

SECTION 1 - CODE OF ETHICS Jack Winn Color (hereafter “JWC” or the “Company”) has made a commitment to provide the finest direct sales experience backed by impeccable service to its Associates and customers. In turn, the Company expects JWC Associates to reflect that image in their relationships with customers and fellow Associates. As a JWC Associate you are expected to operate your business according to the highest standards of integrity and fair practice in your role as a JWC Associate. Failure to comply with the Code of Ethics can result in your termination as a JWC Associate. The Code of Ethics, therefore, states: As an Independent Associate:

- I will conduct my business in an honest, ethical manner at all times.
- I will make no representations about the income benefits of being an Associate with JWC or the benefits of the JWC products other than those contained in officially-approved Company literature.
- I will provide support and encouragement to my customers and other Associates to ensure that their experience with JWC is a successful one.

- I will motivate and actively work with Associates in my downline organization to help them build their JWC business. I understand that that this support is critical to each Associate’s success with JWC.
- I will refrain from making income claims, exaggerating my personal income or the income potential in general and will stress to Associate candidates the level of effort and commitment required to succeed in the business. I will not abuse the goodwill of my association with JWC to further or promote other business interests (particularly those which may be competitive to JWC) without the prior written consent of JWC.
- I will not make disparaging remarks about other products, services, associates, or companies; likewise, I will not willfully denigrate or disparage the activities or personalities or nature of fellow JWC Associates, JWC staff members or the JWC organization.

- I will abide by all of the Policies and Procedures of JWC 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 Associate in return for such Associate’s enrollment, continued enrollment, or team building or recruiting activities with JWC.

SECTION 2 - INTRODUCTION 2.1 - Policies and Compensation Plan Incorporated into Associate Agreement These Policies and Procedures, in their present form and as amended at the sole discretion of JWC, are incorporated into, and form an integral part of, the JWC Associate Agreement.

Throughout these Policies and Procedures, when the term “Agreement” is used, it collectively refers to the JWC Associate Application and Agreement Form, these Policies and Procedures and the JWC Compensation Plan. These documents are incorporated by reference into the JWC Associate Agreement (all in their current form and as may be amended by JWC).

2.2 - Purpose of Policies JWC is an affiliate marketing organization that sells its products directly to licensed cosmetologists and

their clients. JWC Independent Associates 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 associates or professionals or clients). It is important to understand that your success and the success of your fellow Associates depends on the integrity of those who represent our brand and make up our community. To clearly define the relationship that exists between Associates and JWC, and to explicitly set a standard for acceptable business conduct, JWC has established the Agreement. JWC Associates are required to comply with all of the provisions set forth in the Agreement, which JWC may amend at its sole discretion from time to time, as well as with all federal, state and local laws governing their JWC 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 JWC corporate office.

2.3 - Changes to the Agreement Because laws and the business environment periodically change, JWC 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 Associate Agreement, an Associate agrees to abide by all amendments or modifications that JWC elects to make. Amendments shall be effective 7 days after publication of notice of amendments in official JWC materials. The Company shall provide or make available to all Associates 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 an Associate's JWC business or an Associate's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

2.4 - Delays JWC 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 JWC to exercise any right or power under the Agreement or to insist upon strict compliance by an Associate 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 JWC's right to demand exact compliance with the Agreement. Waiver by JWC can be affected only in writing by an authorized officer of the Company. JWC's waiver of any particular breach by an Associate shall not affect or impair JWC's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Associate. Nor shall any delay or omission by JWC to exercise any right arising from a breach affect or impair JWC's rights as to that or any subsequent breach. The existence of any claim or cause of action of an Associate against JWC shall not constitute a defense to JWC's enforcement of any term or provision of the Agreement.

SECTION 3 - BECOMING AN ASSOCIATE

3.1 - Requirements to Become an Associate

To become a JWC Associate, 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 Tax ID number
- 3.1.4 - Submit an accepted JWC Associate 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, JWC requires that an Associate 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 JWC 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 to 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 Associate or applications for renewal. No product purchase is required to become a new Associate. Individuals that became Associates prior to January 1, 2017 were able to take a test

administered by JWC 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 - Associate Benefits Once the Associate Application and Agreement have been accepted by JWC, the following benefits are available to the new Associate:

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

SECTION 4 - OPERATING A JWC BUSINESS 4.1

- Adherence to the JWC Compensation Plan Associates must adhere to the terms of the JWC Compensation Plan as set forth in official JWC literature. Associates shall not offer the JWC opportunity through, or in combination with, any other system, program or method of marketing other than that specifically set forth in official JWC literature.

Associates shall not require or encourage other current or prospective customers or Associates to participate in JWC in any manner that varies from the program as set forth in official JWC literature. Associates shall not require or encourage other current or prospective customers or Associates to execute any agreement or contract other than official JWC agreements and contracts in order to become a JWC Associate.

Similarly, Associates shall not require or encourage other current or prospective customers or Associates to make any purchase from, or payment to, any individual or other entity to participate in the JWC Compensation Plan other than those purchases or payments identified as recommended or required in official JWC 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 an Associate Application; (b) the fraudulent enrollment of an individual as an Associate; (c) the enrollment or attempted enrollment of non-existent individuals as Associates; (d) the use of a credit card by or on behalf of an Associate or customer when the Associate or customer is not the account holder of such credit card; (e) purchasing JWC products on behalf of another Associate, or under another Associate's ID number, to qualify for commissions or bonuses. 4.3 -

Business Entities A Partnership, LLC or Corporation may hold an Associate business upon completion of the Associate 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 JWC Associate, attaining or claiming to have attained any rank or rewards as a JWC Associate, receiving/ordering professional products or paying wholesale prices for consumer products. He or she can represent that his or her business partner is a JWC Associate and he or she is involved with helping to grow and operate that Associate's JWC business. This distinction is critical given that JWC 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, JWC 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 Associate account associated to 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 an associate 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) Associate business 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 an Associate business with JWC within six (6) months of the date of signature.

4.4 - Changes to a JWC Business

4.4.1 - General

Each Associate must immediately notify JWC of all changes to the information contained in his or her Associate Application and Agreement. Associates may modify their existing Associate 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 Associates, JWC does not allow changes in sponsorship

for active Associates. Maintaining the integrity of sponsorship is critical for the success of every Associate and marketing organization. Accordingly, the transfer of a JWC business from one sponsor to another is not permitted. A request for a change in sponsor, due to JWC error, however, will be accepted within 30 days of the submission of the new Associate application.

4.4.3 - Cancellation and Re-application

An Associate may legitimately change organizations by: a) Voluntarily cancelling his or her JWC Agreement and remaining inactive (i.e., no purchases of JWC products; no sales of JWC products; no sponsoring; no attendance at any JWC functions, no participation in any other form of Associate activity, and no operation of any other JWC business) for 6 full calendar months. Following the 6 calendar month period of inactivity (or so-called "Sit-Out Period"), the former Associate may reapply under a new sponsor. However, the former Associate will permanently lose any and all right to their former Associate Downline organization. "Downline" shall mean the organization of Independent Associates that enroll and are placed under any Independent Associate.

4.5 - Unauthorized Claims and Actions

4.5.1 - Indemnification

An Associate is fully responsible for all of his or her verbal and written statements made regarding JWC products, services, and the Compensation Plan that are not expressly contained in official JWC materials. Associates agree to indemnify JWC and JWC'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 JWC as a result of the Associate's unauthorized representations or actions. This provision shall survive the termination of the Associate Agreement.

4.5.2 - Income Claims and Marketing

In their enthusiasm to enroll prospective Associates, some Associates are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Associates 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 Associates may believe it is beneficial to provide copies of checks, or to disclose their earnings or others, such approaches have legal consequences that can negatively impact JWC as well as the Associate making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because Associates do not have the data necessary to comply with the legal requirements for making income claims, an Associate may NOT make income projections, income claims or disclose his or her JWC income (including the showing of checks, copies of

checks, bank statements or tax records). When promoting the products and the tremendous opportunity JWC offers, Associates must use only the sales tools and support materials produced by JWC. 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, Associates must not produce their own literature, advertisements, sales tools, promotional materials, Internet Web pages, blogs, and/or social media pages.

4.6 - Conduct at JWC Corporate Events

4.6.1 - No Selling or Recruiting at JWC Events
Selling and recruiting at official JWC 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 JWC as a company. You may, however, offer a business card and/or catalog.

4.6.2 - No Selling or Recruiting for Other Companies at JWC Events
JWC Associates shall not sell any products or recruit for any business during JWC 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 JWC's product line.

4.7 - Conflicts of Interest

4.7.1 - Competition Policy
To avoid any appearance of impropriety or conflict of interest, JWC Associates are not eligible to achieve a rank of Director or above, be National Educators, nor to receive Infinity bonuses or Car bonuses if they participate in any network marketing, multilevel marketing or affiliate marketing programs. Associates that qualify for Director rank or 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 JWC business. Associates may not display JWC products with any other products or services in a fashion that might in any way confuse or mislead a prospective customer or Associate into believing there is a relationship between the JWC and non-JWC products or services.

4.7.2 - Non-solicitation
To protect the sanctity of our community, during the term of this Agreement, a JWC Associate may not Recruit other JWC Associates 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 JWC Associate may not Recruit any active JWC Associates, clients, or customers for any Prohibited Opportunities. Each JWC Associate 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, JWC Associates 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 Associate access and viewing through JWC's official website are considered confidential. Associate 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 JWC. Downline Activity Reports are provided to Associates in the strictest of confidence and are made available to Associates for the sole purpose of assisting Associates in working with their respective Downline Organizations in the development of their JWC business. Associates should use their Downline Activity Reports to assist, motivate and train their Downline Associates. The Associate and JWC agree that, but for this agreement of confidentiality and nondisclosure, JWC would not provide Downline Activity Reports to the Associate. An Associate 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 JWC or for any purpose other than promoting his or her JWC business;
- Recruit or solicit any Associate or Customer of JWC listed on any report or in any manner attempt to influence or induce any Associate or customer of JWC to alter their business relationship with JWC;
- 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 Associate 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 Associate of JWC, 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.

Associates shall not demean, discredit or defame other JWC Associates in an attempt to entice another Associate to become part of the first Associate's marketing organization. If a prohibited organization transfer occurs, JWC shall take disciplinary action against the Associate(s) who engaged, acquiesced and/or knowingly participated in the improper cross-sponsoring. However, it shall be entirely within JWC'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, ASSOCIATES 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 Associates enrolled and placed above any Independent Associate. If an Associate wants to move to a new Upline, they must make the request to JWC in writing. At that point, the Associate's account will be moved to a JWC corporate account for 6 calendar months. The Associate 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 Associate is responsible for reaching out to JWC to request the move to the Upline of their choice and resume normal Associate activities.

4.9 - Errors or Questions If an Associate has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Associate must notify the JWC Associate Support Department at info@jackwinncolor.com, in writing, within 15 days of the date of the purported error or incident in question. JWC will not be responsible for any errors, omissions or problems not reported to the Company within 15 days.

4.10 – Sales Aids Optional Associates are not required to purchase or carry sales aids. Associates who do so must make his or her own decision with regard to these matters. Absolutely no use of the JWC name may be used on marketing materials, including any social media such as Facebook or Instagram. To ensure that Associates are not encumbered with Company Sales Aids, such Sales Aids may be returned to JWC upon the Associate'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, Associates shall not represent or imply that JWC or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

4.12 - Holding Applications or Enrollments Associates must not manipulate enrollments of new Associates or customer orders. All Associate

Applications and Agreements must be sent within 72 hours from the time they are signed by an Associate.

4.13 - Identification All Associates are required to provide their Social Security Number or Federal Tax Identification Number to JWC on the Associate Application and Agreement. Upon enrollment, the Company will provide a unique Associate Identification Number to the Associate 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 Associate is responsible for paying local, state and federal taxes on any income generated as an Associate. Every year, JWC 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 Associates are independent contractors and are not purchasers of a franchise or a business opportunity. The agreement between JWC and its Associates does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the Associate. Associates shall not be treated as an employee for his or her services or for federal or state tax purposes. All Associates are responsible for paying local, state and federal taxes due from all compensation earned as an Associate of the Company. The Associate has no authority (expressed or implied) to bind the Company to any obligation. Each Associate shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Associate Agreement Form, and these Policies and Procedures, and applicable laws. The name of JWC and other names as may be adopted by JWC are proprietary trade names, trademarks and service marks of JWC. As such, these marks are of great value to JWC and are supplied to Associates for their use only in an expressly authorized manner. Use of the JWC name on any item not produced by the Company is prohibited except as follows:

Associate's Name Independent JWC Associate All Associates may list themselves as an "Independent JWC Associate" in the residential telephone directory ("white pages") under their own name. Associates may not place telephone directory display ads in the classified directory ("Yellow Pages") using JWC's name or logo. Associates may not answer the telephone by saying "Jack Winn Color" or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of JWC. Advertising is not limited to print media; it also includes internet advertising and other forms of advertising. It is prohibited for an Associate to use an internet or email address that utilizes the trade name JWC, or includes JWC in a portion of the address. It is also prohibited for an Associate to use any website materials on a website that references or relates to JWC that is not authorized in writing by JWC. It is also prohibited for an Associate to place links to unauthorized websites

or webpages onto a website or webpage that has been authorized by JWC. 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, JWC must limit the marketing and enrollment of JWC services and the presentation of the JWC business to prospective customers and Associates located within the 50 United States of America and any other jurisdiction officially opened by JWC. Associates are only authorized to do business in the countries in which JWC has announced are open for business in official Company literature. 4.18 - Laws and Ordinances Associates 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 Associates because of the nature of their business. However, Associates must obey those laws that do apply to them. If a city or county official tells an Associate that an ordinance applies to him or her, the Associate shall comply with the law. 4.19 - Minors Associates shall not enroll or recruit individuals under the age of 18 into the JWC program. 4.20 - Actions of Household Members or Affiliated Individuals. If any member of an Associate's household, family, or other affiliated individual engages in any activity that, if performed by the Associate, would violate any provision of the Agreement, such activity will be deemed a violation by the Associate and JWC may take disciplinary action pursuant to the Statement of Policies against the Associate. 4.21 - One JWC Business Per Associate and Household Restrictions An Associate may operate or have an ownership interest in only one JWC business. No individual may have, operate or receive compensation from more than one JWC business. Individuals of the same family unit may enter into or have an interest in more than one JWC Business provided a family member acts as the direct sponsor of the other. A "family unit" is defined as spouses, domestic partners and dependent children living at or doing business at the same address. An exception to the one-business-per-Associate rule will be considered on a case-by-case basis if two existing Associates marry. Requests for exceptions to this policy must be submitted in writing to the Compliance Department. 4.22 - Seventy Percent (70%) Rule JWC will strictly adhere to the policy that, prior to fulfilling an order for additional products by an Associate, the Associate 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. An Associate 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 Associate will be grounds for termination. For this reason, it is important that the Associate 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 an Associate 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 JWC Business

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

- The selling Associate must offer JWC the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. JWC 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 Associate. If the buyer is an active JWC Associate, he or she must first terminate his or her JWC business and however the six (6) calendar month waiting period may be waived before acquiring any interest in the new JWC business;
- Before the sale, transfer or assignment can be finalized and approved by JWC, any debt obligations the selling party has with JWC 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 JWC Associate business. Prior to selling a Business Entity interest, the selling party must notify JWC's Compliance Department in writing and advise of his or her intent to sell JWC'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 JWC Associate Business In the event of a dissolution of marriage of a JWC Associate, 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 Associates and the Company, JWC may be forced to involuntarily terminate the Associate 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 JWC split commission and bonus checks between divorcing spouses. JWC will recognize only one Downline Organization and will issue only one commission check per JWC business per commission cycle. Commission checks shall always be issued to the individual whose name appears on the Associate Agreement.

4.26 - Sponsoring All active Associates in good standing have the right to sponsor and enroll others into JWC. Each prospective Associate has the ultimate right to choose his or her own sponsor. If two Associates claim to be the sponsor of the same new Associate, 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 onebusiness-per-household rule and/or (b) enrolling fictitious individuals or entities into the JWC 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, Associates must not engage in telemarketing relative to the operation of their JWC businesses. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of a JWC product or service, or to recruit them for the JWC opportunity. “Cold calls” made to prospective customers or Associates that promote either JWC’s products or services or the JWC opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective customer or Associate (a “prospect”) is permissible under the following situations:

- If the Associate has an established business relationship with the prospect. An “established business relationship” is a relationship between an Associate and a prospect based on the prospect’s purchase, rental or lease of goods or services from the Associate, or a financial transaction between the prospect and the Associate, 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 Associate within the 3 months immediately preceding the date of such a

call. • If the Associate receives written and signed permission from the prospect authorizing the Associate to call. The authorization must specify the telephone number(s) that the Associate 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, Associates shall not use automatic telephone dialing systems relative to the operation of their JWC 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 ASSOCIATES

5.1 - Change of Address or Telephone

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

5.2 - Continuing Development Obligations

5.2.1 - Ongoing Training

Any Associate who sponsors another Associate into JWC must perform a bona fide assistance and training function to ensure that his or her Downline is properly operating his or her JWC business. Associates must have ongoing contact and communication with the Associates 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 Associates to JWC meetings, training sessions, and other functions. Upline Associates are also responsible to motivate and train new Associates in JWC product knowledge, effective sales techniques, the JWC Compensation Plan and compliance with Company Policies and Procedures. Communication with and the training of Downline Associates must not, however, violate Section 4.5.2 (regarding the development of Associate-produced sales aids and promotional materials). Associates cannot charge for training. Upon request, every Associate should be able to provide documented evidence to JWC of his or her ongoing fulfillment of the responsibilities of a sponsor.

5.2.2 - Increased Training Responsibilities

As Associates progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge and

understanding of the JWC program. They will be called upon to share this knowledge with lesser-experienced Associates within their organization.

5.2.3 - Ongoing Sales Responsibilities Regardless of their level of achievement, Associates have an ongoing obligation to continue to personally promote sales through the generation of new customers or Associates and through servicing their existing customers or Associates.

5.3 – Non-disparagement JWC wants to provide its Associates 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 JWC corporate offices. While JWC welcomes constructive input, negative comments and remarks made in the field by Associates about the Company, its products or Compensation Plan serve no purpose other than to sour the enthusiasm of other JWC Associates. For this reason, and to set the proper example for their Downline, Associates must not disparage, demean or make negative remarks about JWC, other JWC Associates, JWC's services, the Compensation Plan or JWC's directors, officers or employees.

5.4 - Providing Documentation to Applicants Associates must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Associates before the applicant signs an Associate Agreement. Additional copies of Policies and Procedures can be found on the JWC website at <http://www.jackwinpro.com>, or in your business center under the forms section.

5.5 - Reporting Policy Violations Associates observing a policy violation by another Associate should submit a written report of the violation directly to the attention of the JWC 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 JWC Compensation Plan is based upon the sale of JWC products to end user consumers. Associates 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 JWC products through on-line classifieds or auction sites, including, but not limited to, Ebay or craigslist, are prohibited, without the expressed written consent of JWC. Unauthorized selling of JWC 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 An Associate must be active and in compliance with the Agreement and these policies to qualify for bonuses and commissions. So long as an Associate complies with the terms of the Agreement and these policies, JWC shall pay commissions to such Associate in accordance with

the Compensation Plan. The minimum amount for which JWC will issue a commission payment is \$20.00. If an Associate's bonuses and commissions do not equal or exceed \$20.00, the Company will accrue the commissions and bonuses until they total \$20.00. Commissions will be issued once \$20.00 has been accrued.

7.2 - Commission Payments and Promotions

7.2.1 - Payments, Calculations, and Bonuses Commissions will be mailed out in accordance with the Compensation Plan. Commissions will be calculated according to the level for which an Associate 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 Associates 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 Associates 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 Associates who received bonuses and commissions on the sales of the refunded service(s).

7.4 - Unclaimed Commissions and Credits

7.4.1 - Associates 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 Associate.

7.4.2 - Associates 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 JWC 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 JWC 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, JWC and/or other persons creating or transmitting the information will in no event be liable to any Associate 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 JWC 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, JWC 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 JWC'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 JWC'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 JWC business. The entire commission structure is based upon volume of retail sales referred by the individual Associate as well as their entire organization. If, for any reason, a customer is dissatisfied with any JWC 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 JWC 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 JWC. 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 JWC'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 an Associate returns more than \$300.00 in products in any twelve (12) consecutive month period, it shall constitute the Associate's request to cancel his or her Associate

Agreement, and the return shall be treated as an inventory return pursuant to Section 8.2. 8.2 - Inventory and Sales Aids Repurchase Associates may cancel the Agreement within three (3) days of execution and receive a full refund of all associateship fees and any voluntary inventory or sales aids purchases. After the three (3) day rescission period, an Associate may still cancel the Agreement and the Associate may return any sales aids or inventory for a refund. Associates may only return sales aids or inventory that he or she personally purchased from JWC (purchases from other Associates 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 Associate within the year prior to the date of cancellation. Upon Company's receipt of resalable sales aids and/or inventory, the Associate 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 Associate pursuant to the 70% Rule is NOT subject to any refund. • Montana Residents - A Montana resident may cancel his or her Associate 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 JWC by calling the Associate Service Department at 714-760-4969. SECTION 9 - SHIPPING & DELIVERY 9.1 – In order to deliver products that you need to maintain your healthy hair or run your business as a stylist behind the chair, we guarantee to process all in stock items within 1-2 business days and make every attempt to deliver your package within 3-6 business days after it ships from our warehouse. To keep shipping fees as reasonable and fair as possible for both our Associates and their Clients, we base shipping fees on a combination of both 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. In the event of a return arising from an incorrect address, we will make one reshipment attempt free of charge. However, for subsequent reshipments, customers will be required to cover the associated shipping costs. It is the responsibility of the customer to ensure accurate and up-to-date address information to avoid additional charges for reshipments. 9.2 – If an Associate has

outstanding Coordinate Pickup with Stylist orders and has not ordered in at least 6 calendar months, all outstanding products will be converted to a coupon code and added to the Associate's account. The coupon will expire 30 days after being added to the account. SECTION 10 - PRICING JWC is the only seller of JWC products. JWC products available for sale through any other individual or outlet are not sanctioned nor guaranteed by JWC. As such, JWC 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 an Associate may result, at JWC's discretion, in one or more of the following corrective measures: • Issuance of a written warning or admonition; • Requiring the Associate 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 an Associate of all or part of the Associate's bonuses and commissions during the period that JWC is investigating any conduct allegedly in violation of the Agreement. If an Associate's business is canceled for disciplinary reasons, the Associate will not be entitled to recover any commissions withheld during the investigation period; • Suspension of the individual's Associate Agreement for one or more pay periods; • Involuntary termination of the offender's Associate Agreement; • Any other measure expressly allowed within any provision of the Agreement or that JWC deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Associate's policy violation or contractual breach; or • In situations deemed appropriate by JWC, the Company may institute legal proceedings for monetary and/or equitable relief. 11.2 - Grievances and Complaints When an Associate has a grievance or complaint with another Associate regarding any practice or conduct in relationship to their respective JWC businesses, the complaining Associate 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. The Company will review the facts and determine if a policy violation has occurred and take appropriate action.