

policies and procedures

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AVON POLICIES AND PROCEDURES

As an Avon Representative it is important for you to understand the values that guide the Company, as well as Avon's expectations, and guidelines for all Representatives. As a Leadership Representative it is also important to understand the processes through which you receive Leadership bonuses, as well as the policies that regulate reaching and maintaining Leadership positions of Achievement, etc.¹

THESE POLICIES AND PROCEDURES MAY BE MODIFIED BY AVON AT ANY TIME IN ITS SOLE DISCRETION BY EXPRESS AMENDMENT OF THESE POLICIES AND PROCEDURES OR BY THE ADOPTION OF SEPARATE POLICIES AND PROCEDURES, RULES, CODES OF ETHICS OR THE LIKE THAT MAY HAVE THE EFFECT OF MODIFYING THOSE CONTAINED IN THIS MANUAL.

¹ Throughout these policies and procedures, all references to he/she, his/her shall refer to both.

Becoming An Avon Representative

A new applicant becomes an Avon Representative by paying an appointment fee for the privilege of selling Avon products and by fully completing and signing an Avon Independent Sales Representative contract. All Avon Representatives are independent contractors. They are not agents, employees, partners or franchisees of Avon and may not represent themselves as such. Each Representative is responsible for her own business decisions and expenditures, including the prices charged and for the payment of self-employment taxes required by Federal, state and local laws. No fees other than those stated in official Avon literature are required of Representatives, and no product purchases are required to become an Avon Independent Sales Representative. For a period of six months following the termination of the Representative's association, Avon will repurchase, on reasonable commercial terms, currently marketable inventory which the Representative purchased for resale during the 12 months prior to the termination of her relationship with Avon. Avon or the Representative may terminate this contract at any time or without cause.

Avon's Promise To Customers

A cornerstone of our business since 1886, this promise ensures that Customers are completely satisfied with their Avon purchases. "If you're not happy with any purchase, just return it for an exchange or your money back. No questions. No fuss. No problems." All Avon Representatives must honor this promise for their Avon customers.

As an Avon Representative you are expected to uphold your contractual obligations and protect Avon's name and excellent reputation by complying with all of Avon's policies, procedures and guidelines. Representatives are prohibited from engaging in theft, fraud or any practices that violate consumer

protection and credit laws. Additionally, Representatives are responsible for insuring that they and their businesses comply with all applicable Federal, State and local laws.

Ordering

Avon provides Representatives with a broad selection of products for purchase at discounts which vary based upon the volume of the Representative's orders in each campaign. An Avon Representative is expected to provide consistent and timely service to Customers, in the manner and environment in which her Customers prefer to shop, e.g., home, office, workplace, etc. A Representative is responsible for placing regular, timely orders following the established order-submission and payment schedules, and to pay in full for her previous order when submitting her current order.

Order Fulfillment

As stated in the Avon Independent Sales Representative Contract, all Purchase Orders are subject to acceptance by Avon and all orders must meet Avon's approval.

Placing Orders

Representatives in good standing may submit a completed paper or electronic order to Avon to receive products, sales and business tools.

Representatives may never enter orders on behalf of any other Representative or otherwise utilize or manipulate another Representative's account, or customer's personal information for the Representative's personal gain.

Credit

All Avon Representatives receive their first order on credit. Your credit line is determined by your credit qualifications at the time of appointment. Beginning with the second order, you must submit the total amount of the previous order. (See invoice for the box marked "Please pay this Amount".) Payment must be posted to your account no later than the due date of your next campaign order.

Paying for Your Order

Check your account balance at Your AVON.com for the total amount due to Avon or look at your invoice for the area titled "Account Statement".

Enroll in QuikPay at YourAVON.com, and you can electronically apply payment directly from your checking account to your Avon account. Once you have enrolled in QuikPay, you can make a payment simply by clicking the "Pay Avon" link.

Call FASTTalk (866) 456-0006, select "Make a Payment" to make a Credit Card or Debit Card payment to be applied immediately to your Avon account.

If paying by Check or Money Order, detach the payment Coupon from your invoice and include it with your payment. Remember to print your District and account number on your check/money order.

Pricing

Avon maintains the right to change product prices at any time without prior notice.

Transportation Charges

Avon will provide transportation on merchandise ordered on schedule to all Representatives in good standing, and will provide free shipping within the continental United States.

Sales Tax/Order Processing Charge

Sales Tax: Avon provides a service to Representatives by remitting the appropriate sales tax amount to each state or municipality and filing sales tax forms, as required, at the time of purchase. The amount of sales tax is based on the product's suggested retail price and calculated at the Representative's local tax rate. The tax that has been paid by Avon is then reflected on the Representatives invoice.

Order Processing Charge: Customers are charged an order processing fee. This charge is used to defray both Avon's and the Representative's costs. Therefore, a credit is reflected on the Representative's invoice for each Customer reported on the Purchase Order. (Alaska, Guam, Hawaii and the Caribbean Islands have a shipping charge instead of an order processing charge.)

Variable Discounts: The percentage of variable discounts is based on personal campaign Award Sales. This percentage is then applied to Customer price sales. The amount of the discount is credited against the balance due Avon and calculated into the Representative's invoice. Specific financial rewards are calculated according to the Avon Earnings Plan (Consult your Earnings Chart).

Advertising

Representatives are required to abide by Avon's advertising guidelines found in "How to Advertise & Promote Your Avon Business," these policies and procedures and on **www.yourAVON.com**.

- Representatives must always use their own names and clearly identify themselves as Avon Independent Sales Representatives.
- Representatives must not create circumstances or situations in which they appear to customers or to the general public to be acting as employees of Avon Products, Inc.

Product Claims

- Avon Representatives are responsible for making truthful, accurate and legally acceptable product claims. Only approved performance or ingredient claims as found in product catalogs, brochures, Product Reference Guides (online at **www.yourAVON.com**) and/or current Avon advertising are allowed in promoting and advertising Avon products. For example: “Avon Skin-So-Soft is a great moisturizer.” (Any other claim is unofficial and not approved.)
- Avon Representatives may not make any product representation or warranty not authorized in current official Avon publications, nor may they distribute product literature, (including via the internet) or tapes that promote unauthorized claims or uses for Avon products.

Protecting the Avon Name

The Avon name, logo and trademarks are the property of Avon Products Inc., and are valuable assets of the Company. Representatives are strictly prohibited from using the Avon name beyond simply designating herself as an Avon Independent Sales Representative. Avon will not condone the unauthorized use of its trade name or trademarks. Permission to use the Avon trade name and trademarks in any other way may only be granted by Avon's Legal Department in writing. Any question should be addressed to Avon Products, Inc., 1251 Avenue of the Americas, New York, NY 10020, ATTENTION: Avon Legal Department, 3rd floor.

Returning Products

Representatives may only return to Avon those products they purchased directly from Avon within the prior twelve months and should provide, if requested, proof of purchase. Likewise, Representatives are required to accurately report the reasons for returns. **Exception: Representatives who return a product in accordance with the Avon Promise on behalf of a customer who purchased the product from another Representative. Abuse of this exception by Representatives will not be tolerated.**

Prohibited Sales Methods

Retail Sales

The Avon name is recognized around the world for quality, value and personal service. Avon is a direct-selling company with a strong belief in personal contact with the consumer. Avon Independent Sales Representatives are contractually obligated to sell only to consumers. **Representatives may not sell products to third parties for re-sale, to or through any business entity or to any type of retail establishment.** Avon Representatives may not establish or operate their own Avon retail businesses without applying to Avon to license an Avon Beauty Center. Avon reserves the right to test or undertake alternative selling methods.

Internet Selling

Representatives are prohibited from using the Internet to sell or auction Avon products. The only authorized Internet selling is as an Avon eRepresentative using an Avon-provided website.²

Representatives are also prohibited from utilizing Avon-sponsored websites or other Avon-related channels to solicit funds or other items for non-Avon-sponsored programs or activities, whether charitable or otherwise, from customers, other Representatives or any other party.

Export Sales

Only Avon-designated/authorized Distributors and Affiliates of Avon Products Inc. are permitted to receive exported shipments of products

² For policies and procedures regarding on-line selling via an Avon-provided personalized Web page, visit www.yourAVON.com and click Become an eRepresentative.

from any Avon location. **Avon Independent Sales Representatives may not make export shipments of Avon products nor may they knowingly sell products to other individuals who intend to export those products.**

Removal As An Avon Independent Sales Representative

Either you or Avon may terminate your association with Avon at any time with or without cause.

Circumstances that may lead Avon to terminate its association with you include but are not limited to the following:

Inactivity: If you do not submit an order for three consecutive campaigns you are considered inactive and will automatically be removed from Avon's active file.

Past Due Account: You may be removed if you fail to submit payments to Avon in a timely manner.

Inappropriate Actions: If you act in violation of, or in ways inconsistent with your Avon Independent Sales Representative contract, or any of Avon's policies and procedures, wherever found, you may be removed.

Management Decision: Avon in its sole discretion always reserves the right to terminate its association with a Representative at any time for any or no reason in its sole discretion.

Reinstatement As An Avon Independent Sales Representative

If you close your account voluntarily, or if you are removed for inactivity or a past-due account, you may, with Avon's approval, have your association with Avon reactivated under the following circumstances:

- Reinstatement (5 campaigns or less): If you are removed for five or less campaigns, you can resume business with no fee paid, provided your account is paid in full. You may be re-linked to prior sales and recruiting performance, and your account number and length of association remain the same.
- Reinstatement (6 to 13 campaigns): If you are removed for more than five but less than fourteen campaigns, you may resume business upon payment of a re-instatement fee, provided that your account is paid in full. Your account number will be restored and the length of association resumes. Recruiting and Leadership bonuses, however, may not be restored.
- Re-appointment: With Avon's approval, you may begin your business again more than thirteen (13) campaigns after removal for inactivity or past due account provided that your account is paid in full and a new appointment fee has been paid. You may receive a new account number, and your length of association and all other Avon linkages will start anew.
- The eRepresentative policies and procedures have unique requirements that are found on the **www.yourAVON.com** site.

NOTE: AVON RESERVES THE RIGHT IN ITS SOLE DISCRETION TO DENY REINSTATEMENT OR REAPPOINTMENT TO ANY REMOVED REPRESENTATIVE.

Representatives Participating In The Leadership Opportunity

Representatives are responsible for meeting their contractual obligations as Avon Independent Sales Representatives, including those specific to the Leadership Opportunity. They are responsible for personally appointing, mentoring and training their unit members; following current appointment and New Representative Training and Development guidelines; abiding by all of Avon's policies and procedures, the Leadership Reference Guide (including any subsequent modifications), all other guidelines and for taking advantage of all tools or support systems Avon offers Leadership Representatives, at their own cost, in order to maintain participation in the Leadership Opportunity.

Recruiting Policies

As a Leadership Representative you are required to develop your own First Generation only through your own personal appointing efforts.³ Leadership Representatives who, through their own personal appointing efforts, create a First Generation for another Leadership Representative are in violation of this policy and may be removed from the Leadership Opportunity.

Recruiting activities which are prohibited include, but are not limited to:

- Mailing appointment kits to prospective recruits for purposes of non face-to-face appointments.

³ Avon retains the sole discretion to determine which Representative, if any, will receive credit for the appointment of a new Representative. As a Leadership Representative, you agree to accept Avon's decision as final.

- Recruiting and/or making appointments over the Internet or by any electronic means (for example, by Webcam).
- Auctioning or selling appointment kits via the Internet or in any other manner.
- Selling or bartering leads or other information about prospective Representatives to other Leadership Representatives.
- Advertising or promising free or reduced appointment fees.
- Using other Representatives' personal information for personal gain.

Restrictions on Recruiting

A Leadership Representative may not recruit her spouse, domestic partner or other family member living in her household to be a member of her Downline organization. Two exceptions: mark Representatives and mark conversions to traditional, non-Leadership Representatives; and, a previously existing Downline relationship that was built at least one year prior to the move into the household.

Directors and Officers of Avon and Managers in the Avon Sales Organization may not be co-applicants on the account of others, nor may they be appointed to anyone else's Downline.

District and Division Sales Managers cannot be Avon Representatives or co-applicants while employed by Avon.

Former District and Division Sales Managers who wish to become Representatives or establish their own Leadership businesses after leaving Avon's employment may do so, but must be appointed by a District Sales Manager and may not be members of anyone else's Downline.

Spouses of Current District Sales Managers: A spouse or domestic partner and any other family member living in the same household of an Avon District Sales Manager may become a Leadership Representative, but may not be appointed in the same District for which that District Sales Manager is responsible. They must also not be recommended, recruited or appointed by any other Representative, nor become a member of any other Leadership Representative's unit. Such individuals are eligible to receive prizes and awards but cannot attend President's Club Tributes or National Recognition Events, or receive public recognition from Avon.

Co-applicants

Any two people living in the same household who wish to become Avon Representatives together as co-applicants of a single account should both sign a single Independent Sales Representative contract at the time of appointment. The Representative and co-applicant are considered one and the same.

- If an existing Representative wishes to add a co-applicant living in the same household, a new Avon Independent Sales Representative Contract, which includes all requested information for both the original and new Representative, must be completed and signed by both parties.
- A co-applicant cannot have a separate Avon account.
- Co-applicants cannot be added more than once in a two-year period.
- A co-applicant may be removed from a Representative's account by submitting to Avon a written request to be removed from the account signed by both parties.
- Avon in its sole discretion may remove a co-applicant at any time for any or no reason.

Withheld Leadership Bonuses

As a Leadership Representative, if your account is past-due three campaigns, any bonus (including Fast Start, etc.) will be withheld in that third past-due campaign. Your bonus will be sent with the next bonus, as long as your account balance is cleared.

If you are removed from Leadership for any reason, you will receive a final statement and will no longer be entitled to receive Leadership earnings on your former Unit members unless you are re-instated or relinked.

Policy on Downline “Non-traditional Selling Situations”

The Leadership Opportunity is designed to compensate individuals who recruit, train, develop and motivate others who engage in Avon’s traditional customer businesses. Leadership Representatives are not eligible to receive Leadership bonuses on Downline members who participate in non-traditional selling situations such as, but not limited to, exporting, internet or through any unauthorized retail establishments. Avon reserves the right in its sole discretion to determine whether the sales of a downline Representative fall into one of the above-mentioned non-traditional selling situations, and Avon also reserves the right in its sole discretion to determine whether a person engaged in non-traditional selling methods will be permitted to remain in a Leadership Downline.

Removal From The Leadership Opportunity

Should you, for whatever reason, cease to be an Avon Independent Sales Representative, you will be automatically removed from the Leadership Opportunity and will receive no further Leadership earnings on the sales of your former Unit members.

You may terminate your participation in the Leadership Opportunity at any time by submitting a written and signed notice to your Avon District Sales Manager or directly to Avon, indicating your desire to withdraw from the Opportunity. Linkage to your Downline will be broken **and you will receive no further Leadership bonuses on the sales of your former Unit Members.**

Failure to achieve Unit Leader Level

If you have not achieved Unit Leader level within your first 13 campaigns as a Leadership Representative, due to not achieving \$1,200 in Total Unit Sales, but you have recruited at least 5 successful new Representatives with paid first or second orders during that period, you will be given another 13 campaigns to achieve the necessary \$1,200 in Total Unit Sales. You must achieve the Unit Leader level within 26 campaigns (one year) in order to remain a participant in the Leadership Opportunity.

If a new Leadership Representative has less than 5 recruits after the first 13 campaigns, she will be removed from the Leadership Opportunity and will lose her Downline. She will be permitted to start a new Leadership business in the future, but her former Downline will not be relinked.⁴

⁴ Relinkage to a removed Downline must be approved in writing by the Division Sales Manager and will be permitted only once, for good cause and in Avon's sole discretion.

Circumstances that may lead Avon to terminate your participation in the Leadership Opportunity may include but are not limited to:

Management Decision: Avon always reserves the right to terminate its association with a Representative for any or no reason in its sole discretion.

Inappropriate Actions: Avon may remove any Leadership Representative who does not comply with the Avon Independent Sales Representative contract, Avon's Policies and Procedures, Reference Manuals, Guides or any other similar materials.

If your participation in Leadership is terminated by Avon, you lose all rights relating to your Unit immediately and will receive no further Leadership bonuses on the sales of your former Unit Members.

Rollup

When a Leadership Representative voluntarily withdraws or is removed by Avon from the Leadership Opportunity, a rollup of the Downline occurs immediately.

If a Leadership Representative is otherwise withdrawn for more than 5 campaigns, a roll-up will occur at that time. In this case, all recruits of the removed Representative roll up to the next Upline Representative, who will now earn Leadership bonuses appropriate to the new Generation within her or his unit. For example, Second Generation recruits would become First Generation and Third Generation would become Second Generation in both position and bonuses to the Upline Leadership Representative. The rolled-up Representative cannot contribute to the new Upline's advancement to a higher Position of Achievement, nor will it help the upline maintain her current position, until 13 campaigns from the date of withdrawal or removal of the original Upline Leadership Representative.

Review for Title

Should a Leadership Representative fail to perform at your Position of Achievement for 6 consecutive campaigns, the Representative will be retitled to the highest level of performance achieved during that 6-campaign review period. If a Unit Leader fails to perform for 6 consecutive campaigns, the Representative will be removed from the Leadership Program and the Unit will roll up.

Survivorship

The rewards of the Leadership Opportunity are based on personal efforts and Leadership abilities. Therefore, upon the death of an individual Leadership Representative, the business is automatically terminated. Heirs of a deceased Leadership Representative will not be eligible for any future bonuses.

In the case of co-applicants, the co-applicant may assume primary responsibility for the business upon the death of the original Leadership Representative; however, a new contract should be completed which accurately reflects the co-applicant as the primary Representative on the account.

Leadership Representatives Becoming District Sales Managers

If a Leadership Representative wishes to become a District Sales Manager, she must sell or transfer her existing Leadership business in accordance with Avon's policies, to someone other than a co-applicant, spouse, domestic partner or family member.

The newly hired District Sales Manager may not become the co-applicant on the former account nor remain a Representative.

When a Unit Leader or above is hired as a DSM, the immediate upline Representative will receive a \$500 bonus and be given 6 months in which to remain at her current Position of Achievement and Performance (to allow time to find and develop another Unit Leader to replace the departed Unit Leader or above). In order to remain at that level of achievement and performance during that 6 month period, that Upline Representative must meet all other necessary requirements for that level of achievement.

Leadership Representatives as District Support

Leadership Representatives may not be employed by Avon, as stand-in District Sales Managers or work for a District Sales Manager in the capacity of an Assistant District Sales Manager, a field work support member or Administrative Assistant to a District Sales Manager.

Corporations, Partnerships And Other Legal Entities

Avon will permit an Avon account and an Avon Independent Sales Representative Contract to be established in the name of a corporation, partnership or other legal entity under the following terms and conditions:

1. The Contract must be signed by the individual who will be the principal contact person for Avon. Approval from Avon must be obtained for any change in the principal contact person. Send requests for approval to Director, US Sales Leadership, Avon Products, Inc., 1251 Avenue of the Americas, 3rd floor, 10020.

2. The names of any other owners of the entity must be supplied to Avon at the time the account is established and the Contract signed. Any changes in ownership must be approved in writing by Avon, (see above address) including any changes that occur from the sale of an ownership interest in the entity, by will, under the estate laws or by operation of law.
3. Former Avon Representatives who were removed by Avon may not have an ownership interest in the entity or participate in the operation of the business.
4. At the time the Contract is signed, Avon must be provide a current Federal Employer Identification (FEI) number from the Internal Revenue Service which will become the tax identification number for the account.
5. The name of the entity may not contain the name "Avon" or otherwise infringe on any trademark belonging to Avon. In the event it is determined after the account is established that the name of the entity infringes on any Avon trademark, the name of the entity must be changed so that it is no longer infringing.

Purchase and Sale of an Avon Business

An Avon business and the rights and obligations associated with it are personal to the Representative and may not be sold, assigned or transferred to any other person or entity without the express written consent of Avon in its sole discretion. An Avon Leadership Representative who has attained and maintained a position of achievement of Unit Leader or above for at least six consecutive months is eligible to seek approval from Avon to sell, assign or transfer her Avon business under the following terms and conditions:

1. The Seller must first offer her Avon business for sale to the immediate Upline Representative, if one exists. If the immediate Upline Representative is not interested in acquiring the business, then the Seller must then offer the business to other Upline Representatives, if any, within the same Leadership line. In the event the Seller has no Upline Representative, or no Upline Representative elects to purchase the business, then the Seller is free to offer her business for sale to another Leadership Representative (including a Downline Representative in her Unit) who has been an Avon Representative for at least one year and has attained and maintained a Position of Achievement of Unit Leader or above for at least six consecutive months, on the same terms and conditions the business was offered to the Upline Representative(s).
2. In the event the business is purchased by an Upline or Downline Representative, the additional Representatives from the Buyer's business will not contribute to the Buyer's Position of Achievement until thirteen campaigns following the campaign of purchase. If the Buyer is in a different Leadership line, the Buyer will relinquish all rights to her original Leadership Unit. Leadership businesses in different Leadership lines cannot be merged. In

addition, a Representative may not be enrolled in two Leadership Units simultaneously.

3. Avon reserves the right to obtain written, notarized evidence that the appropriate Upline Representative(s) have been offered the opportunity to purchase the business and declined. Avon further reserves the right to approve or disapprove any proposed sale in its sole discretion, and to review and approve all conditions of the sale, transfer or assignment of the business.

THE LEADERSHIP REFERENCE GUIDE

The Leadership Reference Guide is your first source for answers to any questions you may have about the Leadership Opportunity. You'll need to read through this guide to ensure a complete understanding of the Opportunity as well as Avon's Policies and Procedures.

mark Representatives who wish to participate in the Leadership Opportunity must convert to traditional core Avon Representatives. Consult your Upline Representative or District Sales Manager for more details.

THE LEADERSHIP OPPORTUNITY INCLUDING, BUT NOT LIMITED TO QUALIFICATIONS, METHOD OF PAYMENT FOR ORDERS, SALES EARNINGS PLANS AND LEADERSHIP BONUSES, MAY BE MODIFIED OR DISCONTINUED AT THE SOLE DISCRETION OF AVON AT ANY TIME. THROUGHOUT THIS GUIDE, ALL REFERENCES TO HE/SHE, HIS/HER SHALL REFER TO BOTH.

The Leadership Qualification Process

The Leadership qualification process begins the first time you choose “Leadership Bonus” as your recruiting reward on the contract of a new Representative whom you and your District Sales Manager or upline Leadership Representative have appointed in your presence.

The next step in the Leadership qualification process is to order the Leadership Kit which contains everything you need to get off to a Fast Start in Leadership. By ordering the Leadership Kit, you are eligible to begin ordering Avon Appointment Kits in the same campaign in which you order the Leadership Kit.

The Appointment Process

The appointment process is easy for all Representatives to duplicate with others—even new Representatives like you and those that you will be appointing in the future!

Be sure to follow each page in the Getting Started booklet with your new recruit. This will ensure that you are properly interviewing her, sharing the Avon Opportunity with her, establishing her goals and dreams, and properly training her.

Encourage all of your new recruits who want to engage in Avon's total business opportunity—**Selling** the products, **Sharing** the opportunity, **Showing** others how to do the same thing—to order the Leadership Success Kit in their very first campaign as an Avon Representative.

Leadership Bonuses

Unit Leader Qualifications

When you meet specific requirements, both personally and as a total unit, you will achieve the position of Unit Leader. You will then be eligible to receive bonuses on the sales of your unit members whom you have personally appointed and trained.

The specific requirements to achieve Unit Leader status are:

1. **Purchase either the Basic Career Start-Up Kit or the Career Start-Up Kit**
2. **Meet all performance requirements:**
 - 5 active recruits⁵
 - Personal Award Sales of at least \$250 per campaign
 - Total Unit Sales of at least \$1,200 per campaign

You will be titled Unit Leader in the campaign in which you achieve all of these Unit Leader qualifications. If you achieve all Unit Leader Qualifications except ordering the Leadership Kit:

- You will be titled Unit Leader and earn at the Unit Leader level for only the one campaign in which you achieve your title.
- If you do not order a Leadership Kit in the very next campaign, you will receive no future Unit Leader bonuses until either Kit is ordered.

⁵ An active recruit is a Representative who has submitted an on-time order in a campaign.

- Failure to order the Leadership Kit by the 6th campaign after you are titled a Unit Leader will result in your removal from Leadership.

If you have achieved all of the above qualifications, congratulations! You are now eligible to start earning Leadership bonuses on the sales of your unit members! Consult the Leadership Earnings Chart in this Guide for the appropriate bonus percentages.

If you have **not** achieved any of the above requirements, consult your District Sales Manager or Upline Representative for guidance to help you reach your Leadership bonuses.⁶

- Leadership Bonuses
- Recruiting
- Recruiting Reward Options
- 3-Way Link
- Performance Bonus Points
- Position of Achievement Bonus Chart

Bonuses

Once you become a Unit Leader or above, you are eligible for bonuses earned as a result of your own personal appointing and training efforts. These include earnings of 1% to 12% of the Leadership sales of your unit members' paid orders of \$100 or more in Award Sales within a given campaign. Please refer to the chart on page 132 for more details and to page 135 for a definition of Leadership sales.

⁶ If a new Leadership Representative has less than 5 recruits after the first 13 campaigns they will be removed from the Leadership Opportunity and will lose their Downline. Please refer to "Removal from the Leadership Opportunity" in the Policies and Procedures for more details.

Recruiting

Leadership Representatives are required to personally appoint their First Generation, as well as train, develop and monitor their entire units. All appointments must be conducted face-to-face by using the approved Appointment Kit and/or supplies, and the recruit must pay the required appointment fee. In addition, "Free Appointments" can only occur during a company-sponsored promotion. Be sure to read and study the Leadership Policies and Procedures. Any violation of these Policies could result in immediate removal from the Leadership Opportunity.

Recruiting Reward Options

Leadership Representatives may choose to provide a prospect name to any Representative within their downline who has purchased the Leadership Kit, when it is difficult for them to personally appoint, train, motivate and mentor a new recruit because of problems of geography, health or travel/work conflicts. In that event, the actual appointment maker will receive the First Generation Leadership bonus for the new recruit, and the original Leadership Representative will receive a Second or Third Generation Leadership bonus. Leadership Representatives are not permitted to abuse this provision. In order to "build" units for members of their Downlines.

When a Leadership Representative can neither personally appoint a new Representative nor provide the prospect's name to an appropriate Downline Representative, the District Sales Manager will make the appointment of the new Representative. In that event, the recommending Leadership Representative will select a standard recruiting award. The new Representative will not be part

of the Leadership Representative's Downline and the Leadership Representative will not be eligible for Leadership bonuses from this new Representative.

3-Way Link

You and any of your First Generation non-Leadership Representatives can both receive credit for recruiting new Representatives when the following occur:

- Your First Generation non-Leadership Representative knows someone who wishes to sell Avon and shares the prospect's information with you.
- You personally appoint the prospect.
- The new Representative submits a paid order of at least \$50 in her first or second campaign. The non-Leadership Representative will then receive the standard recruiting reward of her choice.
- The new Representative submits a total of \$350 or more in Award Sales within her first 3 campaigns. The new Representative will then be linked to your First Generation and you will receive a Leadership bonus. (If the new Representative does not submit a total of \$350 or more in Award Sales within her first 3 campaigns, you will not receive a Leadership bonus and the new Representative will not be linked to your First Generation.)

Leadership Representatives may not use any type of reward other than the 3-Way link to encourage their Downline to forward leads to them, thus ensuring fairness and consistency in the way the Avon Opportunity is promoted across the country and the manner in which Representatives are recognized for their recruiting efforts.

Performance Bonus Points

Once you achieve the Unit Leader position, you receive 250 Performance Bonus Points. These may be used to supplement your sales, when necessary, to meet the \$250 Personal Award Sales qualifier. These points are not used in calculating earnings, do not count toward Unit Award Sales requirements, and do not count toward qualification for a higher Position or Achievement.

Performance Bonus Points are automatically redeemed based on availability. For example, if in one campaign your sales totaled \$200, you could use 50 of these bonus points to make up the difference (4200 plus 50 bonus points = \$250 Personal Award Sales qualifier), provided you met all other performance requirements for your level of achievement in any given campaign. This would then qualify you to receive your Leadership bonus earnings for that campaign. You would not, however, be eligible to advance to a higher Leadership position in that same campaign.

Performance Bonus Points are awarded as follows:

Position of Achievement	Performance Bonus Points
Unit Leader	250
Advanced Unit Leader	600
Executive Unit Leader	1,400
Senior Executive Unit Leader	1,600

Please note the following: Performance Bonus Points are not cumulative. After they are paid out, you are responsible for again building up your account. Your Personal Award Sales must be in excess of the Personal Award Sales required for your level. Any excess will be added to your account as points for future use, up to the maximum for each level.

The following chart outlines the bonus opportunity at each Position of Achievement within the Leadership Opportunity.

	Personal Award Sales	Minimum # Recruits	Total Unit Sales Requirement	Minimum Order Size to Earn	Bonus
Unit Leader	\$250	5	\$1,200	\$100 \$150 \$315 \$625	3.0% 5.0% 6.0% 7.0%
			2nd Generation	\$100 \$150	0.5% 1.0%
Advanced Unit Leader	\$300	12 including 2 Unit Leaders	\$4,000	\$100 \$150 \$315 \$625	3.0% 6.0% 7.0% 8.0%
			2nd Generation	\$100 \$150	1.0% 2.0%
			3rd Generation	\$100 \$150	0.5% 1.0%
Executive Unit Leader	\$350	20 including 6 Unit Leaders	\$17,500	\$100 \$150 \$315 \$625	3.0% 8.0% 10.0% 12.0%
			2nd Generation	\$100 \$150 \$315 \$625	1.5% 3.0% 4.0% 5.0%
			3rd Generation	\$100 \$150	1.0% 2.0%
Senior Executive Unit Leader	\$400	20 including 9 Unit Leaders, 2 of whom are Executive Unit Leaders	\$40,000	\$100 \$150 \$315 \$625	3.0% 8.0% 10.0% 12.0%
			2nd Generation	\$100 \$150 \$315 \$625	1.5% 3.0% 4.0% 5.0%
			3rd Generation	\$100 \$150	1.0% 2.0%

Avon reserves the right, in its sole discretion, to change these levels and any Leadership requirements at any time.

Leadership bonuses are earned on any Downline member's first paid order regardless of order size. Bonuses are paid on the second, third and fourth consecutive campaign orders of \$50 or more, and the fifth and all subsequent campaign orders of \$100 or more.

Senior Executive Unit Leaders earn an additional 2% on the Total Unit Leadership Sales of each First Generation Executive Unit Leader's unit. In addition, the Senior Executive Unit Leader is eligible for an executive cash bonus of up to \$400 per campaign (\$150 for the initial First Generation Executive Unit Leader performing at that level and \$50 for each additional up to a maximum total of six).

National Leadership Hotline

1-800-468-4600

The National Leadership Hotline is an information resource whose main purpose is to address any questions necessary to complete a new Representative contract. Its secondary purpose is to help you address Leadership policies and procedures when making a new appointment. That's why you must always tell the operator your Position of Achievement.

This hotline cannot be used for any other purpose.

How to Use the Hotline

When you are conducting an interview or appointment, it is crucial to establish a relationship with the new Representative and to create a partnership with the appropriate District Sales Manager. Use the National Leadership Hotline to identify the appropriate District Sales Manager for your new appointment.

Call that District Sales Manager before and after the appointment has been made.

Leadership Earnings Statement

Once you have registered at **www.yourAVON.com**, you will receive your online Leadership Earnings Statement at the close of each campaign. You will continue to receive your check via the mail until you choose to register online for free Leadership direct deposit of your Leadership bonus check into your checking or savings account. The direct deposit enrollment form will automatically pop up on your screen when you enter **www.yourAVON.com** or you can find it under your profile. You will then want to enroll right away as an eRepresentative and subscribe to the Downline Manager Reporting System. All the facts about this program are outlined in the Show tab of this planner, along with the complete printable Downline Manager Reference Guide found at **www.yourAVON.com**.

The following example of an actual C-14 Leadership Earnings Statement shows you how to locate the information you need to know.

- 1. Position of Achievement and current Performance Level:** When a * follows your Position of Achievement, a message will appear to alert you that you are at risk of losing your title. The number appearing next to the * equals the number of campaigns of non-performance. See page 34 of this guide for more information.
- 2. Total Bonus Earnings Paid and Total Check Amount:** Your check amount equals your Total Bonus Earnings from the prior campaign, less any balance due to Avon, plus any earnings held from a prior period (i.e. earnings less than \$10 or past due three or more campaigns).
- 3. First, Second and Third Generation:** Entire unit listed.

4. **Titles at Risk:** A * will appear next to the name of any Unit Leader and above who is at risk of losing her title due to non-performance at her level of achievement. The number appearing next to the * equals the number of campaigns of non-performance.

5. **Title:** For each member in your unit, i.e., Leadership, President's Club, Beauty Advisor, **mark** and Online.

6. **Past Due:** Listed by number of campaigns. For example:
 - 1 = 1 campaign past due
 - R = Removed (removals are shown on your statement for 13 campaigns).
 - 3R = 3 campaigns past due and removed.
 - AR = Removed and is 10 campaigns past due.
 - BR = Removed and is 11 campaigns past due, and has gone into collection.

7. **Award Sales:** For the current campaign, to determine earnings % level and total points.

8. **Leadership Sales:** The amount your bonuses are based upon. Bonuses are paid on a common bonus value: Customer sales @ Customer price minus 40%. You are not paid on Representatives' earnings, demos, sales aids or returns. (There may be exceptions to this rule, e.g., Breast Cancer Awareness products will not count toward Leadership sales.)

9. **Earn %:** The current bonus percentage used in calculating earnings.

10. **C-15 Potential Leadership Earnings:** Will be paid when a unit member's order is paid in full and will be reflected on your next Leadership statement.

11. **Total Bonus Earnings Paid:** From previous campaign earnings (see #2 above).
12. **Campaign and Honors Cycle-to-Date Summary Totals:** Recognition information.
13. **Total Bonus Earnings Paid:** For this campaign.
14. **Year-to-Date Bonus Earnings Paid**
15. **Performance Points:** Including points added, points deleted and total points.

C-14 Total Bonus Earnings Paid: \$3,285.58 Total Check Amount: \$3,285.58		1 Position of Achievement: Executive Unit Leader *4 Performance Level: Advanced Unit Leader Account Number: 0000 00000-000		Leadership Earnings Statement Earnings For: C-14, 2000 Check Date: 06/22/00 Executive Unit Leader *4 ADRIENNE STRAUSS 123 POTOMAC ROAD NEW BRUNSWICK, NJ 07200				
3 1ST-2ND-3RD GENERATION	TELEPHONE NUMBER	4 TITLES AT RISK	5 PAST DUE	6 AWARD SALES	7 LEADERSHIP SALES	8 EARN %	9 C15 POTENTIAL LEADERSHIP EARNINGS	10 TOTAL BONUS EARNINGS PAID
JEAN ABUEVA	(179) 555-9765	-	1	336	221	7	15.47	-
ELLEN ACOSTA	(130) 555-9405	-		NO	-	-	-	-
SUSAN ADORACION	(885) 555-9785	-	BR	-	-	-	-	-
URSULA ADAMES	(497) 555-9608	-	-/RC 2	2,365	1,273	8	101.84	106.56
SANDY ADAMES	(847) 555-9380	-	5R	755-	552-	8	44.16-	-
BUNNY ARLINGTON	(212) 555-1701	-	1	590	306	8	24.48	-
IVER ASHE	(200) 555-1920	-	-/UL/HS 2	728	415	8	33.20	66.72
GRACE A. BOUNDS	(154) 555-2054	-	BR	-	-	-	-	-
LILLIAN J. BANAL	(564) 555-9544	-	BR	-	-	-	-	-
DOROTHY A. DIVINE	(444) 555-4444	-	4R	-	-	-	-	-
STEPHANIE DEER	(029) 555-5029	-	3	352	218	2	4.36	-
MARIA MARIA	(207) 555-6267	-	3	NO	-	-	-	-
JOY MERCY	(271) 555-6267	-	-/HS 3	881	272	2	5.44	36.00
JEB MORAITO	(750) 555-8750	-	3	3,057	1,760	2	35.20	-
LISA A. PEREZ	(224) 555-9004	-	-/PC 3	2,782	1,351	2	26.70	48.35
AURORA SIMBAHAN	(359) 555-1999	-	4R	-	-	-	-	-
TOTALS FOR CAMPAIGN 14				91,790	51,291		2,027.25	3,285.58
GRAND TOTAL								3,285.58
CAMPAIGN 14 SUMMARY TOTALS:		HONORS CYCLE-TO-DATE SUMMARY TOTALS:						
UNIT MEMBERS AWARD SALES	\$91,790	UNIT MEMBERS AWARD SALES	\$1,315.847					
PERSONAL AWARD SALES	\$4,080	PERSONAL AWARD SALES	\$13.337					
UNIT MEMBERS AWARD SALES	\$95,870	UNIT MEMBERS AWARD SALES	\$1,329.184					
13 TOTAL BONUS EARNINGS PAID	\$3,285.58	14 YTD BONUS EARNINGS PAID	\$36,205.72					
PERFORMANCE POINTS ADDED	15 0	PERFORMANCE POINTS TOTAL	1,000					

Printing and Saving the Online Leadership Earnings Statement

To find your statement on **www.yourAVON.com**, go to the **Manage** tab, and then click on **Representative Reports**.

You must either print and/or save each campaign's online Leadership Earnings Statement before the campaign updates and the end of the Mail Plan 10 or you will not have a copy of your online statement. When the next campaign updates, it erases the prior campaign's statement, and neither you nor Avon will be able to retrieve it.

While viewing the report (and you can be on any page of the report), do the following to print it in its entirety:

First, make sure that your paper orientation is **Landscape**.

Select **File**, and then click on **Page Set-up**.

On the next window, click on **Landscape**.

To Print Report

Select **File** from the menu bar, and then select **Print**.

If you are prompted to select how to print frames, make sure you click on **Only the Selected Frame**, and then click **OK** and the report will print.

To Save A Report

First select the report you wish to save (e.g., Earnings Statement).

When viewing the Earnings Statement, right-click your mouse to get the drop-down window.

In the drop-down window, select **View Source**.

After selecting View Source, the document is show in TXT (text) format.

Select **File**, and then select **Save As**.

Then close the WordPad window.

The report can be saved on your hard drive, a diskette, CD-ROM or ZIP drive.

Enter the **Drive** and then the **Directory** where you'll save the report. Then click **Save**.

Close the WordPad window.

To View The Saved Report

Go to Windows® Explorer and select the file you saved.