



Lazada's Non-Compliance Points

February 2019



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Chapter 01

Introduction

What are Non-Compliance points?

A point-based system that measures Sellers' compliance to Lazada's policies.

A seller receives Non-Compliance points due to negative and/or unfavorable actions which are not aligned with Lazada Policies.

It acts as a deterrence and to ensure that customers get the best shopping experience on our Platform



Why Should You Comply With Lazada's Policies?



01

Improves Customers Experience

Non-Compliance Points was designed as one of the efforts to help drive Lazada as a trusted platform for online shopping – Buyers can buy with confidence with the healthy range of product assortment!

02

Builds Customer Loyalty

When customers enjoy the shopping journey on Lazada, naturally it will be the go to platform for online shopping! Make customers return by providing the seamless experience with a high-performing store.

03

Better Business Opportunities

Words spread easy and quick! Ensure quality selling by being compliant and be that credible and reliable seller that every customer wants to share about.



Chapter 02

Non-Compliance Points & Impacts



Non-Compliance Points System

Seller A has 3 cases of Non-Compliance, and has received the following Non-Compliance points:



Note: Points reset every 365 days from the received date, Sellers receive maximum 16 points per week



Impacts of Non-Compliance Points

Listing Restriction



- ✗ Unable to upload new products, edit price and product content by Webpage and API
- ✗ Unable to use Excel to bulk edit/upload
- ✗ Unable to activate a deactivated product
- ✓ Able to edit stock
- ✓ Able to deactivate an active product

Limited Traffic



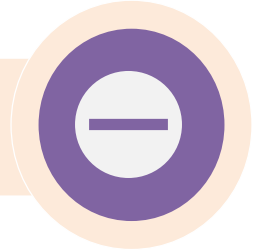
- ✗ Blocked from Search
- ✗ Products will not be listed under search results
- ✓ Customers are able to see products if they visit your store or if they have the URL to your product

Products in Offline Mode (For 21 days)



- ✗ Customers are unable to see any products in your store and by URL
- ✓ Manually activate every SKU to online after 21 days

Termination of Store



- ✗ Store will be removed from online platform
- ✓ Able to log in to ASC to see the status of the store and the Non Compliant Points consequences

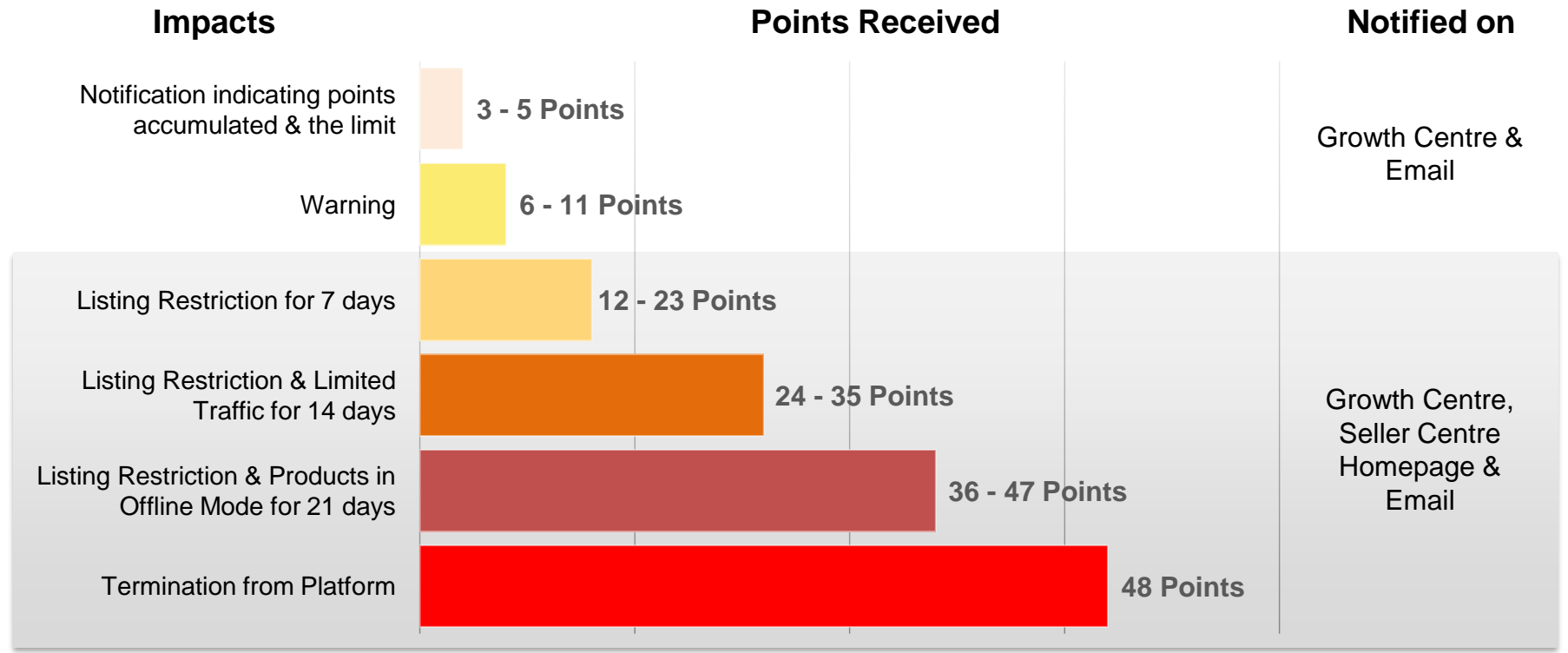
Impact Level & Impacts



Violation of Policy	Impact Level	Possible Impacts
1. Intellectual Property Rights Policy Counterfeit, Trademark, Copyright, Patents, Design Patent	Product	Product locked <u>and</u> up to 48 points
2. Prohibited and Controlled Products Policy	Product	Product locked <u>and</u> up to 48 points
3. Fair Trading Policy	Shop	Up to 48 points
4. Content and Catalogue Policy Product Governance – Non Performing Product Listings, Wilful Duplication of Product Listings	Product	Deactivation of product <u>and</u> up to 2 points
5. Seller Behaviour Policy	Shop	Up to 48 points



Non-Compliance Points Milestones





Chapter 03

Appeal Process

You can make an
appeal in
Growth Centre -

for each non-compliant violation if you
do not agree with Lazada's decision





Appeal Outcome

Successful Appeal



You will be notified of the outcome in Growth Center and via email



The non-compliance points and/or account-related actions will be lifted immediately



Non-compliance record will not be removed from Growth Center

ABC

The non-compliance record will be displayed as a strikethrough text

Unsuccessful Appeal



You will be notified of the outcome in Growth Center and via email



You will not be able to lodge a second appeal via system



For those who wish to appeal further because they do not agree with the appeal outcome, you will need to contact PSC.



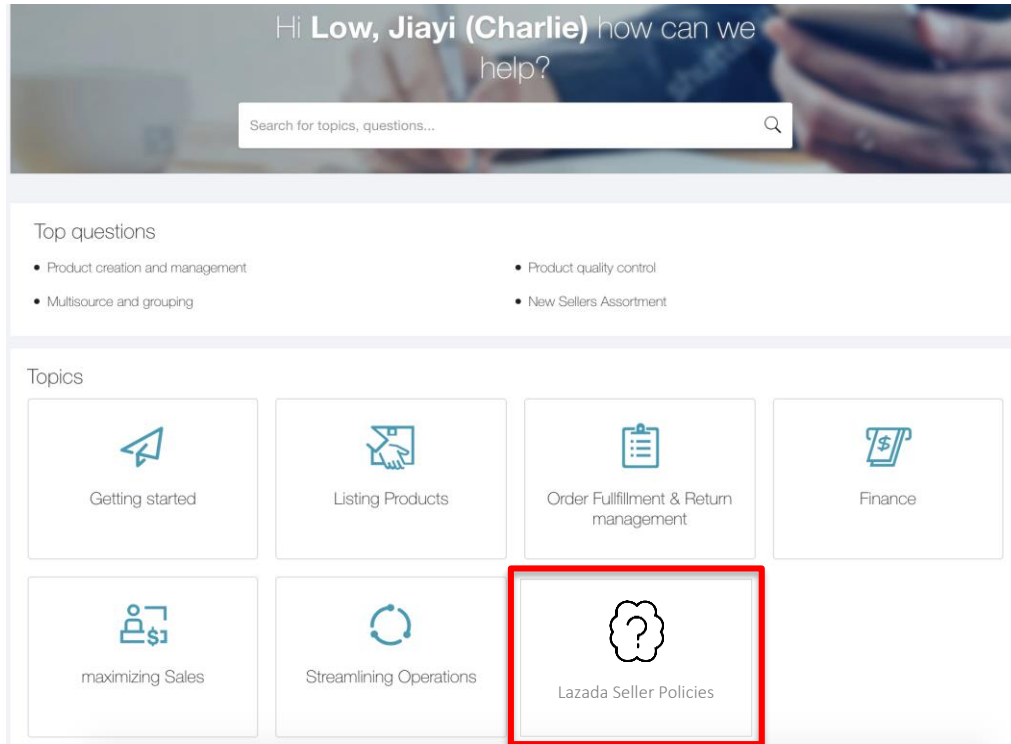
Chapter 04

Definition Of Lazada's Policies



Lazada Seller Policies

Lazada Seller Policies is a section in ASC Help Center that houses all Lazada's policies



- Single source of truth for our sellers
- Sellers can now refer to the Lazada Seller Policies on what can be done, or what cannot be done
- Links to the Lazada Seller Policies will also be provided in Growth Center when Sellers are penalized

Lazada's Policies





Intellectual Property Rights Policy

Counterfeits, Trademarks, Copyright, Patents, Design Patents, Content Infringement

Policy Overview

- Lazada is dedicated to providing all buyers and sellers with the best selection of goods and to creating an amazing customer and online shopping experience.
- Listings that violate the intellectual property rights of brands or other rights owners are not allowed
- Any breach of Lazada's Intellectual Property Rights Policy could result in the removal of your product listing and/or issuance of Non-Compliance points.

Lazada's Intellectual Property Rights Policy	Possible Impacts
Selling of Counterfeits and Replicas	Locked Product <u>and</u> up to 16 points
Infringement of Patent Rights	Locked Product <u>and</u> up to 6 points
Infringement of Design Patent Rights	Locked Product <u>and</u> up to 6 points
Infringement of Content Rights	Locked Product <u>and</u> up to 6 points



Intellectual Property Rights Policy

Counterfeits, Trademarks, Copyright, Patents, Design Patents, Content Infringement

Product +
Points impact

Once a seller is caught violating the following:

Counterfeits, Trademarks, Copyright, Patents, Design Patents, Content Infringement



- Product will be locked
- Sellers unable to edit product or re-activate product

Lazada's Policies



Prohibited and Controlled Products Policy



Policy Overview

- We want to build the trust and confidence in our buyers that they can always buy with confidence on Lazada.
- You may not post or sell any item that is restricted or prohibited by a federal, state or local law in any country or jurisdiction. Lazada website functions as a global marketplace; thus the selling or posting of items may be prohibited because of laws outside of the jurisdiction where you reside. We have listed some categories of prohibited or restricted items. However, this list is not intended to be exhaustive; as a seller, you are responsible for ensuring that you are not posting any item that is prohibited by law in any jurisdiction.
- Any breach of the Prohibited and Controlled Products Policy could result in the removal of your product listing and/or issuance of Non-Compliance points.

Prohibited and Controlled Products Policy	Possible Impacts
Drugs	Locked Product <u>and</u> up to 48 points
Hazardous Substances	Locked Product <u>and</u> up to 48 points
Firearms And Ammunition	Locked Product <u>and</u> up to 48 points
Restricted Weapons	Locked Product <u>and</u> up to 6 points
Government, Law Enforcement And Military Issued Items	Locked Product <u>and</u> up to 6 points
Medical Drugs	Locked Product <u>and</u> up to 6 points
Medical Devices	Locked Product <u>and</u> up to 2 points
Adult And Obscene Materials	Locked Product <u>and</u> up to 48 points
Circumvention Devices And Equipment Used For Illicit Purposes	Locked Product <u>and</u> up to 48 points
Illegal Services	Locked Product <u>and</u> up to 48 points
Collections, Artefacts And Precious Metals	Locked Product <u>and</u> up to 48 points
Human Parts, Human Remains And Protected Flora And Fauna	Locked Product <u>and</u> up to 48 points
Materials Detrimental To National Security	Locked Product <u>and</u> up to 48 points
Tobacco And Related Products	Locked Product <u>and</u> up to 6 points
Gambling Equipment	Locked Product <u>and</u> up to 6 points
Sanctioned And Otherwise Prohibited Items	Locked Product <u>and</u> up to 2 points
Substandard And Dangerous Goods	Locked Product <u>and</u> up to 2 points

Prohibited and Controlled Products Policy



Product +
Points impact

Once a seller is caught selling any of the P&C products:



- Product will be locked
- Sellers will be levied Non-Compliance points
- Sellers unable to edit product or re-activate product

Lazada's Policies





Fair Trading Policy

Policy Overview

- Sellers are not allowed to participate in fraudulent activities. This is to inculcate professional and reliable seller behaviour so that we can boost the confidence and preserve the trust of shoppers for our platform.
- Any breach of Fair Trading Policy may result in the issuance of non-compliance points and/or restrictions to seller's account.

Content and Catalog Policy	Possible Impacts
Fraud	Up to 48 points
Sharing of Contact and/or Personal Information	Up to 2 points
Anti-Competitive Behaviour	Up to 16 points per incident
Unlawful Profit Making Behaviour	Up to 16 points per incident
Fulfilment Fraud	Up to 48 points per incident

Lazada's Policies





Content and Catalog Policy

Product Governance

Policy Overview

- As part of our efforts to ensure Lazada provides you an excellent selling experience, we govern products according to various parameters. This is to make sure that all products online are performing optimally.
- We reject product listings due to the following reasons:
 - Non-Performing Product Listing
 - Wilful Duplication of Product Listing
- Any breach of Lazada's Content and Catalog Policy could result in issuance of Non-Compliance points and/or product-related actions.

Content and Catalog Policy	Possible Impacts
Non-Performing Product Listing	Deactivate Product
Wilful Duplication of Product Listing	Locked Product <u>and</u> 1 point



Content and Catalog Policy

Product Governance

No points
impact

What are Non-Performing Products?

- Products with high search exposure but low page views in their respective PDP for the past 90 calendar days
- Product will be deactivated
- Sellers can edit to improve content and reactivate the product

Product +
Points
impact

What is Wilful Duplication of Product Listing?

- We do not allow sellers to deliberately or wilfully create duplicate product listings in attempt to get more exposures on their product pages.
- The locked product listing will be the one with lower sales, less history of being added to cart and less click rate.

Lazada's Policies





Seller Behaviour Policy

Policy Overview

- Lazada is dedicated to creating a trusted platform, connecting sellers to buyers, that promises an amazing online experience. Lazada does not allow any sellers (or buyers) to deliberately create any form of an unhappy transaction, in any manner, for each party.
- We strongly encourage all sellers (and buyers) to communicate with each other in accordance to our Communication Guidelines.
- Any breach of Lazada's Customer Service Policy could result in issuance of Non-Compliance points.

Seller Behaviour Policy	Possible Impacts
Customer Harassment – Causing Bodily Harm	Up to 48 points
Customer Harassment – Issuing Threats to Buyers	Up to 48 points
Customer Harassment – Sending SPAM Messages	2 points
Customer Harassment – Use of Profanities/Hate Speech	2 points
Unresolved Customer Disputes (by Seller Fault)	2 points



Seller Behaviour Policy

Lazada's Communication Guidelines



Something that we are working on, just because we want to foster harmony in our community.

1. Make offers to our customers only on Lazada platform.
2. Communicate with your customers when necessary. Customers does not like to receive spam messages within or out of Lazada platform.
3. Use effective communication skills and refrain from using threatening language, profanities or hate speech in your communications.
4. Keep personal contact numbers, email addresses or web addresses confidential. All conversations, especially pertaining to transactions made through Lazada website, should be made through the Lazada platform (examples: IM, FAQ).

Policy Definition Summary



Name of Policy	Rule Type	Details/Definitions	Points
Lazada’s Intellectual Property Right Policy	Counterfeits	Without the authorization of the copyright owner, reproduce his/ her work for offering for sale or sale, including printed materials, audio and visual recordings or software etc.; or	Up to 16 points
		Without the authorization of the registered trademark owner in the country of origin or the licensee of the owner, offer for sale or sell his/her products.	
	Other Types Of Infringement	Includes Patent and registered design infringement	Up to 16 points
	Content Infringement	Unfair use of trademark rights, copyrights or other rights in product descriptions, store names or hyperlinks	Up to 6 points
		Unfair use of trademark rights, copyrights or other rights for offering for sale or sale of products	
Publishing product descriptions or other information that may cause confusion, misrepresentation, or other circumstances.			
Prohibited and Controlled Products Policy	Prohibited Goods – Very Serious	Prohibited by Law	Up to 48 points
	Prohibited Goods – Serious	Prohibited by Law	
	Others	Not prohibited by law; Offensive/controlled	



Policy Definition Summary

Name of Policy	Rule Type	Details/Definitions	Points
Fair Trading	Fraudulent Dealings	Includes but not limited to orders, returns, off network transactions etc.	Up to 48 points
	Spam/Duplicate Accounts	Sellers creating multiple accounts with same assortment eg. Using bots	
	Voucher/Subsidy Abuse	Attempting to cheat for monetary gains	
	Inventory Blocking	Intentionally trying to sabotage other Sellers by stock blocking	
	Mentioning Contact Info	Publishing in PDP, Chats, Store Name, Buyer Q&A etc.	
	Reviews Fraud	Buying own products in order to submit positive ratings	
	Delivery Fraud	Seller sends empty boxes, unrelated items, fake phones	
	Fake Tracking Numbers	Seller uploads a fake/reused/delivered tracking number	
Content and Catalog	Wilful Duplication	Purposeful duplication of products to influence position of products in search	Up to 1 point
	Wilful Mis-categorization	Purposeful mis-categorization of products to influence commission rates	
Seller Behaviour	Customer Harassment - Bodily Harm, Threats	Causing physical injury to a buyer or Lazada employee during the course of transaction; including the use of threatening language	Up to 48 points
	Customer Harassment - Verbal Abuse	Use of profanities/hate speech in Lazada communication platforms	
	Unresolved Customer Disputes (By Seller Fault)	Refusing to resolve customer's refunds, replacement requests, includes disputes from Direct Return to Merchant	

Summary



1. Improve your Store's Brand and build a loyal customer base; A system to monitor your Store's Health; Policies to protect your Store
2. Impacts include listing restrictions, reduction in traffic, removal of products and termination of Store
3. Violations can be appealed once in Growth Centre, and you will be notified on the outcome accordingly
4. Fair Trading: Includes but not limited to orders, returns, off network transactions etc; Service (Seller Behaviour); Use of profanities/hate speech in Lazada communication platforms; Prohibited and Controlled Products Policy; Goods that are prohibited by law

Thank you



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