

NEGATION POLICY SRILANKA

INDEX

Sr. No.	Particular	Page
1	Introduction	3
2	Part I - Negation /Cancellation of orders that are not settled/paid	4
3	Part II - Fee charged on Negation	5
5	Part III - Penalty for Negation	6
6	Disclaimer	9

INTRODUCTION

Negation refers to cancellation of order placed by the Brand Partner on account of any of the following reasons:

- Non-payment within stipulated time period
- Failure to collect orders within stipulated time period including paid orders
- Non-acceptance of order on delivery
- Incorrect address of recipient

Negation not only causes lack of availability of products to end consumers, but also causes loss of business for other genuine Brand Partners, loss to Company and other issues as more particularly explained in following paragraphs.

This policy has been devised with an objective to curb the increasing negation trend all over the country, with a view to promote genuine sale of products and ensure availability of requisite stock to the end consumers as and when needed.

Accordingly, individual orders negated by any Brand Partner irrespective of their title shall be charged with such negation fee and in manner provided in Part II of the Policy.

This policy shall become effective from date of communication to the Brand Partner.

PART I – Negation /Cancellation of orders that are not settled/paid

- Online immediate orders (SAVE IMP) and waiting for transfer (WFT) orders should be settled/paid by the Brand Partners within 3 working days from the date of the order placed. If not settled/paid, said unpaid orders will be cancelled by Oriflame and Rs.250/- cancellation fee will be charged to the Brand Partner based on Brand Partner's login Identification and the password who placed the order. This could be the Brand Partner or the up liner or the director of the Brand Partner.
- Returned cash on delivery (COD) orders will be cancelled by Oriflame and Rs.250/- cancellation fee will be charged to the Brand Partner based on Brand Partner's login Identification and the password who placed the order.
- If paid or credit orders not collected within 4 working days from the order date by the Brand Partners, Oriflame may charge Rs.50 Storage Charges per day.

PART II – Fee charged on Negations

An annual interest of 24% will be charged for overdue cancelation fee/orders on monthly basis.

PART III– Penalty for Negation

In order to reduce the volume of negations and to combat the consequent challenges arising therefrom, in addition to the Negation Fee provided in Part II above, the Brand Partners who meet the following criteria shall be liable for such penalty as described below:

CRITERIA

1. **Applicability:** Brand Partners that are 21% and above title will be considered
2. **Calculation of Negation Value:** For ascertaining the value of negation, negation done by entire personal group of the Brand Partner will be considered.
3. **Limit:** If the total value of Negation in any of the 6 Previous Months* is equal to or more than Rs. 3,00,000, the same shall be considered for ascertaining the applicability of penalty in Part III. The same shall be applicable for SPOs as well.

This aforesaid limit will not be applicable to repeated defaulters, and as a result such repeated defaulters shall be subject to penalty as given in Part III.

***Previous Months Negation:** Any invoice which pertains to any preceding month(s) and which is cancelled in subsequent month.

Example: Invoice dated 07.03.2019 or 15.03.2019 or 27.03.2019 and negated on 05.04.2019 shall be considered as Previous Month Negation.

Further, this Limit will not be applicable to repeated defaulter and as a consequence they shall also fall within the applicability of Part III – penalty.

4. **Periodicity:** Negation pattern shall be reviewed in every 6 months.
5. **Previous Month Negation:** Like Negation fee as provided in Part II, for the purpose of Part III, only Previous Month Negation shall be considered.
6. **Exclusions:** Credit notes i.e. notes issued in case of cancellation of partial order for reason covered under the Guarantee of Excellence Claims Policy will not be considered for ascertaining the applicability under Part III.

ACTION AGAINST DEFAULTERS

1. **First Time Defaulters:** Any Brand Partner or SPO falling under the criteria mentioned above will be sent a warning letter at the first instance, with a copy of such warning letter to the upline and Area Manager.
2. **Second Time Defaulters:** A Brand Partner or SPO who has defaulted for the second time (i.e. negation to the tune of Rs. 3,00,000 and above for second time in any 6 months, in any period of review, shall be penalised with deduction of 25% PD, calculated from the PD of the subsequent month. Such deduction will be made from the PD of the month in which the assessment is made and required intimation of second default is sent to the Brand Partner. In the event the PD for such month is insufficient to deduction, the deduction shall be made partially and remaining shall be made from PD of following month.
3. **Third Time Defaulters:** A Brand Partner who has defaulted for the third time in any period of review shall be penalised with deduction of 50% PD, calculated from the PD of the subsequent month. Such deduction will be made from the PD of the month in which the assessment is made and required intimation of third default is sent to the Brand Partner. In the event the PD for such month is insufficient for deduction, the deduction shall be made partially and remaining shall be made from PD of following month. Additionally, in case of SPO, the Company will also withdraw the WFT facility from such SPO.
4. **Fourth Time Defaulters:** A Brand Partner who has defaulted for the fourth time in any period of review shall be penalised with deduction of 100% PD, calculated from the PD of the subsequent month and/or the membership of such Brand Partner shall stand blocked for a period of 1 month henceforth during which such Brand Partner shall not have access to any facility provided to an Oriflame Brand Partner. Such deduction will be made from the PD of the month in which the assessment is made and required intimation of third default is sent to the Brand Partner. In the event the PD for such month is insufficient for deduction, the deduction shall be made partially and remaining shall be made from PD of following month and the ID shall remain blocked till recovery of such payment. In case of SPO, the SPO code will be blocked for 1 month and the Brand Partner will be penalised with deduction of 100% PD calculated basis PD of the subsequent month with deduction procedure as explained above.
5. **Fifth Time Defaulters:** A Brand Partner or SPO that has defaulted for the fifth time in any period of review shall be penalized with deduction of 100% PD, calculated from the PD of the subsequent/following month and such a defaulting Brand Partner or SPO shall also be disqualified from attending any Conference or Seminar arranged by the Company in the coming 12 months. In

the event the PD for such month is insufficient for deduction, the deduction shall be made partially, and remaining deduction shall be made from PD of following months.

6. **Sixth Time Defaulters:** A Brand Partner or SPO who has defaulted for the sixth time in any period of review shall be terminated with immediate effect where after all their right privileges shall stand transferred to their immediate sponsor.

DISCLAIMER

This Negation Policy should be read with the rules of conduct contained in the Brand Partner Application Form, Success Plan, Policy Manual and such other communications as may be made by the Company from time to time. This policy shall be applicable from the effective till the time it is revoked or amended by the Company.

The Company reserves the right to amend the Negation Policy at any time by a written notice (including electronic mail) to the Brand Partner.

Last Updated : 15th July 2020