

Performance Year 2023: What you need to know

Get your team ready to grow! Performance Year 2023 is all about increasing Verified Customer Sales (VCS) and earning greater rewards as you do. With new opportunities to earn and achieve, IBOs at every level can build a strong, sustainable and profitable business by focusing on the following actions.



- ✓ SET YOUR SIGHTS ON 60% OR MORE VCS
- ✓ BECOME ELIGIBLE FOR PY23 DISCRETIONARY GROWTH INCENTIVES
- ✓ HELP NEW IBOS START – AND STAY – STRONG
- ✓ SELL MORE, EARN MORE - LEADER GROWTH INCENTIVES
- ✓ UNDERSTAND PROPOSED CONTRACT CHANGES

SET YOUR SIGHTS ON 60% OR MORE

Everything you need to know about
Verified Customer Sales requirements

Earning with Amway starts with Verified Customer Sales.

Generating 60% or more Verified Customer Sales (VCS) volume is the key to greater earnings at all levels. Consistent VCS in this amount each and every month can unlock the full benefit of Amway IBO Compensation Plan bonuses and additional discretionary incentives.

Baseline requirements for ALL discretionary Growth Incentives now include 150 Personal PV and 60% VCS.

For Performance Year 2023, to be eligible for discretionary Growth Incentives and non-cash awards (trips), in addition to 150 PPV each month, **IBOs will be required to generate at least 60% Personal VCS.** A yearly average of 60% VCS must be generated to be eligible for annual incentives.

Automation of the 70% Rule starts September 2022.

Amway will begin automated tracking of Rule 4.12 (the 70% Rule) in September 2022, to help ensure that all IBOs are building a business based on VCS. Help your team prepare for this change by encouraging them to generate 60% or more VCS each and every month.

When **automated tracking** of Rule 4.12 begins, an IBO must comply with the following to be bonused on full BV for the month:

- Each IBO's personal volume must meet the requirement of at least 70% customer sales (without any personal or family use counting toward the 70% requirement). This will be measured by a minimum of 60% from Verified Customer Sales (VCS).
- The other 10% can include products purchased to support customer sales, such as products given to customers as samples or used in demos.
- The remaining 30% may include personal use, unreported customer sales, products in inventory, any products purchased to support customer sales that exceed 10% sales support allowance noted above.

SET YOUR SIGHTS ON 60% OR MORE (continued)

= 70% Customer Sales

60%

Verified Customer Sales

10%

Sales
Support

30%

Personal Use, Unreported
Customer Sales, Inventory,
and Sales Support above
10% Allowance

= Fully satisfies requirements of Rule 4.12
= Full BV bonused on monthly personal volume

If the requirements of Rule 4.12 are not met, monthly BV will be prorated.

If an IBO does not generate at least 60% VCS in a month, their bonusable BV for that month – and the BV that passes upline – will be prorated accordingly. PV is unchanged and passes up as usual.

≠ 70% Customer Sales

50%

Verified Customer Sales

10%

Sales
Support

40%

Personal Use, Unreported Customer
Sales, Inventory, and Sales Support
above 10% Allowance

= 83% of BV bonused on monthly personal volume,
as it meets **83% of requirements** for Rule 4.12

SET YOUR SIGHTS ON 60% OR MORE *(continued)*

BV proration will impact upline earnings.

If any downline IBOs fall below 60% VCS in a month, they will be bonused based on prorated BV, and the BV they pass up will also be prorated, which impacts upline Differential Bonus. IBOs who earn 60% or more VCS in a month will be bonused on full BV, and their full volume will be passed up. Teach all business owners the importance of maintaining 60% or more VCS each month so you and your entire team can make the most.

Rule 4.12 is applicable to every IBO.

From new business owners to experienced Leaders, all IBOs must meet the requirements of the 70% Rule. By generating 60% VCS each month, IBOs at every level can unlock earnings from the Core Plan and discretionary Growth Incentives.

Track BV proration status for you and your team in the Business Center on the Amway website.

To help IBOs monitor personal and group non-bonusable BV, My Performance Dashboard will be updated to show the IBO's personal status and potential impact of BV proration in real time. In addition, a new action report, Non-bonusable BV Preview, will provide a list of downline IBOs who are under 60% VCS and the potential impact of BV proration in real time.

To help IBOs prepare for automated tracking of Rule 4.12 (70% Rule) in September 2022, these tools will be active in August to give IBOs a chance to understand the potential impact of BV proration before automation begins in September.



PY23 DISCRETIONARY GROWTH INCENTIVES

Everything you need to know about
New Growth Incentives Program

Growth Incentives lay a clear path to long-term profitability.

The new Growth Incentives Program (GIP) is designed to help IBOs at all levels grow a profitable, stable business built on a strong foundation. All IBOs have the opportunity to start earning motivating rewards earlier in their journey, and to see a clear, rewarding path forward.

Baseline requirements must be met to be eligible for ALL discretionary Growth Incentives.

In addition to generating 150 PPV each month, IBOs will be required to generate 60% Personal VCS to be eligible for discretionary Growth Incentives and non-cash awards (trips). A yearly average of 60% VCS must be generated to be eligible for annual incentives.

PY23 Growth Incentives reward consistent and sustained growth.

New discretionary incentives are all about business growth and customer volume consistency. Every incentive was designed to reward IBOs for business practices and performance that can lead to long-term sustainability and profitability. Increasing volume increases earnings – and doing so consistently means even greater rewards.

PY23 changes going into effect beginning September 2022 include:

- Discretionary BV uplift for VCS will be discontinued. PV Uplift will remain.
- Fast Track Incentive Program will be retired on August 31, 2022 and will be replaced by enhanced Bronze incentives available to more IBOs.
- VCS enhancements to Q12 Annual Incentives and Emerald & Diamond Leadership Growth enhancements will be discontinued.
- Monthly incentives will be paid on 15th of the month.

INCENTIVES FOR NEW AND GROWING IBOS

Everything you need to know to help
IBOs Start and Build Strong

PY23 Incentives motivate IBOs with rewards that are relevant at every level.

It's all about a strong start and a clear path to growth. At the beginning of their journey, every new IBO will start selling and earning with confidence through the Customer Sales Incentive (CSI) and by meeting New IBO Onboarding requirements. New Bronze incentives encourage continued growth with meaningful earnings and earlier recognition for focusing on VCS.

IBOs will continue to earn a minimum of 10% of BV on VCS through CSI.

The Customer Sales Incentive will continue to ensure that new IBOs earn a minimum of 10% of BV on all VCS. Combined with 10% retail margin, that's a 20% earning on every VCS. Plus, generating VCS early on helps meet the New IBO Customer Sales Requirement of \$300, unlocking the ability to sponsor other business owners and begin working toward Bronze Incentives.

New IBO Product Stack helps new IBOs start earning right away.

The Product Starter Kit is being temporarily replaced with a customizable New IBO Product Stack*. This new stack offers 8 full-size Amway products that new IBOs can sell for VCS, and that will earn them full PV/BV. Plus, if purchased in the first 30 days of business, IBOs will get \$40 in free samples to help them start introducing people they know to products they'll love.

Although this stack is designed to help new IBOs start strong, any IBO can purchase the product stack. Note that free samples would not be included if the purchasing IBO has been in the business for more than 30 days.

**Not available in DR*

Bronze Incentives replace Fast Track incentives for more meaningful rewards and earlier recognition.

The new Bronze Foundation and Bronze Builder Incentives are designed to motivate IBOs to build a strong, sustainable business through many more reward opportunities and early recognition. When an IBO builds a balanced team focused on growing VCS, they can earn **monthly Performance Bonus multipliers of 30% for Bronze Foundation and 40% for**

INCENTIVES FOR NEW AND GROWING IBOS

(continued)

Bronze Builder, up to 12 times within 18 consecutive months for each Bronze incentive. As IBOs increase their monthly Core Plan Performance Bonus by adding more Legs and growing VCS volume, the Bronze incentive amount grows, too! To earn Bronze Foundation Incentive, IBOs must achieve 9% Performance Bonus with at least three 3% Legs. To earn Bronze Builder Incentive – and the Bronze pin – IBOs must achieve 18% Performance Bonus with at least three 6% Legs.

Bronze Incentives give IBOs more and greater opportunities to earn compared to Fast Track.

Unlike Fast Track incentives which were fixed dollar amounts, Bronze incentives are calculated as multipliers on monthly Performance Bonus. Eligible IBOs can increase Bronze incentive earnings by increasing monthly Performance Bonus! In addition, Bronze incentives give 24 opportunities for a building IBO to earn more – Fast Track had 5 limited opportunities to earn additional income.

Bronze Foundation Incentive rewards building a team that sells.

The first Bronze incentive encourages IBOs to build a team of business owners who generate VCS – it's all about starting a strong foundation. To earn, IBOs help three or more people start their own Amway business and sell products. To receive a 30% multiplier on the monthly Performance Bonus, an IBO must:

- Achieve 9% Performance Bonus or higher **AND**
- Have at least three personally or foster sponsored Legs, each achieving a minimum 3% Performance Bonus **AND**
- Meet monthly baseline requirements

Incentive can be earned up to 12 times in 18 consecutive months.

To be eligible for this incentive, an IBO must have been at or below 12% Performance Bonus in prior Performance Year.

INCENTIVES FOR NEW AND GROWING IBOS

(continued)

Bronze Builder Incentive rewards growing a balanced business leading with sales.

The second Bronze incentive teaches IBOs how to focus on both width and depth to help them earn more. That means continuing to sponsor new team members and helping frontline IBOs keep building their businesses. To earn a 40% multiplier on the monthly Performance Bonus, an IBO must:

- Achieve 18% Performance Bonus or higher **AND**
- Have at least three personally or foster sponsored Legs, each achieving a minimum 6% Performance Bonus **AND**
- Meet monthly baseline requirements

Incentive can be earned up to 12 times in 18 consecutive months.

To be eligible, an IBO must not have been Gold Producer September 2019 or after, prior to the first Bronze Builder month.

Bronze Incentives are for IBOs who are ready to start building their businesses.

Bronze Incentives aren't only for new IBOs. To be eligible for Bronze Foundation Incentive, an IBO must have been at or below 12% Performance Bonus in prior Performance Year. To be eligible for Bronze Builder Incentive an IBO's highest qualification since September 2019, prior to their first Bronze Builder month, must be below Gold Producer.

Bronze Pin is awarded after the first qualified month of Bronze Builder.

With the new GIP, IBOs receive recognition earlier. As soon as an IBO earns their first Bronze Builder Incentive month, they receive the Bronze pin – their first recognition before Silver Producer.

Bronze Foundation and Builder Incentives can be earned at the same time.

IBOs can double up on Bronze incentives! The Bronze Foundation 30% multiplier and the Bronze Builder 40% multiplier can be earned at the same time. Both incentives reward performance and volume consistency, and encourage strong business practices that lead to sustainability.

REWARDING VCS GROWTH FOR LEADERS

Everything you need to know about
Growth Incentives for Leaders

Earn rewards for healthy, sustainable growth.

Leader Incentives are all about new milestones – and then continuing to grow, backed by 60% VCS volume and beyond. Remember, to be eligible for discretionary incentives, IBO Leaders must meet monthly or annual baseline requirements.

Performance Plus and Performance Elite incentives replace Platinum Plus and Platinum Elite.

These rewards for strengthening your business by building more width are now available for Silver Producer and above IBOs. Now more IBOs have the opportunity to earn a 2% or 4% multiplier on Group/Ruby BV.

Two-Time Cash Incentives include new earning levels.

Qualify and requalify! Leaders can earn more through the Two-Time Cash Incentive by solidifying new Legs and helping downline IBOs qualify. PY23 brings new payment levels for Diamond Bonus Recipients and Founders Diamond Bonus Recipients. Plus, the second-year incentive no longer requires Q12 qualification! More earnings for more Leaders.

Q12 Annual Incentive has a set reward amount.

For PY23, the Q12 Incentive VCS enhancements have been discontinued. The reward will now be set at \$15,000, with the possibility of qualifying for an additional \$3,000 with the Q12 Plus Annual Incentive (read more below!). Additionally, IBO Leaders must achieve 1,800 Personal PV for the Performance Year and meet the minimum requirement of 60% Personal PV from VCS, with at least 60% VCS Group/Ruby average for March through August. There is a Volume Equivalency option of 10-11 Q12 months and 95,000 Group/Ruby PV.

Introducing the Q12 Plus Annual Incentive.

The Q12 Plus Annual Incentive rewards IBOs for year over year growth! Here's how it works: IBOs who earned the Q12 Annual Incentive in PY22 can earn an extra \$3,000 for PY23 by increasing Group/Ruby PV by 10% OR by growing six frontline Qs. IBOs are also required to generate 70% Group/Ruby VCS March through August.

REWARDING VCS GROWTH FOR LEADERS

(continued)

Some incentives will be prorated if VCS is below the minimum.

For Q12 and for Emerald and Diamond Leadership Growth Incentives, payouts will be prorated if the IBO generates less than 60% Group/Ruby VCS March through August.

Some discretionary Growth Incentives have little or no change.

The VCS enhancement for Emerald and Diamond Leadership Growth Incentives will no longer apply. Founders Achievement Awards, Emerald Profit Sharing and GAR Two-Time Cash Awards will remain the same.



PROPOSED CHANGES FOR CBR AND PAYMENTS

Everything you need to know about Proposed IBO Contract Changes

Understand proposed changes to the IBO contract.

Amway is proposing two changes: One related to the Criteria-based Reclassification (CBR) clock period, and another related to how IBOs receive bonus payments.

Amway is proposing equalization of the Criteria-based Reclassification compliance period to 5 months for all IBOs effective September 1, 2022.

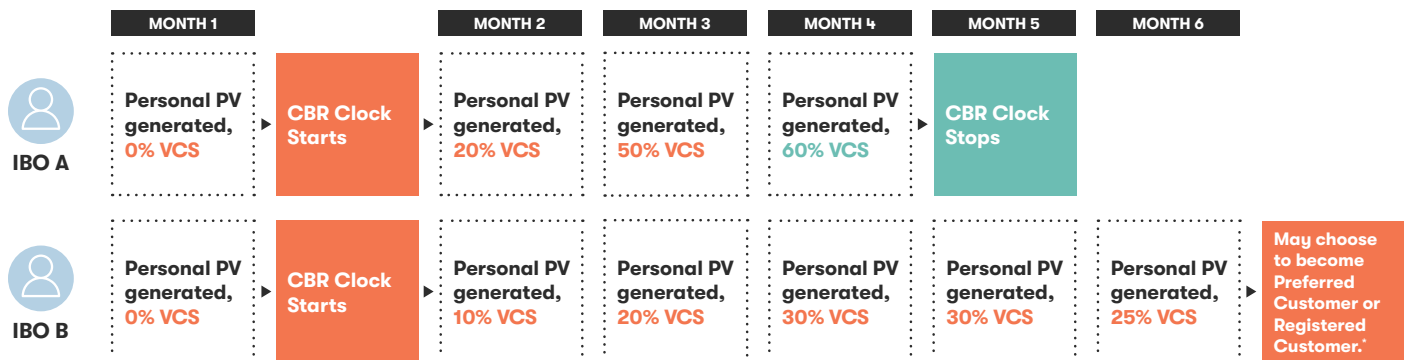
IBOs who joined the business by December 31, 2021, who generate Personal PV but 0% VCS in a month would start the clock on a **five-month period** during which they must achieve a 60% VCS month. If 60% VCS is not generated in any of the five months, Amway will end their IBO contract and they can choose to become a **Preferred Customer***.

IBOs who joined the business on or after January 1, 2022, who generate Personal PV but 0% VCS in a month would start the CBR clock on a **five-month period** during which they must achieve a 60% VCS month. If 60% VCS is not generated in any of the five months, Amway will end their IBO contract and they can choose to become a **Registered Customer**.

The option to become a Preferred Customer is still only available for IBOs who joined the business on or before December 31, 2021.*

*Subject to Preferred Customer Terms and Conditions.

EXAMPLE: FIVE-MONTH PERIOD



* IBOs who joined before December 31, 2021 can choose to become a Preferred Customer. IBOs who joined on or after January 1, 2022 can choose to become a Registered Customer.

PROPOSED CHANGES FOR CBR AND PAYMENTS

(continued)

Effective September 1, 2022, the two-month period for CBR clock would be discontinued.

Currently, IBOs who entered the business as of December 31, 2021, have 0 frontlines, and finish a month with Personal PV and 0% VCS start the clock on a two-month period to achieve a 60% VCS month to remain as an IBO.

To simplify the CBR process Amway is proposing to change the current two-month clock period to a five-month period for these IBOs, equalizing the period for any IBO who goes on the clock. Effective September 1, 2022, the two-month period for CBR clock time would be discontinued.

This proposed change has implications for IBOs who start the two-month CBR clock in July or August 2022.

IBOs who, under the current CBR rules, begin a two-month CBR clock in July or August 2022 will have an additional three months to meet the VCS minimum if they have not already done so by mid-September. For example, IBOs that start a two-month clock in July would have October, November and December to achieve a 60% VCS month to stop their clock.

Amway is proposing to be able to use a third-party vendor to pay IBOs bonuses and/or other funds to IBOs effective September 1, 2022.

Amway may use a third-party vendor to pay bonuses and/other monies earned under the IBO Compensation Plan. Through this proposed change, IBOs will be required to register with Amway's third-party vendor as long as they remain an IBO. This will include agreeing to the vendor's applicable terms and conditions and providing the vendor any required information which may include, but is not limited to, a primary email address and tax identification number. This will allow the vendor to make payments on behalf of Amway.