus Adjustment (MDA).** The MDA is exactly one-sixth of the Published Leadership Bonus Adjustment. (It is calculated the same way as the LBA, but using 1% instead of 6%.)

**The average monthly Gross Income for “active” IBOs was \$207.**

Approximately 48% of all IBOs were “active.”

U.S. IBOs were considered “active” in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. “Gross Income” means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | MONTHLY BONUSES

## The Calculations

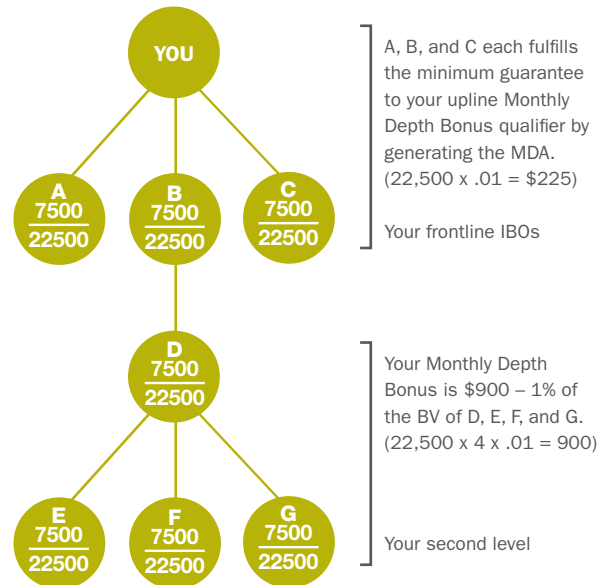
The Monthly Depth Bonus is calculated separately for each of your qualified Legs.

- The base amount of your Monthly Depth Bonus from a single Leg is 1% of the BV of all qualified downline IBOs, starting with your second level and extending down to the second level below the next downline IBO who qualifies for the Monthly Depth Bonus.
- When that Leg's base amount equals or exceeds the MDA, the MDA becomes the guaranteed minimum amount.
  - If 1% of the BV of the frontline Leader of the Leg equals or exceeds the MDA, you keep the entire base amount from that Leg.
  - If 1% of the BV of the frontline Leader of the Leg is less than the MDA, the shortfall is taken from the Leg's base amount to fulfill the guaranteed minimum, and you keep the balance.
- When that Leg's base amount is less than the MDA, the base amount from the Leg becomes the guaranteed minimum amount.
  - If 1% of the BV of the frontline Leader of the Leg equals or exceeds this guaranteed minimum, you keep the entire base amount from that Leg.
  - If 1% of the BV of the frontline Leader of the Leg is less than this guaranteed minimum, the shortfall is taken from the Leg's base amount to fulfill the guaranteed minimum, and you keep the balance.
- International Legs are not included for qualification or calculation of Monthly Depth Bonus.

## Monthly Depth Bonus Examples

For simplicity in following these examples, we are using an MDA of \$225 – which is based on an average BV/PV ratio of 3:1 (one point of PV equals \$3 BV). The circles in the examples show the PV above the line, the BV below.

### Example 1



**The average monthly Gross Income for "active" IBOs was \$207.**

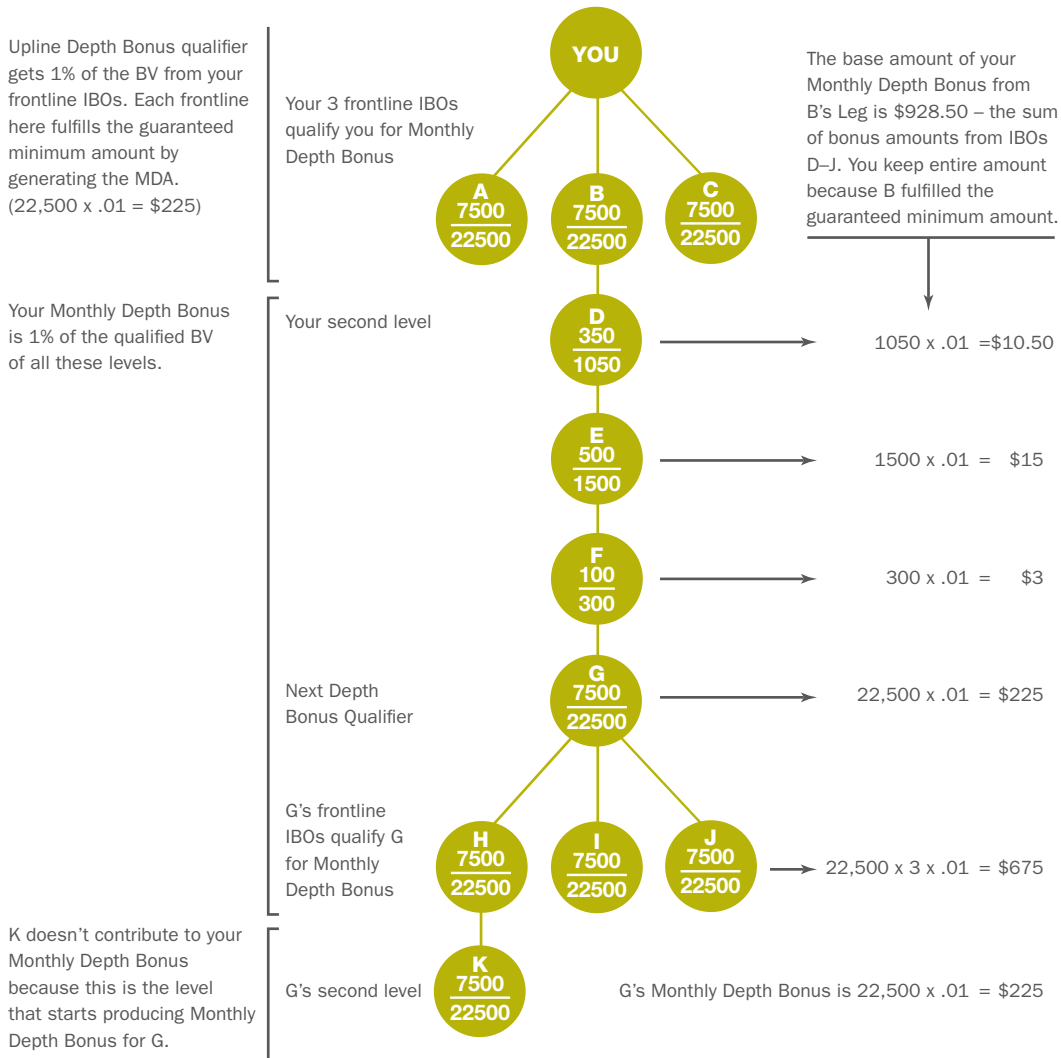
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# THE PLAN | MONTHLY BONUSES

## Example 2



**The average monthly Gross Income for "active" IBOs was \$207.**

Approximately 48% of all IBOs were "active."

U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | ANNUAL BONUSES

Each year, Amway sets aside money to fund three annual bonuses: the Emerald, Diamond, and Diamond Plus Bonuses. Each fund receives an amount equal to one-fourth of 1% (.0025) of the total North American BV. In addition, the Emerald and Diamond funds include one-fourth of 1% (.0025) of qualified international volume. Following is a description of how each of the bonus funds is disbursed.

## Emerald Bonus

Qualified Emeralds and above who personally or foster-register 3 or more North American groups, each of which qualifies at the 25% Performance Bonus Level for at least 6 months of a given fiscal year, receive Emerald Bonus points and payment on North American volume as well as the traceable volume from internationally sponsored qualified groups.

At the end of the fiscal year, Amway identifies all internationally sponsored volume, links it to the appropriate international Sponsor and corresponding market (one country removed), and pays an Emerald Bonus to both the International and Foster Lines of Sponsorship. All Emerald Bonus recipients may benefit from the expanded fund amounts. The fund is distributed to eligible participants in accordance with the formula shown in the table “Emerald Profit Sharing, Emerald, and Diamond Bonus Schedule” at the end of this section.

## Diamond Bonus

Qualified Diamonds and above who personally or foster-register 6 or more North American groups, each of which qualifies at the 25% Performance Bonus Level for at least 6 months of a given fiscal year, receive Diamond Bonus points and payment on qualified North American volume as well as the traceable volume from internationally sponsored qualified groups. The fund is distributed to eligible participants in accordance with the same formula employed for the calculation of the Emerald Bonus. (See the table “Emerald Profit Sharing, Emerald, and Diamond Bonus Schedule” at the end of this section.)

## Diamond Plus Bonus

Qualified Diamonds and above who personally or foster-register 7 or more North American groups, each of which qualifies at the 25% Performance Bonus Level for at least 6 months of a given fiscal year, receive a Diamond Plus Bonus at the end of each fiscal year. Disbursements from the Diamond Plus Bonus fund are made in accordance with the schedule shown at the end of this section.

In the event that disbursements based on the schedule would leave a surplus in the fund – or exceed the total available in the fund – then all payments would be increased or decreased on a pro rata basis until the total disbursement equaled the available funds.

## Diamond Plus Bonus Examples

### Example 1

You register 7 North American groups, each of which is at the 25% Performance Bonus level for 6 months in a given fiscal year. Your Diamond Plus Bonus is computed as follows:

$$7 (\text{group}) \times 6 (\text{months}) \times \$100 = \$4,200$$

### Example 2

You register 11 North American groups, each of which is at the 25% Performance Bonus level for all 12 months in a given fiscal year. Your Diamond Plus Bonus is computed as follows:

$$11 (\text{groups}) \times 12 (\text{months}) \times \$100 = \$13,200$$

### Example 3

You register 18 North American groups: 3 of them are at the 25% Performance Bonus level for 4 months, 5 are at that level for 6 months, 5 are at that level for 9 months, and 5 are at that level for all 12 months in a given fiscal year.

For purposes of the Diamond Plus Bonus, 3 of your groups did not qualify for the minimum 6 months. For each of the remaining 15 groups, you will receive \$300 for each month they were at the 25% Performance Bonus level.

$$5 (\text{groups}) \times 6 (\text{months}) \times \$300 = \$9,000$$

$$5 (\text{groups}) \times 9 (\text{months}) \times \$300 = \$13,500$$

$$5 (\text{groups}) \times 12 (\text{months}) \times \$300 = \$18,000$$

$$\text{Your Diamond Plus Bonus} \quad 40,500$$

**The average monthly Gross Income for “active” IBOs was \$207.**

Approximately 48% of all IBOs were “active.”

U.S. IBOs were considered “active” in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. “Gross Income” means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | ANNUAL BONUSES

## Emerald Profit Sharing Bonus

Qualified Emeralds and above who personally or foster-register 3 or more North American groups, each of which qualifies at the 25% Performance Bonus Level for at least 6 months of a given fiscal year, can, at Amway's discretion, receive Emerald Profit Sharing points and payment on North American volume. The fund is distributed to eligible participants in accordance with the formula shown in the table "Emerald Profit Sharing, Emerald, and Diamond Bonus Schedule" at the end of this section.

### Diamond Plus Bonus Schedule

Number of 25% groups to qualify (each group at the 25% level for 6 months or more) <sup>1</sup>	Estimated payment per group for each month qualified <sup>2</sup>	Minimum		Maximum
7 to 11	\$100	\$4,200	–	\$13,200
12 to 14	\$200	\$14,400	–	\$33,600
15 to 17	\$300	\$27,000	–	\$61,000
18 to 19	\$400	\$43,200	–	\$91,200
20	\$500	\$60,000	–	Applicable

### Emerald Profit Sharing, Emerald, and Diamond Bonus Schedule<sup>3</sup>

Business Volume		Points Available Per Bracket	Cumulative Points
\$0 up to \$25,000	4 points per \$1,000 BV	100	100
\$25,000 up to \$75,000	2 points per \$1,000 BV	100	200
\$75,000 up to \$125,000	1 point per \$1,000 BV	50	250
\$125,000 and above	1 point per \$10,000 BV	Based on volume	Based on volume

<sup>1</sup> Internationally sponsored groups are not figured in computation and payment of the Diamond Plus Bonus.

<sup>2</sup> "Estimated payment per group for each month qualified" and "Total Bonus" may vary (higher or lower on a pro rata basis) based on available funds.

<sup>3</sup> Emerald and Diamond Bonus calculations include traceable volume from internationally sponsored qualified groups. Emerald Profit Sharing Bonus points are calculated on domestic volume only.

**The average monthly Gross Income for "active" IBOs was \$207.**

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U.S. IBOs were considered "active" in months in 2016 when they attempted to make a retail sale, or presented the Amway IBO Compensation Plan, or received bonus money, or attended an Amway or IBO meeting. If someone sustained that level of activity every month for a whole year, their annualized income would be \$2,484. Of course, not every IBO chooses to be active every month. "Gross Income" means the amount received from retail sales, minus the cost of goods sold, plus monthly bonuses and cash incentives. It excludes all annual bonuses and cash incentives, and all non-cash awards, which may be significant. There may also be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

# THE PLAN | ANNUAL BONUSES

## FOUNDERS ACHIEVEMENT AWARDS (FAA)

This special discretionary leadership incentive recognizes the highest levels of achievement in Amway.

The FAA incentive program has been revised, effective September 1, 2017, and to ensure a smooth transition, Amway will honor the original FAA program until August 31, 2020, if it earns you more. Contact Amway for details.

To qualify effective September 1, 2017, you must be a Diamond Bonus Recipient in North America with a minimum of 20 FAA points. See the chart below.

### NEW Founders Achievement Awards Points

To qualify for FAA annual cash bonuses, leaders must be a Diamond Bonus Recipient in North America with a minimum of 20 FAA points.

For each	Points Credited**
Founders Platinum*	1.0
Emerald Bonus Recipient	1.5
Diamond Bonus Recipient	3.0**

\* Maximum 6.0 points per leg  
\*\*Maximum 30 points per leg

Points	Annual Multiplier
20	200%
27	250%
35	300%
45	400%
60	450%
75	500%
90	600%
105	650%
125	700%
150	750%

Minimum Founders Platinum Legs: 4 (20-35 points), 8 (45-75 points), 10 (90-125 points), 12 (150 points)

**SUPER LEGS**  
For 750% leaders who have two or more Legs at 30 points or higher, earn \$20,000 for each of two to five super Legs and earn \$40,000 for six or more super Legs.

Average Monthly Core Plan Bonus

PERFORMANCE

RUBY

DEPTH

LEADERSHIP

X

FAA Incentive

PLUS

SUPER LEGS WITH UNLIMITED POTENTIAL!

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**?** Contact your Amway Strategic Account Manager with questions. For more information on the FAA Program, log in to Amway.com and search FAA or Founders Achievement Awards.

### Founders Achievement Awards – Original FAA Program

#### FAA Credit Calculation

Domestic Leg	Credits
12-month leg	1.0
Emerald Bonus leg	1.5
Diamond Bonus leg	3.0

International Leg	Credits
#2 12-month leg	1.0
#2 Emerald Bonus leg	1.5
#2 Diamond Bonus leg	3.0–6.0
Other 12-month leg	0.5

Credits	Annual Cash Award
8	\$32,000
12	\$37,000
16	\$64,000
20	\$74,000
25	\$128,000
30	\$192,000
35	\$256,000
40	\$296,000
45	\$384,000
50	\$444,000
55	\$512,000
60	\$592,000
65	\$640,000
70	\$740,000

Credits	One-time Cash Award
40	\$1,280,000
45	\$1,480,000
50	\$1,920,000
55	\$2,220,000
60	\$2,560,000
65	\$2,960,000
70	\$3,200,000
70	\$3,700,000
70	\$3,840,000
70	\$4,400,000
70	\$4,480,000
70	\$5,180,000
70	\$5,120,000
70	\$5,920,000

**FAA Annual Cash Awards**  
★ Award amount U.S. dollars  
🍁 Award amount Canadian dollars

**FAA One-time Cash Awards\*\***  
★ Award amount U.S. dollars  
🍁 Award amount Canadian dollars

\*\* Amount can vary based on the payment schedule where the FAA points were generated. Contact your Strategic Account Manager with questions.

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# HELPFUL INFORMATION

## Annual Business Renewal

You must maintain a current authorization in order to preserve your rights as an IBO, including all rights to IBOs and customers you have registered. Your authorization expires on December 31 each year. To remain an authorized IBO, you must submit a *Renewal Agreement* (SA-469Q) every year prior to December 31, along with the required Annual Business Fee. You can renew online or by phone.

First-year IBO renewal fees may be waived or prorated depending on the month in which they entered the business. IBOs who enter between August 1 and December 31 of the current year will not need to process a renewal until December of the following year.

## Volume Credits and Transfers

PV/BV from product orders placed directly with Amway will be credited to the ordering IBO, unless otherwise indicated at the time of the order. If you place an order on behalf of another IBO, you must designate that the volume for the order be credited to that IBO. Additionally, you may supply another IBO with products from your inventory, but the volume for those products must be transferred from your monthly totals and credited to the purchasing IBO, and all PV/BV transfers must be made in the month that the transaction occurs. This allows Amway to properly calculate monthly volume and payment of all bonuses and awards. For detailed information about volume credits and transfers, including the open dates for making transfers each month, visit [Amway.com](http://Amway.com).

## Building an International Business

You have the opportunity to register others into the business not just in the U.S., but also in any of the 100 countries and territories worldwide where Amway has established affiliate markets. When you become an International Sponsor for someone in another country, they will be aligned with a Foster Sponsor who is authorized in the market and who provides your registrant with the product, education, training, and motivation they need. The global Sales & Marketing Plan rewards both the International Sponsor and the Foster Sponsor for your registrant's sales activity.

Should you wish to personally sponsor others in another market, or to sell products there, you are required to establish an authorized distributorship in that market. Establishing a business in another country as a non-citizen is often complicated, and the business and legal requirements vary from country to country. You are advised to contact the U.S. Embassy or Consulate in the market, as well as the company's local affiliate office. Where it is permitted, your international business(es) will be Internationally Sponsored by your existing Amway business in the U.S. and Foster Sponsored by an authorized distributor in the country. Your international business(es) will be regarded as separate independent businesses and may not be merged with any other businesses for purposes of awards and qualifications. To learn more about the requirements for starting an international business, contact Customer Service at 800-253-6500.





# MANAGING YOUR BUSINESS

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# MANAGING YOUR BUSINESS

## Product Information and Ordering

Amway.com is a great resource to help you manage your business. Log in to discover many great tools and resources, shopping directories, detailed product information, and much more.

Product availability and pricing are subject to change without notice, though we generally communicate updates via “What’s New” on Amway.com. If any information appears incorrect, you have questions, or you need assistance placing an order, contact Customer Service. They’ll be happy to help.

## Satisfaction Guarantee

Amway™ brands are something special. Our exclusive products are manufactured under rigid quality control programs and are exhaustively tested for quality and performance. You can confidently stand behind our products because we stand behind them with the following Satisfaction Guarantee:

### Satisfaction Guarantee

***If for any reason you are not completely satisfied with our products, you may return them within 180 days of purchase for an exchange or refund of the product price and applicable tax.<sup>†</sup>***

<sup>†</sup>Specific limited guarantees apply to designated products. Atmosphere™, iCook™, and eSpring™ products must be returned within 120 days. Partner Store items must be returned to the Partner Store from which they were purchased. This satisfaction guarantee does not apply to IBO purchases for stock or inventory.

Some items such as consumable food and beverage items are non-returnable unless defective upon receipt.

Sales aids are returnable only by IBOs in the first 90 days after registration.

If your customer is dissatisfied for any reason with a covered coreline product, you should offer to:

- Replace the product without charge;
- Exchange the product for credit toward the purchase of another product; or
- Refund the purchase price and applicable tax.

For more information on returns, policies, and procedures, see the Returns section below, or go to Amway.com and search: Satisfaction Guarantee. For an IBO’s obligations regarding customer returns under the Satisfaction Guarantee, see Rule 4.9 of the Rules of Conduct.

## Warranties

Certain products have their own warranties, as noted on the product pages. In addition, if any mechanical device should become defective within 180 days of purchase, Amway will, at our option, repair, replace, or issue a refund for such device. This warranty, which does not cover damage to a product resulting from accident or misuse, provides specific legal rights. Other rights that vary from state to state may be available. Because our inventory is constantly being replenished with new stock, it is possible that a similar product of equal or higher value may be substituted at no additional cost.

You may request a copy of the warranty prior to ordering. Warranty claims for Partner Store purchases should be directed to the Partner Store.

## Returns

Returns are easy! IBOs and registered customers who place orders with – and receive product delivery directly from – Amway may return items using the information included with each order. You can find additional information at Amway.com by searching “return.” For any questions, call Customer Service at 800-253-6500.

Amway Independent Business Owners are charged a processing fee of \$5.95 for each invoice. However, any merchandise returned due to errors or damages upon delivery will not incur a processing fee.

Please note, only IBO purchases for personal, family, or household use may be returned under the Satisfaction Guarantee. Anything purchased for IBO inventory is returnable only under the Buy-Back Rule. The Buy-Back Rule applies if the IBO decides to leave the business, or an exception is made because the IBO may be changing fulfillment methods or experiencing significant financial hardship. Exception returns are reviewed on a case-by-case basis pursuant to Amway’s exception returns policy. Returns staff members reserve the right, in their sole discretion, to make the final determination on all exception return requests. Amway does not sell inventory on consignment, so you should only order what you reasonably intend to sell during the month. For more information on customer returns and an IBO’s obligations regarding Satisfaction Guarantee service, see the Satisfaction Guarantee section above and Rule 4.9 of the Rules of Conduct. For more information on IBO returns, see Rules 4.10 and 4.11 of the Rules of Conduct.

# MANAGING YOUR BUSINESS

## Product Liability Protection

Amway carries product liability insurance that protects both Amway and IBOs from damages that are caused by defective products. A product can be defective either in the way it is manufactured or in the way it is designed. However, Amway's insurance does not cover careless or negligent application, improper use of a product, or recommending that a product be used other than for its intended purpose. It is important to note, however, that the IBOBA plan (discussed further below) does not provide product liability coverage and should not be confused with Amway's product liability coverage.

### Procedures for Handling Complaints

1. Ask the customer to explain how the damage occurred. Be sure to obtain the name of the product and when the damage occurred, then write down the name, address, and phone number of the customer.
2. Do not say that Amway will pay for the damage. Simply state that Amway will contact them regarding the damage.
3. Ask the customer to keep the product and the damaged article.
4. Call or write us with the information, and we will deal directly with the customer. Call or write:

Amway  
Product Liability Claims  
7575 Fulton Street East  
Ada, MI 49355-0001  
616-787-6896  
Email: [product.liability.claims@amway.com](mailto:product.liability.claims@amway.com)

## Sales Tax

Selling products and services to your customers requires the collection and remittance of various state and local sales taxes. Amway has made every effort to make that as easy as possible, which is why we entered into collection agreements with all applicable state and local taxing authorities. Those agreements allow Amway to collect the required sales taxes at the point of sale and remit them to the proper taxing authorities on your behalf. As a result, you won't need to obtain a sales tax license for your business. Instead, you'll operate under the sales tax license assigned to Amway in each state, county, and municipality.

For sales tax-related questions, please call Customer Service at 800-253-6500, or visit [Amway.com](http://Amway.com).

## Business Licenses

Some state and local governments have laws and ordinances that require business operators to register their business and sometimes pay an annual fee for the privilege of doing business in that state or municipality. A couple of examples: the state of Nevada requires most businesses to obtain an annual State Business License, and in California, the cities of San Jose and Los Angeles require a business license. You should confirm any state or local obligations you have and request a copy of any such law or ordinance. Many ordinances do not apply to the Amway Independent Business Owner Compensation Plan, but in such instances where they do, you must comply with the law.

## Zoning Ordinances

Some local governments have zoning ordinances that limit or prohibit the operation of a commercial business from the home. While most such zoning ordinances do not apply to the Amway Independent Business Owner Compensation Plan, you should confirm this with your local government office. It is your responsibility to comply with all zoning and other municipal requirements for operating your business.

## Bookkeeping Basics

As a business owner, it is important to conduct your affairs in a professional and businesslike manner, which includes keeping accurate books and records to track your productivity. Accurately recording business income and expenses, and keeping original source documents that substantiate both, will not only come in handy during tax season, but will also help you meet your business objectives.

For help managing your books, you can:

- Purchase one of several affordable bookkeeping programs for your computer.
- Talk to your sponsor – or with your upline Platinum – about their methods.
- Consult with a qualified tax advisor, preferably a CPA, who has the training and experience to recommend an effective bookkeeping strategy for you.

Implementing effective bookkeeping methods will allow you to devote more attention and energy toward building your business.

# MANAGING YOUR BUSINESS

## Income Tax

Like any for-profit business owner, your income is subject to tax and must be reported on your personal income tax returns. Business income and expenses must be summarized separately on IRS Form 1040, for which you will most likely use Schedule C. Additionally, you may be required to issue Form 1099-MISC to IBOs downline from you. If the aggregate amount of your purchases from Amway is \$5,000 or more in a calendar year, and/or if your Amway income is \$600 or more, Amway will be required by law to issue a Form 1099-MISC to you. Your Amway income might also include reportable items like amenities, activities, gift cards, etc.

Please note, Amway must have a valid taxpayer identification number on file for your business in order to properly report bonus payments. Because you have the opportunity to very quickly earn income through Performance Bonuses, you should confirm that Amway has your proper Social Security Number, or other taxpayer identification number, especially if you did not provide it at registration. Failure to provide Amway with this information may result in your bonus payments being subject to backup withholding as required by the Internal Revenue Code.

For a comprehensive discussion of your filing requirements and other income tax tips, the Tax Department publishes an informational bulletin titled *Your Amway Earnings & The U.S. Income Tax*, which is available free of charge at Amway.com. Also at Amway.com, you'll find a link to the official IRS home page, [irs.gov](http://irs.gov), where you may go to find forms and instructions as well as general information. Note that these items are for your information and do not constitute professional counsel or advice. We recommend you seek personalized counsel from a qualified tax advisor, preferably a CPA, who should be your final authority on all tax matters.

An unfortunate myth sometimes associated with business ownership is that you can improve your income tax situation by claiming personal expenses as business expenses. You should never do this. The Amway Independent Business Owner Compensation Plan is not designed to provide tax relief, and promoting it as such is strictly prohibited.

But there is some relief available to you. The Internal Revenue Code contains provisions that assist for-profit small-business owners. With proper record keeping, IBOs may deduct most ordinary and necessary expenses incurred in the operation of their business. Certain restrictions apply; contact a qualified tax advisor, preferably a CPA, for guidance.

## Insurance

When you register as an IBO, you become a member of the Independent Business Owners Benefits Association (IBOBA), a nonprofit association which promotes the interests of its members to use the power of group buying to make available to the members benefits and services such as travel programs, including automobile rental and hotel discounts, insurance, non-insurance health care discounts, and to provide educational information and forums.

One of the benefits of IBOBA membership is valuable business and family insurance plans at favorable group rates, some of which is purchased with a portion of your Amway business registration fee.

Marsh USA Inc. services IBOs with their commercial general liability and property insurance needs. General liability insurance protects IBOs against occurrences of bodily injury, property damage, personal injury, and advertising injury during the conduct of their independent business. Business property insurance protects IBOs against losses resulting from physical damage to business inventory, samples, sales literature, equipment, and other personal and real property used primarily in their business. Both liability protections are crucial for business owners. For more information about insurance coverage that has been purchased for your business, contact Marsh at 800-548-9175.

USI Affinity, for an additional fee, administers various insurance plans designed to serve each IBO's personal and family insurance needs. These include health, dental, vision, life, disability, accidental, auto, homeowners, and even pet insurance. Other valuable offers from USI Affinity include a free health care savings discount card that entitles you to discounts from participating providers throughout the U.S. For more information about personal and family insurance options, you may go to Amway.com > Partner Stores > Banking and Insurance, or call 800-254-2327.

# MANAGING YOUR BUSINESS

## Training and Business Support Materials

Education, training, and motivation are critically important to building a successful independent business. To educate you in the business and assist with your own training and motivation, as well as teaching how to train and motivate others, Amway prepares various merchandising aids and support services. All materials produced and distributed by Amway are subject to its Satisfaction Guarantee Rule 4.9, Buy-Back Rule 4.10; and Other Returns Rule 4.11.

Some IBOs independently produce or procure and distribute their own Business Support Materials (BSM), as defined in Rule 7 of the Rules of Conduct. These may include business aids, books, magazines, flip charts and other printed material, online literature, internet websites, advertising, audio, video, digital media, meetings, and educational seminars. Some IBOs earn additional income from the sale of BSM apart from their earnings as IBOs.

You may decide that these materials can help you build your business. Or not. It's your decision. No one may pressure you to buy these materials. Your own good judgment should guide you in deciding what is best for your independent business, considering among other things the cost, benefit, and time commitment associated with the purchase and use of these materials. Amway does not earn any revenue from the purchase of BSM from IBOs or third parties.

Rule 7 of the Rules of Conduct requires that IBOs who sell BSM have certain minimum return and refund policies. See Rule 7 for further details. All IBOs are free to purchase or cease purchasing BSM at any time.

## Responsibility Statement

When selling food supplement and health and fitness products, there are many state and federal laws that must be followed.

It's very important to only use product claims found in authorized literature. Improper claim usage from unauthorized literature could misrepresent food supplements as drugs or medications, leading to violations of food supplement regulations.

When it comes to nutrition and supplement products, let your customers select the product(s) best suited for his or her needs. Unless you are a medical doctor, you shouldn't diagnose health complaints or recommend remedies for health conditions.

Customers should consult with a physician before starting a significant lifestyle-change program, especially an intensive weight-loss program or exercise program. If your customers experience pain or discomfort while following a lifestyle-change program, they should discontinue the program and check with their physician.

Do not use testimonials from customers who report health improvements after using Nutrilite™ supplements. In situations where customers achieve weight loss or exercise results claimed from using Nutrilite™ products, you may use testimonials only if you make sure you have documentary proof to support the claims at the time you make them.

## Succession Planning

As an IBO builds his or her business, consideration should be given to succession planning, including how an IBO may want to transfer his or her business pursuant to the IBO Contract. But succession planning is not limited to how a business may be transferred through contracts or estate planning devices. Additional considerations include how you may want to add your children or others to your business during your lifetime to maintain the continuity of your business. These are topics you may want to discuss with your tax consultant and attorney.

Amway is here to guide you through this process. For more information on succession planning, contact Business Conduct & Rules.

## Partner Stores

Partner Stores bring the convenience of shopping national retailers all in one secure place, through the Amway™ website. Each participating individual Partner Store site provides its own shopping cart, processes your order, ships it, and handles any customer service inquiries.

[Amway.com](#) > [More Products](#) > [Partner Stores](#).





# RULES OF CONDUCT

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## BUSINESS CONDUCT & RULES DEPARTMENT CONTACT INFO

Email [bcr@amway.com](mailto:bcr@amway.com)  
Phone 616-787-6712  
Fax 616-787-7896

# RULES OF CONDUCT

## 1. Introduction

The Rules of Conduct (“Rules”) form an important part of the contract between Amway and the IBO (the “IBO Contract”). The Rules have been carefully developed in consultation with the IBOAI® Board, and have been implemented following notice to IBOs and review of their comments.

IBOs own and operate their own Independent Businesses (“IBs”). Amway recognizes the value of the contributions that IBOs who have achieved business goals can make to the development of other IBOs whom they sponsor and support under the Rules. As IBOs develop into established leaders, they play an increasingly important role in mentoring, teaching, and training other IBOs about the Amway business. Among other things, the Rules are designed to ensure that all IBOs have the support that they need to continue to develop their IBs with Amway.

Under the IBO Contract, IBOs receive substantial benefits, including: the right to purchase products through Amway at IBO cost for resale; the right to sponsor others to become IBOs and sell products offered at [www.amway.com](http://www.amway.com); the right to qualify for bonuses under the Amway IBO Compensation Plan (“Plan”); use of Amway’s intellectual property in accordance with the Rules; and a variety of support for IBOs and their Customers. As part of its commitment to support the opportunity made available to IBOs, Amway invests substantial resources in goodwill, in the Line of Sponsorship (“LOS”) and in LOS Information to provide Amway and IBOs with a competitive advantage. All IBOs and Amway share a competitive business interest in maintaining and protecting these assets and interests. The Rules provide important safeguards for IBOs and Amway in this regard, as well as contractual rights and obligations.

**1.1. Contractual Relationship:** Amway Corp. (“Amway”) has a contract with each IBO that includes all of the terms in the IBO Registration Agreement form executed by the IBO, the renewal form(s) executed or authorized by the IBO, the Plan and the Rules in effect at the time the IBO executed the IBO Registration Agreement, and any Entity Agreement for Independent Business Owners (IBOs) (“Entity Agreement”) or modifications to the Plan or Rules that become effective during the term of the contract (the “IBO Contract”). The current version of the Plan and Rules can be found at [www.amway.com](http://www.amway.com).

As part of the IBO Contract, IBOs have an obligation to comply with the Rules.

**1.2. Choice of Law:** Except to the extent that the Federal Arbitration Act applies to Rule 11, the formation, construction, interpretation, and enforceability of the IBO Contract, and all claims arising from or relating to the IBO Contract, shall be governed by Michigan law, without giving effect to any choice of law or conflicts of law rules or provisions (whether of the State of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Michigan. The place where the IBO Contract is made is Michigan.

**1.3. Severability:** If an arbitrator or court of competent jurisdiction determines any portion of the Rules of Conduct is unenforceable in any respect, then it shall enforce the rest of the Rules of Conduct to the fullest extent permitted by law without affecting the enforceability of all remaining Rules of Conduct.

## 2. Definitions

**2.1. Amway IBO Compensation Plan (or Plan):** The business arrangement through which IBOs receive certain income or other compensation as described in Section A of the *Business Reference Guide*.

**2.2. Copyrighted Works:** Works protectable by copyrights that are owned by, created by, or licensed to Amway.

**2.3. Customer:** A non-IBO who is an end user of products and services offered through or by Amway.

**2.4. Independent Business (IB):** An Amway independent business operated by an IBO(s) pursuant to the IBO Contract.

**2.5. Independent Business Owner (IBO):** An individual(s) or entity operating an IB pursuant to the IBO Contract.

**2.6. IBOAI Board:** Refer to the Independent Business Owners Association International, Inc. Board of Directors.

**2.7. Line of Sponsorship (LOS):** The structural arrangement of IBOs established by the contractual relationship that each IBO has with Amway.

**2.8. LOS Information:** Includes all information that discloses or relates to all or part of the Line of Sponsorship, including but not limited to IBO numbers and other IBO business identification data, IBO personal contact information, IBO business performance information, and all information generated or derived therefrom, in its past, present, or future forms.

# RULES OF CONDUCT

**2.9. Marks:** The trademarks, service marks, trade dress, and trade names adopted or used by Amway and/or otherwise the subject of pending or existing trademark rights owned by or licensed to Amway, regardless of whether the trademarks, service marks, trade dress, or trade names are the subject of trademark applications or registrations.

**2.10. Prospect:** A prospective IBO.

**2.11. Region:** The United States, Canada, Dominican Republic, Puerto Rico, U.S. Virgin Islands, Guam, Jamaica, the Pacific Islands of American Samoa, Federated States of Micronesia, Marshall Islands, Northern Mariana Islands, Palau, Wake Island, and all authorized Atlantic and Caribbean islands operating under the Plan.

**2.12. Use:** (a) with reference to Marks, directly or indirectly placing, affixing, or displaying one or more Marks on or in connection with goods or services, in a manner that tends to create the impression of an affiliation, connection, or association between Amway and the IBO or Approved Provider; and (b) with reference to Copyrighted Works, to reproduce, distribute, and/or display copies of the Copyrighted Works, in whole or in part, including by means of digital audio transmissions, and to create any derivative works.

## 3. Becoming an IBO

**3.1. Registration Agreement:** To become an authorized IBO capable of merchandising products and services offered through or by Amway and registering other IBOs, an applicant must be 18 years of age, complete and sign the IBO Registration Agreement, and pay the Business Services and Support fee specified in the IBO Registration Agreement. An IBO Registration Agreement may be completed and signed in one of the following ways: (a) the applicant may complete, sign and submit an electronic version of the IBO Registration Agreement in accordance with the procedures on the Amway website; or (b) the applicant may complete, sign and return a paper version of the IBO Registration Agreement.

**3.2. Acceptance or Rejection of IBO Registration Agreement:** Amway reserves the right to accept or reject any IBO Registration Agreement. A registration shall be considered accepted by Amway when it receives a completed and signed IBO Registration Agreement in accordance with Rule 3.1, its contents are verified with Amway's IBO records database, and the registration does not violate any Rule of Conduct. Pending receipt of a completed, signed IBO Registration Agreement, Amway may temporarily authorize an IBO to conduct business subject to the Rules of Conduct for up to 90 days.

**3.3. Legal Entities as IBOs:** IBs shall be formed initially by and in the name(s) of the individual applicant(s). After receiving an IBO number, an IBO who wishes to operate his/her IB as a corporation, limited liability company (LLC), formal partnership, limited liability partnership (LLP) or trust must complete the appropriate Entity Agreement for Independent Business Owners (IBOs) and submit it to Amway, which may accept or reject it. Existing IBOs as of September 2012 that are operating through a legal entity under an existing Entity Agreement approved by Amway may continue to operate under that agreement, but the IBO and entity must sign the currently applicable Entity Agreement upon request or in the event of a change in ownership or control in the entity.

**3.4. Husband and Wife IBOs:** If both husband and wife wish to become IBOs, they must register together as a single IB. Husbands and wives may not sponsor each other. If one spouse is already an IBO, the other spouse, upon electing to become an IBO, must join his or her spouse's IB. An IBO will be held accountable for the actions of a spouse, whether or not the spouse is an IBO, so far as the Rules of Conduct are concerned.

**3.5. Minors as Independent Business Owners:** Minors who are at least 16 years of age may become IBOs only for the single purpose of merchandising products and services offered through or by Amway. A minor who desires to become an IBO must: (a) obtain a parent's or guardian's signature on the IBO Registration Agreement; (b) be sponsored by or added to his or her parent's or guardian's IB if the parent or guardian of the minor is an IBO; and (c) must not be a signatory in any IB other than a parent's or guardian's IB.

**3.6. Term:** The term of the IBO Contract shall expire at the end of each calendar year, with the exception of initial registrations accepted by Amway between September 1 and December 31, in which case such initial term shall expire at the end of the subsequent calendar year.

# RULES OF CONDUCT

**3.7. Annual Renewal:** In order to renew the IBO Contract, an IBO must annually file a request to renew the IBO Contract, along with the required annual business renewal fee, by December 31 of the year preceding the year for which the IBO is renewing. Amway reserves the right to reject any renewal request, or revoke any IBO's Renewal Agreement, if the IBO is not in compliance with all provisions of the IBO Contract. An annual Renewal Agreement may be completed and signed in one of the following ways: (a) an IBO may complete, sign and submit an electronic version of the Renewal Agreement and pay the required annual business fee in accordance with the procedures on the Amway website; (b) an IBO may renew and pay the required annual business fee by telephone at 800-253-6500; (c) an IBO may sign an automatic Renewal Agreement with Amway; unless they instruct Amway otherwise, IBOs who have reached the level of Silver Producer or above will be automatically renewed in order to avoid an inadvertent interruption of their business.

**3.8. Late Renewal:** In the event that Amway accepts an IBO's Renewal Agreement that was not filed in compliance with Rule 3.7, Amway is not required to restore that IBO's sponsoring relationship(s) with downline IBOs.

**3.9. IBO Contract Termination:** An IBO may terminate his or her IBO Contract at any time prior to expiration by written communication to the Amway Business Conduct and Rules Department. A person who terminates his or her IBO Contract may immediately become a Customer.

**3.10. Death and Inheritance:** An IB can be passed on to a deceased IBO's spouse, heirs, or other beneficiary.

**3.10.1.** In cases where the IB is owned jointly, such as a husband and wife or partnership, and one spouse or partner dies, unless they have previously arranged otherwise, Amway will recognize the surviving spouse or partner(s) as the owner(s) of the IB. The survivor(s) must forward a certified copy of the death certificate in order for Amway to change its records.

**3.10.2.** In cases where the IB is operated as an entity under Rule 3.3, and one of the owners of the entity dies, the entity will continue to operate the IB, provided the entity remains in compliance with Rule 3.3 and the successor of the deceased owner is an IBO in full compliance with the Rules. The entity shall notify Amway of the change in ownership or control of the entity by submitting the currently applicable Entity Agreement reflecting the proposed changes, and any proposed changes in the ownership or control of the entity require the express approval of Amway in writing.

**3.10.3.** In cases where an IBO disposes of an IB in a will, Amway will recognize the terms of the transfer, provided the beneficiary is an IBO who is in compliance with the Rules.

**3.10.4.** If there is no qualified IBO in a position to operate an IB due to probate or other court procedures, Amway will have the option of entering into a servicing agreement with another IBO, preferably upline in the LOS, to manage the IB until the proceedings are complete.

## 4. Responsibilities and Obligations

**4.1. Duty of Good Faith:** Under the terms of the IBO Contract, Amway and all IBOs agree to perform their obligations in accordance with the duty of good faith and fair dealing. An IBO will be held accountable for the actions of a partner, family member or third party acting or purporting to act on behalf of the IBO or IB, so far as the Rules of Conduct are concerned. An IBO shall not aid and abet another IBO to violate the Rules of Conduct. IBOs shall not conduct any activity that could jeopardize the reputation of Amway or IBOs.

**4.2. Cross-Group Buying or Selling:** No IBO shall engage in cross-group buying or selling. Cross-group buying and selling occurs when an IBO sells products and services offered through or by Amway to another IBO he or she did not personally sponsor, except (a) as may be permitted under a servicing agreement pursuant to Rule 5.5.4 or (b) when an IBO purchases from or through his or her upline Platinum products and services offered through or by Amway.

**4.3. Unsolicited Electronic Messages:** No IBO shall send, transmit, or otherwise communicate any unsolicited electronic messages relating to Amway, its business opportunity, products or services to persons with whom the IBO does not have a pre-existing personal or business relationship. (This includes, but is not limited to, sending messages through newsgroups, purchased mailing lists, "safe lists," or other lists of individuals or entities with whom or which the IBO does not have a pre-existing relationship.)

**4.4. Advertising:** IBOs may advertise only with the express approval of Amway in writing.



# RULES OF CONDUCT

**4.5. Retail Establishments:** An IBO who works in or owns a retail establishment must operate his or her IB separate and apart from the retail establishment. No IBO shall permit products, services or literature offered through or by Amway to be sold or displayed in retail establishments, including, but not limited to, places like schools, fairs, kiosks, vending machines, unauthorized internet websites, military stores, salons or professional offices.

**4.5.1. Event Sales:** The sale of authorized product categories by IBOs are permitted only at temporary (no more than 10 days) events whose themes are consistent with the products being sold, and only with the express approval of Amway in writing. To allow Amway sufficient time to grant approval, the IBO must submit a completed Event Sales Application Form to Amway 30 days prior to the event. A copy of the Event Sales Application form may be obtained at [www.amway.com](http://www.amway.com).

**4.5.2. Display Booths:** The display only (no sales) of products and approved literature by IBOs is permitted only at temporary (no more than 10 days) events, and only with the express approval of Amway in writing. To allow Amway sufficient time to grant approval, the IBO must submit a completed Display Booth Application Form to Amway 30 days prior to the event. A copy of the Display Booth Application form may be obtained at [www.amway.com](http://www.amway.com).

**4.6. Statements About Products, Services, and the Opportunity:** An IBO shall make only truthful and accurate statements about the business opportunity, products and services offered through or by Amway. IBOs shall not make any claims about products or services offered through or by Amway other than those claims found in Amway authorized literature and at [www.amway.com](http://www.amway.com).

**4.7. Repackaging:** Products offered through or by Amway are to be sold only in their original packages and in their original formulations. IBOs may not repackage products or otherwise change or alter any of the packaging, labels or materials of products offered through or by Amway.

**4.8. Written Sales Receipt:** An IBO who takes and/or delivers an order in person for over \$25 shall deliver to the Customer at the time of sale a written and dated order or receipt which shall: (a) describe the product(s) sold; (b) state the price charged; (c) give the name, address, and telephone number of the selling IBO; and (d) include Amway's Satisfaction Guarantee.

**4.9. Satisfaction Guarantee:** When a Customer requests Satisfaction Guarantee service within the stated guarantee period for a product purchased directly from an IBO, the IBO shall immediately offer the individual his or her choice of: (a) a full refund; (b) an exchange for a like product; or (c) full credit toward the purchase of another product. If a product is shipped directly to the Customer by Amway, the Customer should follow the return instructions on the packing slip. In the case of IBO purchases, only those that the IBO makes for personal, family, or household use may be returned under the Satisfaction Guarantee. Whenever an IBO requests Satisfaction Guarantee service within the stated guarantee period, an IBO has the choice of a: (a) full refund; (b) exchange for the same or like product; or (c) full credit toward the purchase of another product. The current Satisfaction Guarantee can be found at [www.amway.com](http://www.amway.com).

**4.10. Buy-Back Rule:** IBOs leaving the Amway business have a right to return Amway™ products. A departing IBO may choose to sell inventory of currently marketable Amway™ products to an upline IBO at a mutually agreeable price. If a departing IBO is unable to secure the buy-back of inventory through an upline IBO, Amway shall repurchase the departing IBO's unused, currently marketable Amway products subject to the following: (a) Amway will make all appropriate Performance Bonus differential and Leadership Bonus charge backs to those IBs who originally received them; and (b) Amway will charge freight costs incurred by the IBO leaving the Amway business if the net reimbursement includes same, and a service charge equal to 10% of the IBO cost of the products being returned to cover handling and processing charges.

**4.11. Other Returns:** An IBO who is not leaving the Amway business may ask Amway to buy back Amway™ products where he or she may be experiencing financial hardship or other exceptional circumstances as explained by the IBO. Return requests are reviewed on a case-by-case basis. Amway reserves the right to repurchase only unused, currently marketable Amway™ products subject to Rule 4.9.

# RULES OF CONDUCT

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**4.12. Seventy Percent Rule:** In order for an IBO to receive a Performance Bonus or recognition due on all the products purchased, an average of seventy percent of the IBO's personal Business Volume (BV) per month must come from products sold at a commercially reasonable price; if the IBO fails to meet this requirement, then such IBO may be paid that percentage of Performance Bonus measured by the amount of products that can be shown to have been actually sold, rather than the amount of products purchased, and recognized accordingly. For purposes of this Rule, a reasonable amount of products used for personal or family consumption or given out as samples can contribute to the 70% average.

**4.13. Customer Volume:** In order to obtain the right to earn a Performance Bonus on downline volume during a given month, an IBO must: (a) make not less than one sale to each of 10 different Customers; or (b) have at least 50 PV of sales to any number of Customers. For purposes of obtaining the rights referred to in this Rule, sales must be to Customers who either: (a) place an order directly with Amway; or (b) place an order with the IBO that the IBO reports to Amway through a system established by Amway for tracking such sales.

**4.13.1.** In producing proof of such sales, the IBO is not required to disclose the prices at which he or she made the Customer sales.

**4.13.2.** If such an IBO fails in any month to make said Customer sales and/or to produce proof of making such sales, then he or she will be denied his or her Performance Bonus that month on downline volume. It is the obligation of the IBO to ensure compliance by the official deadlines published by Amway, in order to qualify for his or her Performance Bonus. This Rule shall apply unless the IBO is currently a qualified Platinum or above.

**4.14. Compliance with Applicable Laws, Regulations, and Codes:** IBOs shall comply with all laws, regulations, and codes that apply to the operation of their IB wherever said business may be conducted. IBOs shall not directly or indirectly encourage, or aid and abet any person to violate any laws, regulations, codes, or term of the IBO Contract. No IBO may operate any illegal or unlawful business enterprise, or engage or participate in any deceptive, illegal, or unlawful trade practices.

**4.15. IBO Relationship:** IBOs are independent contractors. IBOs shall not state or imply that they are employees, agents or legal representatives of Amway, its affiliates, and/or other IBOs. IBOs shall not represent or imply, either directly or indirectly, that registration creates an employment relationship between themselves and the IBOs whom they have sponsored or who have sponsored them.

**4.16. Franchises and Territories:** IBOs shall not represent to anyone that there are franchises or exclusive territories available under the Plan.

**4.17. Enticement to Change Position in the Line of Sponsorship:** Under no circumstances shall an IBO, directly or indirectly, solicit, assist, attempt to induce, or encourage another IBO to request a change in position in the Line of Sponsorship.

**4.18. Exporting and Importing:** IBOs shall not export or import products or services offered through or by Amway, or sell to others they have reason to believe will import or export such products or services, to or from the United States or its possessions or territories or any other country, regardless of whether or not Amway or its affiliates have established operations or are doing business in that country. Nothing in this Rule prohibits IBOs from personal use or resale within the Region in accordance with the IBO Contract.

**4.19. Activity Outside the Region or Activity Outside the Market Where the IBO Is Registered:** IBOs who engage, directly or indirectly, in any activity related to the Amway business in a jurisdiction outside of the Region must do so in a manner that complies with the letter and spirit of the applicable laws, regulations, rules, policies, and procedures of the Amway affiliate in that jurisdiction, regardless of whether they are registered IBOs in that jurisdiction. Failure to do so shall be a breach of the IBO Contract.

**4.20. Sound Business Practices:** IBOs shall operate their IB in a financially responsible and solvent manner. Amway reserves the right to offset bonus payments for amounts an IBO owes to Amway. If an IBO or any member partner in his or her IB files a petition for bankruptcy or has bankruptcy proceedings commenced against him or her, or has any assets seized by court order or taken in execution of an unsatisfied judgment debt, the IBO must immediately inform Amway.

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**4.21. Fund-raising:** No IBO shall use Amway™ products or services in conjunction with any type of fund-raising activity. Fund-raising includes the solicitation for the donation of funds or for the purchase of Amway™ products or services based on the representation that all, or some, of the gains, proceeds, donations, bonuses, or profits generated by such sale will benefit a particular group, organization, or cause.

**4.22. IBO Plan Manipulation:** IBOs shall not manipulate the Plan, point value (PV), or business volume (BV) in any way that results in the payment of bonuses or other awards and recognition that have not been earned in accordance with the terms of the IBO Contract.

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

**4.24. Amway Contact:** When the Rules require an IBO to contact Amway for notice, permission, or approval, the IBO shall contact the Amway Business Conduct and Rules Department by mail at 7575 Fulton Street East, Ada, Michigan 49355, by fax at 616-787-7896 or by email at bcr@amway.com. For questions or concerns, please call 616-787-6712.

## 5. Presentation of the Plan, Sponsoring, and Support

**5.1. Inviting:** When inviting a Prospect to hear a presentation of the Plan, an IBO must make it clear that what is being described or offered is the Plan.

**5.2. Describing the Plan:** When describing the Plan: (a) an IBO's statements must be truthful, accurate, and not misleading; (b) the roles of a balanced business (retail sales, personal use, and sponsoring) must be accurately described; and (c) all income representations must be limited to income from the Plan, based on actual experience or from Amway-authorized materials, and provide realistic income potential.

**5.3. Required Disclosures:** In seeking participation of a Prospect in the Plan, an IBO:

**5.3.1.** Must give each Prospect a copy of a brochure authorized by Amway for use with Prospects that contains the average profits, earnings, and sales figures and percentages as published by Amway, and orally inform the Prospect that the brochure contains the average profits, earnings, and sales figures and percentages as published by Amway.

**5.3.2.** Must use only Amway-authorized materials or Business Support Materials authorized for use with Prospects under Rule 7 (Business Support Materials).

**5.4. Prohibited Sponsoring Practices:** In seeking participation of a Prospect in the Plan, an IBO:

**5.4.1.** Must not cite lifestyle examples, e.g., travel, automobile, homes of successful IBOs, and contributions to charitable causes, unless such benefits were actually accrued as the result of building a successful IB.

**5.4.2.** Must not say or imply that a successful IB can be built in the form of a wholesale buying club.

**5.4.3.** Must not say or imply that there is no requirement for the retail sale or marketing of products by IBOs.

**5.4.4.** Must not promote potential tax benefits of the Plan.

**5.4.5.** Must not encourage or require a Prospect to purchase anything not included with the Business Services and Support fee specified in the IBO Registration Agreement and must not encourage the purchase of a product or service not identified on the IBO Registration Agreement. The only requirements that an IBO can impose upon a Prospect whom he or she is willing to register is that the Prospect shall pay the Business Services and Support fee, and sign a completed IBO Registration Agreement and submit it to Amway.

**5.4.6.** Must not register or sponsor new IBOs in a way that manipulates the new IBO's position in the LOS.

**5.5. Sponsor's Responsibilities:** A sponsor must comply with the following obligations:

**5.5.1.** Rules Compliance: The sponsor must be an IBO in full compliance with the Rules of Conduct.

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**5.5.2.** Access to the IBO Contract: The sponsor must ensure that all IBOs whom he or she sponsors have access to and the opportunity to read the IBO Contract.

**5.5.3.** Training and Motivation: The sponsor must be able to train and motivate the IBOs whom he or she has sponsored with a minimum of assistance from his or her first upline Platinum or above. IBOs may fulfill this obligation by use of Business Support Materials approved under Rule 7.

**5.5.4.** Servicing Arrangements: If an IBO is unable or unwilling to service IBOs whom he or she has sponsored with the proper training or motivation, he or she must make arrangements, in writing, with his or her first upline qualified Platinum to provide this service. Platinum level or above IBOs who wish to make arrangements with another Platinum level or above IBO to provide product fulfillment services to IBOs downline to the next qualified Platinum, must do so in writing. In either case, he or she must be willing to compensate for these services, and full PV/BV for products purchased must always be transferred to the serviced IBO so that bonuses are paid correctly.

**5.5.5.** Distribution of Performance Bonuses: Some IBOs receive a Performance Bonus from Amway, a part of which may be payable to downline IBOs. The IBO cannot retain any portion which may be payable to a downline IBO, even where the downline IBO owes a private debt to the upline IBO, unless there is a written agreement between the parties permitting such retention. Even with such a written agreement, the upline IBO may retain only the net portion of the Performance Bonus due that IBO, and not any portion that may be payable to other downline IBOs.

**5.6. Platinum Responsibilities:** IBOs who qualify as a Platinum or above have the following additional responsibilities:

**5.6.1.** Conduct or provide access to periodic sales meetings for the purpose of training and inspiring IBOs downline to the next qualified Platinum and maintain frequent contact with all of them.

**5.6.2.** Assure compliance with the Rules of Conduct by IBOs downline to the next qualified Platinum.

**5.7. Prohibited Support Practices:** Sponsors and upline IBOs shall not encourage or require downline IBOs, as a condition of receiving assistance in building their IB after registration, to (a) purchase any specified amount of Amway or non-Amway products or services, or (b) maintain a specified inventory of Amway or non-Amway products or services.

## 6. Preservation of the Line of Sponsorship

**6.1. Confidentiality of the LOS:** Amway protects the LOS and LOS Information for the benefit of Amway and of all IBOs. Amway keeps LOS Information proprietary and confidential, and treats it as a trade secret. Amway is the exclusive owner of all LOS Information, which is derived, compiled, configured, and maintained through the expenditure of considerable time, effort, and resources by Amway and its IBOs. IBOs can use Amway's goodwill and LOS Information only for the purposes permitted under the IBO Contract.

**6.1.1.** IBOs acknowledge, and agree not to challenge, that: (i) LOS Information is confidential and a valuable trade secret owned by Amway; (ii) LOS Information is owned exclusively by Amway; and (iii) IBOs do not own any rights in LOS Information. IBOs agree not to challenge or interfere with Amway's authority to license or sublicense LOS Information. IBOs shall not assert or seek any rights or protection of any kind in LOS Information other than those limited rights or protections that may be specifically granted by this Rule.

**6.1.2.** An IBO may use LOS Information only with Amway's prior written permission, which may be expressed through general publication (to all IBOs) or through a specific writing to one or more IBOs. Any permission granted by Amway shall constitute a limited non-exclusive, non-transferable, and revocable license by Amway for an IBO to use LOS Information only as necessary to facilitate his or her IB as permitted under these Rules of Conduct. Amway reserves the right to deny or revoke any such license, upon reasonable notice to the IBO stating the reason(s) for such denial or revocation, whenever, in the reasonable opinion of Amway, such is necessary to protect the confidentiality or value of LOS Information.

**6.1.3.** All IBOs shall maintain LOS Information in strictest confidence, and shall take all reasonable steps and appropriate measures to safeguard LOS Information and maintain the confidentiality thereof. An IBO shall not compile, organize, access, create lists of, or otherwise use or disclose LOS Information except as authorized by Amway. An IBO also shall not disclose LOS Information to any third party, or use LOS Information in connection with any other businesses or to compete, directly or indirectly, with the Amway business.

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**6.1.4.** An IBO shall promptly return any and all LOS Information to Amway upon resignation, non-renewal, or termination of his or her IB and shall immediately discontinue any further use thereof.

**6.1.5.** Every IBO acknowledges that use or disclosure of LOS Information, other than as authorized by Amway, will cause significant and irreparable harm to Amway, warranting an award of injunctive relief, including a temporary restraining order and/or a preliminary injunction, specific performance, and damages, including costs, attorneys' fees, and disgorgement of all profits made as a result of such unauthorized use or disclosure.

**6.1.6.** An IBO's obligations under this Rule 6.1 shall survive and remain enforceable following the voluntary or involuntary resignation, non-renewal, or termination of that IBO's IB.

## **6.2. Non-Competition and Non-Solicitation:**

**6.2.1. Non-Competition (current IBOs):** Every IBO agrees not to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Amway.

**6.2.2. Non-Solicitation (current IBOs):** Every IBO agrees that he or she will not, on his or her own behalf or on behalf of any person or entity, directly or indirectly, encourage, solicit, or otherwise attempt to recruit or persuade (i) any IBO or (ii) any person who has been an IBO within the past two calendar years, to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Amway.

**6.2.3. Non-Competition (former IBOs):** Every IBO agrees that, during the six-month period following the resignation, non-renewal, or termination of that IBO's IB, he or she shall not own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Amway.

**6.2.4. Non-Solicitation (former IBOs):** Every IBO agrees that, during the twenty-four-month period following the resignation, non-renewal, or termination of that IBO's IB, he or she shall not, on his or her own behalf or on behalf of any person or entity, directly or indirectly, encourage, solicit, or otherwise attempt to recruit or persuade (i) any IBO or (ii) any person who has been an IBO within the past two calendar years, to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Amway.

**6.2.5.** The time periods in Rules 6.2.3 and 6.2.4 above shall be extended by any period of time during which the former IBO is in violation of the applicable Rule.

**6.2.6.** The geographic scope of Rules 6.2.1, 6.2.2, 6.2.3, and 6.2.4 is the Region.

**6.2.7.** All IBOs agree that these Rules are reasonable in both time and geographic scope.

**6.2.8.** For purposes of this Rule 6.2, "Key Position" means an owner, employee, agent, or independent contractor who contributes to the profitability of his or her new business or who is in a position to receive benefit or competitive advantage from his or her new business by virtue of his or her access to LOS Information.

**6.2.9.** Nothing in this Rule 6.2 restricts the sale or distribution of privately developed Business Support Materials in accordance with Rule 7 and Rule 6.3.

**6.2.10.** Nothing in this Rule 6.2 restricts competition between IBOs (a) in the sale of products or services offered through or by Amway to Customers or (b) in the registration of new IBOs or Customers.



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**6.2.11.** Every IBO acknowledges that this Rule 6.2 protects the reasonable competitive business interests of Amway and IBOs, and that a violation of any subsection of this Rule 6.2 will cause significant and irreparable harm to IBOs and Amway, warranting an award of injunctive relief, including a temporary restraining order and/or a preliminary injunction, specific performance, and damages, including costs, attorneys' fees, and disgorgement of all profits made as a result of such violation.

**6.2.12.** Except for obligations under Rule 6.2.1 and Rule 6.2.2, an IBO's obligations under this Rule 6.2 shall survive and remain enforceable following the voluntary or involuntary resignation, non-renewal, or termination of that IBO's IB.

**6.3. Other Business Activities:** Except as provided in Rule 6.2, IBOs may engage in other business ventures, including other selling activities, involving products, services, or business opportunities. However, IBOs may not take advantage of their knowledge of or association with other IBOs whom they did not personally register, including their knowledge resulting from or relating to Line of Sponsorship Information, in order to promote and expand such other business ventures.

**6.3.1.** Every IBO agrees not to solicit, directly or indirectly, other IBOs whom he or she did not personally sponsor in order to sell, offer to sell, or promote other products, services, business opportunities, investments, securities, or loans not offered through or by Amway. Every IBO agrees not to sell, offer to sell, or promote any other business opportunities, products, or services in connection with the Plan. Nothing in this Rule 6.3 restricts the sale or distribution of Business Support Materials in accordance with Rule 7.

**6.3.2.** Nothing in this Rule 6.3 restricts, for example, an IBO regularly engaged in the operation of a service station, auto dealership, retail establishment, salon, or a professional service (e.g., law, medicine, dentistry, or accounting) from serving customers who are IBOs and who have sought them out. But an IBO shall not actively solicit the patronage of other IBOs based on knowledge or information gained as a result of being an IBO.

**6.4. Approval of Certain IBO Contract Changes:**

The sale of an ownership interest in an IB, transferring an IB, merging IBs, separating or dividing an IB, or assignment of any rights or obligations under an IBO Contract require express approval of Amway in writing. None of the foregoing may be used to manipulate the Line of Sponsorship.

**6.5. Individual Transfers:** An individual transfer involves the transfer of an IBO without any downline IBOs. Any IBO who wants to change his or her sponsor must submit a written request to Amway accompanied by (1) a written release signed by all the IBOs upline in the Line of Sponsorship up to and including the first qualified Platinum, (2) a written acceptance from the new IBO sponsor and new upline Platinum, and (3) a statement indicating the business reason for the transfer request. Upon Amway's express approval in writing of the request, the written acceptance from the new sponsor and upline Platinum confirms that they will incur all responsibilities of the transferring IBO.

**6.6. Group Transfers:** A group transfer involves the transfer of an IBO with one or more downline IBOs.

**6.6.1.** An IBO who wishes to transfer to a different sponsor with one or more downline IBOs may do so only with the express approval of Amway in writing. In addition, an IBO must submit a written request to Amway accompanied by (a) written consent from all IBOs upline in the Line of Sponsorship up to and including the first qualified Platinum, and also the first qualified Emerald, (b) written consent of all IBOs whom the transferring IBO wishes to transfer with him or her, (c) written consent by the new sponsor and his or her upline qualified Platinum to which the requesting IBO wants to be transferred, and (d) a statement indicating the business reason for the transfer request.

**6.6.2.** No IBO currently qualified as a Silver Producer or above can be transferred with downline IBOs under this Rule.

**6.6.3.** An IBO formerly qualified as a Silver Producer or above may be transferred with downline IBOs if more than twelve months have elapsed since the IBO was so qualified.

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**6.7. Six-Month Inactivity:** An IBO who wishes to transfer to a different sponsor but is unable to obtain the necessary consents may not register under a new sponsor until the IBO has terminated his or her IBO Contract or failed to renew and has been inactive for a period of six months or longer. Following the lapse of the inactive period, the former IBO may register as a new IBO under a new sponsor.

**6.7.1.** During the period of inactivity, a person shall not conduct any of the activities of an IBO under his or her name, or in the name of another person or IB.

**6.7.2.** The following shall not interrupt the running of the six-month inactivity period: (a) procuring and/or submitting a written request for transfer; (b) filing an application for an informal or formal conciliation; (c) operating an Amway-affiliated business in any other country in which an Amway affiliate conducts business; (d) directing an inquiry to Amway as to the status of his or her IB; or (e) purchasing Amway™ products or services as a Customer.

**6.7.3. Two-Year Inactivity:** An IBO who transfers to a new sponsor, or who registers under a different sponsor after 6 months of inactivity, may not sponsor any IBO who was previously upline or downline to him or her, up to and down to the first qualified Platinum unless at least two years have elapsed since the expiration of the sponsored IBO's contract.

**6.7.4. Two-Year Inactivity (Joining an Existing IB):** Former IBOs may not be added to an existing IB for a period of 24 months following the expiration of their IBO Contract.

**6.8. Sale of an IB:** An IBO who owns and operates an IB may sell his or her ownership interest in such IB only to another IBO who is in compliance with the Rules of Conduct, and who has the sufficient skills, experience, judgment, and resources to operate the IB, as reasonably determined by Amway. Amway requires that specific terms of sale be included in any sales agreement. Such terms and a sample sales agreement may be obtained from Amway. An IB may be sold only with the express approval of Amway in writing.

**6.8.1.** In order to preserve the Line of Sponsorship, the selling IBO must offer his or her IB in the order of priority stated below, and the IBO(s) interested in purchasing the IB must meet all of the terms and conditions set forth in these Rules:

**6.8.1.1.** The first option to purchase belongs to the selling IBO's International Sponsor, who retains the right to acquire the IB throughout the negotiations to sell the IB by meeting the price and conditions of any bona fide offer received by and deemed acceptable to the selling IBO;

**6.8.1.2.** The second option to purchase belongs to the selling IBO's local Foster Sponsor so long as the first option has not been exercised. In the event the selling IBO has no International Sponsor, the local Sponsor retains the right to acquire the IB throughout the negotiations to sell the IB by meeting the price and conditions of any bona fide offer received by and deemed acceptable by the selling IBO;

**6.8.1.3.** The third option, exercisable so long as the first or second options above have not been exercised, belongs to any one of the selling IBO's personally registered IBOs;

**6.8.1.4.** The fourth option, exercisable so long as the first, second, or third options above have not been exercised, belongs to any qualified Platinum IBO or above, either up or down the Line of Sponsorship from the selling IBO to the next qualified Diamond;

**6.8.1.5.** The final option, exercisable so long as the first, second, third, or fourth options above have not been exercised, belongs to any IBO in good standing.

**6.8.2.** If Amway operates an IB, and has entered into a servicing agreement with an IBO to manage the IB, Amway shall have the option of selling the IB to the servicing IBO.

**6.8.3.** When an IB is sold, it will remain in its same position in the Line of Sponsorship.

**6.9. Mergers and Combinations of IBs:** Mergers of IBs resulting from failure to file a Renewal Agreement, termination, resignation, death (with no designation of succession by heirs), or some involuntary event or cause beyond the control of any of the owners, are permitted, only with the express approval of Amway in writing.

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**6.10. Two IBs Rule:** An IBO may own or have an ownership interest in only one IB except: (a) where two IBOs marry; (b) where an existing IB purchases another IB pursuant to Rule 6.8; or (c) where the IB is, or will be, passed on to a deceased person's spouse, heirs, or other beneficiary in accordance with Rule 3.10.

**6.11. Parent-Child Integration:** As part of a plan to ensure the continuity of IBs owned by parents and children ("Succession Plan"), parent and children IBOs may integrate their respective IBs, provided that they submit a written request to Amway and meet the following:

- a) the child(ren) must be personally registered by the parents; or the parents must be personally registered by the child(ren);
- b) the parent's IB and the child's (children's) IB must have operated as a separate IB for not less than two years by date of implementation;
- c) the parent and the child(ren) shall be qualified at the level of Platinum or above as of the implementation date;
- d) in the event that the parent(s) or the child(ren) is deceased or is not mentally or physically capable of running the IB before conditions b and c above have occurred, the child(ren) or parent(s) inheriting the IB shall have the right to integrate the separate IBs in accordance with this Rule.

Once the above conditions have been met, the Legal & Ethics Committee of the IBOAI® Board shall review such request and provide Amway with a recommendation. Amway may or may not approve the request in light of such recommendation, the Succession Plan, and the goals, objectives, and benefits of the Plan. The implementation of the integration or de-integration shall be on September 1 after at least one full fiscal year has passed since Amway expressly approved the request in writing.

**6.12. Divorce, Separation, or Other Dissolution of a Non-Spousal Partnership or Legal Entity:** IBOs who become involved in an action for divorce, separation of marital property, or the dissolution of a non-spousal partnership or legal entity formed under Rule 3.3 must continue to conduct themselves in compliance with the Rules of Conduct.

**6.12.1.** During the pendency of a divorce, separation of marital property, or dissolution of a legal entity, the IBOs must adopt one of the following methods of operation: (a) the IBOs continue to operate the IB jointly on a "business-as-usual" basis; (b) one or more IBOs relinquishes his or her right and interest in the IB; (c) the IBOs may agree on a third party to operate the IB, subject to express approval of Amway in writing; or (d) if the IBOs cannot agree on a third party, Amway shall appoint a third party to act as a receiver during the pendency of the divorce or dissolution if Amway determines that such an appointment is necessary to prevent a negative impact on the business.

**6.12.2.** After a Final Decree or Judgment of Divorce, a Final Separation Agreement or other domestic contract that contains a legally enforceable Property Settlement or Division of Assets that addresses their IB, or after a final dissolution of a legal entity, IBOs may: (a) agree to continue to operate their IB in the form of a partnership or other legal entity permitted under Rule 3.3; or (b) agree that one IBO may relinquish all rights in the original IB to the other IBO(s), at which time the withdrawing IBO is free to immediately register under any sponsor.

**6.12.3.** IBOs below the level of qualified Platinum level may not divide their IB in the case of a divorce, separation of marital property or other dissolution.

**6.12.4.** Upon approval by Amway following submission of a signed written request, IBOs who are qualified at the Platinum level may divide their IB so that one of the IBOs is the sponsor of the other IBO. In such a case, all legs recognized by Amway as 25% Sponsor or above within the past one year ("qualified legs") will remain registered under the downline IBO. IBO(s) in the remaining legs ("non-qualified legs") who wish to change their positions in the Line of Sponsorship must follow the requirements of the Individual or Group Transfer Rules at Rules 6.5 and 6.6, respectively.

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**6.12.5.** Qualified Emeralds or above at the time of divorce, separation of marital property, or dissolution may divide their IB, thereby creating two separate IBs, one of which is sponsored by the other, in which case a “phantom IB” will be imposed over their separate IBs. Under the “phantom IB” arrangement, regardless of how the parties may split their IB, their separate IBs will be considered a single IB for purposes of determining bonuses to be paid to upline IBOs. The parties will function as two separate IBOs so far as themselves, their respective IBs, and their respective sponsored IBOs are concerned. The IB of one IBO is not permitted to earn a Leadership Bonus or a Depth Bonus on the volume of the IB of the other IBO. Even though the original IB is divided into two separate IBs, Amway may, if the IBOs request, recognize both newly created IBs as a single entity for purposes of determining annual bonuses. Thus, the “phantom IB” arrangement continues the previously existing IB for purposes of calculating and paying higher award level bonuses to the IBOs of the original IB. If one IBO registers another IBO of the original IB, the downline sponsored IBO at maximum Performance Bonus level may count as a qualifying “leg” for recognition purposes only. Amway will issue all annual bonus checks in the joint names of the IBOs of the original IB, leaving it to them to determine how the funds are to be divided. Whenever an Emerald or above IB is divided, the IBOs of the original IB may rely on their former pin level to meet the requisite pin-level qualification for an invitation to Amway-sponsored events for one fiscal year following the fiscal year in which the divorce, separation, or marital property or other dissolution occurred. Once an IB has been divided into two IBs, the new IBs will no longer be considered as a single combined IB for purposes of future higher pin/award recognition, but each separate IB must thereafter qualify on its own. To effect a division of the IB and to permit the IBOs to operate separate IBs, the IBOs must file a certified copy of the Final Decree or Judgment of Divorce, a Final Separation Agreement or other domestic contract that contains a legally enforceable Property Settlement or Division of Assets that addresses their IB, or a final Dissolution Agreement, and any additional documents requested by Amway.

**6.13. Disposition of an IB:** If an IBO resigns, fails to renew, terminates his or her IB, dies without transferring the IB, or is terminated by Amway, Amway shall decide the future of the IB in accordance with these Rules.

## 7. Business Support Materials

Business Support Materials (or “BSM”) as used in these Rules means all products and services (including but not limited to business aids, books, magazines, flip charts, and other printed material, online literature, internet websites, advertising, audio, video or digital media, rallies, meetings, and educational seminars, and other types of materials and services) that are (i) designed to solicit and/or educate Prospects, Customers, or prospective Customers of Amway products or services, or to support, train, motivate, and/or educate IBOs, or (ii) incorporate or use one or more of the Marks or Copyrighted Works of Amway, or (iii) are otherwise offered with an explicit or implied sense of affiliation, connection, or association with Amway. Unless otherwise specified in writing, IBOs acknowledge that nothing in this Rule, or in any other Rule, shall be construed or interpreted as a license or other permission to incorporate any LOS Information into any BSM.

### 7.1. General Rules on BSM

**7.1.1.** IBOs may sell BSM only in accordance with Rules 7.1 and 7.2. BSM created, used, promoted, distributed, or offered for sale by or to IBOs must: (a) comply with all Quality Assurance Standards and any applicable Rules of Conduct relating to their use, promotion, and sale; (b) be submitted to Amway for review prior to use, promotion, distribution, or sale; (c) be authorized by Amway; and (d) if required for the category of BSM, bear the authorization number provided by Amway. Except as explicitly provided in the Quality Assurance Standards, BSM may not be offered for sale to Prospects. A copy of the currently applicable Quality Assurance Standards is available from Amway upon request by IBOs eligible to sell or promote BSM.

**7.1.2.** Amway’s Satisfaction Guarantee and Buy-Back Rules do not apply to materials not sold by Amway. BSM may only be sold subject to the right of the purchaser to return such BSM for a refund in accordance with the following:

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**7.1.2.1.** The terms of the refund policy, including terms regarding procedures for the resolution of disputes and the responsible person for returns, must be clearly communicated to the purchaser prior to any sale. In addition to any other person designated to handle returns, the selling IBO and the Approved Provider shall be responsible for handling returns if the sale occurred under Rule 7.2, and the selling IBO together with the selling IBO's upline Platinum IBO or above shall be responsible for handling returns of all other sales.

**7.1.2.2.** During the first 90 days following an IBO's registration with Amway, the IBO may return all BSM of any form purchased, including meeting tickets, together with proof of purchase, for a 100% refund of the price paid for such BSM.

**7.1.2.3.** Except as provided in Rule 7.1.2.4, an IBO end user of BSM may return BSM purchased, together with proof of purchase, within 180 days following purchase, for a refund on commercially reasonable terms.

**7.1.2.4.** Except as provided in Rule 7.1.2.2, each IBO who chooses to sell tickets to seminars, events, and other business meetings is obligated to buy back tickets purchased for the purchaser's personal use for a period of 30 days after the event, provided the dissatisfied purchaser personally attended the event. Such refund shall be for that portion of the cost of the event related to admission to the event, exclusive of the cost of travel, meals, or hotel accommodations.

**7.1.2.5.** BSM offered in the form of website subscriptions and downloadable media are subject to the following requirements, in addition to Rule 7.1.2: (a) Purchasers cancelling website subscriptions are entitled to a refund for unused, whole months of any prepaid subscription(s); and (b) Purchasers of downloadable media are entitled, if dissatisfied, to obtain a replacement download of equal value within 30 days of the purchase of the subject downloadable media.

**7.1.3.** IBOs promoting, selling, distributing, or offering BSM for sale must: (a) ensure that such BSM are not sold or offered for sale in conjunction with the IBO's registration with Amway; (b) provide purchasers of such BSM with any disclosures or other information that may be required by Amway from time to time; (c) clearly inform every IBO purchasing BSM that purchasing BSM is optional, is strictly voluntary, and may be helpful but is not necessary to build a successful independent business; and (d) advise the purchaser about refund policies that apply to such BSM in accordance with Rule 7.1.2.

**7.1.4.** No IBO may record an Amway presentation without the prior specific written consent of Amway. An IBO may make a single recording of the talks or presentations made by non-Amway employees at any Amway-sponsored meeting, provided the recording is for their personal use and is not reproduced for any purpose.

**7.1.5.** Although the specific content of live seminars, events, business meetings, or other similar BSM must comply with the Quality Assurance Standards, such BSM do not require prior authorization from Amway unless or until the content is reduced to a fixed media (such as in print, audio, or video) for use with IBOs or Prospects.

**7.1.6.** An IBO who purchases, promotes, distributes, or offers BSM for sale shall use reasonable efforts to determine that the quantity and cost of BSM are reasonably related to sales volume and profits of the purchaser's IB.

**7.1.7.** IBOs who create, promote, distribute, or sell BSM to other IBOs may not compensate or remunerate other IBOs in connection with such distribution, except in accordance with Rule 7.2.

**7.1.8.** IBOs may organize seminars, events, or business meetings for IBOs consistent with their training obligations as sponsors or Platinums.

**7.1.9.** IBOs creating, using, selling, promoting, or distributing BSM apart from Rule 7.2 must obtain appropriate written authorization from Amway in accordance with Rule 8 in order to use any Marks or otherwise use any copyrighted material or other intellectual property of Amway in connection with such BSM.

**7.1.10.** IBOs creating, using, selling, promoting, or distributing BSM must not infringe the copyrights or intellectual property rights of Approved Providers, other IBOs, or third parties.

**7.1.11.** IBOs qualified at the Platinum level or above who are not affiliated with an Approved Provider and who wish to sell, promote, or distribute BSM must register with Amway by completing the "Platinum BSM Registration Form" available from the Business Support Materials Administration Department.



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## 7.2. Sale, Promotion, and Distribution of BSM with Authorization from an Approved Provider (a supplier authorized by Amway to provide BSM to IBOs or use BSM with Prospects, pursuant to the ACCREDITATION PLUS Program)

**7.2.1.** IBOs who wish to sell, promote, or earn income from the sale of BSM from an Approved Provider must have a written contract or other binding authorization from that Approved Provider in accordance with the Program, obligating the IBO to adhere to applicable Quality Assurance Standards in connection with such activities.

**7.2.2** IBOs who are authorized by an Approved Provider to sell, promote, or distribute an Approved Provider's BSM in accordance with Rule 7.2 require no further written authorization from Amway to conduct such activity.

## 8. Marks and Copyrighted Works

Amway's Marks and Copyrighted Works are important and valuable business assets of Amway. The Marks help identify the source and reputation of Amway's products and services worldwide and distinguish them from those of competitors. Amway makes commercially reasonable efforts to protect the Marks from improper use, including through the Rules of Conduct, accreditation of Approved Providers, and a corporate identity program that requires the correct and consistent use of the Marks, both in appearance and substance.

**8.1. Use of Marks and Copyrighted Works:** An IBO may use Amway's Marks and Copyrighted Works only with Amway's prior written permission, which may be expressed through general publication (to all IBOs) or through a specific writing to one or more IBOs. Without limitation, Amway may require conformity with specifications, may require that materials that use Amway's Marks and/or Copyrighted Works be sourced from Amway or an Amway-approved supplier, and may otherwise condition use of its Marks and Copyrighted Works. Any permission granted by Amway shall constitute a limited, non-exclusive, nontransferable, and revocable license to use such Marks and Copyrighted Works solely in connection with the Amway business in the Region. Subject to conditions and specifications published or specifically provided in writing from time to time, the Marks and Copyrighted Works may be used only on: (a) exterior and interior office signs; (b) all forms of vehicle signs; (c) telephone listings; (d) promotional literature; (e) stationery; (f) premiums; and (g) business cards. Other proposed uses will be considered upon request. Without limitation, Amway will not authorize an IBO to use the Marks on imprinted checks.

## 9. Complying With the IBO Contract (Remedies for Breach)

Complying with the IBO Contract is essential for preserving a strong and viable business for IBOs and Amway. IBOs and Amway each have rights and responsibilities in case of a breach of the IBO Contract.

**9.1. Amway's Rights and Responsibilities:** When Amway detects a potential breach of the IBO Contract, it will first investigate as appropriate. Before taking enforcement action, Amway shall attempt to contact the IBO in an effort to resolve the issue. If the communication does not resolve the issue, Amway may take any enforcement action authorized by the IBO Contract including, but not limited to, one or any combination of the following:

**9.1.1.** A written warning to an IBO and/or upline or downline IBOs in the Line of Sponsorship.

**9.1.2.** Retraining an IBO and/or upline or downline IBOs in the Line of Sponsorship.

**9.1.3.** Suspending some or all of the rights of an IBO for a specified period of time, or until certain conditions have been satisfied.

**9.1.4.** Withdrawing or denying an award, trip, pin recognition, or other incentive.

**9.1.5.** Withholding any monthly or annual bonus or incentive payments.

**9.1.6.** Compensatory remedies, as applicable.

**9.1.7.** Transferring an IBO or a group of IBOs.

**9.1.8.** Terminating an IBO Contract.

If an IBO elects to challenge any action taken by Amway under this Rule, the IBO shall submit the issue to the Dispute Resolution Procedures described in Rule 11.

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**9.2. IBO Rights and Responsibilities:** If an IBO believes that another IBO has breached the IBO Contract, the IBO first should contact the IBO in question in an effort to resolve the issue. If an IBO believes that Amway has breached the IBO Contract, the IBO first shall contact Amway in an effort to resolve the issue. If discussion with either an IBO or Amway does not resolve the issue, the IBO may file a written complaint with Amway. The complaint should explain the issue in as much detail as possible, and include all supporting documents. Amway will investigate as appropriate, and take enforcement or corrective action under the IBO Contract, if necessary. If any issue remains unresolved, it shall be submitted to the Dispute Resolution Procedures described in Rule 11.

**9.2.1.** An IBO who elects to challenge the validity of a Rule or other term of the IBO Contract shall first contact Amway in an effort to resolve the issue. If the IBO is not satisfied with Amway's response, the dispute shall be resolved in Arbitration under Rule 11.5.

**9.3. Duty to Cooperate:** All IBOs are required to respond to inquiries and otherwise cooperate in a timely fashion with any investigation conducted by Amway. Failure to respond to inquiries or to otherwise cooperate in a timely fashion is a breach of the IBO Contract and may result in Amway taking action against the IB.

**9.4. Non-Waiver:** The failure of Amway or any IBO to enforce any breach of any provision of the IBO Contract shall not constitute a waiver of any prior, concurrent, or subsequent breach of the same or any other provision of the IBO Contract.

## 10. Modification of the IBO Contract

Amway may modify the IBO Contract in accordance with the following procedures:

**10.1.** Any changes to Rule 11 require mutual agreement of the IBOAI® and Amway. For all other Rules, final decision making authority on amendments to the IBO Contract rests with Amway. Amway will, prior to final action, submit to the IBOAI® Board for discussion, evaluation, and recommendation all changes in the IBO Contract that materially affect IBOs.

**10.2.** Amway will notify IBOs of the proposed changes subject to Rule 10.1 by making them available to review by logging on to [www.amway.com](http://www.amway.com) and solicit comments from IBOs concerning the proposed changes. Amway and the IBOAI® Board will consider any comments submitted during the 30 days following such notice. The proposed changes shall become effective 15 days after the end of the comment period, unless Amway makes further modifications, after consultation with the IBOAI® Board (and agreement in the case of Rule 11). Amway shall provide notice of any such further modifications on [www.amway.com](http://www.amway.com) 15 days prior to the effective date of such further modifications. These time periods may be shortened when it is necessary for a particular change to comply with a new law or other government mandate, to protect IBOs from serious financial harm, or to protect the integrity of the Plan. Rule changes have prospective effect only.

**10.3.** Prior to the effective date of any proposed Rule change, any IBO who is unwilling to accept a Rule change can, if he or she wishes, provide notice of his/her intent to resign from the Amway business on the effective date of the Rule change. Unless the proposed Rule change is withdrawn, the IBO's resignation will become effective, and Amway will refund a pro rata share of the IBO's registration or renewal fee for that year. The resigning IBO may sell his or her IB in accordance with Rule 6.8. In addition, the resigning IBO can return any unused, marketable products pursuant to Rule 4.10.

## 11. Dispute Resolution Procedures

Disputes arising out of or relating to an IB, the Plan, or the IBO Contract, as well as disputes involving Business Support Materials ("Disputes") shall be resolved in accordance with this Rule. The dispute resolution procedures in this Rule apply to Disputes involving the following parties: (1) an IBO, a former IBO, or any such IBO's officers, directors, agents, or employees; (2) Amway, Amway Canada Corporation, and any parent, subsidiary, affiliate, predecessor, or successor thereof, or any of their officers, directors, agents, or employees; and (3) an Approved Provider or its officers, directors, agents, or employees (the "Party" or "Parties"). Rule 11 is reciprocal and applies to all of the Parties.

The only exception is when the claim made by an IBO or Amway is for a debt on account for product or services offered through or by Amway to or on behalf of the IBO, and the only Parties to that claim are Amway and the IBO, and the total value of the claim is less than \$10,000.00. In such cases, the IBO or Amway may elect to pursue the claim in any court of competent jurisdiction, including small claims court. In all other cases the Parties will resolve the dispute as provided for under these Rules, up to and including binding arbitration if necessary.

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**11.1. Amendment Only With IBOAI® Consent:** This Rule 11 and its subparts shall be amended only by mutual agreement between Amway and the IBOAI® Board, and such amendments shall not be retroactively applied to any dispute known to Amway or the IBOAI® Board at the time of amendment.

**11.2. Temporary or Preliminary Injunctive Relief:** Nothing in these Rules prevents Amway, an IBO, Approved Provider, or any other one of the Parties from seeking temporary or preliminary injunctive or other relief from a court of competent jurisdiction, notwithstanding the Parties' obligation to participate in conciliation or arbitration under Rule 11.

**11.3. Confidentiality:** The Parties, when involved in the dispute resolution process in any manner, will not disclose to any other person not directly involved in the dispute resolution process: (a) the substance of, or basis for, the Dispute; (b) the content of any testimony or other information obtained through the dispute resolution process; or (c) the resolution (whether voluntary or not) of any matter that is subject to the dispute resolution process. However, nothing in these Rules shall preclude any one of the Parties from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise engaging in discovery.

**11.4. Conciliation:** The conciliation procedures are designed to resolve disputes efficiently in a non-confrontational setting, through education, mediation, and conciliation. The conciliation requirement is reciprocal and applies to all Parties.

The Party first seeking resolution shall commence conciliation by providing a Request for Conciliation form to the other affected Parties and, in any Dispute, the Amway Business Conduct and Rules Department. In cases where the IBOAI® will be involved in the conciliation, a copy of the Request for Conciliation form will also be given to the IBOAI® and the IBOAI® Hearing Panel Chairperson.

**11.4.1. Mediation:** The first step in conciliation is non-binding mediation. The IBOAI® Board provides experienced IBOs who are available to serve as mediators ("IBOAI® Mediator").

**11.4.1.1.** In cases where an Approved Provider is not a Party, an IBOAI® Mediator will serve and conduct an informal conciliation with the Parties, unless one or more IBOs involved in the dispute objects to an IBOAI® Mediator. In that case, the mediation will take place with an independent neutral mediator acceptable to all Parties. Amway can provide a list of possible mediators, but the Parties are not obligated to agree to any mediator on that list.

**11.4.1.2.** In cases where an Approved Provider is a Party, the dispute will be mediated by an independent neutral mediator acceptable to all Parties, unless all of the Parties involved in the dispute stipulate to informal conciliation with an IBOAI® Mediator. Amway can provide a list of possible mediators, but the Parties are not obligated to agree to any mediator on that list.

**11.4.1.3.** In all instances where the Parties cannot agree on a mediator within 10 business days of receiving the Request for Conciliation form, they authorize Amway to request the American Arbitration Association (AAA) to select a mediator.

**11.4.1.4.** Amway will pay the reasonable fees of the mediator for up to one full day, except that if an Approved Provider is a Party, the Approved Provider is responsible for its pro rata share of the mediator's fee.

**11.4.1.5.** The mediation shall take place within 30 days of selection of a mediator. The Parties may agree to extend this date by 30 days. In addition, on a request of a Party, the mediator may extend the deadline for not more than an additional 30 days. All Parties must appear in person or, if authorized by the mediator, by telephone.

**11.4.1.6.** The mediation proceeding is confidential and not open to the public; but any participant may, if he or she chooses, be accompanied by an attorney or another personal representative, such as an upline IBO or a friend or family member, as long as the representative agrees to respect the confidentiality of the process.

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**11.4.1.7.** All Parties who receive notice of the mediation are required to participate. The Parties are strongly encouraged to attend the mediation in person, but are not required to do so. Should the Parties choose to attend in person, they are responsible for their own expenses. Failure by Amway or any disputing IBO to participate in good faith is a breach of the IBO Contract, and the breaching Party shall reimburse the other Parties for any expense directly caused by the breach, as determined by the mediator.

**11.4.1.8.** The mediator shall within two weeks following the mediation provide the Parties with a written statement summarizing any agreement between the Parties resolving their disputes and, for any dispute not settled, declaring that the Parties are at impasse. The mediator may, at his/her discretion, recommend a resolution for any dispute not settled in the mediation. Within two weeks of receiving this summary, each Party shall state in writing whether or not it agrees with any recommendation by the mediator, in whole or in part.

**11.4.2. Hearing Panel Procedures:** If any part of the dispute is not resolved by mediation under Rule 11.4.1, any IBO who is a Party to the remaining dispute may request a Hearing Panel; except that any dispute involving an Approved Provider, or any challenge to the impartiality of the Hearing Panel itself, shall go directly to arbitration without a Hearing Panel.

**11.4.2.1.** A Request for Hearing Panel Form must be filed with the Business Conduct and Rules Department or the Hearing Panel Chairperson within four weeks after the mediator's written statement pursuant to Rule 11.4.1.8. Upon receipt of a request, the matter is scheduled for the next Hearing Panel session, which shall be not more than 60 days following the request. All Parties who receive notice of the hearing are required to participate, unless excused by the Hearing Panel Chairperson or his/her designee. The Parties are strongly encouraged to attend the hearing in person, but are not required to do so. Should the Parties choose to attend in person, they are responsible for their own expenses.

**11.4.2.2.** The IBOAI® Board Executive Committee selects the Hearing Panel Chairperson, three additional Panel members, and alternates who may serve on the Hearing Panel. The Hearing Panel Chairperson will confirm that no Panel member presents a conflict of interest with respect to the matters over which the Panel presides. Once selected, the Panel members are barred from discussing the dispute with anyone before the date of the hearing. Each Panel member and the Parties involved receive a copy of the conciliation file.

**11.4.2.3.** The Parties shall exchange all documents on which they intend to rely during the hearing at least 10 days in advance of the hearing. In addition, Parties must submit to the Panel all documents on which they intend to rely in proving or defending their claim at least 10 days in advance of the hearing. If a Party does not submit such documents in a timely fashion, the Hearing Panel Chairperson may refuse to allow their introduction.

**11.4.2.4.** The Chairperson of the Panel is empowered to control the conduct of the hearing, and to have authorized persons administer an oath to any witness. The rules of evidence do not apply.

**11.4.2.5.** When a voluntary resolution does not occur, the Hearing Panel, within 30 days following completion of the hearing, will issue to the Parties and Amway a written statement of facts and a non-binding recommendation for resolution, including, if appropriate, the imposition of certain sanctions. Within two weeks of receiving that recommendation, each Party shall inform the Panel and the other Parties in writing whether that Party: (a) accepts the recommended resolution in its entirety; (b) accepts some specific portions of the recommended resolution and rejects the others; or (c) rejects the recommended resolution in its entirety. Any Party may demand arbitration of any unresolved Dispute under Rule 11.5.

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**11.5. Arbitration:** The Parties shall submit any Disputes that were not resolved through the process described in Rule 11.4, through binding arbitration in accordance with this Rule 11.5.

**11.5.1.** The arbitration award shall be final and binding and judgment thereon may be entered by any court of competent jurisdiction. The Parties acknowledge that the IBO Contract and each of its parts evidence a transaction involving interstate commerce, and the Federal Arbitration Act shall apply in all cases and govern the interpretation and enforcement of the arbitration rules and arbitration proceedings.

**11.5.2. Class Action Waiver:** The Parties mutually waive any right to assert any Dispute as a class, collective, or representative action, or to participate in any Dispute asserted as such.

**11.5.3. No Class Arbitration:** The Parties agree that, if the Class Action Waiver at Rule 11.5.2 is found to be void or unenforceable for any reason, any motion to have the Dispute certified as a class action, and any ensuing class action should it be certified, must be heard and disposed of only by a court, and not by an arbitrator; class action claims cannot be submitted to arbitration under these Rules under any circumstances.

**11.5.4. Commencement of Arbitration:** The complaining Party may file a demand for arbitration with either the American Arbitration Association (AAA) or JAMS. The arbitration will be commenced and conducted in accordance with the AAA or JAMS (whichever is chosen) fee schedules, and commercial arbitration rules and this Rule 11.5. If there is any conflict between the JAMS or AAA arbitration rules and this Rule 11.5, Rule 11.5 shall apply.

**11.5.4.1.** If an IBO demands arbitration against Amway or an Approved Provider and the IBO's claim is less than \$10,000, Amway or the Approved Provider, whichever is the applicable respondent, shall pay for all applicable fees of AAA or JAMS for initiating and administering the arbitration and the reasonable fees for the arbitrator for up to two days.

**11.5.5. Limitations:** Demand for arbitration shall be made within two years after the claim arose, but in no event after the date when the initiation of legal proceedings would have been barred by the applicable statute of limitations. The two-year period or any shorter statutory limitations period shall be tolled during the conciliation process described in Rule 11.4, provided that conciliation shall not revive any limitations period that has expired before the time a Party invokes Rule 11.4.

**11.5.6. Single Arbitrator:** Unless all Parties to the arbitration agree otherwise, a single arbitrator shall be chosen, and arbitrator candidates must have at least five years' experience as a state or federal judge or as a full-time ADR professional, including substantial experience in commercial arbitration.

**11.5.7. Arbitrability Issues to Be Decided by Arbitrator:** The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to, any claim that all or any part of this Agreement is void or voidable.

**11.5.8. Award:** The arbitrator's award shall be limited to deciding the rights and responsibilities of the Parties in the specific dispute being arbitrated. The arbitrator's award shall have no collateral estoppel effect in any other proceeding. The arbitrator shall not provide a statement of reasons for his or her award unless requested to do so by all Parties.

**11.5.9. Consolidation:** Similar claims involving multiple Parties may be consolidated before a single arbitrator if all Parties agree. The arbitrator will decide any disputed consolidation issues.

**11.5.10. Discovery:** Notwithstanding any discovery provisions in the JAMS or AAA commercial arbitration rules incorporated in paragraph 11.5.4 above, no discovery shall occur in an arbitration under these Rules unless and until specifically authorized by the arbitrator. The arbitrator shall decide the amount, scope, and timing of discovery as appropriate in each case. In addition, before requiring any discovery, the Parties involved in the arbitration shall agree on an appropriate confidentiality order consistent with the IBO Contract. If they fail to agree, the arbitrator shall impose appropriate confidentiality requirements on the Parties and witnesses.





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