



ACN EUROPEAN SERVICES LIMITED

CODE OF PRACTICE – SALES AND MARKETING



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1. Purpose of the Sales and Marketing Code of Practice

ACN European Services Limited (“ACN”) is a duly incorporated company under the laws of England and Wales with its registered office address at 60 Cannon Street , London EC4 6NP.

ACN is a provider of telecommunications services in the United Kingdom and has, since April 2003, been providing Carrier Preselect (“CPS”) and, since January 2006, Line Rental (“LR”) telecommunications services to residential and small business customers in the United Kingdom. ACN is a wholly owned subsidiary of ACN, Inc, in the United States. The ACN group is the world’s largest direct selling telecommunications company offering highly competitive fixed line and mobile calling as well as Internet access to consumers and small businesses in North America, 15 countries in Europe and Australia.

In this document, “**Services**” refers to the provision of both CPS and LR services unless the context expressly indicated otherwise, and “**Customers**” indicates residential or small business customers who have agreed to receive one or more of Services from ACN from time to time, upon agreed terms.

ACN has prepared and published this Code of Practice regulating the sales and marketing activity with respect to the offer to provide the Services to Customers and prospective Customers (“**Code**”).

The objectives of this Code are as follows:

- to ensure good practice and responsible selling techniques are used in the sale and marketing of the Services;
- to assist Customers and prospective Customers to understand the Services being sold and marketed and the behaviour to be expected as good and proper practice from those engaged in the sale and marketing of those Services; and
- to provide Customers and prospective Customers with a standard of protection over and above those provided by the general law in relation to the practice of, and the techniques used in, the sale and marketing of the Services.

If you have any queries regarding the Code itself and if you believe that one of the principles laid down in this Code has not been complied with, then please contact our person responsible for Compliance matters directly.



This person is Ms Joelle Murer and her contact details are as follows:

Joelle Murer
Director, Compliance and External Relations
ACN European Services Limited
c/- ACN Europe B.V.
Adam Smith Building
Thomas R Malthusstraat 1-3
1066 JR Amsterdam
The Netherlands

Telephone number: +31 (0)20 346 3834

Fax number: +31 (0)20 346 3856

Email address: jmurer@acneuro.com

2 – Status of the Code

This Code is currently in force and has been prepared and published under General Condition 14.3 of the Communications Act 2003 following the Guidelines issued by OFCOM, which is the regulator for the communications industries with responsibilities for television, radio, telecommunications and wireless communications services in the United Kingdom.

3 – Sales, Marketing, Advertising & Promotion

ACN only markets its Services to Customers and prospective Customers through its network of Independent Sales Representatives.

Independent Sales Representatives are not employees of ACN. Independent Sales Representatives enter into agreements with ACN under which they are engaged to market the Services. Independent Sales Representatives market the Services and introduce prospective Customers to ACN, in return for which the Independent Sales Representatives are compensated by ACN.

Under the agreements signed with ACN, Independent Sales Representatives are required to comply with a set of ACN Policies and Procedures with respect to the sale and marketing activity relating to the Services. If an Independent Sales Representative does not do so, then he or she may be in breach of the agreement and consequently an investigation into the matter by ACN will follow and possible sanctions may be applied against the Independent Sales Representative, including termination of the agreement.



The most important of these Policies and Procedures is that Independent Sales Representatives are only allowed to use the so-called “warm marketing” method for marketing the Services. The “warm marketing” method of acquiring Customers means that Independent Sales Representatives are only marketing and promoting the Services to people that he or she personally knows or to whom he or she has a natural connection, i.e. family, friends, colleagues and acquaintances.

This also means that Independent Sales Representatives are expressly prohibited from using “cold marketing” techniques for soliciting prospective Customers for the Services including direct mailings, telemarketing activity, door to door sales activity, barter arrangements, sweepstakes, contests or competitions.

Given its emphasis on “warm marketing” methods, ACN does not typically advertise or promote its Services in the traditional sense of advertising to the market.

If ACN does choose to use more traditional advertising and promotion methods, ACN is committed to ensure that its advertising and promotional materials comply with the British Codes of Advertising and Sales Promotion and any other applicable advertising codes.

ACN may from time to time itself prepare marketing materials relating to the Services that are being marketed and promoted by Independent Sales Representatives. ACN ensures that any such marketing and promotional literature that describes the Services is clear, unambiguous, accurate and fair, and does not contain false or misleading information about price, value or service and, in particular, does not denigrate other providers.

ACN requires its Independent Sales Representatives to do the same with respect to any Services related marketing or promotional material that may be independently prepared to carry out their activities and takes appropriate remedial action where this proves not to be the case.

ACN is a member of the Direct Selling Association in the UK and as such ACN has undertaken to comply with two other Codes of Conduct which relate to the marketing and promotion of its Services to prospective Customers and the provision of Services to Customers. These are the DSA Code of Business Conduct and the DSA Code of Practice for Consumers, both of which may be accessed at the following website: www2.acneuro.com/acn/uk/index.jsp. Copies of these Codes of Conduct are provided to Independent Sales Representatives.



4 - Recruitment and Sales Training

When an Independent Sales Representative joins ACN and enters into an agreement with ACN, he or she receives a starter and training kit from ACN. The starter and training kit contains a lot of information about ACN, its Services, and how to effectively market and promote the Services to prospective Customers in accordance with the applicable Policies and Procedures, and other rules and regulations. For example, the starter and training kit includes clear guidelines in relation to the issue of “slamming” that exists within the telecommunications industry and noting again (as in the agreement itself) that “slamming” of any kind like forgery or falsifying of signatures etc is strictly prohibited and not tolerated by ACN.

Independent Sales Representatives also have access to an Intranet, MyACN, where detailed information on the nature of the Services is available.

Also, additional training of the Independent Sales Representatives will happen from ACN as well as from other Independent Sale Representatives.

ACN maintains a communication channel with its Independent Representatives called “ACN in Action”, and this is often used to impart and reiterate important messages to the Independent Sales Representatives on issues like slamming and other issues relating to the proper methods for the marketing and promotion of the Services.

ACN operates a multi-level marketing system, which allows an Independent Sales Representative not only to market and promote the Services to prospective Customers but he or she may also introduce other Independent Sales Representatives to ACN, and thereby create his or her own distributorship, through a network of Independent Sales Representatives and Customers. It is also the responsibility of the sponsoring Independent Sales Representatives to provide initial and ongoing training to the other Independent Sales Representatives in the distributorship in relation to the nature of the Services and the proper method for effectively marketing and promoting the Services.

5 - Customer Contact

Independent Sales Representatives are independent and choose their own hours to perform their marketing and promotional activity, but please note the comment above that “cold marketing “ techniques are strictly prohibited and so there is no reason for an Independent Sales Representative to visit a prospective Customer’s home, particularly during the hours of darkness, or outside the hours of 08.00 to 20.00, or make any telephone calls to the prospective Customer outside the hours of 08.00 to 21.00, unless at the prospective Customer’s agreement and request.



Again, as only “warm marketing” methods are permitted, any prospective Customer already knows the identity of the Independent Sales Representative who wishes to discuss the Services with him or her.

However, in carrying out their marketing activity, an Independent Sales Representative is required at all times to act professionally and will typically offer some sort of identification that he or she is an ACN Independent Sales Representative, including offering business cards, or showing some other kind of official association with ACN.

In terms of appearance and presentation, an Independent Sales Representative is asked to be courteous, use appropriate language and offer clear and straightforward explanations, and ensure that all information should be factual and accurate. An Independent Sales Representative is informed not to misrepresent the Services nor those services of other competing service providers in the market. These requirements are all included in the DSA Code of Business Conduct a copy of which is provided to each Independent Sales Representative.

In terms of respecting rights to privacy of prospective Customers, it is made clear to Independent Sales Representatives in the DSA Code of Business Conduct that they should immediately cease contact with any person who requests it.

Similarly, in terms of any prospective Customers who are elderly, or whose first language is not English, or who are otherwise vulnerable in some way, an Independent Sales Representative understands the importance of trust as part of the “warm marketing” methods and takes such special needs into account in terms of his or her marketing and promotional activity. As “cold marketing” techniques are not permitted, there is no sales or marketing activity directed to these groups of people without them already being known to an Independent Sales Representative. This is another principle that is set out in the DSA Code of Business Conduct.

No sales or marketing activity is to be conducted by an Independent Sales Representative that is directed to those who are under the legal age for entering into contracts.

As Independent Sales Representatives are independent and they run their own distributorships, it is for them to keep appropriate records of the detailed sales and marketing activities and campaigns that they carry out on a day to day basis.

With respect to any complaint or query that may arise, ACN will often be involved to help to resolve the complaint or query and in doing such ACN may request certain such information relating to sales and marketing activities and campaigns from the Independent Sales Representatives, but, in order to maintain their independence, this is not done as a matter of course, but only in response to certain issues that may arise.



6 - Entering into a Contract – Information, Order Forms and Contracts

The contract between ACN and the Customer is the Telephone Services Agreement (“TSA”), which consists of an order form and set of terms and conditions, signed by the Customer and then accepted by ACN.

The Independent Representative is instructed to verify that the person signing the TSA is the line owner or, in the case of a business customer, the person with authority to act on behalf of the company who owns the line. It is important that the person signing the TSA as a Customer has the authority to change telecommunications service providers/services.

The order form on the TSA clearly contains a statement stipulating the contractual nature of the document as follows: "I AM AWARE OF THE FACT THAT BY SIGNING THIS DOCUMENT I AM ENTERING INTO A LEGALLY BINDING CONTRACT" and such statement is immediately adjacent to where the customer signs the order form. An additional statement refers to the fact that the Customer has read, understood and accepted the terms and conditions that are set out on the back of the order form.

At the time that the order form is signed by the Customer, the following information is provided to the Customer or is made available to the Customer in writing:

- identity of ACN and full contact details;
- description of the Services and of the options chosen by the Customer;
- information about the major elements of the Services, including the cost of any standing charges, the payment terms, line rental and key call types – a tariff sheet is provided separately to the order form itself;
- arrangements for provision of the Services, including the ordering process;
- existence of a right of cancellation and the process for exercising it;
- period for which the charges remain valid; and
- minimum period of contract, and minimum contract charges, if any.

On signing the order form, the Customer is made aware of the existence of this Code. The Customer is also made aware of the existence of ACN’s Consumer Code of Practice and the details of both are available to the Customer at no charge either upon request to ACN Customer Services on 0800 311 6007 or at the following ACN website: www2.acneuro.com/acn/uk/index.jsp.



Full details of tariff information and other relevant pricing details are also made available to the Customer at www2.acneuro.com/acn/uk/index.jsp.

On signing the order form, the Customer is also expressly made aware that the Customer can change his or her mind about entering into the contract with ACN during the so-called “cooling-off” period, and is informed of the process for exercising of the “cooling-off” rights to cancel the contract by sending in a notice of cancellation to ACN, and the fact that no charges will be levied to the Customer in these circumstances. If these “cooling-off” rights are exercised by a Customer, a set of correspondence is sent by ACN to the Customer to confirm the cancellation of the Services by the Customer.

As set out above, the terms and conditions of the TSA also regulate the cancellation of the Service after the expiry of the “cooling-off” period.

When the Customer has signed the order form, the Customer retains one copy of the TSA, including the terms and conditions.

An Independent Sales Representative who has introduced a Customer will typically continue to monitor the receipt and acceptance of the order form by ACN and the provisioning of the Services to that Customer, including informing the Customer of a likely date for the start of the provisioning of the Services, and where there may be any kind of significant delay in the likely date of provisioning.

As soon as the Services are close to being provisioned for a Customer, ACN sends a “welcome letter” to the Customer, confirming certain details contained in the TSA and providing further information about the Services.

The welcome letter includes the following detailed information:

- date of the TSA;
- CLI(s) the subject of the TSA;
- (detailed) list of Services being provided to the Customer , e.g. IA call barring;
- date of the switchover and start of the provisioning of the Services;
- ACN’s contacts details for any queries that the Customer may have.

The above policy and processes for entry and conclusion of TSAs needs to be considered in light of the fact that Independent Sales Representatives are prohibited from engaging in any “cold marketing” techniques, such as distance selling through telemarketing, but rather only “warm marketing” methods are permitted.

7 - Consumer Protection and Other Legal Requirements

ACN has reviewed its own business operations with respect to the provision of the Services to Customers with respect to the applicable provisions of the following



legislation, and it is satisfied that it is in compliance with the consumer protection aspects of the legislation. ACN is committed to maintaining this level of compliance at all times.

- Misrepresentation Act 1967
- Unfair Contract Terms Act 1977
- Supply of Goods and Services Act 1982
- Consumer Protection Act 1987
- Consumer Protection (Cancellation of Contracts concluded away from Business Premises) Regulations 1987 (amended in 1998)
- Control of Misleading Advertising Regulations 1988
- Telecommunications (Open Network Provision)(Voice Telephony) Regulations 1998
- Unfair Terms in Consumer Contracts Regulations 1999

ACN has an internal Legal department (based in Amsterdam, The Netherlands) and strong links to external counsel in the United Kingdom in order to ensure that it remains up to date with new developments in the law and regulation in the United Kingdom and the necessary steps are taken to ensure compliance.

Please note that the Independent Sales Representatives are independent entrepreneurs and not employees of ACN.

8 - Audit

On a regular basis, ACN is committed to take steps to review its systems, procedures and documentation to ensure it is complying with all aspects of the Code.

This review takes place on a quarterly basis as part of a general compliance review of the activity of the Independent Sales Representatives in the United Kingdom, organised by the Director, Compliance and External Relations and including input from the Legal and Customer Services departments.

This review is in addition to any specific issues that may arise under the Code from time to time, which may also result in a general review of ACN's compliance with the Code.

9 - Customer Complaints Procedure

If you have any kind of complaint with respect to the matters covered by this Code, ACN advises you to refer to our Customer Complaints Procedures described in the ACN Consumer Code of Practice located at www2.acneuro.com/acn/uk/index.jsp.



Alternatively, or if you consider that your complaint was not satisfactorily resolved by ACN after having referred it to our Customer Complaints Procedure, then you may raise the complaint to the attention to the Office of the Telecommunications Ombudsman (OTELO), of whom ACN is a member.

OTELO will review your complaint and provide you with advice free of charge and will then be in contact with ACN to attempt to resolve the matter to everyone's satisfaction.

For your further information, the contact details of OTELO are:

Office of the Telecommunications Ombudsman (OTELO)
Wilderspool Park
Greenall's Avenue
Warrington
WA4 6HL

Telephone: 0845 050 1614
Fax: 01925 430059
Email: enquiries@otelo.org.uk
Website: www.otelo.org.uk

ACN will be in regular contact with OFCOM, OTELO and other relevant authorities and consumer groups to follow up on any complaints received under this Code.

10- Distributing the Code: Creating Awareness

This Code is published on ACN's website, which can be can be downloaded (free of charge) from the following site: www2.acneuro.com/acn/uk/index.jsp.

The Code may also be ordered free of charge from ACN Customer Services on 0800 331 6007.

The Code is also located on the My ACN Intranet site used by the Independent Sales Representatives, and has been communicated to them separately.