

CODE OF CONDUCT 2017

SECTION 1 – GENERAL

The “Direct Selling Code of Conduct” (hereinafter referred to as the “Code”) has been drawn up and adopted by AVEDISCO – Associazione Vendite Dirette Servizio Consumatori (the Italian Direct Selling Association) – so as to promote high standards of business ethics in the Direct Selling industry.

The rules established in the Code provide all industry professionals and operators with a series of specific rules of conduct: the Code is not only a tool for international and national self-regulation, but also a reference document providing useful guidelines for law-makers.

The ultimate aim of the rules is to create an awareness of the responsibilities empowered in Direct Selling among all parties involved in such business and lay down stringent rules governing competition among the member Companies and their relations with AVEDISCO.

The provisions of this section are generally valid with regard to the whole scope of the Code.

1.1 Scope

The Code sets ethical conduct principles for Direct Sales Companies and Direct Sellers.

All direct sales professionals and operators must strictly comply with the principles of fair competition, in particular with regard to:

- the direct or indirect relations of the Companies and their Direct Sellers with Consumers;
- the relationships of the Companies with their Direct Sellers;
- the relationships between the Direct Selling Companies;
- the relationships between the Association's members.

1.2 Glossary of terms

For the purposes of this Code:

1. ‘Direct Selling’ means any selling method which is based on the explanation or demonstration and proposal of products to a Consumer by Companies with the intermediation of a ‘Direct Seller’. Such sales take place at the end Consumer’s home or on any premises where the consumer may be, albeit temporarily, for personal reasons or for work, study, entertainment or leisure purposes.
2. ‘Consumer’ means any natural person who buys products or services for his/her own personal use, and anyhow with purposes which can be regarded as outside his trade, business or profession.
3. ‘Direct Selling Association (DSA)’ means any national Association of Direct Selling Companies which represents the direct selling industry in a European Country and which is a member of The European Direct selling Association (Seldia) and the World Federation of Direct Selling Associations (WFDSA).
4. ‘Direct Selling Company’ means any business entity which markets products associated with its or third parties trademark or any different identifying symbol/label through a distribution system based on Direct Selling and which is a member of a DSA.
5. ‘Distribution System’ means any organization and method designed for the marketing of products or services in a Direct Selling supply system.
6. ‘Direct Seller’ means any natural or legal person who is member of the distribution system of a Direct Selling Company and who, directly or indirectly, intermediates in the sale of products or services of that Company away from business premises.
7. ‘Product’ means any goods, tangible or intangible, or service.
8. ‘Party selling’ means Direct Selling to a group of Consumers invited by a host to that end.
9. ‘Order form’ means any document used to collect an order.
10. ‘Recruiting’ means any activity conducted for the purpose of offering a person the opportunity to become a Direct Seller.

11. 'Compensation' means any, direct or indirect payment matured by a Direct Seller, in the form of fixed or variable commissions, success fees, bonuses or other methods.
12. 'Selling Aids' means any goods or services aimed to support the Direct Seller in his/her business activity. Such tools may be sold or made available complimentary to the Direct Sellers and cannot be re-sold to Customers.
13. 'Disbursement' means any cash payment or consideration paid in to purchase selling aids; whether in the case of a one-off from at the time when the Direct Seller becomes involved in the distribution system of a Direct Selling Company, whether it is provided on a recurring basis.
14. 'Code Administrator' means an independent person or body appointed by a DSA to monitor member companies' observance of the DSA's code and to resolve complaints under the code.

1.3 Associations

Every DSA pledges to adopt a Code of Conduct that incorporates the substance of the provisions of the Code, as a condition of its admission and continuing membership in Seldia.

1.4 Companies

Every AVEDISCO member Company pledges to abide by the Code as a condition of admission and continuing membership in the Association. Every member Company shall be required to promote to the public its affiliation to the Association and the Code.

1.5 Direct Sellers

Member Companies shall require their Direct Sellers to follow the Code or rules of conduct meeting its standard as a condition of membership in the Companies' distribution systems. To such extent Companies commit to disseminate the Code by appropriate and suitable means.

1.6 Self-regulation

The Code is a measure of self-regulation by the Direct Selling industry. It is not a 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. After termination of its membership in AVEDISCO, a Company is no longer bound by the Code, the provisions of which remain applicable only to prior events or transactions.

1.7 Law

Companies and Direct Sellers are bind to comply with the requirements of law and therefore the Code does not depict all legal obligations.

1.8 Standards

The Code contains standards of ethical behaviour for Direct Selling Companies and Direct Sellers and may be amended to adapt to new legislation.

1.9 Territorial Application

Companies and Direct Sellers are also committed, before commencing commercial and recruitment activities in a foreign Country to taking all necessary measures to comply with local legislation and with the Code of Conduct of the Local Association; in the absence of the latter, to abide to the Code of Conduct of the World Federation of Direct Sales Associations (WFDSA).

SECTION 2 - COMPANIES AND DIRECT SELLERS'S CONDUCT TOWARDS CONSUMERS

The purpose of this section is to achieve Customer Satisfaction and Protection, to promote fair competition in the context of free enterprise and to improve the public image of Direct Sales, that is, the sale of quality products to Consumers at fair terms and conditions.

2.1 Prohibited Practices

Companies and their Direct Sellers are committed to carrying out their business and promotional activities while respecting the principles of fairness and transparency: they must not, therefore, use misleading, deceptive or unfair sales practices.

2.2 Identification and Demonstration

Since the beginning of the contact with a Consumer, Direct Sellers shall identify themselves and their Company 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. The ID card issued by the Company, as required by law, after notification to Police Authority, shall always be displayed in a visible manner.

Prior to the conclusion of the sale, Direct Sellers must also provide, in addition to an explanation and/or a demonstration of the product, the following information, which may be embodied into the order form:

- a. full name and address of the Company, telephone number, fax number and e-mail address, and if different the address where the Consumer can address any complaints;
- b. the main features of the products offered;
- c. the price of the products, including all taxes;
- d. the delivery costs, if any;
- e. the terms of payment, the conditions of the credit;
- f. the delivery terms;
- g. the existence of a right of withdrawal, cancellation or replacement, and the means of obtaining it, including any costs of restitution;
- h. the indication of the statutory compliance guarantee, the terms of any additional warranties to the law, provided by the Company;
- i. the conditions of after-sales service;
- j. the existence of this Code and where to find it;
- k. the possibility of using an extra-judicial complaint and remedy mechanism (ADR) and conditions for access;
- l. a clear reference to the provisions of the Consumer Code on Consumer Rights in Contracts.

The information given to the Consumer shall be provided in a clear and comprehensible manner with due regard to the principles of good faith in commercial transactions so that the Consumer may understand the nature of the offer and the obligation undertaken with an order. Special attention shall be given to the principles governing the protection of those who are unable, pursuant to national legislation, to give their consent, such as minors.

2.3 Presentation of the offer

Direct sellers shall employ due diligence in helping the Consumer assess the nature of the offer, ensuring that the Consumer fully understands the information and giving him/her enough time to carefully assess the contract as a whole. Product demonstration have to be carried out bearing in mind the needs of the individual Consumer.

Promotional literature or offers sent by mail must not contain any misleading or deceptive descriptions, statements or illustrations and must state the Company's name and address or telephone number.

2.4 Verbal Promises

Direct Sellers must not, during contacts with the Consumer, make statements or demonstrations that, directly or implicitly, due to omission, ambiguity or exaggeration, may mislead the Consumer on the terms of the offer.

2.5 Answers to Questions

Direct Sellers shall give accurate and understandable answers to all questions from Consumers concerning the product and the offer.

2.6 Fairness

Direct Sellers shall not abuse the trust of individual Consumers, nor misuse the lack of commercial experience of Consumers and shall not exploit a Consumer's age, illness, mental or physical infirmity, credulity, lack of understanding or lack of language knowledge.

2.7 Testimonials

All attestations and testimonials must be true and authorized by the subjects who have issued them.

You should not use of obsolete or no longer valid testimonials, not related to the offer, or which in any way may mislead the Consumer.

You should not refer to testimonies that are not original and do not concern the direct experience of the people who have released them.

2.8 Comparison and Denigration

Companies and Direct Sellers shall refrain from using comparisons which are likely to mislead or which are incompatible with principles of fair competition. Any comparison points must be honestly chosen and must be based on facts that can be tested as contemplated in the applicable comparative advertising legislation. Companies and Direct Sellers shall not denigrate any Firm 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 Firm or product.

2.9 Respect of Privacy

Companies and Direct Sellers must ensure that the personal data of the Consumer is processed in accordance with the rights, fundamental freedoms and dignity of the person, with particular reference to confidentiality and personal identity.

Personal, telephone or electronic contact shall be made in a reasonable manner and during reasonable hours to avoid intrusiveness, and following the relevant national legislation where applicable.

A Direct Seller shall discontinue a demonstration or sales presentation upon the request of the Consumer.

Companies and Direct Sellers shall take appropriate steps to ensure the protection of all private information provided by actual or prospective customers.

Business opportunities of companies are open to prospective direct sellers without discrimination of gender, race, ethnic group, group of religious or spiritual significance, or political opinion. Companies shall prohibit in writing any kind of mix between the business and one or more aforementioned elements of private life.

2.10 Order Form

An order form shall be delivered to the Consumer at the time of sale, which shall identify, in a clearly legible manner, the Company and the Direct Seller and provide the Consumer with the full contact details of the Company and where applicable the Direct Seller, and all material terms of the sale (corresponding to 2.2).

2.11 Right of withdrawal and Return of Goods

Companies and Direct Sellers shall make sure that any order form, sale contract or any attached document used for cash or credit sales contains a right of withdrawal during a period that is at least the one provided by law, including the right to obtain reimbursement of any payment or deposit of any kind.

Companies that offer more favourable terms, such as unconditional right of return of goods with full refund or replacement at the Consumer's choice, must express this guarantee in writing and in non-ambiguous terms.

2.12 Guarantee and After-Sales Service

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

2.13 Referral Selling

Companies and Direct Sellers shall not induce a Consumer to purchase products based upon the representation that he/she 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.

2.14 Performance

Any order shall be executed as quickly as possible and 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. In that case, Consumers may either:

- obtain a refund of any sums they have paid as soon as possible and in any case within 30 days, or
- receive from the Company or Direct Seller products of equivalent quality and price, where this possibility was provided for prior to the conclusion of the contract or in the contract itself.

2.15 Product safety

The information provided with the product must include accurate and detailed information as to its use and, where relevant, detailed safety guidance.

2.16 Complaints

Direct selling Companies and Direct Sellers must intervene timely to equitably solve any complaint or grievance filed by the Consumer and in particular those concerning correct order execution.

Should a Consumer complain about a Direct Seller's behaviour, the Company is to immediately investigate and take the necessary steps to correct any anomalies that might emerge.

A specific procedure has been drawn up by the AVEDISCO Board of Directors to facilitate complaint resolution.

SECTION 3 - CONDUCT BETWEEN COMPANIES AND DIRECT SELLERS

This section concerns the relations between Direct Selling Companies and Direct Sellers and between Direct Sellers themselves. The purpose of the section is the protection of Direct Sellers, the promotion of fair competition in the framework of free enterprise, the ethical representation of the Direct Selling industry's earning opportunity and the enhancement of the public image of Direct Selling.

3.1 Compliance to the Code

Companies shall divulge the contents of the Code to all their Direct Sellers and require them, as a condition of membership in the Companies' distribution systems, to comply with the Code or with rules of conduct which meet its standards.

Companies also pledge to take all necessary steps to prevent and, if necessary, put an end to any action, behaviour or conduct of their Direct Sellers amounting to a breach of this Code.

3.2 Recruiting

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

3.3 Business Information

Information provided by the Company to its Direct Sellers and to prospective Direct Sellers concerning the opportunity and related rights, obligations, typical costs and expenses shall be accurate and complete. The Company's marketing and compensation plan shall be transparent, understandable and not misleading. Companies shall not make any factual representation to a prospective recruit which cannot be verified or

make any promise which cannot be fulfilled. Companies shall not present the advantages of the selling opportunity to any prospective recruit in a false or deceptive manner.

3.4 Earnings

Earnings of a Direct Seller other than fixed payments shall relate to his own sales to Consumers and to similar sales made by Direct Sellers for whom he has support and motivation responsibilities. Purchases in reasonable amounts for personal use or consumption made by a Direct Seller and the Direct Sellers for whom he has such responsibilities may also serve as a basis for his earnings.

The discount percentage of these purchases granted by the Company to the seller should not allow him to perform unreported sales.

Companies and Direct Sellers shall not misrepresent the actual or potential sales or earnings of their Direct Sellers. Indications given to potential Direct Sellers as to earning expectations shall be realistic and accurate. Any earnings or sales representations made shall be based upon documented facts and shall not only refer to random outcomes.

3.5 Relationship

The relationship between the Company and the Direct Seller must be proved in writing, and shall contain all essential details of the relationship. Companies shall inform their Direct Sellers of their legal obligations, including any applicable licenses, registrations, taxes and contribution due.

Companies and Direct Sellers shall not misuse a Direct Seller's private sphere, resulting in exploitation of his/her social, intellectual or emotional sensitivities.

3.6 Right of Withdrawal

The Direct Seller shall have a period of at least 10 business days from the date of the written agreement to withdraw from his membership without penalty and without giving any reason. Direct Seller must inform the Company in writing of his decision to withdraw.

Where the right of withdrawal has been exercised by the Direct Seller, the Company shall buy back all products and business aids that the Direct Seller may have purchased at the start of his activities. The Company shall reimburse with no deduction all sums paid by the Direct Seller. The Company shall however not be obliged to buy back products and business aids if they are not in their original, new and unused condition.

3.7 Fees

Companies and Direct Sellers shall not require Direct Sellers or prospective Direct Sellers to assume high unreasonable registration fees, training fees, fees for promotional materials or other fees related solely to the right to participate or remain in the Company's business.

Other than the starter kit, Companies and Direct Sellers shall make no requirement to purchase any products to start up in the Company's business. The supply of peripheral or accessory products or services shall not be a profit center for the Company or a Direct Seller.

Companies and their Direct Sellers shall not allow practices whereby a Direct Seller pays a fee to participate in the distribution system of a Direct Selling Company, and receives earnings based on fees paid by additional Direct Sellers introduced by him into that distribution system.

Any fees charged to become or maintain or train as a Direct Seller shall relate directly to the value of the materials, products or services provide in return.

3.8 Product Inventory

Companies shall not require or encourage Direct Sellers to purchase a product inventory, nor force the purchasing of products.

3.9 Buy back

Notwithstanding the Direct Seller's right of withdrawal (3.6), should a Direct Seller decide to terminate his relationship with the Company for any reason, the Company shall buy back all products purchased which are still saleable. The terms of this buy-back will be that the Direct Seller will receive a minimum of 90% of the purchase price, less any earnings or benefits received by the Direct Seller based upon the purchase of the products being returned. The Company shall, however, not be obliged to buy back products if:

- a. they are not in their original, new and unused condition or sealed;
- b. they are no longer commercially re-saleable because their sell-by date is expired or out of stock.

This buy back policy must be clearly communicated to Direct Sellers.

3.10 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 custom.

3.11 Education and Training

Companies shall provide adequate education and training to enable Direct Sellers to operate ethically and professionally. Training may be accomplished by sessions, printed manuals, guides, or audio-visual material supplied free of charge or at a reasonable price.

Companies shall not use training programs as a profit center.

3.12 Respect of Privacy

Companies and Direct Sellers shall contact only in a tactful manner and during reasonable hours to avoid intrusiveness, in full and absolute respect of the law in this matter. Direct sellers and Companies shall take appropriate steps to ensure the protection of all private information provided by a Consumer, by a potential Consumer, or by other Direct Seller.

3.13 Other Materials

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

Direct Sellers who sell Company approved promotional or training literature, whether in hard copy or electronic form, shall:

- a. utilize only materials that comply with the same standards to which the Company adheres;
- b. refrain from making the purchase of such sales aids a requirement to be recruited;
- c. provide sales aids at a reasonable and fair price, equivalent to similar material available generally in the marketplace;
- d. offer a return policy that is the same as the return policy of the engaging Company.

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

SECTION 4 - CONDUCT BETWEEN COMPANIES

The present section concerns the relations between Direct Selling Companies members of AVEDISCO in order to promote a fair competition in the framework of free enterprise and to enhance the public image of Direct Selling.

4.1 Principle

Member Companies of AVEDISCO are requested to act fairly towards other members. Therefore they are bound to avoid actions, activities or behaviours which are, however, capable of causing damage, even concerning their image, to another Company either directly or through their Direct Sellers.

4.2 Enticement

Companies and Direct Sellers must not solicit other Company's Direct Sellers by the way of systematic enticement actions.

4.3 Denigration

Companies shall neither denigrate nor allow their Direct Sellers to unfairly denigrate another Company, its products, its sales and marketing/compensation plan or other distinctive trait of any member Company.

4.4 Social Solidarity

The Companies undertake to provide within membership contest every information which might prove useful for the development of the Direct Selling industry and shall do all they reasonably can, save their own autonomy, to take a common stand when confronting external problems and interventions.

Relations between the member Companies must be informed by principles of social solidarity such as:

- preventive consultation for initiatives which may impact on or interfere with the activity of other members;
- preventive confrontation, be this directly or via AVEDISCO, about any potential cause of conflict;
- referral to conciliation and arbitration of any possible cause of conflict, as foreseen by the AVEDISCO Articles and Bye-Laws.

SECTION 5 - CODE ENFORCEMENT

5.1 Companies' Responsibility

The primary responsibility for the observance of the Code shall rest with each individual Company. In case of any breach of the Code, Companies shall make every reasonable effort to remedy and settle the claim.

Each member Company and pending member Company is required to designate an internal job position to become responsible for facilitating compliance with the Code and responding to inquiries by Code Administrator.

He or she will also serve as the primary contact at the Company for communicating the principles of the AVEDISCO Code of Ethics to their Direct Sellers, Company employees, Customers and the general public.

5.2 AVEDISCO Responsibility

AVEDISCO undertakes to make every reasonable effort to satisfy complaints and settle any dispute that may be left unresolved by means of a specifically designated person or body.

5.3 Code Administrator

AVEDISCO shall appoint an independent person or body as Code Administrator to monitor by appropriate actions Companies' observance of the Code. The Code Administrator shall settle any unresolved complaint based on breaches of the Code and shall draw up an annual report on the management of the Code.

5.4 Actions

Remedial actions that must be enforced by Companies, even upon AVEDISCO or Code Administrator's direction, may include: cancellation of orders, return of purchased products, repayment of payments or other appropriate actions, including warnings to Direct Sellers, cancellation or termination of the contracts of the Direct Sellers or of any other business relationship with the Company, Company admonition, financial penalties, expulsion from the Association and the publication of such actions and sanctions.

5.5 Complaint Handling

Companies, AVEDISCO and Code Administrator, in order to process the complaints and to establish the consequent corrective actions, shall operate according to the criteria set out in the appropriate procedure prepared by the AVEDISCO Board of Directors.

5.6 Publication

This Code is made public by AVEDISCO which undertakes to convey it free of charge as widely as possible.

5.7 European Code Administrator

A European Code Administrator is established which consists of a Committee of four members appointed by the Board of Seldia. Three of them are from the Direct Selling sector, while the fourth member, who acts as Chairman, is independent from the sector.

The Executive Director of Seldia is ex officio Secretary of the Code Administrator.

The European Code Administrator can take one of the actions mentioned in the next paragraph when the Consumer has his/her residence in a member state of the European economic Area (SEE or EEA) or a Company or a Direct Seller is active in one of the participating countries.

The European Code Administrator may:

- a. receive and decide on complaints from parties (Consumers, Direct Sellers, Direct Selling Companies, Consumer Associations, etc.) from one of the SEE countries without a DSA in membership of Seldia involving a direct selling Company in membership of Seldia or a DSA in membership of Seldia;
- b. receive and decide on complaints from parties related to cross-border transactions and involving a Direct Selling Company in membership of Seldia or of a DSA in membership of Seldia from one of the SEE countries;
- c. receive and decide on complaints from a DSA in membership of Seldia in one of the SEE countries involving a Direct Selling Company in membership of Seldia;
- d. receive and decide on complaints from DSAs in membership of Seldia from one of the SEE countries involving Direct Selling Companies in membership of WFDSA, the WFDSA CEO Council, or from DSAs not in membership of Seldia with the aim of reaching a conciliation with the aforementioned Direct Selling Companies, WFDSA and the involved DSA.

5.8 Information Gathering

Where, in response to a complaint, it is necessary to gather additional information to determine the points of facts and of rules concerning the case, the Code Administrator shall inform the Company concerned about the complaint and the its contents.

The Code Administrator may ask the Direct Selling Company involved and the claimant to supply further information.

Once the facts have been evaluated pursuant the rules set in this Code, no later than three months after the complaint has been received, the Administrator shall decide whether or not to proceed.

5.9 Procedures

If the Code Administrator considers that there may be an infringement of the Code, it shall address a request to the Company concerned to submit its observations within one month.

Within one month the Company has to adopt a position on the points of fact concerned the respect of Code, based on which the Code Administrator decides with regard to start the procedure.

In the light of the reply or absence of a reply from the Company the Code Administrator may decide to issue a decision, clearly and definitively setting out the reasons why it considers there to have been incompliance with the Seldia Code and calling on the Company to comply with the Code within 3 months.

The Board of Seldia may decide to make the opinion public, on proposal by the Chairman of the Code Administrator after a recommendation to that effect by the its members.

SECTION 6 – SANCTIONS AND FINAL DISPOSITIONS

6.1. Breach of Code

In the event of conduct in breach of Section 4 of this Code by a Company, also via its Direct Sellers, it shall have to resort to the Conciliation and Arbitration Commission (Commission) as per AVEDISCO Articles and By-Laws.

In the event of an action, activity or behaviour in breach of Sections 2 and 3 of this Code put in place by a Company, also by the means of its Direct Sellers, the Commission shall adopt the measures listed here below.

6.2 Procedure

The Commission notifies the breach to the Company involved, by PEC or registered mail with acknowledgment of receipt; said Company will be granted a term, established by the Commission itself, not inferior to 30 days, to prepare its defence and shall be entitled personally be heard should it request to. The Commission will have to ensure a proper cross-examination according to a procedure that will be specifically laid down on each separate occasion and be such as to ensure the parties' right of defence.

Should the breach be proved to have ground, the Commission shall communicate to the offending company the remedy decided and if any of the sanctions under 6.3, 6.4, 6.5 shall apply.

6.3 Reprimand

Should a Company breach the Code for the first time, it will be officially reprimanded in writing by the Commission, save for major instances when the sanctions specified here below may apply.

6.4 Censure

Should the Company reprimanded persist in the prohibited practice or violate the Code for the second time, the Commission may ask the AVEDISCO Board of Directors to censure the Company and impose a economical penalty from 1,000 to 25,000 Euro, said sum to be allocated to didactic activities, study, research, training or other AVEDISCO promotional activities.

6.5 Exclusion

Should the censured Company persist in the prohibited practice or violate the Code for the third time, the Commission may suggest that the AVEDISCO Board of Directors rule, besides the penalty from 5,000 to 25,000 Euro, the expulsion from the Association. In the event of expulsion for breach of the Code, the AVEDISCO Board of Directors may order the expulsion to be published in three newspapers with nationwide circulation, the expenses of this to be borne by the Company excluded from membership.