



# **Code of Ethics & Business Practices**

**April 27, 2016**

This document cannot be reproduced in its entirety or in part without prior permission  
from the Direct Sellers Association of Canada.



## Codes of Ethics & Business Practices

1. Foreword.....	- 3 -
2. Introduction.....	- 3 -
3. Definitions Applicable to the Codes and Code Enforcement/Complaints Procedure .....	- 3 -
<b>Code of Ethics</b>	
1. Scope.....	- 4 -
2. Basic Principles.....	- 5 -
3. The Terms of the Offer .....	- 5 -
4. Price & Credit Terms .....	- 5 -
5. Cooling Off.....	- 6 -
6. Guarantees and Warranties .....	- 6 -
7. After-Sales Service .....	- 6 -
8. The Presentation of the Offer.....	- 6 -
9. Clarity.....	- 6 -
10. Safety .....	- 7 -
11. Packaging.....	- 7 -
12. Refunds .....	- 7 -
13. Complaints .....	- 7 -
14. The Presentation of the Offer.....	- 7 -
15. Information.....	- 7 -
16. Respect for Privacy .....	- 8 -
17. Honesty & Fairness.....	- 8 -
18. Veracity.....	- 8 -
19. Testimonials & Endorsements .....	- 8 -
20. Comparisons & Fair Competition.....	- 8 -
21. Disclosure .....	- 9 -
22. Referral Selling.....	- 9 -
23. Delivery.....	- 9 -
24. Responsibility for Code Observance.....	- 9 -
<b>Code of Business Practices</b>	
1. Scope.....	- 10 -
2. Basic Principles.....	- 10 -
3. General.....	- 10 -
4. Recruiting.....	- 11 -
5. Education .....	- 11 -
6. False or Misleading Statements .....	- 11 -
7. Disparaging Claims.....	- 11 -
8. Member Obligations to Salespersons, Sales Policies and Salesperson Relations.....	- 12 -
9. Other Materials .....	- 12 -
10. Recruiting.....	- 13 -
11. Education .....	- 13 -
12. Responsibility for Code .....	- 13 -

13. Termination.....	- 13 -
<b>Code Enforcement/Complaints Procedure</b>	
1. Interpretation and Execution.....	- 14 -
2. Code Administrator.....	- 14 -
3. Procedure .....	- 14 -
4. Extra-Territoriality .....	- 14 -
5. Amendments .....	- 15 -



## **1. Foreword**

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

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

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

## **2. Introduction**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Code of Ethics**

### **1. Scope**

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

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

## **2. Basic Principles**

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

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

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

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

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

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

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

## **Member Responsibilities**

### **3. The Terms of the Offer**

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

### **4. Price & Credit Terms**

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

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

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

## **5. Cooling Off**

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

## **6. Guarantees and Warranties**

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

## **7. After-Sales Service**

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

## **8. The Presentation of the Offer**

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

## **9. Clarity**

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

## **10. Safety**

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

## **11. Packaging**

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

## **12. Refunds**

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

## **13. Complaints**

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

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

## **Salespersons Responsibilities**

### **14. The Presentation of the Offer**

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

### **15. Information**

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

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

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

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

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

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

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

## **Salespersons Operations**

### **16. Respect for Privacy**

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

### **17. Honesty & Fairness**

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

### **18. Veracity**

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

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

## **Member & Salespersons: Joint Responsibilities**

### **19. Testimonials & Endorsements**

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

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

### **20. Comparisons & Fair Competition**

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

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

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

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

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

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

## **21. Disclosure**

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

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

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

## **22. Referral Selling**

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

## **23. Delivery**

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

## **24. Responsibility for Code Observance**

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

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

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

## **Code of Business Practices**

### **1. Scope**

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

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

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

### **2. Basic Principles**

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

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

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

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

### **3. General**

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

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

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

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

#### **4. Recruiting**

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

#### **5. Education**

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

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

#### **6. False or Misleading Statements**

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

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

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

#### **7. Disparaging Claims**

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

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

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

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

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

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

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

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

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

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

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

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

## **9. Other Materials**

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

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

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

## **10. Recruiting**

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

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

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

## **11. Education**

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

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

## **12. Responsibility for Code**

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

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

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

## **13. Termination**

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

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

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

## **Code Enforcement/Complaints Procedure**

### **1. Interpretation and Execution**

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

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

### **2. Code Administrator**

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

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

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

### **3. Procedure**

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

### **4. Extra-Territoriality**

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

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

**5. Amendments**

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