## **ZPP Code of Conduct**

**1. CONDUCT TOWARDS CONSUMERS**

**Prohibited practices**
Direct sellers shall not use misleading, deceptive or unfair sales practices.

**Identification**
Prior product presentations, direct sellers shall automatically identify themselves, their company and products to the prospective customer and explain the purpose of their solicitation. In party selling, direct sellers shall make clear the purpose of the occasion to the host and the participants.

**Product presentation and demonstration**

Presentations and/or demonstrations of offered products shall be accurate and full in terms of their price and/or instalment plan, as well as payment conditions, cooling-off period or the right to return the product, warranty conditions, after-sale service and terms of delivery.

**Answers to questions**
Direct sellers shall give accurate and understandable answers to all questions from consumers related to products and their offer.

**Order form**
A written order form shall be made available to the customer and it shall identify the company and the direct seller, including the full name, registered address and telephone of the company or the direct seller, as well as information stated under section 2.3. All terms and conditions shall be legible.

**Verbal pledges**
Direct sellers may only give verbal pledges to which they have been authorized by the company.

**Cooling-off period and return of products**
Companies and direct sellers shall ensure that each and every order form contains a section on the cooling-off period (irrespective of the fact whether it is required by law or not) based on which the customer may withdraw from the order within a certain period of time and receive reimbursement for any payments made. Companies and direct sellers offering an unconditional right of return shall provide it in writing.

**Warranties and after-sale service**
Terms of a guarantee or a warranty, details and limitations of after-sales service, the name and address of the guarantor, the duration of the guarantee and the remedial action open to the consumer shall be clearly set out in the order form or other accompanying literature provided with the product.

**Literature**
Promotional literature, advertisements or mailings to customers shall contain the full name and registered address of the company and shall not contain any product description, claims or illustrations which are deceptive or misleading.

**Testimonials**

Companies and direct sellers shall not refer to any testimonial or endorsement which is not proven, not true, obsolete or otherwise no longer applicable, not related to their offer or which are used in a way likely to mislead the customer.

**Product comparison and denigration of competitors**
Companies and direct sellers shall refrain from using comparisons which are likely to mislead or which are incompatible with principles of fair competition. When selecting characteristics of a product, direct sellers shall not behave unfairly and the presentation shall be based on facts which can be supported with evidence. Companies and direct sellers shall not take unfair advantage of the goodwill attached to the trade name and symbol or another firm or product.

**Respect of privacy**
Personal or telephone contact shall be made in a reasonable manner and during reasonable hours to avoid intrusiveness. If asked by a customer, the direct seller shall immediately discontinue product presentation and/or demonstration.

**Fairness**
Direct sellers shall not abuse the trust of consumers, shall respect the lack of commercial experience of consumers and shall not exploit a consumer’s age, illness or language barriers. Direct sellers shall not induce the customer to make a purchase just to oblige the direct seller and/or to discontinue product demonstration.

**Referral selling**
Companies and direct sellers shall not induce a consumer to purchase products or services based upon the representation that a consumer can reduce or recover the purchase price by referring other consumers to the sellers for similar purchases, if such reductions or recovery are contingent upon some unsure future event. Companies and direct sellers shall not promise and/or provide inadequately large financial benefits for referral of other customers.

**Performance**
Companies and direct sellers shall ensure that any order shall be executed properly and in full and at a set time; in any case within 30 days from the day following that on which the consumer signs the order, unless the parties have agreed otherwise.

Consumers shall be informed if companies or direct sellers are unable to perform their side of the contract on the grounds that the products ordered are unavailable.

**2. ENFORCEMENT OF DIRECT SELLING CODE OF CONDUCT**

**Companies’ responsibility**
The primary responsibility for the observance of the Direct Selling Code of Conduct shall rest with the company. In case of any breach of the Code, companies shall make every reasonable effort to satisfy the complainant.

**ZPP responsibility**
ZPP shall designate a person responsible for complaint handling and it shall make every reasonable effort to settle complainants.

**Administrator of the Direct Selling Code of Conduct**
ZPP shall appoint an independent person or body as Administrator of the Direct Selling Code of Conduct. The Administrator of the Direct Selling Code of Conduct shall monitor companies’ observance of the Direct Selling Code of Conduct. The Administrator of the Direct Selling Code of Conduct shall settle any unresolved complaint of direct sellers based on breaches of the Direct Selling Code of Conduct.

**Complaint handling**
Member companies of ZPP and the Administrator of the Direct Selling Code of Conduct shall establish complaint-handling procedures and ensure that receipt of any complaint is confirmed within a short time and decisions are made within a reasonable time.

**Complaints of companies**
Complaints of companies regarding other companies or ZPP shall be resolved by the Administrator of the Direct Selling Code of Conduct or by another independent arbitrator. A detail procedure shall be defined by ZPP.

**Publication of the Code**
ZPP, companies and direct sellers shall publish the Direct Selling Code of Conduct and make it known as widely as possible. Printed copies shall be made available free of charge to the public.

**3. DIRECT SELLING CODE OF CONDUCT IN RELATIONSHIPS TO DIRECT SELLERS AND BETWEEN COMPANIES**

**General provisions**

**Association and scope**
The World Federation of Direct Selling Associations (WFDSA) publishes for its members all over the world the International Direct Selling Code of Conduct in relation to direct sellers and among direct sellers and companies. The Code concerns the relations between direct selling companies and direct sellers on the one hand and consumers on the other hand. The Code is aimed at achieving protection of direct sellers, the promotion of fair competition in the framework of free enterprise, and the enhancement of the public image of direct selling, and attractiveness of direct selling as a welcome opportunity for earning income.

**Glossary of terms**
For the purposes of this Direct Selling Code of Conduct the terms used herein have the following meaning:

**Direct selling**
Marketing of consumer goods and services in consumers’ or other persons’ homes, their places of work, and other places, away from permanent retail units or stores, usually based on the explanation or demonstration of products by a direct seller.

* **Direct selling associations**
Direct selling associations are national direct selling associations representing interests of the direct selling sector in a particular country.
* **Companies**
Direct selling companies are legal entities which use a direct selling to market products or services associated with trademarks / brands / labels on the goods or services which they themselves own or use under a license or representation in the Slovak Republic and which are members of the Direct Selling Association (ZPP).
* **Direct sellers**
Direct sellers are persons who are members of companies and who perform distribution activities using a direct selling system. They can be independent sales representatives, independent business owners, independent dealers and distributors, employed or self-employed representatives, licence holders, etc.
* **Products**
Any goods or services.
* **Selling**
Selling includes contacting prospective customers, presenting and demonstrating products, accepting orders and, as the case may be, delivering products and collecting payments.
* **Party selling**
Direct sellers explain and demonstrate products in the household of a host who has invited other persons to that end.
* **Order form**
Typed and/or handwritten orders, receipts, and contracts.
* **Recruiting**
Any activity conducted for the purpose of recruiting a person to become a direct seller.
* **Administrator of the Direct Selling Code of Conduct**
An independent person or body appointed by ZPP to monitor member companies’ observance of the Code and to resolve complaints under the Code.

**Companies**
Member companies pledge to abide by the Code as a condition of admission and continuing membership in the national direct selling association.

**Direct sellers**
Direct sellers may not become members of ZPP and therefore they are not bound directly by the Direct Selling Code of Conduct, but they shall adhere to the rules as a condition of their membership in the direct selling company.

**Self-regulation**
The Code shall be viewed as a self-regulating measure adopted by the direct selling sector. It is not generally binding law, and its obligations may require a level of ethical behaviour which exceeds existing legal requirements. Non-observance does not create any civil law responsibility. With termination of its membership in ZPP, a company is no longer bound by the Code.

**Legal aspects**
It is assumed that companies and direct sellers will comply with legal regulations and therefore the Code does not reiterate all obligations arising from applicable legal regulations.

**Code of Conduct**
The Code of Conduct contains ethical conduct standards applicable to direct selling companies and direct sellers. National associations may introduce changes to the Code of Conduct, but they shall maintain its substance and/or abide by legal requirements. The Code of Conduct is recommended to be used as the direct selling sector’s standard.

**4. CONDUCT TOWARDS DIRECT SELLERS**

**Direct sellers’ compliance with the Code**
Companies shall require from their direct sellers, as a condition of membership in the companies’ sales organization, to comply with the Code or with rules of conduct which meet its standards.

**Recruiting**
During recruitment of direct sellers, companies and direct sellers shall adhere to the most stringent principles of ethical conduct. Information provided by the company to their direct sellers or prospective 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 recruit which cannot be verified or make any promise which cannot be fulfilled.

**Information**
Information provided by the company to its direct sellers concerning the opportunity and related rights and obligations shall be accurate and complete. Any prospective recruits shall be informed about selling and about benefits related to the membership in a fair and open manner.

**Earnings**
Companies and direct sellers shall not misrepresent the actual or potential sales and/or earnings of their direct sellers. Any earnings or sales representations shall be based upon documented facts.

**Contractual relationships**
The company shall conclude a written agreement with direct sellers, signed by both the company and the direct seller, 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.

**Fees**
Companies and direct sellers shall not require direct sellers or prospective direct sellers to assume unreasonable financial obligations, e.g. payment of initial fees related solely to the right to participate in the company’s business.

**Withdrawal from the agreement**
The direct seller shall have a period of up to 14 calendar days in which to withdraw from the membership agreement without penalty and without giving any reason.

**Termination of the agreement**
Should a direct seller decide to terminate his/her agreement with the company, the company shall buy back unsold inventory of products, including selling aids and demonstration materials, purchased by the direct seller within the previous twelve months, and pay to the direct seller the full purchase price, less reasonable service charge. The company shall, however, not be obliged to buy back products if:

a) They are not in their original, new and unused condition; or

b) They are no longer commercially resaleable because they are past or close to their sell-by date.

**Inventory**
Companies shall not require direct sellers to purchase a product inventory in unreasonably large amounts. The following should be taken into account when determining the appropriate amount of product inventory: the relationship of inventory to realistic sales possibilities, the nature of competitiveness of the products and the market environment, and the company’s product return and refund policies.

**Remuneration and accounts**
Companies which remunerate their direct sellers shall provide their direct sellers, within reasonable time periods, with information about their earnings (commissions, bonuses, discounts, deliveries, cancellations, etc.). All payments due shall be performed without undue delay.

**Education and training**
Companies shall provide direct sellers with time- and substance-wise adequate education and training which is based on a written syllabus and which will include information on direct selling laws, direct seller’s legal obligations, companies, manufacturers, market and selling in compliance with self-regulating principles contained in the Direct Selling Code of Conduct.

**Referral selling**
Companies and direct sellers shall not promise and/or provide to other direct sellers and/or customers unreasonable benefits for recruiting new direct sellers and for sale.

**5. CONDUCT BETWEEN COMPANIES**

**Principle**
Member companies of ZPP are requested to act fairly towards other members.

**Enticement of salespersons from other companies**
Companies and direct sellers shall not entice away, directly or indirectly, or solicit in any other way any direct seller or salesperson, or office worker of another company, by means of advertising or making announcements in which the name of the company is stated. Companies shall not recruit people from other companies in a systemic way.

**Denigration of competitors**
Companies shall neither denigrate nor allow their direct sellers to denigrate other companies’ products, sales and marketing plans or any other characteristic features of other companies.

**6. ENFORCEMENT OF DIRECT SELLING CODE OF CONDUCT**

**Companies’ responsibility**
The primary responsibility for the observance of the Direct Selling Code of Conduct shall rest with the company. In case of any breach of the Code, companies shall make every reasonable effort to satisfy the complainant.

**ZPP responsibility**
ZPP shall designate a person responsible for complaint handling and it shall make every reasonable effort to settle complainants.

**Administrator of the Direct Selling Code of Conduct**
ZPP shall appoint an independent person or body as administrator of the Direct Selling Code of Conduct. The Administrator of the Direct Selling Code of Conduct shall monitor companies’ observance of the Direct Selling Code of Conduct.

The Administrator of the Direct Selling Code of Conduct shall settle any unresolved complaint of direct sellers based on breaches of the Direct Selling Code of Conduct.

**Complaint handling**
Member companies of ZPP and the Administrator of the Direct Selling Code of Conduct shall establish complaint-handling procedures and ensure that receipt of any complaint is confirmed within a short time and decisions are made within a reasonable time.

**Complaints of companies**
Complaints of companies regarding other companies or ZPP shall be resolved by the Administrator of the Direct Selling Code of Conduct or by another independent arbitrator. A detail procedure shall be defined by ZPP.

**Publication of the Code**
ZPP, companies and direct sellers shall publish the Direct Selling Code of Conduct and make it known as widely as possible. Printed copies shall be made available free of charge to the public.