

“Our maturity will be judged by how well we are able to agree to disagree and yet continue to love one another, to care for one another, and cherish one another and seek the greater good of the other” – Desmond Tutu

DSASA Code of Ethics



A member of WFDSA

***World Federation of Direct Selling
Associations***

www.wfdsa.org

DIRECT SELLING ASSOCIATION OF SOUTH AFRICA

CODE OF ETHICS

The DSA Code of Ethics is enforced by an independent code administrator. All member companies have agreed to honor the administrator's decisions. To file a complaint, contact the [DSA Secretariat](#).

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INTRODUCTION

This Code of Ethics (the 'Code') is aimed at achieving the satisfaction and protection of consumers, the promotion of fair competition between Companies, the provision of gainful income earning opportunities and the protection of persons contracted as Direct Sellers to represent Member Companies. These objectives are to be achieved within the framework of free enterprise, and the enhancement of the public image of the Direct Selling Industry.

The Code is intended to govern the conduct of all Member Companies of the Direct Selling Association of South Africa (DSASA) and all persons contracted either as employees or independent Direct Sellers of such Member Companies. The Code embodies established principles that have been observed by Member Companies of the Direct Selling Association of South Africa (DSASA)

for many years. The principles set out do not interpret, qualify or supplant the law of the land, and are not intended to be applied to non-consumer sales. These principles do not replace the rights or remedies a consumer may derive from any agreement, the common law or any legislation. It is nevertheless conceivable that conduct which is the subject of a contract and which may not conflict with statutory or common law, may still amount to an unacceptable business practice in terms of the Consumer Protection Act 68 of 2008.

This Code is published in accordance with requirements as set out in the Direct Selling Code of Ethics as published by The World Federation of Direct Selling Associations (WFDSA).

This Code contains guidance on the interaction between:

1. DSASA Member Companies and their existing prospective sales representatives, DSA Member Companies and their sales representatives and Consumers of the Company's products,
2. Member Companies as they compete in the marketplace,
3. Individual Complainants, the DSA Code Administrator, and DSA Member Companies.

When considering complaints regarding non-compliance with this code the DSASA will take the provisions set out in the Code into account. This applies only to complaints involving Member Companies of the DSASA and their employees or Direct Sellers. In this respect, the Code is therefore more than a voluntary code of ethics, as compliance with the Code and its provisions is a condition of continued membership of the DSASA.

It should not be overlooked that consumers also have a role to play. They must fully acquaint themselves with their rights and obligations as they are set out in any relevant contract that they may conclude with a DSASA Member Company.

1. GENERAL

1.1 Scope

The Code contains sections entitled "Conduct for the Protection of Consumers", "Conduct Between Companies and Direct Sellers", and "Conduct Between Companies". These three sections address the varying interactions across the spectrum of direct sales. The Code is designed to assist in the satisfaction and protection of Consumers, promote fair competition within the framework of free enterprise and enhance the public image of Direct Selling.

1.2 Glossary of Terms

FOR THE PURPOSES OF THE CODE, TERMS IN BOLD HAVE THE FOLLOWING MEANING:

- **Board:** Refers to the Board of Directors of the DSASA as duly elected from time to time.
- **Code Administrator:** The independent person or body appointed by the DSASA to monitor a Company's compliance with the Code and to resolve complaints under the Code.
- **Company:** A business entity that utilises a Direct Selling distribution system to market its Products and is a member of the DSASA.
- **Consumer:** Any person who purchases and consumes Products from a Direct Seller or a Company.
- **Direct Seller:** A person or entity 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 predominantly market consumer products directly to Consumers away from a permanent, fixed retail location, usually through the explanation or demonstration of products and services. A Direct Seller may be an independent commercial agent, independent contractor, independent dealer, or distributor, employed or self-employed representative, or any other similar sales representative of a Company.
- **Order form:** A printed or written document confirming details of a Consumer order and providing a sales receipt to the Consumer. In the case of Internet purchases, a form containing all terms of the offer and purchase provided in a printable or downloadable format.
- **Product:** Tangible and intangible consumer goods and services.
- **Recruiting:** Any activity conducted for the purpose of assisting a person to become a Direct Seller.

1.3 Companies

Companies pledge to adopt and enforce a code of conduct that incorporates at minimum provisions of the Code as a condition of admission and continuing membership in the DSA. Companies also pledge to publicise this Code, its general terms as they apply to Consumers and Direct Sellers, and information about 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 of this Code.

1.5 Self-Regulation

This Code is not law, but its obligations require a level of ethical behaviour from Companies and Direct Sellers which conforms with or exceeds applicable legal requirements. Non-observance of this Code does not create any civil law responsibility or liability. With termination of its membership in DSASA, 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 DSASA.

1.6 Local Regulations

Companies and Direct Sellers must comply with all requirements of law in any country in which they do business. Therefore, 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 membership in DSASA.

1.7 Extraterritorial Effect

Every national DSA pledges that it will require each member as a condition to admission and continuing membership in the DSASA to comply with the WFDSA World Codes of Conduct for Direct Selling with regard to direct selling activities outside of its home country, unless those activities are under the jurisdiction of Codes of Conduct of another country's WFDSA-affiliated DSA to which the member also belongs.

Should a Company be the subject of a Code Complaint in a country in which it is not a member, the company must accept jurisdiction of the Code Administrator in its home country (or if the company is not a member in its home country, any country in which it is a DSA member) and shall bear reasonable costs incurred by the home country Code Administrator associated with resolution of the complaint. Moreover, the Code Administrator of the home country may coordinate with the Code Administrator (if one exists) of the complainant's country and, in evaluating the alleged Code Complaint, apply, in order of priority, (i) the standards of the Code of Ethics in the country in which the complaint is filed, or (ii) the standards of the Code of Ethics in the subject company's home country, or, (iii) at a minimum, the standards set forth in the WFDSA Code of Ethics.

2. CONDUCT FOR THE PROTECTION OF CONSUMERS

2.1 Prohibited Practices

Direct Sellers shall not use misleading, deceptive or unfair sales practices.

2.2 Identification

At the initiation of a sales presentation, Direct sellers shall, without request, truthfully and clearly identify themselves; the identity of their Company; the nature of their Products; and the purpose of their solicitation to the prospective Consumer.

2.3. Explanation and Demonstration

Direct Sellers shall offer Consumers accurate and complete Product explanations and demonstrations regarding price and, if applicable, credit terms (any interest rate charged on an annual compounded basis should be clearly stated in the original agreement), terms of payment, a cooling-off period, including return policies; terms of guarantee, after-sales service; and delivery dates. Direct Sellers shall give accurate and understandable answers to all questions from Consumers. To the extent claims are made with respect to product efficacy, Direct Sellers shall make only those verbal or written product or earnings claims that are authorised by the Company. Consumers shall have the right to all information in plain and understandable language.

2.4 Order Form

A written Order Form shall be delivered or made available to the Consumer at or prior to the time of the initial sale. In the case of a sale made via mail, telephone, the Internet, or similar non-face-to-face means, a copy of the Order Form shall have been previously provided, or shall be included in the initial order, or shall be provided in printable or downloadable form via the Internet. The Order Form shall identify the Company and the Direct Seller and contain the full name, permanent address and telephone number of the Company or the Direct Seller, and all material terms of the sale. 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 available to the Consumer shall be set out clearly in the Order Form or other accompanying literature provided with the Product. All terms shall be clear and legible.

2.5 Literature

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

2.6 Advertisements and Testimonials

Advertisements and Testimonials shall not contain any descriptions, claims or illustrations, which directly or by implication, are misleading about the products, services, financial earnings potential or in any other regard. All advertisements and testimonials

shall conform to the Code of Advertising Practice as well as the Consumer Code for Advertising as laid down by the Advertising Standards Authority of South Africa (ASASA). Companies and Direct Sellers shall not use any advertisement, testimonial or endorsement that is unauthorised, untrue, obsolete or otherwise inapplicable, unrelated to the offer or used in any way likely to mislead the Consumer.

2.7 Comparison and Denigration

Companies and Direct Sellers shall not use comparisons which are misleading. Points of comparison shall be based on facts which can be substantiated. Companies and Direct Sellers shall not unfairly denigrate any Company, business or product, directly or by implication. Companies and Direct Sellers shall not take unfair advantage of the goodwill attached to the trade name and symbol of another Company, business or product.

2.8 Cooling-off and Return of Goods

Companies and Direct Sellers shall make sure that an order form for each sale shall be issued to the customer and shall contain details of a cooling-off period permitting the customer to cancel the order within a specified period of time, which shall be no less than 5 working days from receipt of the order by the customer and to return for a full refund, without any penalty to the customer, any goods already delivered to the customer which are re-sellable as new. The customer shall be responsible for returning any products and/or paying any costs thereto. The cooling-off period shall be clearly stated and shall apply equally to direct sales and distance sales (i.e., telephone, mail or online orders).

Limitations or exemption from the obligation to provide a cooling-off period may be allowed only in limited cases explicitly allowed legally. In such cases this must be clearly communicated to the customer during the sales process and details must be included on the order form in simple language mentioning the Act and section of the Act under which the obligation to provide a cooling-off period has been exempted or limited.

2.9 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.

2.10 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.

2.11 Referral selling

Companies and Direct Sellers shall not induce a person to purchase goods or services 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, if such reductions or recovery are contingent upon some uncertain future event.

2.12 Delivery

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

2.13 Complaints and Responsibility

In the event of a consumer complaining that a Direct Seller, in offering for sale the products of a member, has engaged in any improper course of conduct pertaining to the sales representation of its goods, the Company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to assist with the redress of any wrongs which its investigation discloses to have been committed.

In all instances a consumer retains the right to refer any complaint to the Consumer Protection Commission should a Member and/or the DSASA be unable to resolve the complaint to the complete satisfaction of the consumer.

2.14 Direct Sellers' Compliance

Companies shall require their Direct Sellers, as a condition of membership in the Company's distribution system, to comply with the Company's Code or with their rules of conduct, which, at a minimum, meet the provisions of this Code.

3. CONDUCT TOWARDS DIRECT SELLERS

3.1 Direct Sellers' Compliance

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

3.2 Recruiting

Companies 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 fulfilled. Companies shall not present the advantages of the selling opportunity to any prospective recruit in a deceptive manner.

3.4 Earnings and Accounts

Companies shall provide Direct Sellers 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 the Direct Sellers. All monies due shall be paid and any withholdings made in a commercially reasonable manner.

Earnings paid to Direct Sellers shall be derived from sales of products or services to consumers. Earnings of Direct Sellers may be based on the sales and personal consumption by the Direct Sellers and their downlines.

Direct Sellers shall not receive earnings for recruiting other Direct Sellers into a sales system; except that companies may provide Direct Sellers with minimal incentives which are in accordance with local law.

3.5 Earnings Claims

1. Companies and Direct Sellers shall not misrepresent the actual or potential sales or earnings of their Direct Sellers.
2. Earnings representations and sales figures must be:
 - (a) truthful, accurate, and presented in a manner that is not false, deceptive, or misleading, and
 - (b) based upon documented and substantiated facts in the relevant market.
3. Potential direct sellers must:
 - (a) be informed that actual earnings and sales will vary from person to person and will depend upon the skills of the seller, the time and effort put in and other factors and;
 - (b) be provided with sufficient information to enable a reasonable evaluation of the opportunity to earn income.

3.6 Relationship

Companies shall provide to their Direct Sellers either a written agreement to be signed by both the Company and the Direct Seller or a downloadable electronic 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 Direct Sellers or prospective Direct Sellers to pay more than reasonable fees (according to local market) for any of the following: entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to become or remain a participant in the company's distribution system.

No company shall require product purchases as part of the application process unless included in the starter kit. However, where not prohibited by law, mandatory purchase of a starter kit is permitted.

Any required fees charged to become or remain a Direct Seller including any required additional service offered by the company (e.g. on-line training, eCommerce or other internet solutions, shipment costs) shall be fully refundable (less any commission earned by the Direct Seller) in the event the Direct Seller terminates his/her distributorship within 30 days of payment. The refundable fees are limited to those paid by the Direct Seller in the 30 days prior to the distributor termination."

Any commissions paid on fees charged to become or stay a Direct Seller, which are, in effect, remuneration for recruiting Direct Sellers into a sales system, shall be prohibited.

3.8 Respect of Privacy

Companies and Direct Sellers shall contact Direct Sellers only in a reasonable manner and during reasonable hours to avoid intrusiveness. 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, in accordance with local laws that apply to privacy and data protection.

3.9 Inventory Loading and Repurchase

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

If requested upon cessation of a Direct Seller's relationship with a Company, Companies shall buy back any unsold, re-saleable Product inventory, promotional material, sales aids and kits, purchased within the previous twelve months and refund the Direct Seller's original cost, less a handling charge to the Direct Seller of up to 10% of the net purchase price. The Company may also deduct the cost of any benefit received by the Direct Seller based on the original purchase of the returned goods. This inventory repurchase policy must be clearly communicated to Direct Sellers.

It shall be considered an unfair and deceptive recruiting practice for a company or salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. The Code Administrator may employ any appropriate remedy to ensure any individual salesperson shall not incur significant financial loss as a result of such prohibited behavior.

The Code Administrator, upon finding a member company has engaged in false, misleading or deceptive recruiting practices, may employ any appropriate remedy to ensure any complainant shall not incur significant financial loss as a result of such prohibited behavior, including but not limited

to requiring such member company to repurchase all inventory, promotional materials, sales aids and/or kits which a complainant has purchased.

3.10 Other Materials

Companies shall prohibit Direct Sellers from marketing to other Direct Sellers any materials that are not approved by the Company and that are inconsistent with Company policies and procedures.

Further, Direct Sellers who sell company approved, legally allowed promotional or training materials, whether in hard copy, electronic, or any other form, shall (i) offer only materials that comply with the same standards to which the Company adheres, (ii) be prohibited from making the purchase of such materials a requirement of other Direct Sellers, (iii) provide sales aids at a reasonable and fair cost, *without any* significant profit to the direct seller, 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 Company the Direct Seller represents.

Companies shall take diligent, reasonable steps to ensure that sales aids and similar materials produced by Direct Sellers comply with the provisions of this Code and are not misleading or deceptive.

Compensation received by Direct Sellers for sales of training and promotional materials to become or stay a Direct Seller which is, in effect, remuneration for recruiting Direct Sellers into a sales system, shall be prohibited.

3.11 Direct Seller Training

Companies shall provide adequate training to enable Direct Sellers to operate ethically.

4. CONDUCT BETWEEN COMPANIES

4.1 Interaction

Member Companies of the DSA 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.

5. CODE ENFORCEMENT

5.1 Companies' Responsibilities

The primary responsibility for compliance of the Company and its Direct Sellers with the Code shall rest with each Company. In case of any breach of this Code, Companies shall make every reasonable effort to satisfy the complainant.

5.2 Code Administrator

The DSA shall appoint an independent person or body as Code Administrator. The Code Administrator shall monitor 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.

5.3 Remedies

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

5.4 Complaint Handling

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

5.5 Publication

All Companies are required to publicise the DSA's Code of Ethics to their Direct Sellers and consumers.

5.6 Establishment of a Local Head Office and Registration with the South African Revenue Services

A Company must have an established Head Office within the borders of South Africa, must be registered with the South African Revenue Services and must provide the DSA at the time of application for membership with the following details:

- a) Full registered name of the Company and if it trades under another name full details of such trading name.
- b) Details of physical location and postal and telephone contact details.
- c) Details of where products and services may be viewed.
- d) Proof of Registration with the South African Revenue Services.

Should any of the above information change, these changes are to be communicated to the DSA within 14 days of such change.

5.7 Self-Regulation

The Code is a measure of self-regulation by the Direct Selling Industry. It is not law, and its obligations may require a level of ethical behaviour, which exceeds existing legal requirements. Non-compliance does not create any civil law responsibility. With termination of its membership of the DSA, a

Member is no longer bound by the Code, the provisions of which remain applicable to events or transactions occurring during the time an organisation was a member of the DSA.

5.8 Law

Members and Direct Sellers are presumed to comply with the requirements of law and the specific Acts which regulate their respective industries and therefore the Code does not restate all legal obligations.

5.9 Standards

The Code contains standards of ethical behaviour for Member Companies and Direct Sellers and is to be seen as evidence of industry standards for the Direct Selling Industry.

5.10 Extra-territorial Effect

The DSA requires of its members as a condition to admission and continuing membership, to comply with the WFDSA World Code of Ethics for Direct Selling with regards to selling activities outside of South Africa, unless those activities are under the jurisdiction of Codes of Ethics of such other country's DSA to which the Company also belongs.

5.11 Compliance

Every DSA member pledges to comply with the Code as a condition of admission and continuing membership of the Association.

6. ADDRESSES

All correspondence for the DSA should be addressed to:

DSA Secretariat
Direct Selling Association
P.O. Box 53524, Wierdapark, 0149
Email: admin@dsasa.co.za

7. HOW TO FILE A COMPLAINT

All complaints are required to be submitted in writing either via email or post, to:

DSA Secretariat
P.O. Box 53524, Wierdapark, 0149
Email: admin@dsasa.co.za

The DSA Code Administrator is **Paddy McDonald**

Email: admin@dsasa.co.za

If complaints are not resolved at this level, the matter will be referred to an independent arbitrator.

If you have a complaint against a Direct Selling Association (DSA) member company (or an individual direct seller representing a direct selling company) that is a member of a DSA, you can file a complaint. The complaint can be in response to any business practice you believe is a possible violation of the DSA Code of Ethics [http://wfdsa.org/world_codes/].

Here are the steps you should follow:

1. First, **try to resolve the matter directly with the individual(s) or the company involved**. Your complaint should be in writing, and should include the following information:

- The date and details of the incident
- The parties involved
- The section of the Code of Ethics that you believe has been violated
- A description of the efforts you have made to resolve the matter
- The cost of the product involved, if relevant, including invoices or other supporting documents
- A description of the actions the other parties have made to resolve the matter
- The current status of the complaint
- The remedy you believe should be applied

Please provide sufficient time for the company or individual(s) to respond to your written complaint. Usually, 30 days is suggested.

2. If, after completing step 1 (above) the situation is not satisfactorily resolved, contact the DSA Code Administrator in the country where the alleged violation occurred. You should provide the DSA Code Administrator with the same information identified in step 1 (above). Every DSA has a Code Administrator that administers its Code of Ethics

3. If your complaint is not resolved to your satisfaction after completing step 1 and 2 (above), you should send the complete history of your complaint, including responses from both the company and the local DSA to WFDSA at: info@wfdsa.org. WFDSA will contact the local DSA Code Administrator and the local DSA to gain an understanding of why the complaint has not been resolved.

4. The WFDSA Code provides extra-territorial effect. This means that you can still be protected and file a complaint even though there may not be a DSA in your country or the company in question is not a member of your country's DSA but belongs to the DSA of its headquarters.

Here are the steps you should follow:

- Find out where the company is headquartered
- Find out if the company is the member of the DSA where it is headquartered
- Send the complete history of your complaint to that DSA Code Administrator as outlined in step 1 above
- If the company is not a member of the country's DSA where the violation occurred and is not a member of the DSA where it is headquartered, you should lodge a complaint with the Consumer Protection Commission.