

CODE OF CONDUCT
For Direct Sellers and Direct Selling Companies of the AmCham
Vietnam (HCMC) Direct Selling Committee

Preamble

The Direct Selling Committee, under the umbrella of AmCham Vietnam, seeks to establish a standard Code of Ethical Conduct for direct sellers and direct selling companies in Vietnam that will 1) promote best business practices, 2) demonstrate an unwavering commitment to consumer protection, and 3) promote industry self-regulation.

The following Code of Conduct provides a framework on:

- Conduct towards Consumers
- Conduct towards Direct Sellers /Sales Representatives
- Conduct between Direct Selling Companies
- Code Enforcement

I GENERAL

1.1 Scope

The four sections of this Code are designed to assist in the satisfaction and protection of Consumers, to promote fair competition and establish industry standards within the framework of free enterprise, and to enhance the public image of Direct Selling. The Code is designed to be compatible with the World Code of Conduct for Direct Selling issued by the World Federation of Direct Selling Associations (WFDSA).

1.2 Glossary of Terms: For the purposes of this Code, the following terms have the following meaning:

AmCham Vietnam Direct Selling Committee (AVDSC): Formed in 2010, it is comprised of Amcham members interested in direct selling activities in Vietnam.

Code Administrator: The independent person or body appointed by AVDSC to monitor each member's compliance with the Code and to resolve complaints under the Code.

Company: A business entity that utilizes a Direct Selling distribution system to market its Products, and is a member of AVDSC.

Consumer: Any person who purchases and consumes Products from a Direct Seller or a Company.

Direct Seller: A person that is entitled to buy and/or sell the Products of a Company and that may be entitled to recruit other Direct Sellers. Direct Sellers generally market consumer products directly to Consumers away from either the Company's or Direct Seller's permanent, fixed retail location, usually through the explanation or demonstration of products and services.

Product: Tangible and intangible consumer goods and services. [Note: Under Decree 110/2005/ND-CP, services are not considered for direct selling. In other words, products for direct selling must be tangible goods which are allowed to be sold in Vietnam]

Recruiting: Any activity conducted for the purpose of assisting a person to become a Direct Seller.

1.3 Companies

Companies that are signatories to this Code of Conduct shall adopt and enforce a code of conduct that incorporate the substance of the provisions of this Code as a condition of admission and continuing membership in the AVDSC. Companies. They pledge to publicize this Code, its general terms as they apply to Companies, Consumers and Direct Sellers, and to inform where Consumers and Direct Sellers may obtain a copy of this Code.

1.4 Direct Sellers

Direct Sellers are not bound directly by this Code, but, as a condition of membership in the Company's distribution system, shall be required by the Company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.

1.5 Self-Regulation

This Code is not law, but its obligations require a level of ethical behavior from Companies and Direct Sellers which conforms with or exceeds applicable legal requirements. Except for practices that are prohibited by law, non-observance of this Code does not, by itself, create any legal liability. With termination of its membership in AVDSC, a Company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a Company was a member of AVDSC.

1.6 Local Regulations

Companies and Direct Sellers must comply with all requirements of law in Vietnam. This Code does not restate all legal obligations; compliance by Companies and Direct Sellers with laws that pertain to Direct Selling is a condition of acceptance by or continuing as a signatory of this Code of Conduct.

II CONDUCT TOWARDS CONSUMERS

2.1 Prohibited Practices

Companies and Direct sellers shall not use misleading, deceptive or unfair sales practices.

2.2 Identification

From the beginning of the sales presentation, Direct Sellers shall, without request, truthfully identify themselves to the prospective customer, and shall also identify their Company, their products' nature and the purpose of their solicitation to the prospective customers. In party selling, Direct Sellers shall make clear the purpose of the occasion to the hostess and the participants.

2.3 Explanation and Demonstration

Direct Sellers shall offer Consumers accurate and complete Product explanations and demonstrations regarding price and, if applicable, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. To the extent claims are made with respect to product efficacy, Direct Sellers shall make only those verbal or written product claims that are authorized by the Company.

2.4 Answers to Questions

Direct Sellers shall give accurate and understandable answers to all questions from consumers concerning the product and the offer. Direct Sellers shall only make verbal commitments and then only on products which are authorized by the Company.

2.5 Literature

Business Support literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are deceptive or misleading. Business Support literature shall contain the name and address or telephone number of the Company and may include the telephone number of the Direct Seller.

2.6 Testimonials

Companies and Direct Sellers shall not refer to any testimonial or endorsement which is unauthorised, untrue, obsolete or otherwise no longer applicable, not related to their offer or used in any way likely to mislead the Consumers.

2.7 Comparison and Denigration

Companies and Direct Sellers shall not use comparisons which are misleading. Companies and Direct Sellers shall not unfairly denigrate any Company, business nor Product, directly or by implication. Companies and Direct Sellers shall not take unfair advantage of the goodwill attached to the trade name, brand name and symbol of another Company, business or Product.

2.08 Cooling-off and Return of Goods

Companies and Direct Sellers shall make sure that any order form or related literature contains a cooling-off clause permitting the customer to withdraw from the order (return goods) within a specified and reasonable period of time, as regulated by law, and to obtain reimbursement of any payment or goods traded in less a small handling charge.

2.9 Guarantee and After-Sales Service

Terms of a guarantee or a warranty, details and limitation of after-sales service, the name and address of the guarantor, the duration of the guarantee and the remedial action open to the purchaser shall be clearly set out in other accompanying literature or provided with the product.

2.10 Respect of Privacy

Direct Sellers shall make personal or telephone contact with Consumers only in a reasonable manner and during reasonable hours to avoid intrusiveness. A Direct Seller shall discontinue a demonstration or sales presentation immediately upon the request of the Consumer. Direct Sellers and Companies shall take appropriate steps to ensure the protection of all private information provided by a Consumer, a potential Consumer, or a Direct Seller.

2.11 Fairness

Direct Sellers shall respect the lack of commercial experience of consumers and shall not abuse the trust of individual consumers, or exploit a consumer's age, illness, lack of understanding or unfamiliarity with a language.

2.12 Referral Selling

Companies and Direct Sellers shall not induce a person to purchase goods based upon the representation that a Consumer can reduce or recover the purchase price by referring prospective customers to the Direct Sellers for similar purchases.

2.13 Delivery

Companies and Direct Sellers shall fulfill Consumer orders in a timely manner.

III CONDUCT TOWARDS DIRECT SELLERS

3.1 Direct Sellers' Compliance

Companies shall require their Direct Sellers, as a condition of membership in the Companies' distribution systems, to comply with the standards of this Code.

3.2 Recruiting

Companies and Direct Sellers shall not use misleading, deceptive or unfair recruiting practices in their interaction with prospective or existing Direct Sellers.

3.3 Business Information

Information provided by Companies to prospective or existing Direct Sellers concerning the opportunity and related rights and obligations shall be accurate and complete. Companies shall not make any factual representation to a prospective Direct Seller that cannot be verified or make any promise that cannot be fulfilled. Companies shall not present the advantages of the selling opportunity to any prospective recruit in a false or deceptive manner.

3.4 Remuneration and Accounts

Companies shall make available to Direct sellers, through print or online, with periodic accounts, as applicable, all sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the Company's agreement with the Direct Sellers. All monies due shall be paid and any withholdings made shall be done in a commercially reasonable manner.

3.5 Earnings Claims

Companies and Direct Sellers shall not misrepresent the actual or potential sales or earnings of their Direct Sellers. Any earnings or sales representations made shall be based upon documented facts.

3.6 Relationship

Companies shall give their Direct Sellers either a written agreement to be signed by both the Company and the Direct Seller or a written statement, containing all essential details of the relationship between the Direct Seller and the Company. Companies shall inform their Direct Sellers of their legal obligations, including any applicable licenses, registrations and taxes.

3.7 Fees

Companies and Direct Sellers shall not require prospective Direct Sellers to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the Company's distribution system. Any fees charged to become a Direct Seller shall relate directly to the value of materials, products provided in return.

In addition, any fees collected by Companies and Direct Sellers shall be in accordance with the laws of Vietnam as amended from time to time.

3.8 Termination

If a Direct Seller requests termination of its relationship with a company, the Company shall buy back any unsold but saleable product inventory, including promotional material, sales aids and kits, and refund the total amount the Direct Seller paid less an administrative handling charge of up to 10% of the administrative costs.

3.9 Inventory

Companies shall not require or encourage Direct Sellers to purchase Product inventory in unreasonably large amounts. Companies shall take reasonable steps to ensure that Direct Sellers who are receiving compensation for downline sales volume are either consuming or reselling the Products they purchase in order to qualify to receive compensation.

3.10 Other Materials

Companies shall prohibit Direct Sellers from marketing or requiring the purchase by others of any materials that are inconsistent with Company policies and procedures.

3.11 Education and Training

Companies shall provide adequate education and training to enable Direct Sellers to operate ethically. This may be accomplished by training sessions, written manuals or guides, online learning, or audio-visual materials.

IV CONDUCT BETWEEN COMPANIES

4.1 Principle

Direct Selling Companies shall conduct their activities in the spirit of fair competition towards other members.

4.2 Enticement

Companies and Direct Sellers shall not systematically entice or solicit Direct Sellers of another Company.

4.3 Denigration

Companies shall not unfairly denigrate nor allow their Direct Sellers to unfairly denigrate another Company's Products, its sales and marketing plan or any other feature of another Company.

V **CODE ENFORCEMENT**

5.1 Companies' Responsibility

The primary responsibility for the observance of the Code shall rest with each individual Company. In case of any breach of the Code, companies shall make every reasonable effort to satisfy the complainant.

5.2 AmCham Vietnam Direct Selling Committee Responsibility

As currently organized and within the framework of the Vietnamese legal system, the signatory members of the AmCham Direct Selling Committee shall ensure the appointment of a person responsible for complaint handling.

5.3 Code Administrator

AVDSC shall appoint an independent person or body as Code Administrator. The Code Administrator shall be an independent person or body who monitors Companies' observance of this Code by appropriate actions and shall be responsible for complaint handling and a set of rules outlining the process of complaint resolution. The Code Administrator shall settle any unresolved complaints of Consumers based on breaches of this Code.

5.4 Remedies

The Code Administrator may require of signatory companies the cancellation of orders, return of Products purchased, refund of payments or other appropriate actions, including warnings to Direct Sellers, cancellation or termination of Direct Sellers' contracts or other relationships with the Company, and warnings to Companies.

5.5 Complaint Handling

The AVDSC, Signatory Companies and the Code Administrator shall establish, publicize, and implement complaint handling procedures to ensure prompt resolution of all complaints. Companies shall also establish, publicize and implement complaint handling procedures under their individual complaint handling processes to ensure prompt resolution of all complaints.

5.6 Companies' Complaints

Complaints of a company about another company shall be resolved either by the Code Administrator or by an independent arbitrator.

5.7 Publication

All Companies are required to publicize AVDSC's Code of Conducts to their Direct Sellers and consumers.