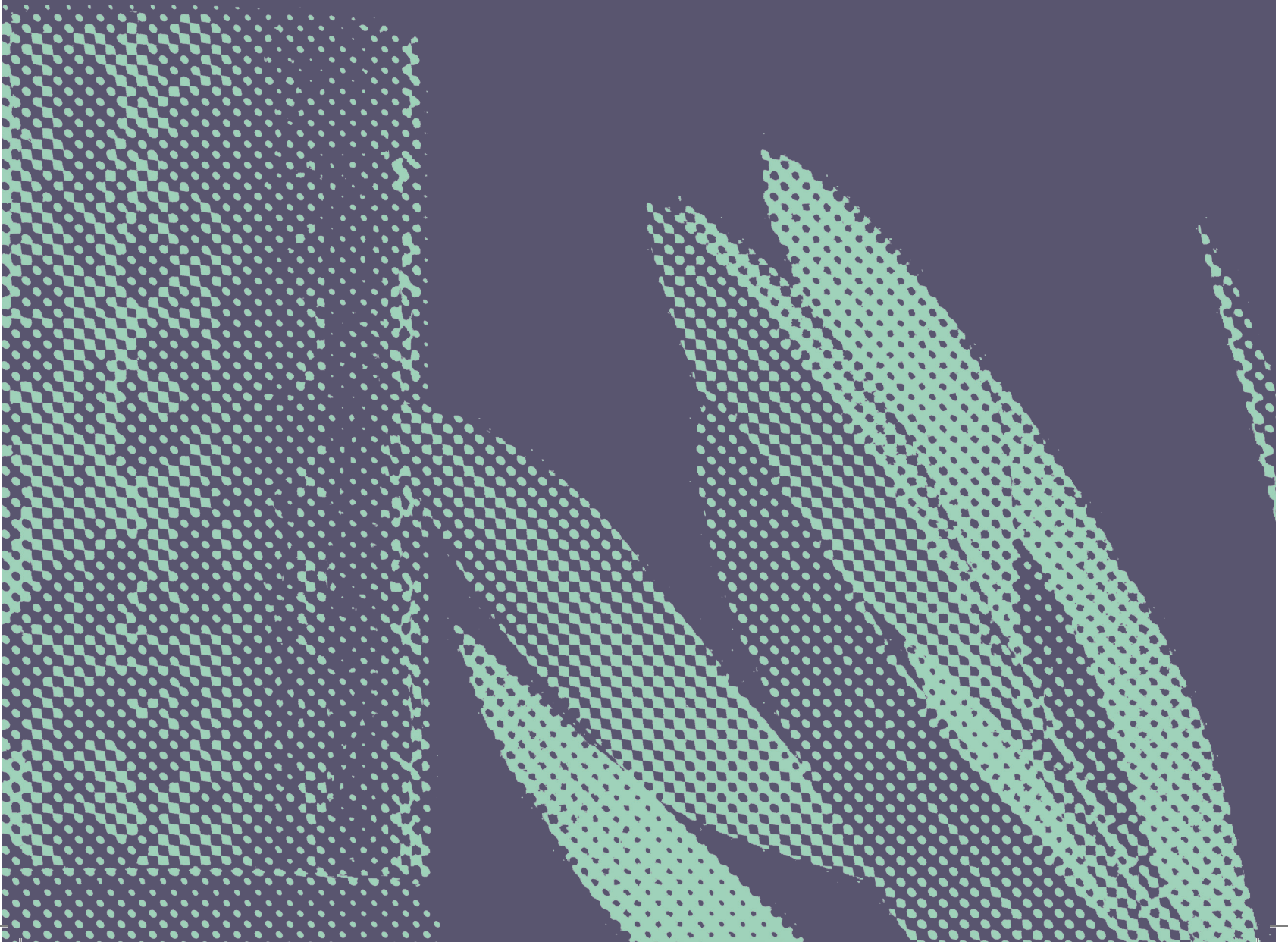




WFDSA

**ANNUAL
REPORT
2017**





ANTI-AGE
SYSTEM

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MESSAGE FROM THE CHAIRMAN



WFDSA Annual Report

Chairman Letter

The world is changing. And by all accounts, becoming an increasingly ideal environment for direct selling to thrive. The growth of the gig economy is one example of a trend that is clearly in our industry's favor. Whether you call it the gig economy, sharing economy, side hustle or part-time work, people are increasingly looking to work independently from a traditional employer, with flexibility in their location and schedule, or just looking for ways to earn extra income in addition to their regular job. It's a form of self-employment, or accessible entrepreneurship, that fits exactly with what direct selling offers. Considering this trend, the growth of our industry over the last several years, and the increase in digital tools that make buying and selling products easier than ever, there's really never been a better time to be in direct selling.

In 2016, 107 million people around the world generated more than US \$182.6 billion in direct retail sales. To build on this momentum and capitalize on trends like the gig economy, there are areas we must pay close attention to and enhance for the businesses that choose to go to market through our channel, the entrepreneurs who choose to earn income through our opportunities, and the customers who choose to buy our products.

Mobile technology and social media are driving our industry forward in unprecedented ways. Today, social media makes it easier than ever to connect with others and smart phones make it convenient to buy products and manage a business right from the palm of your hand. Our industry has been ahead of its time with its offerings and now we have the technology that aligns perfectly with how we work.

Clarity in the regulatory environment will also be critical to our future growth. We've made tremendous strides in some key markets around the world where the model isn't greatly understood by governments or the public. We must continue communicating effectively and transparently about how direct selling works and the value it offers. This will ensure a favorable operating environment for our sellers and distinguish credible direct selling businesses from those that aren't.

The WFDSA is working closely with member DSAs and companies on a number of strategies and initiatives, as you'll see in this report, to continue to advance our industry for the millions around the world who embrace direct selling in so many ways.

WFDSA Chairman Doug DeVos

WFDSA



Who We Are

More than 60 national and regional direct selling associations are members of WFDSA, united in the effort to maintain the highest ethical conduct standards among their member companies and to build understanding and support for direct selling worldwide.

The World Federation of Direct Selling Associations represents the global direct selling industry in more than 170 countries.

WFDSA Mission

The WFDSA supports direct selling associations and their member companies by:

- **Developing, maintaining and promoting the highest global standards for responsible and ethical conduct in direct selling**
- **Advocating for the industry with governments, media and key influencers such as academic and consumer group leaders**
- **Serving as a trusted global resource for information on direct selling**
- **Facilitating interaction among direct selling company executives on issues of importance to the industry**

All WFDSA member Direct Selling Associations have implemented the WFDSA World Code of Ethics for Direct Selling in their national Codes as a minimum requirement. All direct selling companies agree to be bound by these Codes as a condition of admission and continuous membership in a national association..

The WFDSA was founded in 1978 and is based in the United States capital of Washington, DC. To learn more about the WFDSA, its Code of Ethics and its initiatives, visit www.wfdsa.org

DIRECT SELLING



ORIFLAV
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What is Direct Selling?

Direct selling is the person-to-person sale of a product or service by independent sales representatives who are sometimes also referred to as direct sellers, consultants, distributors or other titles. Direct sales often occur in a one-to-one or small group or party plan environment, often in the consumer's home. Direct sales also may take place in a branded shop or retail location, online via e-commerce or social media.

Independent sellers earn income from direct selling companies on the sale of products. They join a direct selling business opportunity to earn extra money or even build a business with very low entry cost, low risk and company-provided training and support. Some people join direct selling companies just to buy exclusive products and services they enjoy at a discount.

Worldwide, more than 107 million people are involved with direct selling. They sell some of the world's most sought-after brands of nutrition, beauty, home care, jewelry, clothing, home decor and other products; and energy, telecommunications, legal, financial planning, insurance and other services. Direct selling accounted for more than US \$182.6 billion in retail sales globally in 2016.

People of all ages and backgrounds succeed in direct selling. No specific levels of education, experience, financial resources or physical condition are required. Sellers receive training and support from established companies.

**Worldwide, more than
107 million people
are involved in direct selling.**

WHY DIRECT SELLING?



ORIFLAME
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eco
beauty

DESIGN

PAGE 100
NOUVEAUX
REPLEISSANT

100%
COTON



ORIFLAME
SWEDEN

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SWEDEN





It is a low-risk way to own a business – it takes very little, if any, capital investment.

It offers the chance to develop new skills and be mentored by experienced leaders.

Earnings are in proportion to efforts. The level of success depends on how hard a person wants to work.

It provides opportunities to meet and socialize with people.

It offers flexible work schedules. Direct sellers choose when and how much they work, whether full time or part time.

It can provide extra income. Direct sellers set their own goals for earning income and determine how to reach those goals.

GOVERNANCE



Chief Executive Officer (CEO) Council

The WFDSA is governed by the CEO Council. The Council is comprised of chief operating officers of leading member companies around the world. The WFDSA chairman is a Council member elected by the Council to serve a three-year term.

The CEO Council directs WFDSA affairs, activities and establishes policies and priorities. The Council meets annually to address issues affecting the industry and chart the action plan. The CEO Council approves the annual operating budget and program of work prepared by the WFDSA Operating Group .

The annual CEO Council meeting was held in San Francisco on November 7-8, 2016. The meeting focused on various issues, including the update on WFDSA key initiatives. Guest speaker Mark Pincus, founder of Zynga spoke about Silicon Valley and his entrepreneurship journey. The CEO Council members also visited Apple and Facebook and learned more about their operations in today's marketplace. Roger Barnett, the CEO of Shaklee hosted welcome dinner in his house.



The next CEO Council meeting will be held on September 30, 2017 in Paris France in conjunction with the World Congress XV.

STRATEGIC INITIATIVES



Direct selling is a highly personal industry that thrives on robust relationships between companies, independent sales representatives, consumers and suppliers.

The WFDSA, along with its member associations and their member companies, is heavily invested in improving the quality of the relationships between these groups by fostering trust, confidence and high standards for conduct.

WFDSA strategic initiatives are designed to increase public awareness, understanding and support for the real and meaningful difference direct selling makes in various economies, political systems and people's lives around the world, every day. WFDSA and the national associations work closely together to educate key regulatory, consumer and academic groups and to promote consumer protection initiatives.



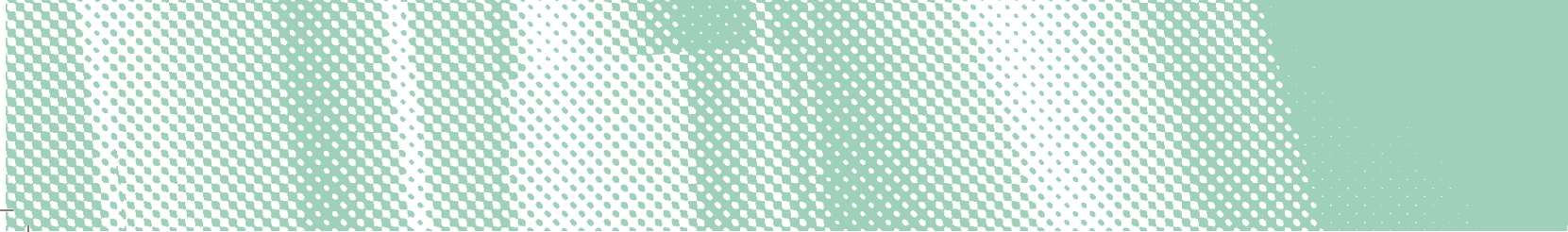
Ethics and Self-Regulation Initiatives

The WFDSA Code of Ethics states that direct selling companies and independent sellers shall not use misleading, deceptive or unfair sales practices. The Ethics Committee administers, promotes and enforces the Global Code of Ethics and implements programs to improve and strengthen the self-regulatory activities of WFDSA, local and regional associations and their member companies.

The committee facilitates interaction between association Code administrators and sharing of best practices across nations. It also promote awareness of the Code among member companies, media, regulators and consumer groups.

“I chose direct sales for several reasons. I can decide for myself when I start in the morning, where and with whom I work and when I take time for my family and hobbies. The work-life balance is simply one of a kind. I have found many friends, including my partner, through the LR Business.”

Felix Patzer
Sales Partner and Org Leader
at LR Health & Beauty



STRATEGIC INITIATIVES

2016/2017 Activities

The Ethics Committee and the Sub-Committee worked diligently to revise some articles of the WFDSA Model Code of Ethics, to raise the bar on ethics and strengthen the Model Code in the marketplace.

The Committee promoted the use of the WFDSA Model Code of Ethics Toolkit, which contains flexible tools for DSAs and their members to communicate and promote the Code to the widest audience possible. The toolkit is located on the WFDSA website at: http://wfdsa.org/world_codes/about-the-code/. DSAs which achieved Platinum and Gold Participant status will be recognized during the World Congress Gala dinner in Paris.

WFDSA would like to congratulate the DSA of Peru for achieving Platinum participant status for a second year in a row in the Code of Ethics Recognition Program. Their dedication and hard work contributes to even further raising the bar on ethics!

ADVOCACY INITIATIVES



Communications

- **Global Messaging Guidebook** which represent a communication tool for DSAs and their member companies to help increase public understanding of direct selling and foster greater communication among member companies.
- **The Advocacy Committee** is focused on driving more consistency and transparency across industry communications, to help demystify direct selling and improve the environment in which sellers and companies operate.
- **WFDSA mobile App** to be launched in December for greater connectivity, enhanced communication and sharing of resources internally and externally.

Advocacy initiatives develop and strengthen relationships with key industry stakeholders through research and communication.

Events

- WFDSA supported the fourth French DSA (FVD) Academic Seminar on “Workplace Wellness and Sales Performance” which took place at the Montpellier University School of Management in October 2016. About 100 participants from Academia, business circles, government and the direct selling executives attended this informative event. The event included interactive roundtable discussions with speakers such as Guillaume Sakrozy, chairman of the Foundation Kalakoff Mederic Handicap. WFDSA Executive Director Tamuna Gabilaia presented on the global direct selling industry, entrepreneurship and global academic initiatives.



- In January 2017 WFDSA supported Baltic DSAs’ conference on “Women’s Entrepreneurship” in Riga, Latvia. Over 200 participants attended the event. Participants included government officials, academics, successful women business owners, direct selling executives, other trade organizations and media. The key goal of the conference was to discuss the prevailing business environment for women with all its obstacles and opportunities and how to start and run their own business. Speakers included Ms. Inese Vaidere, Latvian Member of the European Parliament, LaVonn Schlegel, Executive Director of the Institute for International Business, Kelly School of Business, WFDSA Executive Director Tamuna Gabilaia, Advocacy Chair Kim Drabik and many others. Rector of Stockholm School of Economics in Riga Anders Paalzow introduced the results of the latest Amway commissioned Global Entrepreneurship Report that revealed the main business performance trends globally and locally. Tamuna Gabilaia gave several interviews on benefits of direct selling to local newspapers and radio stations.

ADVOCACY INITIATIVES

- The first ever Middle East Direct Selling Forum organized by the United Arab Emirates DSA (UAE DSA) and supported by WFDSA was held on March 28, 2017 in Dubai. The Department of Economic Development, Dubai Chamber of Commerce & Industry, Department of Tourism and Commerce Marketing supported the event as well. Over 150 participants from DSAs, member company executives, government officials and academia from the Asia / Pacific region and other regions attended this important and informative event which will pave the way to the further development of the industry in the region.

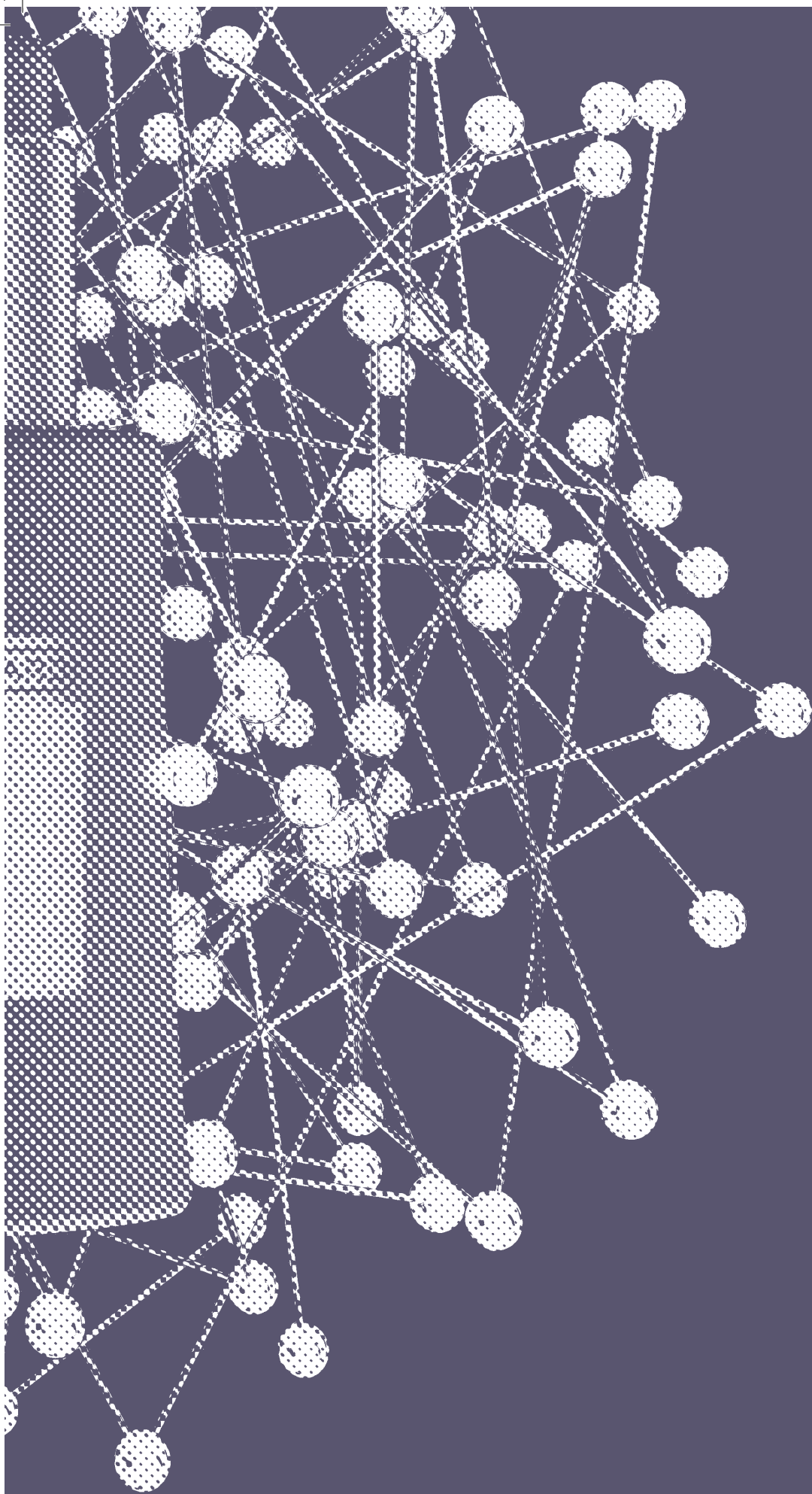


- In November 2016 the DSA of Singapore celebrated its 40th Anniversary. Speakers among others included Deputy Speaker of the Singaporean Parliament Mr. Lim Biow Chuan and WFDSA Executive Director Tamuna Gabilalaia. To mark the milestone, the President of the Consumers Association of Singapore (CASE), company members, direct sellers and Presidents of the various DSAs gathered to celebrate this special occasion. WFDSA presented DSAs with a plaque of appreciation for years of outstanding service to the direct selling industry.



- China's State Administration of Industry and Commerce (SAIC) called a meeting on December 7-8 in Shanghai, to discuss the development of direct selling in China. Chaired by SAIC Vice-Minister Wang Jiangping, and with participation by leaders from the WFDSA, USDSA, SELDIA, DSAs in Malaysia, Korea, Taiwan and Hong Kong, the industry's global CEOs, and representatives of relevant government ministries and research institutes, this was a landmark event for the direct selling industry in China, as well as, potentially, the beginning of ongoing dialogue and exchanges between the SAIC and the DSA community. Key discussion focuses included the need to update the regulations, the basis for trust, and potential integration with digital commerce. Aside from substantive discussions and networking, conference participants also visited Amway's Botanical Research Center and its Experience Center, and the manufacturing facilities of the Chinese company Longliqi.





APEC Global Women's Economic Empowerment Initiative

WFDSA and its members believe that investing in women entrepreneurs and developing woman-owned micro-enterprises will help with the overall global economic recovery and reduce poverty and inequalities in the Asia Pacific Economic Cooperation (APEC) region and beyond.

WFDSA participated in the 43rd APEC Small and Medium Enterprise Working Group and 23rd Ministerial meetings held in Lima, Peru. WFDSA reported on its Global Women's Economic Empowerment Initiative (GWEE), conducted in partnership with the Institute for International Business (IIB) of the Kelly School of Business. GWEE is a public-private partnership between APEC governments, women's organizations, the direct selling industry and individual companies. WFDSA is currently discussing with the DSA of Peru the possibility of bringing the program to Peru.

My proudest moments are when I help other women's confidence flourish. Either when they feel great because they know they're looking good or when they discover the skills to make a success of their own enterprise.

Maddy Ballantyne
Captin Tortue Sales Associate

ASSOCIATION SERVICES INITIATIVE

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Association Performance events are powerful tools in both building DSAs' skills and sharing information between DSAs.

The Committee facilitates global information sharing by developing best practices that are proactive and shared through education and training, by providing consulting and advocacy assistance, when appropriate. The Committee encourages member companies to visibly promote good causes, conducts fundamental regulatory training for member companies and creates position papers on behalf of the direct selling industry.

- The WFDSA Secretaries Meeting was held in Stockholm, Sweden in June 2016. DSAs' Secretaries toured Oriflame Headquarters.
- The South American Association Performance Program was held in Santa Cruz, Bolivia and hosted by the Bolivian DSA. The seminar focused on various issues facing the industry.



- The 15th Asia/Pacific Association Performance Program was held in Dubai, United Arab Emirates (UAE) in conjunction with the first ever Middle East Direct Selling Forum in March 2017 and hosted by the Direct Selling Association of UAE with special farewell anniversary dinner hosted by the Government of Dubai.



WFDSA would like to congratulate the DSAs of Australia, France and United States for reaching the Platinum DSA performance criteria in 2016.

The 2017 DSA rankings will be issued in June.



Global Regulatory Affairs Committee

Training sessions in conjunction with the various events were conducted or will be conducted in conjunction with the various association performance events. The Global Regulatory Toolkit is being further enhanced with position papers. The Legal Compendium containing a summary of various direct selling laws and regulations is being updated.

The Committee will furthermore continue to work with the Association Services Committee and the USDSA International Council on the potential formation of a DSA in China and the revision of the regulations in China.

The Global Regulatory Affairs Committee protects the direct selling opportunity by providing proactive, strategic and tactical Government/Regulatory Affairs support to national DSAs.

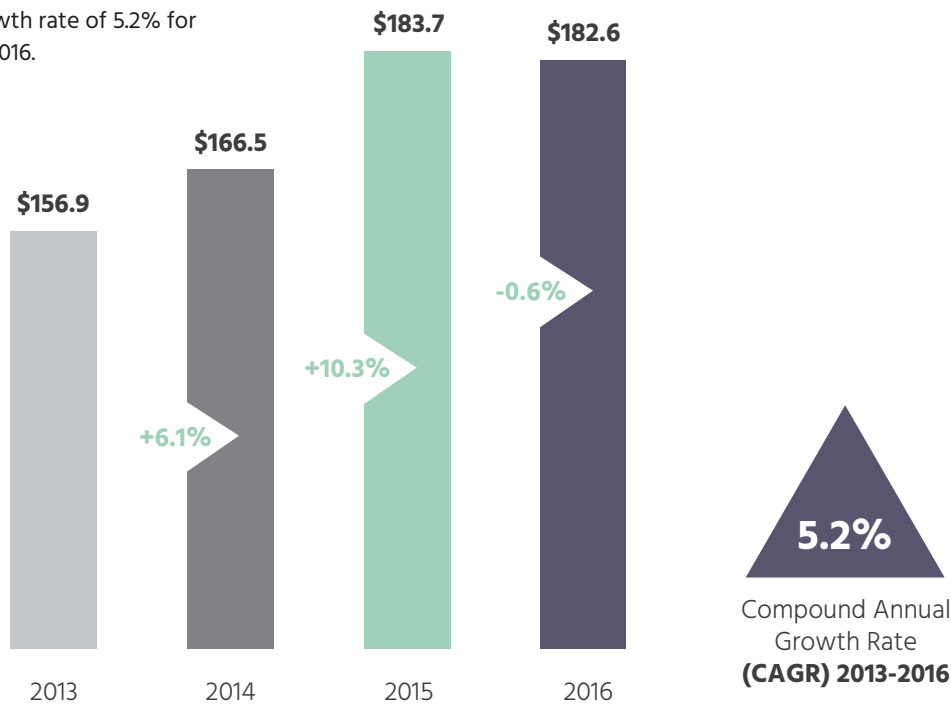
DIRECT SELLING SALES TRENDS

Global Retail Sales Increased to USD 182.6 billion - up 1.9%

Direct Selling Growth

Global Retail Sales Increased Year-over-Year from 2015 to 2016

The direct selling industry has shown sustained growth over time, with a compound annual growth rate of 5.2% for the period from 2013-2016.

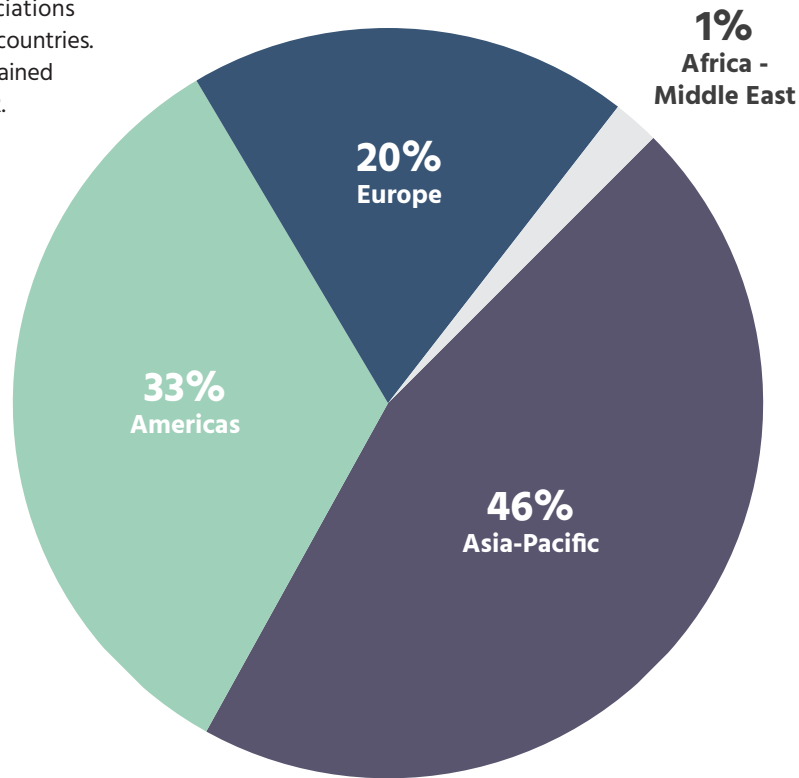


Global Retail Sales Growth 2013-2016
(USD Billions - 2016 Constant Dollars)

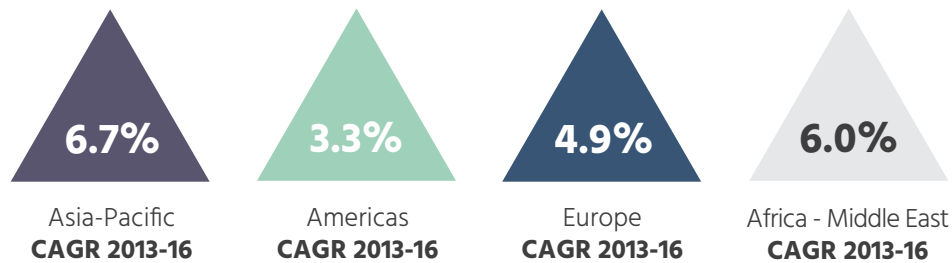
Sales Share By Region

Sustained Growth is Seen In All Regions

The Asia-Pacific region is the largest for direct selling, with 46% share of global sales. Sales were up year-over-year in every region of the world, driven by the 81% of local direct selling associations that reported increases in their countries. As well, each region shows sustained growth in terms of 3-year CAGR.



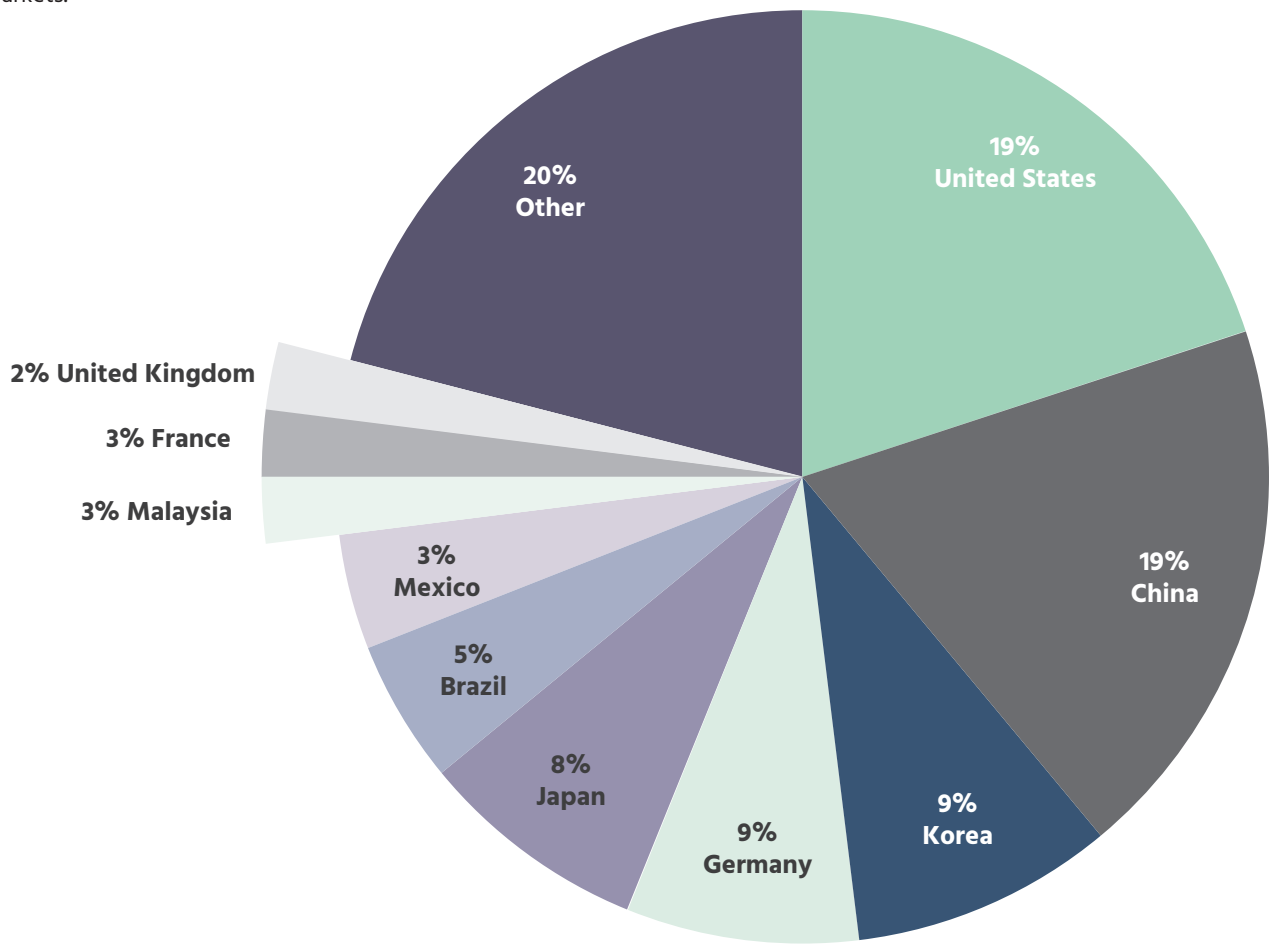
Sales Share By Region



The Top 10 Markets Account for 80% of Sales

Top 10 Markets - 2016

The United States is the world's largest direct selling market with China in the #2 spot. 2016 saw growth in six of the top 10 direct selling markets.



Top 10 Markets - 2016
Global Share of Estimated Retail Sales

2016 Global Sales Summary

Global growth was driven by sales growth in all regions

On a local country basis, 81% of DSAs growth. The top 5 direct selling markets account for 64% of the world's direct sales, and the top 10 account for 80%.

64%

Top 5

80%

Top 10

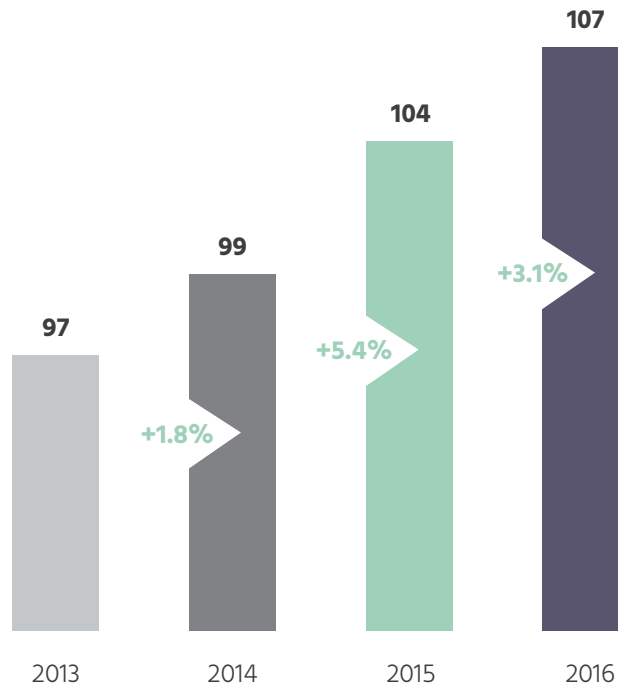
2016 Rank	Country	Retail Sales (2016 Constant USD Millions)	Year-Over-Year Change (2016 Constant USD)		3-Year Compound Annual Growth Rate 2013-2016 (2016 Constant USD)	Direct Sellers
1	United States	\$ 35,540	-1.6%	▽	2.8%	20,500,000
2	China	33,888	1.9%	△	12.9%	Unknown
3	Korea	13,862	3.8%	△	6.7%	6,973,000
4	Germany	15,878	4.3%	△	5.2%	865,883
5	Japan	15,305	-6.2%	▽	-1.6%	3,112,000
6	Brazil	8,689	-0.1%	▽	-0.3%	4,335,834
7	Mexico	5,855	3.7%	△	1.7%	2,600,000
8	Malaysia	4,819	1.2%	△	6.6%	4,000,000
9	France	4,568	-0.7%	▽	0.9%	671,920
10	United Kingdom	3,845	7.5%	△	10.1%	575,000
	Global Total	\$ 182,556	1.9%	△	5.2%	107,337,983

INDEPENDENT REPRESENTATIVES

Over 107 Million People Are Independent Representatives, Up 3.1%

Global Independent Representatives Growth

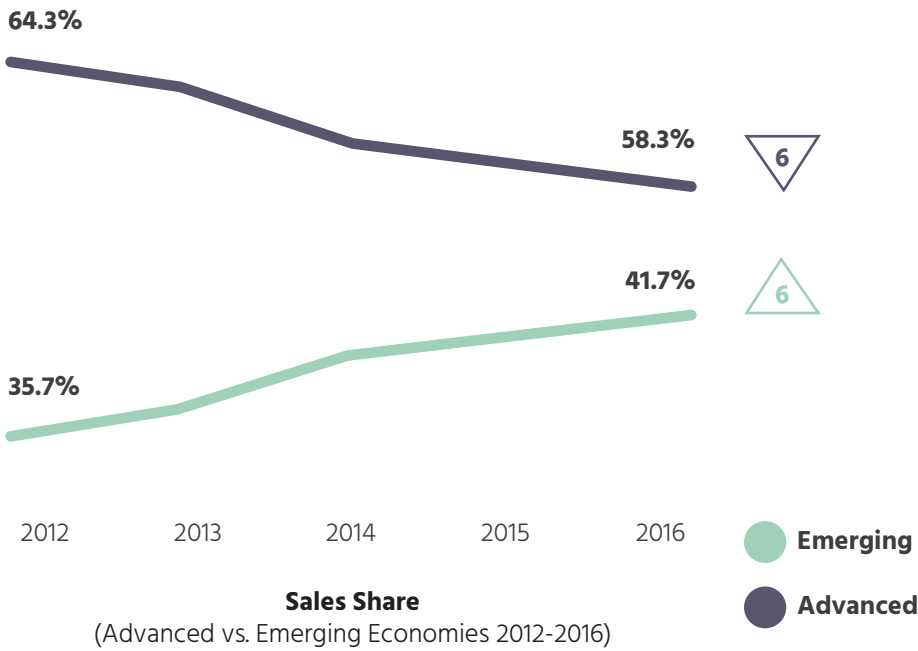
2016 sales were generated by a global sales force of over 107 million independent sellers ... an increase of 3.1% and a record.



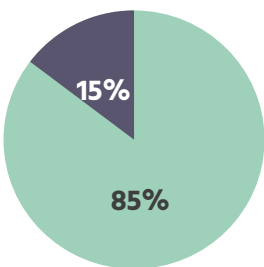
Global Independent Representatives Growth 2013-2016
(Millions)

Advanced vs. Emerging Markets

Direct Selling is a continuing source of opportunity for people in both advanced and emerging economies.

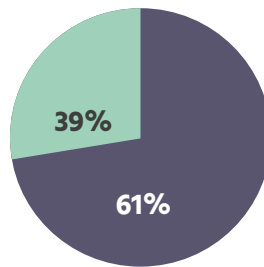


Direct Selling Provides Opportunities Around the World



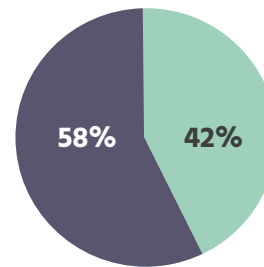
Population

Over 8 in 10 people live in Emerging markets (85%).



GDP

The population in Emerging markets subsists on just 4 in 10 Global GDP dollars (39%).



Direct Sales

People in Emerging markets are increasingly turning to direct selling for opportunity (42%, up 6 points in the past 5 years).

2017 GLOBAL PHILANTHROPY REPORT HIGHLIGHTS

As a successful global industry, it is our privilege and pleasure, through corporate philanthropy activities, to give back to people around the world and to the communities where we live and work. More than four in five direct selling companies (82 percent) have corporate philanthropy activities, based on a WFDSA survey of 63 companies.

The Origins of Our Giving

- How direct selling companies began their involvement in philanthropy is as diverse as the companies in the industry.
- One in four direct selling companies with philanthropy activities (23 percent) has had such activities since the founding of their companies.
- Many direct selling companies start their philanthropy by establishing a foundation.

Founding Philanthropy Activities

One in four direct selling companies has had philanthropy activities since their founding.



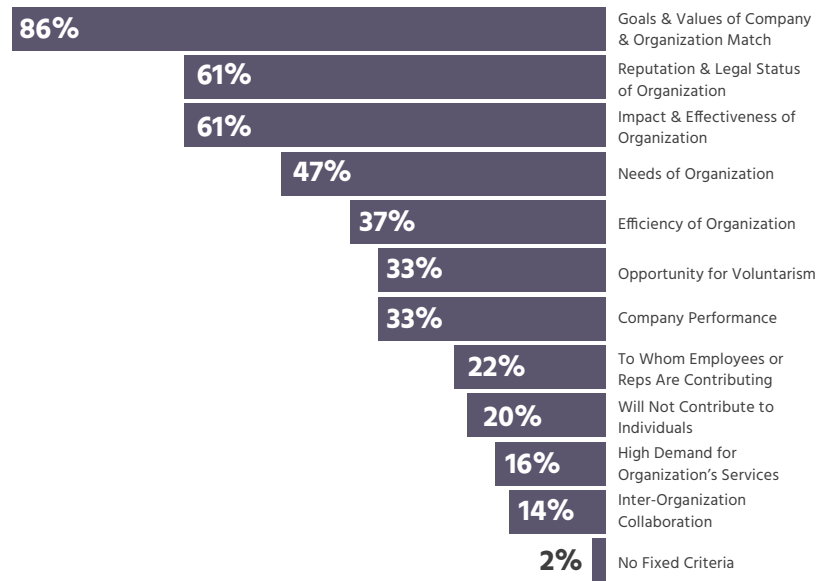
How we Give

Supporting and partnering with charities and non-governmental organizations (NGOs) play a central role in the philanthropic activities of direct selling companies. Forty percent support or partner with one or two charities or non-governmental organizations; 38 percent, with three to ten charities or NGOs; and 21 percent, with 11 or more charities or NGOs.

The top three criteria of direct selling companies in determining financial contributions to organizations are (1) the organization having the same values and goals as the company, (2) the reputation and legal status of the organization and (3) the impact and effectiveness of the organization.

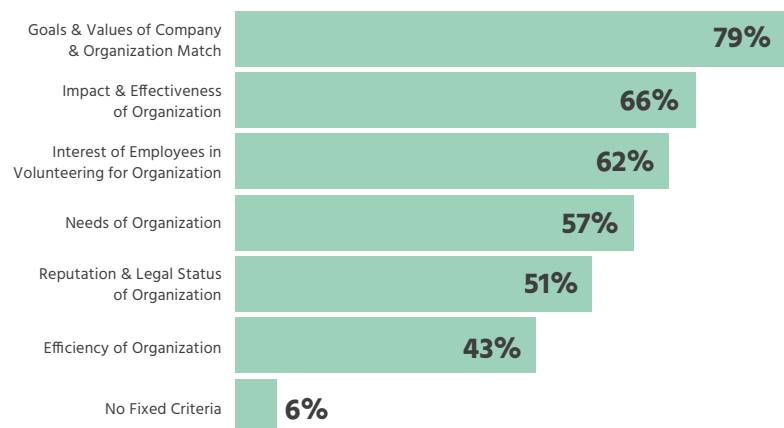
Criteria of Direct Selling Companies for Financial Contributions

Note: Percentages do not sum to 100 percent because more than one criteria could be volunteered.



Criteria of Direct Selling Companies for Non-Financial Contributions

Note: Percentages do not sum to 100 percent because more than one criteria could be volunteered.



The contributions of direct selling companies take many forms. Nearly all (82 percent) make cash donations, 65 percent make in-kind services donations, 59 percent donate the time of their employees or representatives, 45 percent donate a portion of the sale proceeds of certain products to charity, 43 percent sponsor charitable events and 27 percent match to a pre-set percentage the donations of their employees or representatives.

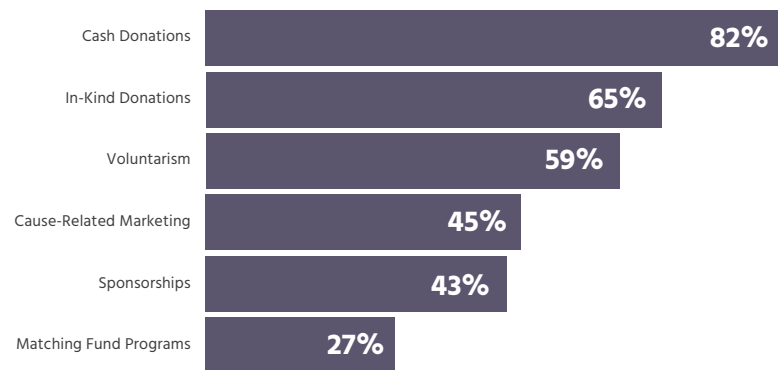
What We Give

Forty-seven survey respondents volunteered that their company or their representatives made financial contributions to charitable and philanthropic causes in 2016. These reported financial donations totaled **\$204 million, for an average contribution of \$4.3 million. Contributions increased an estimated 23 percent in 2016.**

- Forty-four companies reported giving \$76 million to charitable causes outside the United States in 2016. Among 41 companies that reported donations for both 2015 and 2016, reported giving increased 54 percent in 2016.
- Nineteen companies reported giving \$78 million to charitable causes inside the United States in 2016. Among 18 companies that reported donations in the U.S. for both 2015 and 2016, reported giving increased 41 percent in 2016.
- Twenty-four companies reported that their representatives, the independent salespeople of the direct selling companies, made financial donations of \$50 million in 2016. These 24 companies reported data for both 2015 and 2016, and show a decrease in financial contributions by representatives of 18 percent in 2016.

Types of Contribution Methods Used by Direct Selling Companies With Philanthropy Activities

Note: Percentages do not sum to 100 percent because more than one criteria could be volunteered.



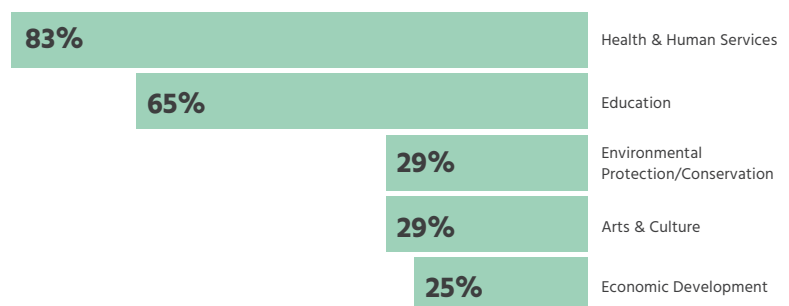
Contributions increased an estimated 23% in 2016, averaging \$4.3 million

Who Benefits from Our Giving

- Causes, communities, and people around the world benefit from the philanthropy of the direct selling industry.
- Eighty-three percent of direct selling companies with philanthropy activities support health and human services through financial donations or volunteer participation. Education is supported by 65 percent, environmental protection and conservation by 29 percent, art and culture by 29 percent and economic development by 25 percent.
- The philanthropy of the direct selling industry benefits many types of people, but particularly children and women. Forty-four percent focus or give special attention to children and 19 percent to women.
- Twenty-six companies reported that 9.3 million people benefited from their corporate support to charitable/philanthropic causes in 2016. Sixteen companies reported that 4.5 million people benefited in 2016 from the charitable/philanthropic causes supported by their representatives.

Areas Supported by Financial Donations or Volunteer Participation

Note: Percentages do not sum to 100 percent because more than one criteria could be volunteered.





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