

ERA EUROPE MARKETING GUIDELINES FOR ELECTRONIC RETAILERS

**PLEASE READ CAREFULLY, sign where appropriate and initial the entire document,
as indicated by “Agree”.**

The Electronic Retailing Association of Europe (“ERA Europe”) believes that consumer confidence is the key to the continued growth and success of the electronic retailing industry. “Electronic Retailing” encompasses any form of marketing or selling products or services directly to the consumer through electronic media such as television, radio, telephone, the Internet and all other electronic communication devices.

In order to encourage fair, ethical, and responsible marketing practices that will promote consumer confidence in electronic retailing, ERA Europe has adopted the following “Marketing Guidelines for Electronic Retailers,” which apply to all Television Shopping programs produced or disseminated by Electronic Retailers (including, but not limited to, infomercials, short form spots, live or taped shopping programs, and other forms of marketing.) whether that be via TV, Internet or other media, e.g. phones.

ERA Europe Members are obligated to adhere to these Marketing Guidelines, as well as to the Member State or European regulations upon which they are based.

A. General Principles

Electronic Retailers should be aware of the many laws and regulations that govern advertising and marketing practices, and should conduct their business in compliance with those laws and regulations. In Europe, Electronic Retailers should comply with European Directives, Regulations, and applicable laws in the countries in which they operate, in the countries where their Television Shopping programs are broadcast on television, radio and the Internet, and where consumers receive goods and services. In addition to regulations governing television and radio advertising, Electronic Retailers should adhere to those laws related to distance selling, consumer protection and data protection.

In case of conflict between this set of guidelines and any country regulations, the latter shall prevail

Electronic Retailers should not engage in dishonest or unethical business practices. Electronic Retailers should encourage the companies or individuals with whom they do business to follow the principles set forth in these Guidelines, and should not do business with firms that engage in dishonest or unethical business practices.

B. General Guidelines for Advertising

1. No Electronic Retailer should produce or disseminate any advertisement that has a deceptive format (i.e., that appears to be a *bona fide* information or entertainment program created by a disinterested party solely for the purpose of providing information or entertainment) or that otherwise purports to be something other than an advertisement.
2. Electronic Retailers should follow the European and National rules governing the separation between Editorial Content and Advertising as defined by the Television Without Frontiers Directive.
3. Television Shopping programs and services must be legal, decent, honest and truthful.
4. Television Shopping programs and services must deal fairly and equitably with the consumer. Electronic Retailers must operate with a sense of responsibility to viewers, customers and consumers in general.
5. Television Shopping products and services must not deliberately or inadvertently mislead viewers or misrepresent products in any way.
6. Television Shopping programs and services must be straightforward and easy to use.
7. Electronic Retailers shall make every effort to live up to the expectations of consumers and to ensure that unsuitable or inappropriate material does not reach consumers.
8. Electronic Retailers must not deliberately or inadvertently mislead viewers or misrepresent products in any way.
9. All statements in an advertisement must be truthful and not misleading, whether or not they are specifically made with respect to the product or service being marketed.
10. No Television Shopping program should disparage any person or group on the grounds of race, religion, national origin, gender, age, or sexual orientation, or include indecent or offensive content.
11. Particular care shall be taken in advertisements for products designed for use by children. All such advertising should comply with the European Directives and other Regulations, relating to advertising to children.
12. Advertisements must also comply with European directives and regulations relating to consumer-sensitive products, including but not limited to, tobacco products, alcoholic beverages, pharmaceutical products, and auctions.

C. Claims Substantiation

Electronic Retailers must have a reasonable basis, consisting of competent and reliable evidence, for all express or implied objective claims made for a product or service. Such evidence must correspond to the exact product or service presented to the consumer.

1. If programming contains an expressed or implied representation that a claim's truth has been scientifically established or proven, the Electronic Retailer must possess a sufficient level of evidence to convince the relevant scientific community of the claim's truthfulness. At a minimum, an Electronic Retailer should always have the amount and kind of prior substantiation that it claims it has.
2. Particular care should be taken to substantiate health or safety claims for products such as dietary supplements, drugs, diet and exercise products, and medical devices. All representations regarding the safety or efficacy of such products or services must be substantiated by competent and reliable scientific evidence.
3. Television Shopping programs must not contain deceptive implied claims, nor omit material information, the disclosure of which is necessary to prevent the program from being deceptive. Any necessary qualifying disclosures should be legible (or audible) and understandable.
4. Any references to tests, trials, or research undertaken in relation to products should only be used with the permission of those persons who undertook the test, trial or research.

D. Tests, Testimonials and Endorsements

1. All testimonials or endorsements must be true, genuine and not likely to mislead the viewer.
2. In the case of a live TV shopping channel, the electronic retailer must need to make their best efforts to insure that live testimonials and endorsements are true, genuine and not misleading. If a claim is made which does not meet this, it needs to be immediately disclaimed as such.
3. Testimonials should relate to the specific product being featured only.
4. Demonstrations of the product being marketed or of a competing product must not misrepresent any material feature of that product or the product's actual performance in real-life conditions. All demonstrations must either be represented as they actually take place as represented or be conveyed disclosing the details of the real-life conditions (such as the actual elapsed time).
5. Comparative tests and demonstrations of competing products (when authorized by National Advertising Regulations) must take into account the purpose for which the products are intended, the manner in which they are normally used by the consumer, and the instructions for use that accompany the products.

6. All testimonials from consumers used must reflect the honest opinions, findings, beliefs or experiences of the consumer and be generally representative of the results to be expected by the average consumer, or the Electronic Retailer must clearly and prominently disclaim that the experiences of the consumer offering the testimonial are not representative of the results to be expected by the average consumer, or disclose what results the average consumer can expect.
7. If an advertisement represents that an endorser uses the endorsed product, the endorser must have been a *bona fide* user of the product at the time the endorsement was made. The Electronic Retailer should not continue to use an endorsement without reason to believe that the endorser remains a *bona fide* user of the product.
8. When an advertisement represents that an endorser is an expert, the endorser's qualifications must in fact give him or her the expertise that he or she is represented as possessing. An expert's endorsement must be supported by an actual evaluation, examination or testing of the product or service he or she is endorsing that is at least as extensive as an expert in that field would normally conduct in order to support the conclusions presented in the endorsement. An Electronic Retailer should not continue to use an expert endorsement without reason to believe that the views expressed in the expert's endorsement continue to represent his or her views.
9. Any "material connection" between an Electronic Retailer and an endorser that is not reasonably expected by the audience and that would have a significant effect on the weight or credibility given to the endorsement by that audience – e.g., a family or business relationship – must be disclosed. (Audiences expect expert or celebrity endorsers to be compensated, so payments to expert or celebrity endorsers need not be disclosed.)
10. Testimonials and endorsements used may not be used to make representations that would be deceptive or could not be substantiated if the Electronic Retailer made them directly. Testimonials should not be portrayed as evidence to substantiate claims in themselves and any opinions expressed must be supported (where possible by documentary evidence). Any claims made in such testimonials must conform with the other provisions of these guidelines.
11. Electronic Retailers should ensure that they have signed and dated proof for any testimonials they use. Unless they are taken from genuine published sources, testimonials should only be used with the written permission of those giving them.
12. In general, living people should not be portrayed in any program or advertisement without their prior consent.

E. Comparative Advertising

1. Comparative advertising, should only be used when deemed legal and authorized in the market where it will be used.

2. Comparative advertising should inform buyers of the benefits of the product, and not disparage a competitor's product. Comparisons should be presented fairly and accurately, rather than in a contemptuous manner intended to degrade the competitive product.
3. All comparisons between products or services must be based on factual evidence. Comparisons must not be made with unfairly selected products. In addition, the elements of any comparison must not be selected in a way that gives the featured product an artificial advantage.
4. Comparisons must be substantiated and Electronic Retailers must hold documentary evidence to prove all claims, whether direct or implied, made in any comparative advertisements. Any such relevant evidence must be made available to regulatory institutions or to self-regulatory bodies, without delay, if requested.
5. Electronic Retailers must not unfairly attack or discredit other businesses or products.

F. Prices, Costs, Promotions

1. All statements regarding prices and costs must be truthful and substantiated. For example, if an advertisement claims that the current price for an advertised product is less than a former price, the former price must be a *bona fide* price at which the product actually was offered for sale.
2. Comparative price advertising should compare only actual prices for comparable products and must not be otherwise misleading.
3. When "free" or similar representations are made, any conditions or obligations upon which receipt of the "free" item are contingent should be disclosed, and the cost of the "free" merchandise should not be recovered by marking up the regular price of the product that must be purchased in order to receive the "free" product, or by lowering the quality or quantity of the product that must be purchased.
4. Prices should be clearly stated during the relevant Television Shopping Program or advertising and should relate only to the featured product.
5. It should be clear from the Television Shopping program or advertising whether or not VAT or other taxes are included in the price. In the event that VAT is not included, this should be expressly stated.
6. Other costs additional to the price, such as delivery or packing, must be clearly legible on screen during the relevant Television Shopping program or advertising.
7. Where the price is payable in installments, the total price to be paid by the customer must be clear on screen during the relevant Television Shopping program or advertising, as well as the amount of each installment and the frequency with which those installments are to be paid.
8. Price claims, where the purchase of one product affects the price of another, should not exaggerate the benefits likely to be obtained by the consumer. If the price of a

product is dependent on the purchase of another, the extent of any necessary commitment by the customer should be made clear.

9. Electronic Retailers should ensure that the use of promotions, free gifts, premiums, and other promotional devices or technique comply with the regulations and laws applicable to the countries where the transaction between the consumer and the Electronic Retailer will take place.
10. The terms of an advertised offer should be sufficiently clear and complete so that the average consumer will understand what is being offered, what it costs, and what his or her ongoing commitments or obligations are, if any, prior to the purchase of the advertised product or service.
11. An Electronic Retailer should make clear if accessories or other items depicted or mentioned in an advertisement are optional and not included in the advertised price. All costs related to an offer (including postage and handling, taxes, etc.) must be disclosed.
12. Offers involving continuity programs should comply with the applicable European Directives and National Laws and regulations or (if such regulations are unavailable or non applicable) with ERA's "Guidelines for Continuity Programs." The material terms and conditions of a continuity program must be conveyed to consumers before their orders are accepted.
13. The cost of calling an advertised toll-free, premium-rate or similar type of number or an audiotext service must be clearly, prominently and legibly disclosed in advertising.
14. Callers to a pay-per-call service should hear an introductory disclosure message, or "preamble," at the beginning of their calls that discloses the cost of the call and contains the other disclosures prescribed by law, and should be given the opportunity to terminate the call during the preamble without incurring any charge.
15. Electronic Retailers should not place any charges on telephone bills when they know or should have known that the charge was not authorized by the consumer responsible for paying the telephone bill.
16. Where allowed, lead-generation commercials must clearly indicate on the screen that all pricing conditions will be disclosed by the telephone operators. Electronic Retailers are required to provide to the consumer in good time prior to the conclusion of the contract information on price, other costs to the consumer including but not limited to VAT or other taxes, delivery costs, packaging costs, call costs, costs and terms for continuity programs.
17. Promotions reserved to groups of customers identified, for example, by being "the first xx to call" may be used only if the promotion is effectively reserved to those and if their identification can be really proved, as in the case of live shows or in case on-screen messages are changed once conditions to qualify for the discount are no longer achievable.

G. Product Descriptions and Processing of Customer Orders by Electronic Retailers

1. All Television Shopping programs or advertising must include fair and adequate descriptions of the products on sale. Such descriptions must allow the customer to make an informed decision as to whether or not to purchase the product.
2. An Electronic Retailer should not advertise and offer merchandise for sale unless it has a reasonable basis to believe that it will be able to ship that merchandise within the time specified in the offer (or, if no time is specified in the offer, within 28 days after receipt of an order). Otherwise, this must be clearly conveyed at the time of the presentation in the form of an Advance Order, Waitlist, Auto Delivery or other such wording which informs the viewer of an expected delivery time, and it is confirmed as such at the time when the customer order is received. Customers should have the right to cancel the order/product at anytime without cost and any such order/product should not be billed for the product until it has been shipped
3. It must be clear from any Television Shopping programs or advertising how an order can be placed.
4. All order details including any additional costs over and above the price of the product (including any applicable taxes and any shipping and packing costs) and the likely timing of delivery must be made clear (or reiterated) when the order is made.
5. Television Shopping Programs or advertising should only promote products that are available for sale. Any limits on the availability of products must be made clear on screen during the Television Shopping programs or advertising. If products are allowed to go out of stock then Electronic Retailers must remove those products from any Television Shopping programs or advertising as soon as possible. Customers should not be able to place orders for products that are not readily available.
6. Electronic Retailers should not charge a customer's credit card account, debit a customer's checking account, or cash a customer's check or money order unless it has shipped or otherwise provided the goods ordered, or is prepared to ship or otherwise provide those goods within 5 days.
7. If, after receiving an order, an Electronic Retailer learns that the product cannot be shipped within 28 days, it should notify its customers of that fact, allow them to cancel their orders if they wish, and make any necessary refunds promptly. An Electronic Retailer should not substitute merchandise that materially differs from that ordered by a customer unless the customer agrees to the substitution.
8. Electronic Retailers should ship to customers the products in the exact quantities they have been ordered.
9. Electronic Retailers must deal promptly with any returned products or requests for replacements. Customers must be informed of their rights in respect of refunds or replacements at the time they order a product. In any event, full refunds for the product must be given where customers return goods unused within 30 days of delivery or where the customer can show reasonable cause for dissatisfaction with a product.

10. In the event that a customer asserts that any products ordered are not delivered, the Electronic Retailer must prove receipt by the customer. If the Electronic Retailer cannot prove delivery, then they will be responsible for providing a replacement product as soon as possible at no cost to the customer.
11. Electronic Retailers who offer a satisfaction or “money-back” guarantee to their customers should honor valid refund requests promptly. Any advertisement that mentions a money-back guarantee should disclose any material limitations or exceptions that may apply to that guarantee (e.g., “less shipping and handling”).
12. Any Electronic Retailer who offers a money-back guarantee should maintain an adequate reserve or otherwise ensure the availability of funds to satisfy refund requests.
13. An Electronic Retailer who offers consumers a “free trial” of an advertised product should not charge the customer’s credit card, debit his or her checking account, or cash his or her check or money order until the free trial period has expired.
14. When restrictions apply, Electronic Retailers shall ensure that customers are legally entitled to buy the goods which they are purchasing.
15. Electronic Retailers must ensure that they have adequate resources to enable them to receive and process the number of orders they anticipate and ensure their efficient administration. Facilities for the viewer to order products must be available, at the minimum, at all times when the service is being broadcast.
16. Electronic Retailers must ensure that they provide customers with all information required by law at the time the order is made. Telephone scripts must cover all such information. In particular, Electronic Retailers must provide customers with their address and customer services contact details when the order is made. Customers should be advised to write down or print off all details about the transaction during any telephone order.
17. Positive confirmation of the order should be given by the customer once all required information has been given. Only then can an Electronic Retailer process the order.
18. When placing an order, customers must be informed by Electronic Retailers of their right to withdraw from the transaction.
19. All orders must be processed promptly and efficiently by Electronic Retailers. Customers must be given an individual identification number for each order to enable them to be effectively tracked, or be ensured that their orders will be trackable without any additional identification number.
20. No order should be confirmed (whether over the telephone or otherwise) until the Electronic Retailer is sure that the product requested is in stock and has received a positive confirmation to proceed with the order from the customer.
21. All information with respect to any order placed must be retained by the service provider for a period of no less than 3 years from the date an order was placed.

22. Electronic Retailers must ensure that they comply with all relevant laws in respect of the sale of goods. In particular, products sold must be fit for the purpose for which they are intended to be used and/or for which the customer might reasonably expect them to be used.
23. Electronic Retailers must provide their customers, on-screen, by phone, and on the documents accompanying the order, with the address and telephone number(s) to be used to communicate any complaints, inquiries, or refund requests, and should take all reasonable steps to respond to such complaints, inquiries, or refund requests promptly and courteously.
24. Electronic Retailers must make the terms and conditions of business easily available to consumers, whether by post or fax or on an associated website, and will make clear to consumers where such terms and conditions can be found.
25. Electronic Retailers who collect personal information from consumers should not misrepresent the purposes to which that information may be put. If a consumer requests that his or her personal information not be rented, sold, or exchanged by a member, that request should be honored.
26. Electronic Retailers should not rent, sell, or otherwise provide a consumer's credit card number, checking account number, or similar information to a third party (other than a third party who assists the Electronic Retailer in processing or completing an authorized purchase or other transaction) without the consumer's express authorization.
27. Electronic Retailers must take all necessary security measures to protect customers' private information, including credit or debit card details.
28. Electronic Retailers must ensure that they comply with all relevant national, European and international laws, regulations and conventions, with respect to data protection, privacy, security, management, cross border transfer, processing and use of customer's personal data.

H. Warranties

Advertising claims relating to a product warranty must be truthful and consistent with the terms of that warranty. Electronic Retailer should disclose any material conditions, limitations, or charges relating to the warranty. Any warranty offered with a consumer product should be properly designated as "full" or "limited," and should contain the basic information required by law in the countries where warranty apply (e.g., what the warranty covers and does not cover, what the period of coverage is, what the warrantor will do to correct problems, how the customer can obtain warranty service, and how national law affects the customer's rights under the warranty). Any requests for repairs, replacement products, or refunds under the terms of a warranty should be honored promptly.

A copy of the warranty must be made available free of charge to any consumer who requests one in writing, and advertisements that mention a warranty should tell consumers how to obtain a copy of that warranty.

I. National Business Standards & Code of Conducts

Electronic Retailers are encouraged to carefully evaluate the Direct Marketing, Distance Selling, and Data Protection Code of Conduct promoted by their national Direct Marketing Associations. They should elect to apply the National Codes of Conduct and /or ERA Marketing Guidelines in the manner most favorable to the Consumer. They should alert ERA Europe to any discrepancies or differences in the sets of rules or standards. ERA will look for harmonization between such codes and the ERA Marketing Guidelines.

IN WITNESS WHEREOF, the undersigned, representing that they have been duly authorized to do so, agree to the terms and conditions of ERA Europe Membership and the ERA Europe Self-Regulation Guidelines on the date(s) set forth below.

Date:

Place:

Company Legal Name:

Representative Name:

Representative Title:

Signature: