

## **SECTION 1 - CODE OF ETHICS**

Jack Winn Pro (hereafter “JWP” or the “Company”) has made a commitment to provide the finest direct sales experience backed by impeccable service to its Beauty Ambassadors and customers. In turn, the Company expects JWP Beauty Ambassadors to reflect that image in their relationships with customers and fellow Beauty Ambassadors. As a JWP Beauty Ambassador you are expected to operate your business according to the highest standards of integrity and fair practice in your role as a JWP Beauty Ambassador. Failure to comply with the Code of Ethics can result in your termination as a JWP Beauty Ambassador.

The Code of Ethics, therefore, states: As an Independent Beauty Ambassador:

- I will conduct my business in an honest, ethical manner at all times.
- I will make no representations about the income benefits of being a Beauty Ambassador with JWP or the benefits of the JWP products other than those contained in officially-approved Company literature.
- I will provide support and encouragement to my customers and other Beauty Ambassadors and Beauty Professionals to ensure that their experience with JWP is a successful one.
- I will motivate and actively work with Beauty Ambassadors and Beauty Professionals in my downline organization to help them build their JWP business. I understand that this support is critical to each stylist's success with JWP.
- I will refrain from making income claims, exaggerating my personal income or the income potential in general and will stress to Beauty Ambassador candidates the level of effort and commitment required to succeed in the business. I will not abuse the goodwill of my association with JWP to further or promote other business interests (particularly those which may be competitive to JWP) without the prior written consent of JWP.
- I will not make disparaging remarks about other products, services, or companies; likewise, I will not willfully denigrate or disparage the activities or personalities or nature of fellow JWP Beauty Ambassadors, Beauty Professionals, JWP staff members or the JWP organization.
- I will abide by all of the Policies and Procedures of JWP as included herein, or as may be amended from time to time.
- I will not make any payment(s) or promise to pay any prospective or existing Beauty Ambassador or Beauty Professional in return for such stylist's enrollment, continued enrollment, or team building or recruiting activities with JWP.

## **SECTION 2 - INTRODUCTION**

### **2.1 - Policies and Compensation Plan Incorporated into Beauty Ambassador Agreement**

These Policies and Procedures, in their present form and as amended at the sole discretion of JWP, are incorporated into, and form an integral part of, the JWP Beauty Ambassador Agreement. Throughout these Policies and Procedures, when the term “Agreement” is used, it collectively refers to the JWP Beauty Ambassador Application and Agreement Form, these Policies and Procedures and the JWP

Compensation Plan. These documents are incorporated by reference into the JWP Beauty Ambassador Agreement (all in their current form and as may be amended by JWP).

## 2.2 - Purpose of Policies

JWP is an affiliate marketing organization that sells its products directly to licensed cosmetologists and their clients. JWP Independent Beauty Ambassadors have the ability to receive commissions and bonuses based on sales volumes they have generated both directly (e.g. by buying products they use behind the chair or retail to their clients) and indirectly (e.g. by referring other Beauty Ambassadors or professionals or clients). It is important to understand that your success and the success of your fellow Beauty Ambassadors depends on the integrity of those who represent our brand and make up our community. To clearly define the relationship that exists between Beauty Ambassadors and JWP, and to explicitly set a standard for acceptable business conduct, JWP has established the Agreement. JWP Beauty Ambassadors are required to comply with all of the provisions set forth in the Agreement, which JWP may amend at its sole discretion from time to time, as well as with all federal, state and local laws governing their JWP business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this document carefully. It explains and governs the relationship between you, as an independent contractor, and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from the JWP corporate office.

## 2.3 - Changes to the Agreement

Because laws and the business environment periodically change, JWP reserves the right to amend the Agreement, the products offered, the compensation plan, and the prices at the Company's sole and absolute discretion. By signing the Beauty Ambassador Agreement, a Beauty Ambassador agrees to abide by all amendments or modifications that JWP elects to make. Amendments shall be effective 7 days after publication of notice of amendments in official JWP materials. The Company shall provide or make available to all Beauty Ambassadors a complete copy of the amended provisions by one or more of the following methods: (a) posting on the Company's official website; (b) electronic mail (email); (c) inclusion in Company periodicals; (d) inclusion with commissions or bonus checks; or (e) special mailings. The continuation of a Beauty Ambassador's JWP business or a Beauty Ambassador's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

## 2.4 - Delays

JWP shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply, government decrees or orders, and acts of God.

## 2.5 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement.

## 2.6 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of JWP to exercise any right or power under the Agreement or to insist upon strict compliance by a Beauty Ambassador with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of JWP's right to demand exact compliance with the Agreement. Waiver by JWP can be affected only in writing by an authorized officer of the Company. JWP's waiver of any particular breach by a Beauty Ambassador shall not affect or impair JWP's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Beauty Ambassador. Nor shall any delay or omission by JWP to exercise any right arising from a breach affect or impair JWP's rights as to that or any subsequent breach. The existence of any claim or cause of action of a Beauty Ambassador against JWP shall not constitute a defense to JWP's enforcement of any term or provision of the Agreement.

### **SECTION 3 - BECOMING a Beauty Ambassador**

#### 3.1 - Requirements to Become a Beauty Ambassador

To become a JWP Beauty Ambassador, the individual listed on the account must:

- 3.1.1 - Be at least 18 years of age
- 3.1.2 - Reside in the 50 United States or other jurisdictions officially opened by the Company;
- 3.1.3 - Have a valid Social Security or US Tax ID number
- 3.1.4 - Submit an accepted JWP Beauty Ambassador Application and Agreement; and
- 3.1.5 – Be licensed by the local, governing authority as a hairstylist, cosmetologist or barber (or the jurisdictional equivalent).
  - o 3.1.5.1 Requirements for a provisional license vary by state. In the interest of fairness, JWP requires that a Beauty Ambassador using a provisional license to sign up must have completed at least 500 hours of his or her cosmetology school coursework. Additionally, to keep their account active, the individual must provide to JWP the state license (non-provisional) no later than 6 calendar months after their account enrollment date.

The first and last name of the individual listed on an account is considered the Stylist of Record ("SOR") on the account. The SOR on an account cannot be changed except in circumstances as described in Section 4.24 below. The SOR will receive all communications about the account, and their information must be reflected in the personal details of the account (name, address, phone, email, etc). The SOR must be the same individual as is listed on the cosmetology license associated with the account. If there is a social security number on the account, it must belong to the SOR. Trips, car bonuses and all non-cash awards earned by the account will be considered earned by the SOR on the account. The Company reserves the right to reject any applications for a new Beauty Ambassador or applications for renewal. No product purchase is required to become a new Beauty Ambassador.

Individuals that became Beauty Ambassadors prior to January 1, 2017 were able to take a test administered by JWP in lieu of having one of the licenses stipulated above. Individuals that passed this

test and who whose accounts have been continuously active since that point are grandfathered in and are considered to be the SOR on their respective accounts.

### 3.2 - Beauty Ambassador Benefits

Once the Beauty Ambassador Application and Agreement have been accepted by JWP, the following benefits are available to the new Beauty Ambassador:

- Market and sell JWP products;
- Participate in the JWP Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Beauty Ambassadors, Beauty Professionals, or VIP Clients into the JWP business and thereby, build a marketing organization and progress through JWP Compensation Plan;
- Receive periodic JWP literature and other JWP communications;
- Participate in JWP-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- Participate in promotional incentives and programs sponsored by JWP for its Beauty Ambassadors.

## **SECTION 4 - OPERATING A JWP BUSINESS**

### 4.1 - Adherence to the JWP Compensation Plan

Beauty Ambassadors must adhere to the terms of the JWP Compensation Plan as set forth in official JWP literature. Beauty Ambassadors shall not offer the JWP opportunity through, or in combination with, any other system, program or method of marketing other than that specifically set forth in official JWP literature. Beauty Ambassadors shall not require or encourage other current or prospective customers, Beauty Ambassadors, or Beauty Professionals to participate in JWP in any manner that varies from the program as set forth in official JWP literature. Beauty Ambassadors shall not require or encourage other current or prospective customers, Beauty Ambassadors, or Beauty Professionals to execute any agreement or contract other than official JWP agreements and contracts in order to become a JWP Beauty Ambassador. Similarly, Beauty Ambassadors shall not require or encourage other current or prospective customers, Beauty Ambassadors, or Beauty Professionals to make any purchase from, or payment to, any individual or other entity to participate in the JWP Compensation Plan other than those purchases or payments identified as recommended or required in official JWP literature.

### 4.2 - Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals without their knowledge and agreement and/or without execution of a Beauty Ambassador Application; (b) the fraudulent enrollment of an individual as a Beauty Ambassador or Beauty Professional; (c) the enrollment or attempted enrollment of non-existent individuals as Beauty Ambassadors or Beauty Professionals; (d) the use of a credit card by or on behalf of a Beauty Ambassador, Beauty Professional, or customer when the Beauty Ambassador, Beauty Professional, or customer is not the account holder of such credit card; (e) purchasing JWP products on behalf of

another Beauty Ambassador, or under another Beauty Ambassador's ID number, to qualify for commissions or bonuses.

#### 4.3 - Business Entities

A Partnership, LLC or Corporation may hold a Beauty Ambassador business upon completion of the Beauty Ambassador Application form by the SOR, and providing on that form in the appropriate space, a Federal tax ID number. If an account is created under an entity, the SOR on the account must have a controlling stake in the entity. The SOR may have a business partner in the entity that assists with the ongoing operation of the business and also has an ownership stake in this entity. If this partner is not a stylist, he or she is precluded from identifying as a JWP Beauty Ambassador, attaining or claiming to have attained any rank or rewards as a JWP Beauty Ambassador, receiving/ordering professional products or paying wholesale prices for consumer products. He or she can represent that his or her business partner is a JWP Beauty Ambassador and he or she is involved with helping to grow and operate that Beauty Ambassador's JWP business. This distinction is critical given that JWP is defined by the following tenets:

- We are dedicated to stylists – making the right products for them, sharing profits with them, providing them with products, tools and education to better run and grow their businesses, etc
- We sell professional products exclusively to licensed cosmetologists – in consideration of the struggles of stylists everywhere, JWP does not sell professional products to individuals without a cosmetology license and does not offer retail products at wholesale prices to individuals without a cosmetology license.

If an account is under an entity, all partners to the entity are subject to the guidelines and limitations set forth in this document. Should a partner in a business entity violate these policies, the Beauty Ambassador account associated with the entity will be subject to repercussions as outlined in Section 11.

To have checks paid to an entity name rather than an individual name, please reach out to our office to coordinate.

If a Beauty Ambassador account was created under an entity prior to October 1, 2018 and the SOR on the account does not have a controlling interest, this account is considered to be grandfathered in under its current equity structure. The structure of those entities cannot be changed, however, in any way to reduce the equity share of the SOR or any licensed cosmetologist with an interest in the account. Additionally, the SOR on these accounts cannot be changed.

Further, an individual may not participate in or have any beneficial interest in more than one (1) Jack Winn Pro account of any kind. The person signing the application on behalf of a business entity must have the authority of said entity for entering into the transaction. In addition, by signing as a business entity, the applicant certifies that no person with an interest of debt or equity in the business has had an interest in a Beauty Ambassador business with JWP within six (6) months of the date of signature.

#### 4.4 - Changes to a JWP Business

##### 4.4.1 - General

Each Beauty Ambassador must immediately notify JWP of all changes to the information contained in his or her Beauty Ambassador Application and Agreement. Beauty Ambassadors may modify their existing Beauty Ambassador Agreement Form by submitting a written request and appropriate supporting documentation.

#### 4.4.2 - Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Beauty Ambassadors, JWP does not allow changes in sponsorship for active Beauty Ambassadors. Maintaining the integrity of sponsorship is critical for the success of every Beauty Ambassador and marketing organization. Accordingly, the transfer of a JWP business from one sponsor to another is not permitted. A request for a change in sponsor, due to JWP error, however, will be accepted within 7 days of the submission of the new Beauty Ambassador application.

A Beauty Ambassador may legitimately change organizations by voluntarily opting into a "Sit-Out Period" by moving to a JWP Orphan Sponsor for a period of six full calendar months. In this case, the Beauty Ambassador may continue to purchase JWP products and sell JWP products to Clients, but may not sponsor Beauty Ambassadors or Beauty Professionals or earn wholesale commissions or bonuses on their own or any downline purchases; they may continue to earn Retail commissions only. Following the 6 calendar month period of inactivity (or so-called "Sit-Out Period"), the Beauty Ambassador may request to be moved under a new sponsor. However, the Beauty Ambassador will permanently lose any and all rights to their former Beauty Ambassador Downline organization. "Downline" shall mean the organization of Independent Beauty Ambassadors and Beauty Professionals that enroll and are placed under any Independent Beauty Ambassador.

#### 4.5 - Unauthorized Claims and Actions

##### 4.5.1 - Indemnification

a Beauty Ambassador is fully responsible for all of his or her verbal and written statements made regarding JWP products, services, and the Compensation Plan that are not expressly contained in official JWP materials. Beauty Ambassadors agree to indemnify JWP and JWP's directors, officers, employees and agents and hold them harmless from any and all liability, including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by JWP as a result of the Beauty Ambassador's unauthorized representations or actions. This provision shall survive the termination of the Beauty Ambassador Agreement.

##### 4.5.2 - Income Claims and Marketing

In their enthusiasm to enroll prospective Beauty Ambassadors, some Beauty Ambassadors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Beauty Ambassadors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. Moreover, the Federal Trade Commission and the States have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Beauty Ambassadors may believe it is beneficial to provide copies of checks, or to disclose their earnings to others, such approaches have legal consequences that can negatively impact JWP as well as the Beauty Ambassador making the claim unless appropriate disclosures required

by law are also made contemporaneously with the income claim or earnings representation. Because Beauty Ambassadors do not have the data necessary to comply with the legal requirements for making income claims, a Beauty Ambassador may NOT make income projections, income claims or disclose his or her JWP income (including the showing of checks, copies of checks, bank statements or tax records). When promoting the products and the tremendous opportunity JWP offers, Beauty Ambassadors must use only the sales tools and support materials produced by JWP. The Company has carefully designed its products, product labels, Compensation Plan and promotional materials to ensure that they are promoted in a fair, truthful manner; that they are substantiated and the material complies with the legal requirements of federal and state laws. Accordingly, Beauty Ambassadors must not produce their own literature, advertisements, sales tools, promotional materials, Internet Web pages, blogs, and/or social media pages.

#### 4.6 - Conduct at JWP Corporate Events

##### 4.6.1 - No Selling or Recruiting at JWP Events

Selling and recruiting at official JWP corporate events is not permitted. These activities take away from the primary focus of the event, and can negatively reflect on the professional image of JWP as a company. You may, however, offer a business card and/or catalog.

##### 4.6.2 - No Selling or Recruiting for Other Companies at JWP Events

JWP Beauty Ambassadors shall not sell any products or recruit for any business during JWP events. This restriction most specifically applies to sales and recruitment efforts for any other direct sales or marketing program, regardless of the product category, including those that do not compete with JWP's product line.

#### 4.7 - Conflicts of Interest

##### 4.7.1 - Competition Policy

To avoid any appearance of impropriety or conflict of interest, JWP Beauty Ambassadors are not eligible to achieve a rank of Director or above, be National Educators, nor to receive Infinity bonuses, Lifestyle Bonuses, or Car bonuses if they participate in any non-JWP network marketing, multilevel marketing, or affiliate marketing programs. Beauty Ambassadors that qualify for Director rank for one of the aforementioned programs can choose to be paid and titled at a lower rank and forego participation in the programs should they wish to continue their association with a network marketing, multilevel marketing, or affiliate marketing program in addition to their JWP business. Beauty Ambassadors may not display JWP products with any other products or services in a fashion that might in any way confuse or mislead a prospective customer or Beauty Ambassador into believing there is a relationship between the JWP and non-JWP products or services.

##### 4.7.2 – Non-solicitation

To protect the sanctity of our community, during the term of this Agreement, a JWP Beauty Ambassador may not Recruit other JWP Beauty Ambassadors or prospects, clients, or customers using Company systems, contact databases, social media accounts, or other similar Company resources for any Prohibited Opportunities.

Following the termination of this Agreement for any reason, and for a period of one year thereafter, a former JWP Beauty Ambassador may not Recruit any active JWP Beauty Ambassadors, clients, or customers for any Prohibited Opportunities. Each JWP Beauty Ambassador and Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, JWP Beauty Ambassadors and Company agree that this non-solicitation provision shall apply to all markets in which Company conducts business.

The term “Recruit” means any actual or attempted solicitation, enrollment, encouragement or effort to influence in any other way, either directly or through a third party.

The term “Prohibited Opportunities” means any direct sales, affiliate marketing, multi-level marketing, or network marketing opportunity: (i) involving the promotion or sale of products or services that are similar to Company’s, or (ii) that directly compete with Company.

#### 4.7.3- Downline Activity (Genealogy) Reports

Downline Activity Reports made available for Beauty Ambassador access and viewing through JWP’s official website are considered confidential. Beauty Ambassador access to their Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to JWP. Downline Activity Reports are provided to Beauty Ambassadors in the strictest of confidence and are made available to Beauty Ambassadors for the sole purpose of assisting Beauty Ambassadors in working with their respective Downline Organizations in the development of their JWP business. Beauty Ambassadors should use their Downline Activity Reports to assist, motivate and train their Downline Beauty Ambassadors. The Beauty Ambassador and JWP agree that, but for this agreement of confidentiality and nondisclosure, JWP would not provide Downline Activity Reports to the Beauty Ambassador. A Beauty Ambassador shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;
- Use the information to compete with JWP or for any purpose other than promoting his or her JWP business;
- Recruit or solicit any Beauty Ambassador or Customer of JWP listed on any report or in any manner attempt to influence or induce any Beauty Ambassador or customer of JWP to alter their business relationship with JWP;
- Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Beauty Ambassador will return the original and all copies of Downline Activity Reports to the Company.



#### 4.8 - Cross-Sponsoring

Actual or attempted cross-sponsoring is strictly prohibited. "Cross-sponsoring" is defined as the enrollment of an individual or entity that is already a current Customer or Beauty Ambassador of JWP, or who has had such an agreement within the preceding 6 calendar months, within a different line of sponsorship. The use of a spouse or relative's name, a straw man, trade names, assumed names or fictitious ID numbers to circumvent this policy is prohibited. Beauty Ambassadors shall not demean, discredit or defame other JWP Beauty Ambassadors in an attempt to entice another Beauty Ambassador to become part of the first Beauty Ambassador's marketing organization. If a prohibited organization transfer occurs, JWP shall take disciplinary action against the Beauty Ambassador(s) who engaged, acquiesced and/or knowingly participated in the improper cross-sponsoring. However, it shall be entirely within JWP's discretion where in the genealogical structure, the cross-sponsored organization in question shall be placed or otherwise distributed. Because equities often exist in favor of both Upline organizations, Beauty AmbassadorS WAIVE ANY AND ALL CLAIMS AND CAUSES OF ACTION AGAINST THE COMPANY FOR ITS DECISION REGARDING THE FINAL DISPOSITION OR PLACEMENT OF THE CROSSSPONSORED ORGANIZATION. "Upline" shall mean the organization of Independent Beauty Ambassadors enrolled and placed above any Independent Beauty Ambassador. If a Beauty Ambassador wants to move to a new Upline, they must make the request to JWP in writing. At that point, the Beauty Ambassador's account will be moved to a JWP corporate account for 6 calendar months. The Beauty Ambassador may continue placing orders and earning Retail commissions, but any other commissions, including but not limited to, quickstart commissions, wholesale commissions, any and all bonuses or special commission promotions, will be forfeited. At the end of the 6 calendar months, the Beauty Ambassador is responsible for reaching out to JWP to request the move to the Upline of their choice and resume normal Beauty Ambassador activities.

#### 4.9 - Errors or Questions

If a Beauty Ambassador has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Beauty Ambassador must notify the JWP Beauty Ambassador Support Department at [info@jackwinncolor.com](mailto:info@jackwinncolor.com), in writing, within 15 days of the date of the purported error or incident in question. JWP will not be responsible for any errors, omissions or problems not reported to the Company within 15 days.

#### 4.10 – Sales Aids Optional

Beauty Ambassadors are not required to purchase or carry sales aids. Beauty Ambassadors who do so must make his or her own decision with regard to these matters. Absolutely no use of the JWP name may be used on marketing materials, including any social media such as Facebook or Instagram. To ensure that Beauty Ambassadors are not encumbered with Company Sales Aids, such Sales Aids may be returned to JWP upon the Beauty Ambassador's cancellation pursuant to the terms of Section 8.2.

#### 4.11 - Governmental Approval or Endorsement

No federal or state regulatory agencies or officials approve or endorse any direct selling affiliate marketing program. Therefore, Beauty Ambassadors shall not represent or imply that JWP or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

#### 4.12 - Holding Applications or Enrollments

Beauty Ambassadors must not manipulate enrollments of new Beauty Ambassadors, Beauty Professionals, or customer orders. All Beauty Ambassador Applications and Agreements must be sent within 72 hours from the time they are signed by a Beauty Ambassador.

#### 4.13 - Identification

All Beauty Ambassadors are required to provide their Social Security Number or Federal Tax Identification Number to JWP on the Beauty Ambassador Application and Agreement. Upon enrollment, the Company will provide a unique Beauty Ambassador Identification Number to the Beauty Ambassador by which he or she will be identified. This number will be used to place orders and track commissions and bonuses.

#### 4.14 - Income Taxes

Each Beauty Ambassador is responsible for paying local, state and federal taxes on any income generated as a Beauty Ambassador. Every year, JWP will provide IRS Form 1099 (nonemployee compensation) earnings statement to each U.S. resident who (a) had earnings of over \$600 in the previous calendar year or (b) made purchases during the previous calendar year in excess of \$5,000 wholesale.

#### 4.15 - Independent Contractor Status

Beauty Ambassadors are independent contractors and are not purchasers of a franchise or a business opportunity. The agreement between JWP and its Beauty Ambassadors does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the Beauty Ambassador. Beauty Ambassadors shall not be treated as an employee for his or her services or for federal or state tax purposes. All Beauty Ambassadors are responsible for paying local, state and federal taxes due from all compensation earned as a Beauty Ambassador of the Company. The Beauty Ambassador has no authority (expressed or implied) to bind the Company to any obligation. Each Beauty Ambassador shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Beauty Ambassador Agreement Form, and these Policies and Procedures, and applicable laws. The name of JWP and other names as may be adopted by JWP are proprietary trade names, trademarks and service marks of JWP. As such, these marks are of great value to JWP and are supplied to Beauty Ambassadors for their use only in an expressly authorized manner. Use of the JWP name on any item not produced by the Company is prohibited except as follows: Beauty Ambassador's Name, Independent JWP Beauty Ambassador. All Beauty Ambassadors may list themselves as an "Independent JWP Beauty Ambassador" in the residential telephone directory ("white pages") under their own name. Beauty Ambassadors may not place telephone directory display ads in the classified directory ("Yellow Pages") using JWP's name or logo. Beauty Ambassadors may not answer the telephone by saying "Jack Winn Pro" or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of JWP. Advertising is not limited to print media; it also includes internet advertising and other forms of advertising. It is prohibited for a Beauty Ambassador to use an internet or email address that utilizes the trade name JWP, or includes JWP in a portion of the address. It is also prohibited for a Beauty Ambassador to use any website materials on a website that references or relates to JWP that is not authorized in writing by JWP. It is also prohibited for a Beauty

Ambassador to place links to unauthorized websites or webpages onto a website or webpage that has been authorized by JWP.

#### 4.16 - Insurance

##### 4.16.1 - Business Pursuits Coverage

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy may not cover business related injuries or the theft of or damage to your business. Contact your insurance agent to make sure that your business property is protected.

#### 4.17 - International Marketing

Because of critical legal and tax considerations, JWP must limit the marketing and enrollment of JWP services and the presentation of the JWP business to prospective customers and Beauty Ambassadors located within the 50 United States of America and any other jurisdiction officially opened by JWP. Beauty Ambassadors are only authorized to do business in the countries in which JWP has announced are open for business in official Company literature.

#### 4.18 - Laws and Ordinances

Beauty Ambassadors shall comply with all federal, state and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Beauty Ambassadors because of the nature of their business. However, Beauty Ambassadors must obey those laws that do apply to them. If a city or county official tells a Beauty Ambassador that an ordinance applies to him or her, the Beauty Ambassador shall comply with the law.

#### 4.19 - Minors

Beauty Ambassadors shall not enroll or recruit individuals under the age of 18 into the JWP program.

#### 4.20 - Actions of Household Members or Affiliated Individuals.

If any member of a Beauty Ambassador's household, family, or other affiliated individual engages in any activity that, if performed by the Beauty Ambassador, would violate any provision of the Agreement, such activity will be deemed a violation by the Beauty Ambassador and JWP may take disciplinary action pursuant to the Statement of Policies against the Beauty Ambassador.

#### 4.21 - One JWP Business Per Beauty Ambassador and Household Restrictions

A Beauty Ambassador may operate or have an ownership interest in only one JWP business. No individual may have, operate or receive compensation from more than one JWP business. Individuals of the same family unit may enter into or have an interest in more than one JWP Business provided a family member acts as the direct sponsor of the other. A "family unit" is defined as parents, spouses, domestic partners and dependent children living at or doing business at the same address. An exception to the one-business-per-Beauty Ambassador rule will be considered on a case-by-case basis if two existing Beauty Ambassadors marry. Requests for exceptions to this policy must be submitted in writing to the Compliance Department at [compliance@jackwinncolor.com](mailto:compliance@jackwinncolor.com).

#### 4.22 – Seventy Percent (70%) Rule

JWP will strictly adhere to the policy that, prior to fulfilling an order for additional products by a Beauty Ambassador, the Beauty Ambassador must certify that he/she has sold at retail, or used in the delivery of professional hair services, at least 70% of all prior inventory purchased. A Beauty Ambassador will be allowed to purchase a reasonable amount of product for personal use. The Company will monitor compliance with this rule, and any fraudulent information supplied or fraudulent certifications provided by the Beauty Ambassador will be grounds for termination. For this reason, it is important that the Beauty Ambassador keep accurate sales records. It is Company policy to strictly prohibit the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions or advancement within the Compensation Plan. All such forms of frontloading or stockpiling are strictly prohibited.

#### 4.23 - Requests for Records

Any request from a Beauty Ambassador for copies of invoices, agreements, Downline activity reports or other records/reports will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

#### 4.24 - Sale, Transfer or Assignment of JWP Business

4.24.1 – Although a JWP business is a privately owned, independently operated business, the sale, transfer or assignment of an JWP business, and the sale, transfer or assignment of an interest in a Business Entity that owns or operates a JWP Beauty Ambassador business, is subject to certain limitations. If a Beauty Ambassador wishes to sell his or her JWP business, or interest in a Business Entity that owns or operates a JWP business, the following criteria must be met:

- The selling Beauty Ambassador must offer JWP the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. JWP shall have fifteen (15) days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- The buyer or transferee must become a qualified Beauty Ambassador. If the buyer is an active JWP Beauty Ambassador, he or she must first terminate his or her JWP business and however the six (6) calendar month waiting period may be waived before acquiring any interest in the new JWP business;
- Before the sale, transfer or assignment can be finalized and approved by JWP, any debt obligations the selling party has with JWP must be satisfied.
- The selling party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a JWP Beauty Ambassador business.

Prior to selling a Business Entity interest, the selling party must notify JWP's Compliance Department in writing and advise of his or her intent to sell JWP's business or Business Entity interest. The selling party must also receive written approval from the Compliance Department before proceeding with the sale.

#### 4.25 - Separation of a JWP Beauty Ambassador Business

In the event of a dissolution of marriage of a JWP Beauty Ambassador, and a spouse, arrangements must be made to assure that any division of the business assets is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Beauty Ambassadors and the Company, JWP may be forced to involuntarily terminate the Beauty Ambassador Agreement.

4.25.1 - During the pendency of a divorce or dissolution, the Company shall treat the business according to the status quo as existed prior to the filing of the divorce or dissolution. Under no circumstances will the Downline Organization of divorcing spouses be divided. Similarly, under no circumstances will JWP split commission and bonus checks between divorcing spouses. JWP will recognize only one Downline Organization and will issue only one commission check per JWP business per commission cycle.

Commission checks shall always be issued to the individual whose name appears on the Beauty Ambassador Agreement.

#### 4.26 - Sponsoring

All active Beauty Ambassadors in good standing have the right to sponsor and enroll others into JWP. Each prospective JWP Customer has the ultimate right to choose his or her own sponsor. If two Beauty Ambassadors claim to be the sponsor of the same new JWP Customer, the Company shall regard the first application received by the Company as controlling.

#### 4.27 - Stacking

“Stacking” is strictly prohibited. The term “stacking” includes: (a) violating the one-business-per-household rule and/or (b) enrolling fictitious individuals or entities into the JWP Compensation Plan, in an attempt to manipulate the Compensation Plan.

#### 4.28 - Telemarketing

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have “do not call” regulations as part of their telemarketing laws. While you may not consider yourself a “telemarketer” in the traditional sense of the word, these regulations broadly define the term “telemarketer” and “telemarketing” so that your inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$11,000.00 per violation). Therefore, Beauty Ambassadors must not engage in telemarketing relative to the operation of their JWP businesses. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of a JWP product or service, or to recruit them for the JWP opportunity. “Cold calls” made to prospective customers or Beauty Ambassadors that promote either JWP’s products or services or the JWP opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective customer or Beauty Ambassador (a “prospect”) is permissible under the following situations:

- If the Beauty Ambassador has an established business relationship with the prospect. An “established business relationship” is a relationship between a Beauty Ambassador and a prospect based on the prospect’s purchase, rental or lease of goods or services from the Beauty Ambassador, or a financial transaction between the prospect and the Beauty Ambassador, within the 18 months immediately preceding the date of a telephone call to induce the prospect’s purchase of a product or service.
- The prospect’s personal inquiry or application regarding a product or service offered by the Beauty Ambassador within the 3 months immediately preceding the date of such a call.

- If the Beauty Ambassador receives written and signed permission from the prospect authorizing the Beauty Ambassador to call. The authorization must specify the telephone number(s) that the Beauty Ambassador is authorized to call.
- You may call family members, personal friends and acquaintances. An “acquaintance” is someone with whom you have at least a recent first-hand relationship (i.e., you have recently personally met him or her). Bear in mind, however, that if you make a habit of “card collecting” with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling “acquaintances,” you must make such calls on an occasional basis only and not make this a routine practice.

In addition, Beauty Ambassadors shall not use automatic telephone dialing systems relative to the operation of their JWP businesses. The term “automatic telephone dialing system” means equipment which has the capacity to (a) store or produce telephone numbers to be called using a random or sequential number generator and (b) to dial such numbers.

## **SECTION 5 – RESPONSIBILITIES OF BEAUTY AMBASSADORS**

### **5.1 - Change of Address or Telephone**

To ensure timely delivery of products, support materials and commission checks, it is critically important that JWP's files are current. Beauty Ambassadors planning to move should email JWP corporate office, at 714-760-4969, their new address and telephone numbers. To guarantee proper delivery, two-weeks advance notice to JWP is recommended on all changes.

### **5.2 - Continuing Development Obligations**

#### **5.2.1 - Ongoing Training**

Any Beauty Ambassador who sponsors another Beauty Ambassador, Beauty Professional, or VIP Client into JWP must perform a bona fide assistance and training function to ensure that his or her Downline is properly operating his or her JWP business. Beauty Ambassadors must have ongoing contact and communication with the Beauty Ambassadors in their Downline Organizations. Examples of such contact and communication may include, but are not limited to, newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail and the accompaniment of Downline Beauty Ambassadors to JWP meetings, training sessions, and other functions. Upline Beauty Ambassadors are also responsible to motivate and train new Beauty Ambassadors in JWP product knowledge, effective sales techniques, the JWP Compensation Plan and compliance with Company Policies and Procedures. Communication with and the training of Downline Beauty Ambassadors must not, however, violate Section 4.5.2 (regarding the development of Beauty Ambassador-produced sales aids and promotional materials). Beauty Ambassadors cannot charge for training. Upon request, every Beauty Ambassador should be able to provide documented evidence to JWP of his or her ongoing fulfillment of the responsibilities of a sponsor.

#### **5.2.2 - Increased Training Responsibilities**

As Beauty Ambassadors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge and understanding of the JWP program. They will

be called upon to share this knowledge with lesser-experienced Beauty Ambassadors within their organization.

#### 5.2.3 - Ongoing Sales Responsibilities

Regardless of their level of achievement, Beauty Ambassadors have an ongoing obligation to continue to personally promote sales through the generation of new customers or Beauty Ambassadors and through servicing their existing customers or Beauty Ambassadors.

#### 5.3 – Non-disparagement

JWP wants to provide its Beauty Ambassadors with the best products, compensation plan and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the JWP corporate offices. While JWP welcomes constructive input, negative comments and remarks made in the field by Beauty Ambassadors about the Company, its products or Compensation Plan serve no purpose other than to sour the enthusiasm of other JWP Beauty Ambassadors. For this reason, and to set the proper example for their Downline, Beauty Ambassadors must not disparage, demean or make negative remarks about JWP, other JWP Beauty Ambassadors, JWP's services, the Compensation Plan or JWP's directors, officers or employees.

#### 5.4 - Providing Documentation to Applicants

Beauty Ambassadors must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Beauty Ambassadors before the applicant signs a Beauty Ambassador Agreement. Additional copies of Policies and Procedures can be found on the JWP website at <http://www.jackwinnpro.com>, or in your business center under the forms section.

#### 5.5 - Reporting Policy Violations

Beauty Ambassadors observing a policy violation by another Beauty Ambassador should submit a written report of the violation directly to the attention of the JWP Compliance Department. Details of the incident(s), such as dates, number of occurrences, persons involved and any supporting documentation, should be included in the report.

### **SECTION 6 - SALES REQUIREMENTS**

#### 6.1 - Product Sales

The JWP Compensation Plan is based upon the sale of JWP products to end user consumers. Beauty Ambassadors must fulfill personal and Downline organization sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

6.2 - Sales of JWP products through on-line classifieds or auction sites, including, but not limited to, Ebay or craigslist, are prohibited, without the expressed written consent of JWP. Unauthorized selling of JWP products will result in immediate termination of the customer's account.

#### 6.3 - Territory Restrictions

There are no exclusive territories granted to anyone. No franchise fees are required.

## **SECTION 7 - BONUSES AND COMMISSIONS**

### **7.1 - Bonus and Commission Qualifications**

a Beauty Ambassador must be active and in compliance with the Agreement and these policies to qualify for bonuses and commissions. So long as a Beauty Ambassador complies with the terms of the Agreement and these policies, JWP shall pay commissions to such Beauty Ambassador in accordance with the Compensation Plan. The minimum amount for which JWP will issue a commission payment is \$5.00. If a Beauty Ambassador's bonuses and commissions do not equal or exceed \$5.00, the Company will accrue the commissions and bonuses until they total \$5.00. Commissions will be issued once \$5.00 has been accrued.

### **7.2 - Commission Payments and Promotions**

#### **7.2.1 - Payments, Calculations, and Bonuses**

Commissions will be distributed in accordance with the Compensation Plan. Commissions will be calculated according to the level for which a Beauty Ambassador actually satisfied all of the requirements according to the Compensation Plan rather than the highest rank or title achieved. Commission reports will be provided to Beauty Ambassadors online, via web access.

#### **7.2.2 - Promotions**

Promotions are determined based on business organization and sales activity for each applicable period.

### **7.3 - Adjustment to Bonuses and Commissions**

7.3.1 - Adjustments for Returned Products Beauty Ambassadors receive bonuses and commissions based on the actual enrollment for services to merchants. When a service is cancelled and refund is authorized by the Company, the bonuses and commissions attributable to the refunded service(s) will be deducted in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered from the Beauty Ambassadors who received bonuses and commissions on the sales of the refunded service(s).

### **7.4 - Unclaimed Commissions and Credits**

7.4.1 - Beauty Ambassadors must deposit or cash commission and bonus checks within six months from their date of issuance. A check that remains uncashed after six months will be void. There shall be a \$25.00 charge for reissuing a check. These charges shall be deducted from the balance owed to the Beauty Ambassador.

7.4.2 – Beauty Ambassadors that have been inactive (as outlined in section 4.4.3) for more than six calendar months and have funds in their E-wallet will be subject to a \$10 per month E-wallet management fee. This fee will be automatically drafted from the E-wallet balance on the first business day of every month. If there is less than \$10 in the E-wallet at the time of draft, all remaining funds will be deducted. All management fees are final once debited from the E-wallet.

### **7.5 - Reports**



All information provided by JWP in online or telephonic Downline Activity Reports, including but not limited to personal and group sales volume (or any part thereof), and Downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors, including the inherent possibility of human and mechanical error; the accuracy, completeness and timeliness of orders; denial of credit card and electronic check payments; returned products; and credit card and electronic check charge-backs, the information is not guaranteed by JWP or any persons creating or transmitting the information. All personal and group sales volume information is provided "as is" without warranties, expressed or implied, or representations of any kind whatsoever. In particular, but without limitation, there shall be no warranties of merchantability, fitness for a particular use or non-infringement. To the fullest extent permissible under applicable law, JWP and/or other persons creating or transmitting the information will in no event be liable to any Beauty Ambassador or anyone else for any direct, indirect, consequential, incidental, special or punitive damages that arise out of the use of or access to personal and group sales volume information (including but not limited to lost profits, bonuses, or commissions, loss of opportunity and damages that may result from inaccuracy, incompleteness, inconvenience, delay or loss of the use of the information), even if JWP or other persons creating or transmitting the information shall have been advised of the possibility of such damages. To the fullest extent permitted by law, JWP or other persons creating or transmitting the information shall have no responsibility or liability to you or anyone else under any tort, contract, negligence, strict liability, products liability or other theory with respect to any subject matter of this agreement or terms and conditions related thereto. Access to and use of JWP's online reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is." If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to JWP's online reporting services and your reliance upon the information.

## **SECTION 8 - RETURNS AND SALES AIDS REPURCHASE**

### **8.1 - Retail Sales and Customer Returns**

Retail sales to the customer are the foundation of the JWP business. The entire commission structure is based upon volume of retail sales referred by the individual Beauty Ambassador as well as their entire organization. If, for any reason, a customer is dissatisfied with any JWP product, the customer may return unused and resalable product for a replacement or full refund within 30 days of purchase. Returns requested between 31-60 days after the order date will be eligible for credit to their account only. No returns will be accepted after 60 days from the order date. Products shipped outside of the continental US are not eligible for a refund. Products that are purchased as part of a discounted bundle or kit must all be returned for any refund or credit; individual items will not be considered for a refund or credit. Prior to shipping products back, the customer must call the JWP office to notify the staff of their intent to return products. At this time, they will receive instructions around packing the materials to minimize the risk of damage to goods on their return to JWP. If returned products are damaged in transport, a 50% refund or credit will be given. Shipping costs are not refundable. Refunds will be issued within thirty (30) days of JWP's receipt of refund request. For returns over \$300, a restocking fee will be applied, resulting in a deduction from the refund amount. NOTE: If a Beauty Ambassador returns more than \$300.00 in products in any twelve (12) consecutive month period, it shall constitute the Beauty Ambassador's request to cancel his or her Beauty Ambassador Agreement, and the return shall be treated as an inventory return pursuant to Section 8.2.

## 8.2 - Inventory and Sales Aids Repurchase

Beauty Ambassadors may cancel the Agreement within three (3) days of execution and receive a full refund of all Beauty Ambassadorship fees and any voluntary inventory or sales aids purchases. After the three (3) day rescission period, a Beauty Ambassador may still cancel the Agreement and the Beauty Ambassador may return any sales aids or inventory for a refund. Beauty Ambassadors may only return sales aids or inventory that he or she personally purchased from JWP (purchases from other Beauty Ambassadors or third parties are not subject to refund). Any returned inventory or sales aids must be in unused, resalable condition. Sales aids and/or products are only available for a refund if the item(s) were purchased by the Beauty Ambassador within the year prior to the date of cancellation. Upon Company's receipt of resalable sales aids and/or inventory, the Beauty Ambassador will be reimbursed 90 percent (90%) of the net cost of the original purchase price(s). Shipping charges are not refundable. If the purchases were made through a credit card, the refund will be credited back to the same account. NOTE: Inventory that has been certified as sold by the Beauty Ambassador pursuant to the 70% Rule is NOT subject to any refund.

- **Montana Residents** - A Montana resident may cancel his or her Beauty Ambassador Agreement within fifteen (15) days from the date of enrollment, and may return his or her inventory and/or sales aids for a full refund within such time period. All inventory or sales aids to be returned for refund under these provisions must be approved in advance of shipment to JWP by calling the Beauty Ambassador Service Department at 714-760-4969.

## SECTION 9 - SHIPPING & DELIVERY

**9.1 – Standard Shipping and Delivery:** To ensure you receive the products necessary to maintain your healthy hair or run your business as a stylist, we will strive to process and ship orders for all in-stock items within 1-2 business days and make all reasonable attempts to ensure your package is delivered to you within 3-6 business days after it ships from our warehouse. To keep shipping fees as reasonable and fair as possible for both our Beauty Ambassadors and their Clients, we base shipping fees on a combination of the price and weight of the products purchased. Given the high costs to ship heavier products and the low cost to ship smaller products, we do not offer fixed-rate shipping. That said, before confirming your transaction, you will be presented with the shipping fees that are specific to your order. Thus, you will be able to review these fees prior to completing and submitting your purchase. When free shipping is offered, it is applicable only to standard Ground shipping; no expedited air shipping will be eligible for free shipping promotions.

**9.2 – Shipping Protection:** During the order checkout process, you may opt to purchase our Shipping Protection package for an additional fee. Our Shipping Protection package provides additional shipping protections in the unlikely event that your package is lost, stolen, or damaged in transit. Our Shipping Protection package is available on a per order basis only (i.e., if you want to purchase Shipping Protection, you must do so for each order at the time the order is placed). If you do not purchase Shipping Protection at the time of placing your order, or if you purchase Shipping Protection but provide an incorrect shipping address to us, the protections described in Section 9.3 and 9.4 below will not be available to you. Please see Section 9.5 below for the terms that apply to orders placed with an incorrect shipping address.

**9.3 – Lost or Stolen Packages:** If you believe your order was lost or stolen in transit (which includes situations where you provided us with an incorrect shipping address and the order was not returned to us), prior to contacting us, you must make all reasonable attempts to locate the package (e.g., checking with neighbors, nearby businesses, etc.). If you are still unable to locate your package after taking all reasonable steps to locate it, the following terms apply based on whether you purchased Shipping Protection:

- **Shipping Protection purchased:** If you purchased Shipping Protection and you believe your order is lost or stolen and you have taken all reasonable steps to locate it, you must take the following steps to utilize our Shipping Protection benefit:
  - Notify us of the lost or stolen package, provide us with a reasonably detailed summary of the situation, provide us with any reasonably requested information to help us better understand the situation, and confirm the reasonable steps you have taken to locate the package.
  - Upon our review and verification of the applicable order details, including the shipping address you provided, and our determination that you have taken all reasonable steps to locate the package, we will reship the product(s) in your order to your originally provided shipping address at no cost to you (unless you request we send your replacement order using an expedited shipping option, in which case you will be responsible for the payment of any such expedited shipping fees).
- **Shipping Protection not purchased:** If you did not purchase Shipping Protection and you believe your order is lost or stolen, you are solely responsible for filing a claim with the relevant shipping carrier (e.g., UPS, USPS, etc.) and for the entire cost of placing a new order with us for replacement products (should you choose to do so), including any shipping fees associated with your new order.

**9.4 – Damaged Packages:** While we strive to ensure all orders are securely packed at our warehouse, sometimes the product(s) may incur damage caused by our shipping carrier (e.g., UPS, USPS, etc.) while in transit to you. If any such product(s) are damaged during the shipping process to the point of rendering them either unusable or unsellable (each, a “Damaged Product”), you must: (a) provide us with photographs clearly showing the Damaged Product(s), along with any other information we reasonably request, and (b) if requested, send the Damaged Product(s) back to us. If we request you to send any Damaged Product(s) back to us, we will provide you with a prepaid shipping label. Additionally, the following terms apply to Damaged Product(s) in your order based on whether you purchased Shipping Protection:

- **Shipping Protection purchased:** If you purchased Shipping Protection, subject to your compliance with the requirements in this Section 9.4 outlined above, you may choose one (1) of the following options as your exclusive remedy:
  - We will issue you a coupon which may be used towards a future order; the coupon value will be equal to the total price of the Damaged Product(s) in the applicable order; or
  - We will ship a replacement of each Damaged Product to your originally provided shipping address, at no cost to you.

- **Shipping Protection not purchased:** If you did not purchase Shipping Protection, we may, in our sole discretion and subject to your compliance with the requirements outlined above in this Section 9.4, issue you a coupon which may be used towards a future order. The coupon value will be determined based on the extent of the damage to the product(s) based on the photographs and information provided and the original product value. If we request you to send the Damaged Product back to us, we will only issue a coupon after the Damaged Product is received by us.

**9.5 – Orders Returned Due to Incorrect Address and Reshipments:** If your order is returned to us due to you providing us with an incorrect shipping address, the following terms apply based on whether you purchased Shipping Protection:

- **Shipping Protection purchased:** If you purchased Shipping Protection, we will make one reshipment attempt, per account, to a different shipping address than the first failed attempt, at no cost to you (unless you request we send your replacement order using an expedited shipping option, in which case you will be responsible for the payment of any such expedited shipping fees). However, for subsequent reshipments requested due to an incorrect shipping address provided, including reshipments of subsequent orders, you will be required to pay for all shipping costs (even if you purchased Shipping Protection for that order).
- **Shipping Protection not purchased:** If you did not purchase Shipping Protection, you will be required to pay for all shipping costs associated with the reshipment of your order.

Regardless of whether you purchased Shipping Protection, It is your sole responsibility to ensure accurate and up-to-date shipping address information is entered in your account to avoid additional charges for subsequent reshipments.

## **SECTION 10 - PRICING**

JWP is the only seller of JWP products. JWP products available for sale through any other individual or outlet are not sanctioned nor guaranteed by JWP. As such, JWP will not match prices of these unauthorized resellers.

## **SECTION 11 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS**

### **11.1 - Disciplinary Sanctions**

Violation of the Agreement, these Policies and Procedures or any illegal, fraudulent, deceptive or unethical business conduct by a Beauty Ambassador may result, at JWP's discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the Beauty Ambassador to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- The withholding from a Beauty Ambassador of all or part of the Beauty Ambassador's bonuses and commissions during the period that JWP is investigating any conduct allegedly in violation of the

Agreement. If a Beauty Ambassador's business is canceled for disciplinary reasons, the Beauty Ambassador will not be entitled to recover any commissions withheld during the investigation period;

- Suspension of the individual's Beauty Ambassador Agreement for one or more pay periods;
- Involuntary termination of the offender's Beauty Ambassador Agreement;
- Any other measure expressly allowed within any provision of the Agreement or that JWP deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Beauty Ambassador's policy violation or contractual breach; or
- In situations deemed appropriate by JWP, the Company may institute legal proceedings for monetary and/or equitable relief.

#### 11.2 - Grievances and Complaints

When a Beauty Ambassador has a grievance or complaint with another Beauty Ambassador regarding any practice or conduct in relationship to their respective JWP businesses, the complaining Beauty Ambassador should first report the problem to his or her sponsor, who should review the matter and try to resolve it with the other party's Upline sponsor. If the matter cannot be resolved, it must be reported in writing to the Company either via a mailed letter or an email to [info@jackwinncolor.com](mailto:info@jackwinncolor.com). The Company will review the facts and determine if a policy violation has occurred and take appropriate action.

#### 11.3 - Arbitration

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association or other recognized arbitration service, under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Beauty Ambassadors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the County of Orange, California, unless the laws of the state in which a Beauty Ambassador resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions, with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel that the American Arbitration Panel provides. The prevailing party shall be entitled to receive from the losing party, OR each party to the arbitration shall be responsible for its own, costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement. Nothing in these Policies and Procedures shall prevent JWP from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect JWP's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

#### 9.4 - Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside in Travis County, State of Texas. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of California shall govern all other matters relating to or arising from the Agreement.

#### 11.4.1 - Louisiana Residents:

Notwithstanding the foregoing, Louisiana residents may bring an action against the Company with jurisdiction and venue as provided by Louisiana law.

## **SECTION 12 - INACTIVITY AND CANCELLATION**

### 12.1 - Effect of Cancellation

So long as a Beauty Ambassador remains active and complies with the terms of the Beauty Ambassador Agreement and these Policies and Procedures, JWP shall pay commissions to such Beauty Ambassador in accordance with the Compensation Plan. a Beauty Ambassador's bonuses and commissions constitute the entire consideration for the Beauty Ambassador's efforts in generating sales and all activities related to generating sales (including building a Downline Organization). Following a Beauty Ambassador's termination for inactivity, or voluntary or involuntary termination of his or her Beauty Ambassador Agreement (all of these methods are collectively referred to as "termination"), the former Beauty Ambassador shall have no right, title, claim or interest to the marketing organization that he or she operated, or any commission or bonus from the sales generated by the organization. a Beauty Ambassador whose business is terminated will lose all rights as a Beauty Ambassador. This includes the right to sell JWP products and services and the right to receive future commissions, bonuses or other income resulting from the sales and other activities of the Beauty Ambassador's former Downline sales organization. In the event of termination, Beauty Ambassadors agree to waive all rights they may have, including but not limited to property rights, to their former Downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former Downline organization. Following a Beauty Ambassador's termination of his or her Beauty Ambassador Agreement, the former Beauty Ambassador shall not hold himself or herself out as a JWP Beauty Ambassador. a Beauty Ambassador whose Beauty Ambassador Agreement is terminated shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary termination).

### 12.2 - Involuntary Termination

a Beauty Ambassador's violation of any of the terms of the Agreement, including any amendments that may be made by JWP in its sole discretion, may result in any of the sanctions listed above, including the involuntary termination of his or her Beauty Ambassador Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed or delivered to an express courier to the Beauty Ambassador's last known address (or fax number), or to his or her attorney, or when the Beauty Ambassador receives actual notice of termination, whichever occurs first.

### 12.3 - Voluntary Termination

a Beauty Ambassador has a right to cancel, at any time, regardless of reason. Termination must be submitted in writing to the Company at its principal business address. The written notice must include the Beauty Ambassador's signature, printed name, address and Beauty Ambassador ID number. Beauty

Ambassadors who have resigned may re-apply to become a Beauty Ambassador with JWP after 6 calendar months, but are limited to two re-applications. a Beauty Ambassador's position is subject to termination due to inactivity (i.e., no enrollments, no commissions, no sponsoring; and no attendance at any JWP functions, participation in any other form of Beauty Ambassador activity, or operation of any other JWP business) after being inactive for 6 full calendar months.

#### 12.4 - Non-Renewal

a Beauty Ambassador may also voluntarily cancel his or her Beauty Ambassador Agreement by failing to maintain the Agreement annually. The Company may also elect not to renew a Beauty Ambassador's Agreement.

#### 12.5 - Complete Agreement

These Policies and Procedures, any and all modifications made by the Company, along with the Terms and Conditions and the Compensation Plan make up the entire agreement between Beauty Ambassador and Company. Effective date May 1, 2025.