Malaysia, Singapore and Brunei

Volume Deduction Policy for Unauthorized Sales (Exporting and Online) and Price Undercutting

Overview

1. Sanctions Imposed
For any ABO or Amway Privileged Customer (APC) found to be in violation of Amway's Rules of Conduct relating to Price Undercutting or providing/selling Amway products to third party resellers/merchants, etc. for purposes of resale, their ABOship/APC membership will be sanctioned up to and including immediate termination.

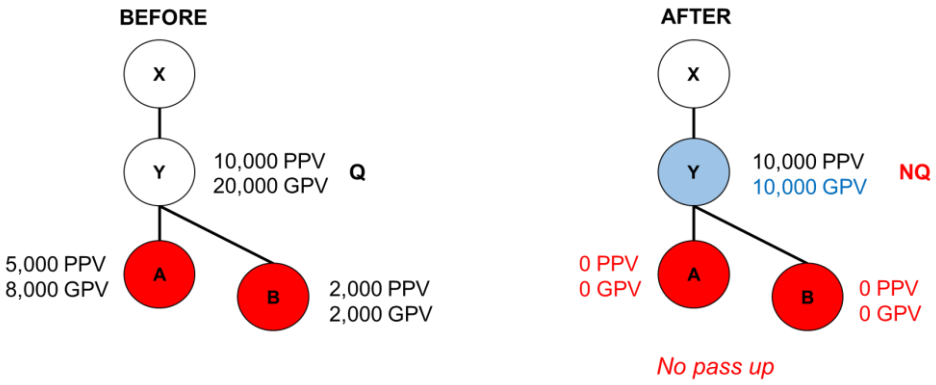
2. Volume Deduction
In the event of a termination for the reasons outlined above, all Personal Volume and Group Volume generated by the ABO/APC from the beginning of the current Performance Year through the termination month will be deducted from all impacted ABOs for Qualification purposes.

3. Qualification Month Denial
As a result of any Volume Deduction made for the reasons described above, any related Qualification month(s) that do(es) not qualify as a result of the volume deduction will be denied.

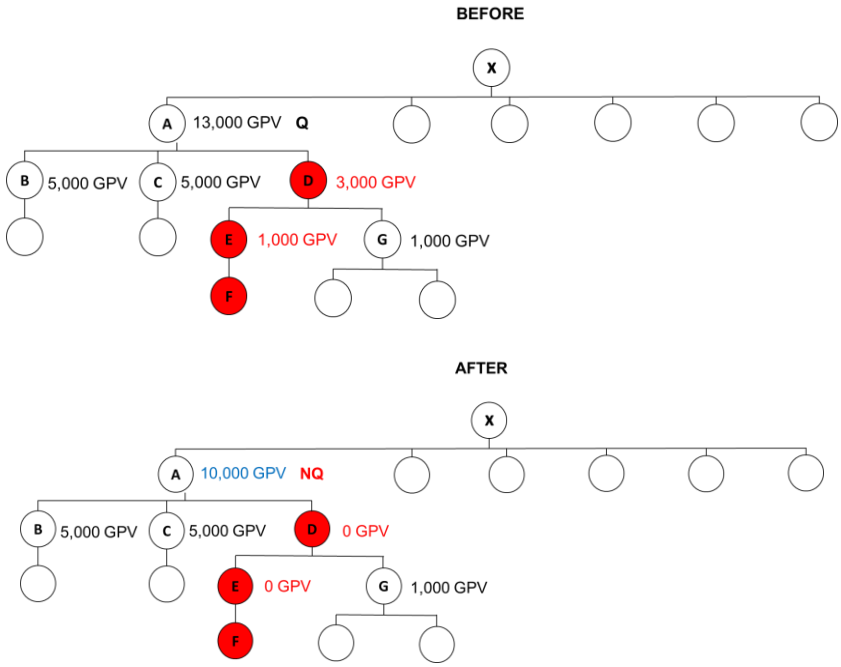
4. Upline Impact
In addition, denied Qualification months will not be counted for the applicable uplines' Higher Award Qualification and related awards/rewards.

Examples:

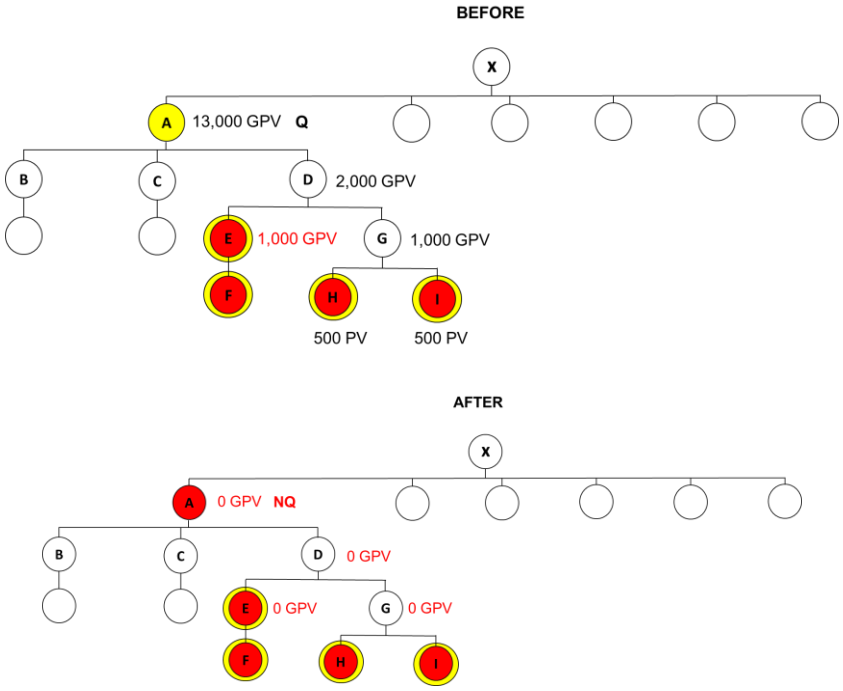
1. In the following example, if A and B are terminated, the Volume will not be passed up to the upline for Qualification purposes.



2. In the following example, A has a Qualification month, but because his downline ABO is in violation of the Rules, all 3,000 Group PV from ABO D will be "deducted" leaving A with just 10,000 Group PV. Therefore, the Qualification will be denied and this will impact the calculation of A's and the relevant uplines' Qualification and Bonus.



3. In the following example, A has been found placing orders and making payments on behalf on the downlines (E, F, H and I). The products are picked up by A or delivered to A. The downline ABOs are not aware of orders being placed in their ABOship. Amway may impose sanction on the upline A.



Questions & Answers

1. **What is the Unauthorized Sales Policy and what are the sanctions?**
   The Unauthorized Sales Policy was developed to address the issue of the inappropriate selling of Amway products on unauthorized third party platforms (physical and digital retail stores) where Amway products are resold and made available in the local market or overseas. These behaviors deeply impact ABOs and are in violation of Amway's Rules of Conduct. Violations of this nature disrupt the market order and damage the legitimate rights and interests of Amway and its ABOs.

   Once a violation of the type described above is confirmed and a termination is imposed, Amway will deduct the relevant Volume generated from the current Performance Year. In addition, the uplines' Qualification months, overall Qualification, and other annual benefits (including annual bonuses, discretionary incentives, and related rewards and awards, including business seminars, incentive trips and other events) may be impacted.

2. **Is this a change? Why is Amway making this change now?**
   The sanction of termination for unauthorized selling has been in place for many years in Malaysia /Singapore/Brunei (MSB) and has always impacted the local uplines and their awards/rewards. To ensure the integrity of the operation of the Amway Sales and Marketing Plan, uplines (including International Sponsors) of those ABOs found to be in violation of the Rules and terminated as such will also be impacted. This impact on uplines is effective beginning the 2021 Performance Year (PY).

3. **Why is the termination of a downline ABO or APC impacting the upline?**
   The impact occurs as a result of the Unauthorized Sales Policy and this Volume Deduction Policy in MSB. According to Amway MSB's Rules of Conduct, ABOs in violation of the Unauthorized Sales Policy will be terminated, and any Volume generated in the Performance Year will be deducted. Under this Volume Deduction Policy, the deducted Volume will also have an impact on uplines both locally in MSB and internationally. As an international upline, the international award you may be receiving from the MSB leg may be impacted.

   An APC is not allowed to sell or resell Amway products. In case of a breach of the terms and conditions in place for APCs, Amway reserves the right to cancel the APC membership at any time upon written notice.

4. **What type of Volume will be deducted?**
   When an ABO or APC is terminated due to an unauthorized sales violation, the Personal Volume and Group Volume generated by the violating ABO or APC will be deducted from the first month of the PY (i.e. September) through the month the violating ABO or APC is terminated.

5. **What do uplines need to do when receiving an investigation notification email from Business Conduct and Rules?**
   After receiving the notification email from MSB Business Conduct and Rules (BCR) the upline should cooperate with the investigation. Amway and BCR also recommend that the upline carefully assess whether it is necessary to make any adjustments to their own business plan of the Performance Year.

   Amway and BCR will be able to provide the business impact to the upline upon final determination of the investigation.

6. **What can a terminated ABO do in the event the ABO disagrees with the termination?**
   The ABO has the right to request an appeal of their case for review by the International Review Panel under the Amway Rules of Conduct Section 13 – International Review Panel.