

Chapter 8: DWG International™
Policies and Procedures Index
For U.S.A. and Canada

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Clarification for Section 1-Rule 1.2: Termination Due to Inactivity Compliance:

Independent Distributors MUST retain verifiable retail sales receipts and/or personal consumption order copies. These documents must be made available to DWGI upon request from DWGI.

DWG International™
Policies and Procedures
For U.S. and Canadian Independent Distributors

THESE DWG INTERNATIONAL™ POLICIES AND PROCEDURES (“P&Ps”) AS AMENDED MARCH 25, 2003, SUPERCEDE ALL P&Ps PREVIOUSLY PUBLISHED BY DWG INTERNATIONAL™.

SECTION 1. INTRODUCTION

1.1 Governing Documents: The Governing Documents (also collectively referred to herein as the “Agreement”) of DWG International™ (hereinafter “DWGI” or the “Company”), collectively in their present form and as may be amended from time to time, at the sole discretion of DWGI, shall be defined as the:

- (a) The Independent Distributor Application and Agreement (“Application” or “Independent Distributor Agreement”), and
- (b) These Policies and Procedures (“P&Ps”), and
- (c) The DWGI Opportunity defined to include the Pathways Compensation Plan and all compensation programs offered by DWGI that are set forth in the DWGI Independent Distributor Kit.

The P&Ps stated herein are incorporated into, and form an integral part of, the Agreement. Throughout these P&Ps, when the term “Agreement” is used, it shall refer to the Governing Documents of DWGI as defined here in above. It is the responsibility of each DWGI Independent Distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of the P&Ps. When sponsoring or enrolling a new Independent Distributor, it is the responsibility of the sponsoring Independent Distributor to provide the most current version of the Governing Documents to the applicant prior to his or her execution of the Independent Distributor Agreement.

1.2 Purpose of Policies: DWGI is a direct sales company that markets products through Independent Distributors. It is important to understand that the success of each and every DWGI Independent Distributor is dependent upon the highest integrity of the men and women who market DWGI Product lines and services and the DWGI Opportunity.

To clearly define the relationship that exists between the Independent Distributor and DWGI and to explicitly set a standard for acceptable business conduct, DWGI has established the Governing Documents. DWGI Independent Distributors are required to comply with all of the terms and conditions set forth in the Governing Documents, as well as all Federal, State, Provincial, Territorial, Municipal And Local laws, codes, regulations, statutes and rules governing their DWGI Independent Distributorship. Because Independent Distributors may be unfamiliar with many of

these standards of practice, it is very important that all DWGI Independent Distributors read, understand and abide by the Governing Documents. Please review the information in these P&Ps carefully. Questions regarding any policy or procedures are to be referred to anyone in the Independent Distributor's Upline or by contacting the Distributor Service Department.

1.3 Changes to the Governing Documents: Due to Federal, State, Provincial, Territorial, Municipal and Local laws, statues, codes, regulations, etc., as well as, the business environment periodically changing. DWGI reserves the right, in its sole and absolute discretion, to adopt, supplement, rescind, modify and/or amend the Governing Documents, as well as, its prices. By signing the Independent Distributor Agreement, an Independent Distributor agrees to abide by all amendments or modifications that DWGI elects to make. Amendments and/or modifications shall be effective not less than thirty (30) days following the publication of notice to all active Independent Distributors. Notification of amendments and/or modifications shall be published in official DWGI materials. The Company shall provide or make available to all Independent Distributors a complete copy of the amended and/or modified provisions by one or more of the following methods:

- (a) posting on the Company's official Internet web site,
- (b) electronic mail (e-mail),
- (c) fax-on-demand,
- (d) inclusion in DWGI periodicals,
- (e) inclusion in product orders, bonus checks and/or
- (f) special mailings.

The continued operation of a DWGI Independent Distributorship by an Independent Distributor or an Independent Distributor's continued acceptance of any compensation shall be deemed to be acceptance of any and all amendments.

1.4 Delay: DWGI 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, riots, wars, fires, deaths, curtailments of a party's source of supply, difficulties with an Independent Distributor's payment for products, and/or government decrees or orders.

1.5 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. 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.

1.6 Waiver: The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of business. No failure of DWGI to exercise any right or power under the Agreement or to insist upon strict compliance by an Independent Distributor with any obligation or provision of the Agreement. No custom or practice of the parties at variance with the terms of

the Agreement shall constitute a waiver of DWGI's right to demand exact compliance with the Agreement. Only an officer of the Company may authorize a waiver. DWGI's waiver of any particular breach by an Independent Distributor shall not affect or impair DWGI's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Independent Distributor. Nor shall any delay or omission by DWGI to exercise any right arising from a breach affect or impair DWGI's rights as to that or any subsequent breach.

1.7 Enforcement: The existence of any claim or cause of action of an Independent Distributor against DWGI shall not constitute a defense to DWGI's enforcement of any term or provision of the Agreement.

SECTION A. PROFESSIONAL RESPONSIBILITIES

In order to maintain the highest possible integrity of the direct selling / network marketing industry and positive reputation of DWGI, its Independent Distributors, its Opportunity and products. All Independent Distributors agree to comply with all of the policies and procedures established by DWGI, as set forth in the Independent Distributor Agreement. By signing the Independent Distributor Agreement, all DWGI Independent Distributors (“Distributors”) agree to abide by the following:

A-1 I will be honest and fair in all dealings while acting as a DWGI Independent Distributor. I will not engage in any deceptive, unlawful, or unethical consumer or recruiting practices or make any statements, and/or promises that are likely to mislead a consumer or prospective DWGI Independent Distributor.

A-2 To conduct himself/herself in such a manner as to reflect only the highest standards of integrity, frankness, and responsibility in his/her professional activities in order to enhance the positive reputation established by DWGI in its Independent Distributorship operations, marketing materials, compensation plans, and products.

A-3 To be courteous and respectful to every person contacted in the course of operating a DWGI Independent Distributorship including, but not limited to, fellow and prospective Independent Distributors, DWGI Corporate personnel and retail customers.

A-4 To fulfill leadership responsibilities as a Sponsor including, but not limited to, adhering to the P&Ps, and assisting with training, communication, and otherwise supporting Distributors in his/her Downline Organization.

A-5 Not to misrepresent or make false statements about DWGI, its products and/or the DWGI Opportunity.

A-6 Not to make any claims, for any DWGI Products, that is not contained in official DWGI literature.

A-7 To be courteous and prompt in the handling of any complaints, following the procedures prescribed in the Governing Documents and in other official DWGI literature for the giving of exchanges or refunds.

SECTION B. DWGI INDEPENDENT DISTRIBUTOR STATUS

In order to receive authorization from DWGI to purchase products at Independent Distributor prices, sell DWGI Products, sponsor other applicants into the DWGI Opportunity and receive commissions, bonuses, and generation overrides under the DWGI Opportunity, an Applicant must complete the following:

B-1 Enrollment and Application Process:

B-1.1 P&Ps Review: It is the responsibility of the DWGI sponsoring Independent Distributor to review the P&Ps with the new Applicant before the Applicant signs the Independent Distributor Agreement.

B-1.2 The Application: All individuals who intend to be active in a DWGI Independent Distributorship must complete (including signatures) an Application. Incomplete Applications will not be accepted. Applications are to be sent to the Distributor Service Department in the following manner:

- (a) If using a credit card: by faxing both the *front and back* of the completed Application to Distributor Services. In order to avoid duplication, please do not send hard copy or original if faxing the Application.
- (b) If using a check, money order, or credit card: by mailing the *original* completed and signed Application, along with proper payment to Distributor Services.

B-1.3 Acceptance of Application: The Application must be reviewed and accepted by a Distributor Services Representative. DWGI reserves the right to refuse any Application. The term of the Independent Distributor Agreement is for one (1) year from the date of acceptance by DWGI (“effective date”). Please see Sections B-2.11 and B-2.12 for renewal procedures. Receipt of the DWGI Independent Distributor Kit notifies the Applicant that he/she is authorized to be a DWGI Independent Distributor and operate a DWGI Independent Distributorship.

B-1.4 DWGI Independent Distributor Kit: The Primary Applicant must purchase a DWGI Independent Distributor Kit (the “KIT”), which contains extensive training materials and sales aids.

B-1.5 PIN Number: Upon acceptance of the Application by DWGI, the Applicant(s) will be considered by DWGI to be Independent Distributors and authorized to operate a DWGI Independent Distributorship. DWGI will issue to the Independent Distributorship a Personal Identification Number (“PIN Number”). All active individuals of the Independent Distributorship must use the same PIN Number. For example: Susan Smith is the Primary Applicant and her spouse, Ed Smith is the Second Applicant, and they are doing business under the name of Smith & Smith. Both Susan and Ed must use the same PIN Number assigned to this Independent Distributorship by DWGI. In order to avoid delays in processing, all correspondence, orders, etc. are to include the Independent Distributor’s PIN Number.

B-1.6 Identification Numbers: Every U.S. DWGI Independent Distributor is required by federal law to obtain a Social Security Number or Federal Tax

Identification Number. Canadian Independent Distributors are required to have a Social Insurance Number or a Federal Business Number. No Application will be accepted by DWGI that does not state the proper identification number.

B-1.7 No Franchise Fee: Purchase of the Kit is voluntary in those states where such purchase is deemed to be a franchise fee. Purchase of the Kit shall not constitute any agreement by DWGI to enter into a franchise, joint venture, or other business entity relationship with the Independent Distributor.

B-1.8 No Product Purchase Is Required: No person is required to purchase DWGI products to become an Independent Distributor.

B-2 General Provisions

B-2 Independent Distributor Benefits: Once the Application has been accepted by DWGI, pursuant to Section B-1 above, the applicant is now a DWGI Independent Distributor who is entitled to the following benefits:

- (a) To be able to purchase DWGI Product lines at Independent Distributor discount prices,
- (b) To retail DWGI Product lines, which are described in official DWGI literature,
- (c) To receive compensation, under the DWGI Opportunity, if eligible and in good standing,
- (d) To sponsor other individuals as Independent Distributors into the DWGI Opportunity and thereby build an Independent Distributor Organization and progress through the DWGI Compensation Plan,
- (e) To receive periodic DWGI literature and other DWGI communications,
- (f) To participate in DWGI Corporate-sponsored support, service, training, motivational and recognition events, upon payment of appropriate fees, if applicable and in good standing, and
- (g) To participate in promotional and incentive contests and programs sponsored by DWGI for its Independent Distributors.

B-2.2 Multiple Applications: If, at anytime, DWGI receives multiple Applications for the same Applicant(s) that indicate the same Sponsoring Independent Distributor, only the first Application to be received by DWGI will be processed. If multiple Applications are received by DWGI that contain information for different sponsoring Independent Distributors, DWGI reserves the right to determine the designated Sponsoring Independent Distributor, without prior notification to either the Applicant or the Sponsoring Independent Distributor.

B-2.3 Operating a DWGI Independent Distributorship: Once the Application is accepted by DWGI and payment for the Kit has been made, the Applicant is authorized to operate a DWGI Independent Distributorship. In order to assist Independent Distributors in making their business successful, DWGI recommends the following good business practices:

- (a) Independent Distributors may be required to purchase and maintain a business license. Contact, directly, the governmental business licensing agency in your residential area for this information. DWGI does not maintain in its offices a list of governmental licensing requirements for any geographical area. See Section B-2.10, for DWGI's licensing restrictions.
- (b) Independent Distributors may be required to file a Certificate of Fictitious Business Name. Contact, directly, the governmental agency in your residential area for this information. DWGI does not maintain in its office a list of governmental agencies for any geographical area. See Section B-2.10, for DWGI's business name restrictions.
- (c) DWGI strongly encourages all Independent Distributors to keep complete and accurate records of all their business dealings.

B-2.4 Legal Age: All Primary Independent Distributors *must* be 18 years of age or older. The Application is a contractual agreement. Therefore, Primary Independent Distributors *must* be of legal age in their resident state, territory, or province to be solely responsible for contractual agreements and to work. DWGI reserves the right to confirm the Applicant's age. Individuals under the age of 18 years ("minor") may enroll as a Secondary Independent Distributor on the same Application as the Primary parent or guardian. DWGI *does not* maintain information as to the legal age requirements for any geographical area. The Applicant must obtain this information directly from the appropriate government agency.

B-2.5 One DWGI Independent Distributorship Per Independent Distributor and Per Household: An Independent Distributor may operate or have an interest (legal or equitable) in only one DWGI Independent Distributorship. No individual may have an interest in, operate, or receive compensation from more than one (1) DWGI Independent Distributorship. Individuals of the same family unit may not enter into, or have an interest in, more than one (1) DWGI Independent Distributorship. A "family unit" is defined as spouses and dependent children living at, or doing business at, the same address (See Section C-1.13 for Dissolving a DWGI Independent Distributorship, including divorce). If both spouses intend to be active in their DWGI Independent Distributorship, both spouses *must* sign the Independent Distributor Agreement. DWGI reserves the right to (a) prohibit any spouse or other individual who has not completed and signed an Independent Distributor Agreement from selling DWGI products, (b) from purchasing products directly from DWGI using the other spouse's Independent Distributorship account, and (c) recognition under the DWGI Opportunity. Nothing in this Section B-2.5 shall restrict or limit the application of Section B-2.6 herein.

In order to maintain the integrity of the DWGI Opportunity, family unit members *must* be sponsored as one (1) DWGI Independent Distributorship. Family unit members, regardless of whether one or both are signatories to the Independent Distributor Agreement, *may not* have an interest (legal or equitable), or operate any other DWGI Independent Distributorship. Either individually or jointly, nor may they participate directly or indirectly (*as an officer, director, shareholder, partner, trustee, trust beneficiary, or any other legal or equitable classification in a Business Entity*) in

the operation or management of another DWGI Independent Distributorship, in any form.

An exception to the One Independent Distributorship Per Independent Distributor policy will be considered on a case by case basis if two (2) existing Independent Distributors marry or in cases of an Independent Distributor receiving an interest in another Independent Distributorship through inheritance or incapacitation. Requests for exceptions to policy must be submitted in writing to the DWGI Legal Department within thirty (30) days of the event.

B-2.6 Actions of Household Members or Affiliated Individuals: If any member of an Independent Distributor's immediate household engages in any activity, which, if performed by the Independent Distributor, would violate any provision of the Agreement. Such activities will be deemed as a violation by the Independent Distributor and DWGI may take disciplinary action pursuant to Section I herein. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and DWGI may take disciplinary action against the entity, as described in Section I, herein.

B-2.7 Corporations, Partnerships, Trusts, and Other Business Entities: A corporation, partnership or trust (collectively referred to as a "Business Entity") may apply to be a DWGI Independent Distributor. DWGI reserves the right to review the Business Entity's Certificate of Incorporation, Partnership Agreement, or trust documents (these documents are collectively referred to as the "Entity Documents") upon request. An Application *must* be completed with the name of the Business Entity as the Primary Independent Distributor and signed by an authorized party of the Business Entity as the Secondary Independent Distributor. In addition each officer, director, shareholder, partner, and/or trustee of the Business Entity that holds an interest in a DWGI Independent Distributorship, whether or not he/she will be active, *must* also complete an Agreement as Secondary Independent Distributors. Individuals of the Business Entity are jointly and severally liable for any indebtedness to DWGI and to comply with the terms and conditions of the Governing Documents. Immediate family members of the officers, directors, shareholders, and/or trustees of the Business Entity are not permitted to enroll individually as DWGI Independent Distributors.

B-2.8 Business Entity Reporting Requirements: DWGI *requires* notice of any sale or issuance of stock, partnership interest, or trust interest. In addition, any new officers, directors, shareholders, partners, or trustees *must* complete an individual Application as a Secondary Independent Distributor. DWGI reserves the right to take disciplinary action including, but not limited to, terminating any DWGI Independent Distributorship Entity if it sells or issues any shares of its stock, partnership interest or trust interest to any individual who does not complete the Application process described here.

B-2.9 Converting to or From a Business Entity Status: A DWGI Independent Distributorship may change its status, under the same Sponsor, to or from a partnership, corporation or trust or from one type of Business Entity to another by

submitting a new Application. When submitting the revised Application, please insert the words "RECORD CHANGE" in the section designated for the Sponsor's signature, as Sponsor's signature is not needed for a record change.

B-2.10 Assumed/Fictitious Business Names: Individuals may apply to become a DWGI Independent Distributor under an assumed or fictitious business name, provided that the Application includes the legally registered name of the individual or the Business Entity. By way of example only: John Smith / d.b.a. "Smith Enterprise - Smith Enterprises will appear as the Primary Independent Distributor and John Smith the Secondary Independent Distributor. No DWGI Independent Distributorship is permitted to file any type of applications or documents with any governmental agencies using the name of DWG International, Inc., Dri-Kleen, Inc., DWG International, Enviro-Tech, DWG, and/or any other name associated with DWGI and/or its products.

B-2.11 Annual Renewal of Independent Distributor Agreement: The term of the Independent Distributor Agreement is one (1) year from the date of its acceptance by DWGI ("Anniversary Date"). Either DWGI or the Independent Distributor may elect not to renew the Independent Distributor Agreement. DWGI and the Independent Distributor waive claims against one another for refusal to renew. If an Independent Distributor elects to renew their Independent Distributor Agreement he/she *must* renew each year by paying an annual renewal fee, in the resident country's currency, on the first day of the month following the Anniversary Date in order to avoid late fees and penalties. By way of example only: If the Application was accepted by DWGI on April 17th, your Required Renewal Date is May 1st and the renewal payment *must* be received by DWGI no later than May 1st each year that the Independent Distributor chooses to renew the Agreement. If the renewal fee is not paid within thirty (30) days after the expiration of the current term of the Independent Distributor Agreement, the Independent Distributor Agreement will be terminated. **Renewal dates can be found on all packslips and on the last page of *The Waterless Times*TM. It is the sole responsibility of the Independent Distributor to renew annually his/her Independent Distributor Agreement, whether or not DWGI chooses to send a reminder notice. Also see Section I for policies relating to inactivity and termination.**

B-2.12 Renewal Fees: Renewal fees may be paid by

- (a) Calling Distributor Services in the Primary Independent Distributor's resident country and charging the renewal fee to a credit card.
- (b) Completing the renewal form located in the forms section on the main website located at www.dwginternational.com and faxing it to Distributor Services (this method may only be used when paying the renewal fee with a credit card), or
- (c) Completing the renewal form located in the forms section on the main website located at www.dwginternational.com, and mailing it to the Distributor Services Department along with payment of the renewal fee, or
- (d) Notifying Distributor Services, in writing, to automatically deduct the renewal

fee from the Independent Distributor's commission check.

No renewal will be accepted by DWGI without proper payment of the renewal fees. Upon payment of renewal fees, the Primary and Secondary Independent Distributors agree to continue to abide by the Governing Documents of DWGI. If using the renewal form, BOTH Primary and all Secondary Independent Distributors must sign the renewal form.

B-2.13 Independent Contractor Status: Every DWGI Independent Distributor is an independent contractor operating and responsible for his/her Independent Distributorship. No Independent Distributor is an employee, franchisee, joint venture, partner, or agent of DWGI. Independent Distributors are *strictly prohibited* from stating or implying, either orally or in writing that he/she is an employee, franchisee joint venture, partner, or agent of DWGI. No DWGI Independent Distributor has the right to (a) bind DWGI to any obligation, (b) enter into any agreement on behalf of DWGI, and/or (c) represent himself/herself as an employee of DWGI to any governmental agency and/or lending institution.

B-2.14 Indemnity Agreement: An Independent Distributor is fully responsible for all of his/her verbal and written statements regarding DWGI products, services, and the DWGI Opportunity, which are not expressly contained in official DWGI materials. Independent Distributors agree to indemnify DWGI and DWGI'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 DWGI as a result of the Independent Distributor's unauthorized representations or actions. THIS PROVISION SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.

B-2.15 Income Tax Reporting: AS AN INDEPENDENT CONTRACTOR, DISTRIBUTORS WILL NOT BE TREATED AS EMPLOYEES OF DWGI FOR FEDERAL, STATE, PROVINCIAL OR LOCAL INCOME TAX PURPOSES. Independent Distributors are responsible for and agree to comply with the requirements of the Internal Revenue Code, Social Security Act, Federal Unemployment Act, State Employment Security Laws and Unemployment Laws, Revenue Canada Income Tax Act, Excise Tax Act and all Federal, State, Provincial or Local laws, statutes, ordinances, rules or regulations that govern the activities of DWGI Independent Distributors. At the end of each calendar year, DWGI will issue to the Primary Independent Distributor (only) an appropriate IRS 1099, as required by U.S. law.

B-2.16 Legal Compliance: Each Independent Distributor shall comply with all Federal, State, Provincial, Territorial, Municipal and Local laws including, but not limited to, constitutions, statutes, ordinances, codes and regulations concerning the operation of his/her Independent Distributorship. Independent Distributors are responsible for their own managerial decisions and expenditures, including all estimated income and self-employment taxes. Each Independent Distributorship is free to establish their own selling practices and business hours, within the guidelines contained in the Governing Documents and/or in any other official DWGI publications.

B-2.17 No Exclusive Territories: No DWGI Independent Distributor is to imply or state that he/she has an exclusive territory for recruiting and/or selling DWGI products. There are no geographical limitations for marketing, selling or recruiting purposes within the United States and its Territories (Guam, Puerto Rico, U.S. Virgin Islands, American Samoa and Saipan) and Canada and its Territories.

B-2.18 Non-Solicitation: DWGI Independent Distributors are free to participate in other direct sales, multilevel or network marketing business ventures or marketing opportunities (collectively "Direct Sales"). However, during the term of the Independent Distributor Agreement, DWGI Independent Distributors are prohibited from recruiting, promoting and/or selling the marketing opportunities and/or products of other Direct Sales companies to any other DWGI Independent Distributors.

Following termination of the Independent Distributor Agreement, and for a period of twelve (12) months thereafter, a former Independent Distributor may not recruit, promote, and/or sell the marketing opportunities and products of another Direct Sales company to any DWGI Independent Distributor. If: (1) that DWGI Independent Distributor was in the former Independent Distributor's Downline Organization if (2) the former Independent Distributor met, developed a relationship with, or gained knowledge of the Independent Distributor by virtue of his / her mutual participation in DWGI.

During the term of the Independent Distributor Agreement, any actual or attempted recruitment or enrollment of DWGI Independent Distributors for other network marketing business ventures, either directly or through a third party, is strictly prohibited. This includes, but is not limited to, presenting or assisting in the presentation of other network marketing business ventures to any DWGI Independent Distributor, or implicitly or explicitly encouraging any DWGI Independent Distributor to join other business ventures. Because there is an extreme likelihood that conflicts will arise if an Independent Distributor operates two (2) Direct Sales programs, it is the Independent Distributor's responsibility to first determine whether a prospect is a DWGI Independent Distributor before recruiting or enrolling the prospect for another network business venture.

Independent Distributors *may not* display DWGI products with any non-DWGI products or services in a fashion that might in any way confuse or mislead a prospective customer or Independent Distributor into believing there is a relationship between DWGI and the non-DWGI products or services. Independent Distributors *may not* offer the DWGI Opportunity or products to prospective or existing Independent Distributors in conjunction with any non-DWGI program, opportunity, product or service. Independent Distributors *may not* offer any non-DWGI - Opportunity, products or services during or following any DWGI-related meeting, seminar or convention (including events sponsored by DWGI Independent Distributors.)

B-2.19 Changes to Independent Distributor Agreement: Independent Distributors *must* notify DWGI, in writing of all changes to the information contained on his or her Independent Distributor Agreement. Independent Distributors may modify their existing Independent Distributor Agreement (i.e., change Social Security Number to

Federal ID. Number) by submitting to the Distributor Service Department of the Primary Independent Distributor's resident's country a completed Application, containing the changed information with the words "RECORD CHANGE" inserted in the space provided for the Sponsor, as the Sponsor's signature is not needed for a record change. Both the Primary and all Secondary Independent Distributors *must* sign the Application. The effective date of the Application will remain the date of the original Application on file with DWGI. DWGI will not change any information on the Application by phone.

B-2.20 Changes of Addresses or Telephone: To ensure timely delivery of products, support materials, and compensation checks, it is critically important that DWGI's files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Independent Distributors planning to move or change their address and/or telephone number are to submit to the Distributor Services Department, a completed Application containing the changed information. The words "RECORD CHANGE" inserted in the space provided for the Sponsor, as the Sponsor's signature is not needed for a record change. Both the Primary and all Secondary Independent Distributors *must* sign the Application. To guarantee proper delivery, two- (2) weeks advance notice must be provided to DWGI on all changes. Please allow thirty (30) days after the receipt of the notice by DWGI for processing. The effective date of the Application will remain the date of the original Application on file with DWGI. DWGI will not change any information on the Application by phone.

B-2.21 Adding Secondary Independent Distributors: When adding a co-applicant (either an individual or a business entity) to an existing DWGI Independent Distributorship. The Company requires both a written request signed by the Primary Independent Distributor, as well as a properly completed Application containing the Secondary Independent Distributor's personal identification number, signature, and the words "RECORD CHANGE" in that portion of the Application for Sponsor's signature. DWGI will only provide the Primary Independent Distributor with an annual 1099 income tax statement. To prevent the circumvention of Section C-1.7, the Primary Independent Distributor must remain as a party to the original Application. If the Primary Independent Distributor wants to terminate his or her relationship with the Company, he or she *must* sell, transfer or assign his or her Independent Distributorship in accordance with Section C-1.7. If this process is not followed, the Independent Distributorship shall be terminated upon the withdrawal of the Primary Independent Distributor. All compensation checks will be sent to the address of record for the Primary Independent Distributor. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section C-1.5. DWGI may, at its discretion, require notarized documents before implementing any changes to a DWGI Independent Distributorship. Please allow thirty (30) days after the receipt of the request by DWGI for processing.

SECTION C. SPONSORSHIP AND TRAINING

C-1.1 Sponsoring: All Independent Distributors (“Sponsors”) in good standing have the right to sponsor and enroll others into DWGI in the U.S. and Canada. Each prospective Applicant has the ultimate right to choose his/her own Sponsor. DWGI Independent Distributors are compensated only for the generation of business volume, *not for* sponsoring new Independent Distributors into DWGI. Prior to signing the Independent Distributor Agreement, Sponsors are responsible for reviewing with the applicant the terms and conditions of the Governing Documents. Every Sponsor is expected to exercise the utmost diligence to avoid the appearance that he/she is acting as an employee or agent of DWGI. The Independent Contractor status of the Sponsor shall be maintained and clearly represented at all times.

C-1.2 On Going Training: All Independent Distributors *must* perform a bona fide assistance and training function to ensure that his/her downline is properly operating his/her DWGI Independent Distributorship. Sponsors *must* have ongoing contact and communication with the Independent Distributors in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, VoiceMail, electronic mail, and the accompaniment of Downline Independent Distributors to DWGI meetings, training sessions, and other functions. Sponsors are also responsible to motivate and train new Independent Distributors in DWGI product knowledge, effective sales techniques (including how to complete a sale and the preparation of order forms and receipts), the DWGI Opportunity and compliance with Company’s P&Ps and Governing Documents. Communication with and the training of Downline Independent Distributors *must not*, however, violate Section D-1.1.

C-1.3 Ongoing Communication with Downline Organization: Sponsors *must* monitor the Independent Distributors in their Downline Organizations to ensure that Downline Independent Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Independent Distributor should be able to provide documented evidence to DWGI of his or her ongoing fulfillment of the responsibilities of a Sponsor. Sponsors are expected to distribute information and direction to his/her downline. Every effort is to be made to adhere to the information provided by DWGI through its Governing Documents, literature, videotapes, conference calls, VoiceMail messages, meetings, functions and other events.

C-1.4 Ongoing Sales Responsibilities: Regardless of their level of achievement, Independent Distributors have an ongoing obligation to continue to personally service and promote sales through the generation of new and existing Retail Customers and their Downline Independent Distributors.

C-1.5 Sponsor Transfer: To protect the integrity of the DWGI Opportunity and all Downline Organizations and to safeguard the hard work of all Independent Distributors, DWGI strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship lines is critical for the success of every Independent

Distributor and Downline Organization. Accordingly, the transfer of a DWGI Independent Distributorship from one Sponsor to another is *rarely permitted*.

Independent Distributors requesting a change of Sponsor *must* submit the request in writing to the Independent Distributor Services Department, which *must* include the reason for the transfer. **DOWNLINE INDEPENDENT DISTRIBUTORS WILL NOT BE MOVED WITH THE TRANSFERRING INDEPENDENT DISTRIBUTORSHIP.** Except, in those cases involving fraudulent inducement or unethical sponsoring, an Independent Distributor may request that he/she be transferred to another organization with his/her entire Downline Organization intact. All requests for transfer alleging fraudulent enrollment practices *must* be submitted to the Independent Distributor Services Department within thirty (30) days of the date the Application was accepted by DWGI and shall be evaluated on a case by case basis. Upon requesting a Sponsor transfer, the Independent Distributor Services Department will forward to the requesting Primary Independent Distributor instructions and a Sponsor Transfer Form to be completed and returned to Independent Distributor Services. There is a non-refundable Administration and Data Processing fee per request, per Independent Distributorship requesting the Sponsor transfer. This fee must accompany the Sponsor Transfer Form. An Independent Distributor may only request a Sponsor transfer one (1) time. DWGI reserves the right to waive or adjust the Administration and Data Processing fee on a case by case basis.

C-1.6 Voluntary Termination and Re-application: An Independent Distributor may legitimately change organizations by voluntarily terminating his/her Independent Distributor Agreement. They must remain inactive (i.e., no purchases of DWGI products for resale, no sales of DWGI products, no sponsoring, no attendance at any DWGI functions or participation in any other form of Independent Distributor activity, or operation of any other DWGI Independent Distributorship) for six (6) full calendar months. Following the six (6) month period of inactivity, the former Independent Distributor may reapply under a new Sponsor.

C-1.7 Sale, Transfer, or Assignment of a DWGI Independent Distributorship: Although Independent Distributors have an interest in and are authorized to operate a DWGI Independent Distributorship the sale, transfer, or assignment of an DWGI Independent Distributorship is subject to certain limitations. DWGI Independent Distributorships may only be acquired by or sold, transferred or assigned to DWGI, the Primary Independent Distributor's active upline Sponsors, or a non-DWGI Independent Distributor. A DWGI Independent Distributorship may not be acquired by or sold, transferred or assigned to any inactive Sponsors or existing Downline or Crossline Independent Distributors. All Independent Distributorship sales, transfers, or assignments shall be subject to the approval of DWGI, which shall not be unreasonably withheld. DWGI will not approve the sale, transfer or assignment of any Independent Distributorship that has been in violation of the Agreement within the preceding twelve (12) months of the request. If an Independent Distributor is considering or desires to sell, transfer or assign his/her Independent Distributorship, he/she *must* first notify the Independent Distributor Services Department in the Primary Independent Distributor's resident country, *before* any sale documents are

discussed or entered into. Independent Distributors, who complete a sale, transfer, or assignment without the authorization of DWGI, will be denied the transactions. Certain fees apply to all sale, transfer or assignment of a DWGI Independent Distributorship for administration and data processing costs. DWGI reserves the right to waive or adjust such fees on a case by case basis.

C-1.8 Transfer Upon Death of an Independent Distributor: Notwithstanding any other provision of these P&P's, upon the death of an Independent Distributor his/her Independent Distributorship shall pass to his/her successors in interest, as provided by law. To effect a testamentary transfer of a DWGI Independent Distributorship, the successor must provide the following appropriate legal documentation to the Company to ensure the transfer is proper. (1) A copy of the death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the DWGI Independent Distributorship; and (3) a completed Independent Distributor Agreement. Accordingly, an Independent Distributor should consult an attorney to assist him/her in the preparation of a will or other testamentary instrument, which should include instruction for handling his/her DWGI Independent Distributorship. Because DWGI does not permit more than one Independent Distributorship per Independent Distributor, an active Independent Distributor is not permitted to act as a beneficiary. In the event an active or involuntarily terminated Independent Distributor is the beneficiary, DWGI reserves the right to terminate either the deceased's Independent Distributorship or that of the Independent Distributor beneficiary. Whenever a DWGI Independent Distributorship is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all compensation under the DWGI Opportunity from the deceased Independent Distributor's Downline Organization provided the following qualifications are met. The successor(s) must:

- (a) Execute an Independent Distributor Agreement with the words "RECORD CHANGE" in the section designated for a Sponsor's signature as the Sponsor's signature is not needed; and
- (b) Comply with terms and provisions of the Agreement; and
- (c) Meet all of the qualifications for the deceased Independent Distributor's status; and

Compensation of a DWGI Independent Distributorship transferred pursuant to this section will be paid in a single check jointly to the devisee(s) or to a single Business Entity formed by the devisee(s).

C-1.9 Transfer Upon Incapacitation of an Independent Distributor: To effect a transfer of a DWGI Independent Distributorship because of incapacity, the successor must provide the following to DWGI. (a) A notarized copy of an appointment as trustee; (b) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the DWGI Independent Distributorship; and (c) a completed Independent Distributor Agreement executed by the trustee. No active or inactive DWGI Independent Distributor may act as a successor.

C-1.10 Agreements Between DWGI Independent Distributors: DWGI will not

recognize any agreements between DWGI Independent Distributors relating to commissions, bonuses, generation overrides, sponsorship, or the rights of a Downline Organization. The only agreement that will be recognized by DWGI is the Independent Distributor Agreement contained in the Application.

C- 1.11 Confidentiality and Genealogy Reports: All Genealogy and Downline activity reports, as well as the information contained therein, are confidential and constitute proprietary information and business trade secrets belonging to DWGI. Genealogy and Downline activity reports are provided in strictest confidence and are made available to DWGI Independent Distributors for the sole purpose of assisting them in working with their respective Downline Organizations in the development of their DWGI Independent Distributorships. Independent Distributors should use their Genealogy and Downline activity reports to assist and train their Downline Independent Distributors. All Independent Distributors and DWGI agree that, but for this Agreement of confidentiality and nondisclosure, DWGI would not provide Genealogy and Downline activity reports to the Independent Distributor. DWGI will provide Independent Distributors with Genealogy and Downline activity reports at a nominal cost. **THIS SECTION C-1.11 SHALL SURVIVE TERMINATION OF THE AGREEMENT.** DWGI Independent Distributors shall not, on his/her own behalf, or on behalf of any other person or Business Entity:

- (a) Directly or indirectly disclose any information contained in any Genealogy and/or Downline activity report to any third party,
- (b) Use the information for any purpose other than promoting his/her DWGI Independent Distributorship and generating sales of DWGI products, or
- (c) Recruit or solicit any Independent Distributor or Retail Customer listed on any report or in any manner attempt to influence or induce anyone to alter his / her business relationship with DWGI. Upon demand by the Company, any current or former Independent Distributor will return the original and all copies of Genealogy and/or Downline activity reports to the Company.

C-1.12 The Dissolving a DWGI Independent Distributorship Including Divorce: A DWGI Independent Distributorship may be dissolved in such cases as divorce and Business Entity dissolution. During the course of a divorce or Business Entity dissolution the affected parties are expected by DWGI to conduct themselves in a manner so as not to engage or involve other DWGI Independent Distributors or any DWGI officers, directors, shareholders, employees, agents, etc. in any controversy or dispute. Further, the affected parties are expected to conduct themselves in accordance with the agreement and in such a manner that will not adversely affect any DWGI officers, directors, shareholders, employees, agents, etc., or the business or income of the Upline DWGI Independent Distributors of the affected Downline Organization.

During a pending divorce, or dissolution of a Business Entity, neither party may apply for a separate DWGI Independent Distributorship. The restrictions set forth in Section B, herein, prohibiting a husband and wife or partners, officers, directors, or shareholders from operating a separate DWGI Independent Distributorship will continue until the Final Decree or Judgment of Divorce has been entered by a court

of competent jurisdiction. A certified copy of the Decree Judgment has been forwarded to DWGI Legal Department as well. Upon notification to the Distributor Services Department in the Primary Independent Distributor's resident country that a divorce or dissolution is pending, no activity will be permitted on the Independent Distributorship unless all parties sign the request e.g. change of address, name, and payee on compensation checks, etc.

In the event of a divorce or dissolution of a Business Entity, the final Decree or Judgment or dissolution documentation *must* identify the individual(s) who will operate the DWGI Independent Distributorship. A DWGI Independent Distributorship *may not* be divided in any manner, nor will DWGI be responsible for making compensation payments in the form of more than one check. The existing lines of sponsorship beneath the affected DWGI Independent Distributorship *must* remain intact. A former spouse or officer(s), director(s), shareholder(s) who has completely relinquished all rights in the DWGI Independent Distributorship to the other affected party(ies) is free to (a) apply as a new DWGI Independent Distributor under the original sponsor or (b) apply as a new Independent Distributor in a completely different line of sponsorship of the new Independent Distributor's choice. The six (6) month waiting period set forth in Section 1-1.4, regarding voluntary termination will not apply in this instance.

SECTION D. TRADEMARKS, LITERATURE AND ADVERTISING

D-1.1 General: All Independent Distributors shall safeguard and promote the good reputation of DWGI and its products. The marketing and promotion of DWGI, the DWGI Opportunity, and DWGI products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and the tremendous opportunity DWGI offers Independent Distributors *must* use the sales aids and support materials produced by DWGI. The rationale behind this requirement is simple. DWGI has carefully designed its products, product labels, Opportunity, and promotional materials to ensure that each aspect of DWGI is fair, truthful, substantiated, and complies with the vast and complex legal requirements of Federal, State and Provincial laws. If DWGI Independent Distributors were allowed to develop their own sales aids and promotional materials (which includes Internet advertising), notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting an DWGI Independent Distributorship is almost certain. These violations would jeopardize the DWGI Opportunity for all Independent Distributors. Accordingly, Independent Distributors *must* not produce their own literature, advertisements, sales aids, audio tapes, video tapes, and promotional materials, or internet web pages without the written consent of DWGI.

D-1.2 Trademarks and Copyrights: DWGI will not allow the use of its trade names, trademarks, designs, or symbols, including but not limited to DWG International™, Squirt the Dirt™, Dri Wash 'n Guard® etc., by any persons, including any DWGI Independent Distributors without its prior written permission. Independent Distributors shall not reproduce for personal use, sale or distribution any recorded events that are either sponsored by DWGI or where a DWGI Corporate employee is speaking, including, but not limited to, telephone calls, VoiceMail messages and speeches without written permission from DWGI. Nor may Independent Distributors reproduce for sale or for personal use any recording of company-produced audio or videotape presentations.

D-1.3 Literature: Only official DWGI literature may be used in representing DWGI Products, the DWGI Opportunity and/or the DWGI Compensation Plan. DWGI brochures, inserts, and other sales aid items available from DWGI are copyrighted and may not be reproduced, duplicated or reprinted without express written permission from DWGI.

D-1.4 Mass Recruitment Sales Techniques and Internet Web Site Use: Except as provided in this Section, Independent Distributors *may* not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or “spamming” relative to the operation of their DWGI Independent Distributorship. The terms “unsolicited faxes” and “unsolicited e-mail” mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting DWGI, its products, its Opportunity, or any other aspect of DWGI which is transmitted to any person. Exception: these terms do not include a fax or e-mail sent: (a) to any person with that person’s prior express invitation or permission or (b)

to any person with whom the Independent Distributor has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between an Independent Distributor and a person. This on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding DWGI products offered by such Independent Distributor; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

Because the Internet recognizes no geographical borders (Domestic or Foreign), information on the Internet may be legal in one State or Country and illegal another. Therefore, Independent Distributors desiring to utilize an Internet web page to promote his/her Independent Distributorship *must* do so through the Company's official web site, using official DWGI templates. Alternatively, Independent Distributors may develop their own web pages, however, any Independent Distributor who does so: (a) *must* use the text of the Company's official web site; and (2) may not supplement the content of his/her web site with text from any source other than the Company. Independent Distributors who develop or publish their own web sites *must* register their site(s) with the Company and receive written approval from the Company prior to making the site(s) publicly available. Written approval from the Company will contain an authorization number that *must* appear on the web site. Failure to comply with this Section could lead to possible disciplinary action by DWGI, as well as fines that may be incurred from a government authority. Contact the DWGI Marketing Department in the Las Vegas Office to register for a DWGI web site link and authorization number.

- Website must clearly define itself as belonging to an Independent Distributor for **DRI WASH 'n GUARD[®]** Products. Effective April 27, 2004 ALL DWG websites operated by independent distributors **MUST HAVE AT THE TOP OF THEIR HOME PAGE** in at least a 14 point font size the following:

"This site is not the official DWG International[™] or DRI WASH 'n GUARD[®] corporate website. This site is operated by and belongs to Independent Distributor(distributors name)."

That in turn must be followed by the independent distributors pin number.

Independent distributor shall not infer in any manner that this site belongs to the "Corporate Office", "Company" or the "Factory".

- When describing the DWG products we will make no mention of the term "Environmentally Friendly". We promote products that help to conserve the earth's resources by conserving water.
- All "Trademarked" products/names must have the denotation of ([™]) or "Registered " ([®]) names must be followed by the appropriate sign.**
- When describing the name of the company it will be called DWG International[™] only. This company name stands alone and is no way affiliated with Enviro-Tech International, Inc. and any references to such must

be removed whether it be on the actual website or in the listing that comes up through any particular search engine.

- When making a reference to DWG International™ or "the company" the verbiage must address the corporate office in Las Vegas, Nevada so as not to mislead the reader into believing the website operator is the company.
- DWG brochures, inserts and other sales aid materials available from DWG may be electronically reproduced, for the distributors website provided that it is done without any change or alteration to the current document whatsoever.
- All websites created for the purpose of selling any DWG products, inserts or other sales aid materials relating to DWG products must have written permission from the company prior to posting said website on the internet.
- To sell the company's products, promote the opportunity offered or recruit distributors into the DWG opportunity the operator of the website must maintain their good standing as an active distributor with the company.
- DWG International™, in its sole discretion may make modifications to the above parameters at any time and that any distributor that has an active website promoting DWG products, including the BodyPrüf® line of products agrees to conform to the changes stipulated by the company. Failure to comply with all the regulations will lead to possible disciplinary action by DWG International™.

D-1.5 Catalog and Magazine Advertising and Promotions: DWGI Products, Opportunity and services shall not be promoted by means of using a catalog of any kind, including, but not limited to a mail order catalog and/or magazine, other than a catalog or magazine that may be produced by DWGI. DWGI Products may only be promoted and advertised using DWGI provided materials or materials that have been approved in writing by DWGI.

D-1.6 Print Advertising: Only DWGI approved materials may be used in the placement of any advertising in any print media including, but not limited to flyers, brochures, display ads, magnetic signs, car windows, etc. No DWGI Independent Distributor shall use DWGI trademarks or copyrighted material in any advertising not produced by DWGI without the express written authorization of DWGI. Advertising requests are to be sent to the DWGI Marketing Department and must include the DWGI trademarks, symbols and slogans to be used in a detailed page layout that includes size dimensions of the advertisement, colors and text. Within fifteen (15) business days from receipt of the advertising request the DWGI Marketing Department will notify the DWGI Independent Distributor of its decision to approve or deny the advertising request. Upon written approval of the advertising request, DWGI will assign an authorization number that must appear at all times on the advertising in the location specified by DWGI.

D-1.7 Telephone Listing and Display Ads: A DWGI Independent Distributor who has achieved the Independent Distributor status of Director. And who has actively participated in building his/her DWGI Independent Distributorship for a minimum of six (6) months may list in the white pages of the telephone directory under the Independent Distributor's name, with the words "INDEPENDENT DISTRIBUTOR FOR DWG INTERNATIONAL™" or "INDEPENDENT DISTRIBUTOR FOR DWG INTERNATIONAL™ PRODUCTS." No other elaboration is permitted. Only those Independent Distributors who have achieved the Independent Distributor status of Area, Regional, National, or International Executive may advertise in the yellow pages of the telephone directory. Yellow Page display advertising must be submitted to the DWGI Marketing Department for written approval, which will contain an authorization number that must appear in the display ad.

D-1.8 Electronic Media: DWGI Independent Distributors are prohibited, in any fashion, from using the internet, radio, television or cable television advertising or public appearances to publicize DWGI, its Opportunity, or its products without the express written approval of DWGI. Only official DWGI literature may be used in representing DWGI Products, and the DWGI Opportunity. DWGI brochures, inserts, and other sales aid materials available from DWGI may not be electronically reproduced, duplicated or reprinted without the express written consent of DWGI.

D-1.9 Endorsements: The names of DWGI officers, directors, shareholders, employees, and/or spokespersons or any anecdote relating to DWGI officers, directors, shareholders, employees or spokespersons *may not* be used in any form of advertisement without the prior express written consent of DWGI.

D-1.10 Media and Media Inquiries: NO DWGI INDEPENDENT DISTRIBUTOR IS AUTHORIZED TO BE A SPOKESPERSON TO THE MEDIA ON BEHALF OF DWGI. Independent Distributors *must not* attempt to respond to media inquiries regarding DWGI, its Opportunity, and/or products and services, or their DWGI Independent Distributorship. All inquiries by any type of media must be immediately referred to DWGI's Marketing Department. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

D-1.11 Representations as a DWGI Employee: Independent Distributors shall not hold themselves out as employees of DWGI. An Independent Distributor may not answer his/her telephone by saying "DWG", "DWG International" or in any other manner that would lead the caller to believe that he/she has reached an official DWGI office or that they are speaking with a Company officer, director, and/or employee. DWGI Independent Distributors may not record a greeting message for telephones and VoiceMail services that expressly or implicitly implies the recipient is contacting an official office of DWGI or that they will be speaking to a Company officer, director, and/or employee.

D-1.12 Telemarketing: DWGI Independent Distributors are *strictly prohibited* from using telemarketing tactics of any kind to promote DWGI its Opportunity, products and services. This includes the use of automatic dialing machines, telemarketing boiler rooms, or an organized telecommunication campaign of any nature.

SECTION E. DWG INDEPENDENT DISTRIBUTOR STATUS AND COMPENSATION

For purposes of these P&Ps, the term compensation shall mean any compensation paid to Independent Distributors under the DWGI Opportunity.

E-1.1 Independent Distributor Agreement: Compensation will not be paid until all parties having interest in the DWGI Independent Distributorship, including the Sponsor, have signed the Independent Distributor Agreement and it has been received and accepted by DWGI.

E-1.2 Hard Calendar Month: Compensation and Independent Distributor status achievement levels are calculated on a monthly basis. However, if the first day of the new month falls on a weekend or legal holiday then the first day of the month will be the first business day of the month. If the last day of the new month falls on a weekend or holiday then the last day of the month will be the last business day of the month. However orders received over the weekend either by fax or mail shall be counted in the prior month's business.

E-1.3 Payment Date: Compensation will be paid between the 10th and 20th of the month following the month in which the compensation was earned. For example, compensation earned during the month of August will be paid between September 10 and September 20.

E-1.4 Compensation Qualifications: An Independent Distributor must be active and in compliance with the Agreement to qualify for compensation under the DWGI Opportunity. So long as an Independent Distributor complies with the terms of the Agreement, DWGI shall pay commissions and other compensation to such Independent Distributors in accordance with the DWGI Opportunity. The minimum amount for which DWGI will issue a check is \$10.00. If an Independent Distributor's compensation does not equal or exceed \$10.00, the Company will accumulate the compensation until the Independent Distributor accrues a minimum total of \$10.00. A check will be issued once \$10.00 has been accrued.

E-1.5 Adjustments for Returned Products and Sales Aids: Independent Distributors receive compensation based on the actual sales of products and services to end consumers. When a product is returned to DWGI for a refund or is repurchased by the Company. The compensation attributable to the returned or repurchased product(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 Independent Distributors who received compensation on the sales of the refunded goods.

E-1.6 Unclaimed Compensation and Credits: Independent Distributors *must* deposit or cash commission and bonus checks within six months from their date of issuance. A check that remains un-cashed after six months will be voided. After a check has been voided, DWGI will attempt to notify an Independent Distributor who has an un-cashed check by sending a monthly written notice to his/her last known address identifying the amount of the check and advising that the Independent Distributor can request that the check be reissued. There shall be a \$15.00 charge for reissuing a check, and a \$10.00 fee for each notice that is

sent to the Independent Distributor. These charges shall be deducted from the balance owed to the Independent Distributor.

Independent Distributors who have a credit on account must use their credit within six months from the date on which the credit was issued. If credits have not been used within six months, DWGI shall attempt to notify the Independent Distributor on a monthly basis, by sending written notice to the last known address, advising the Independent Distributor of the credit. There shall be a \$10.00 charge for each attempted notification. This charge shall be deducted from the Independent Distributor's commission check or credit on account.

E-1.7 Errors and Omissions: If an Independent Distributor has questions about or believes any errors have been made regarding compensation, Genealogy, Downline activity reports, or charges. The Independent Distributor *must* notify the DWGI Independent Distributor Services Department in the Primary Independent Distributor's resident country within sixty (60) days of the date of the purported error or incident in question. DWGI will not be responsible for any errors, omissions or problems not reported within 60 days.

SECTION F. INTERNATIONAL INDEPENDENT DISTRIBUTORSHIP

THIS SECTION DOES NOT APPLY TO CANADA

F-1.1 International Marketing: Because of critical legal and tax considerations, including: compliance with foreign laws regarding product approval or registration; regulations regarding ingredients, labeling, and packaging; cautionary statements; protection of intellectual property; compliance with customs, tax, and immigration laws; compliance with direct selling laws; product and income representations; and literature content and language requirements. DWGI *must* limit the resale of DWGI products and services, and the presentation of the DWGI Opportunity to prospective customers and Independent Distributors located within the United States and its Territories and Canada and its Territories. Moreover, allowing a few Independent Distributors to conduct business in markets not yet opened by DWGI would violate the concept of affording every Independent Distributor the equal opportunity to expand internationally.

Accordingly, Independent Distributors are authorized to sell DWGI products and services, and enroll new applicants into the DWGI Opportunity *only* in the countries in which DWGI is authorized to conduct business, as announced in *The Waterless Times™*, or other official DWGI materials. DWGI products or sales aids cannot be shipped into or sold in any foreign country. Independent Distributors may sell, give, transfer, or distribute DWGI Products or sales aids only in their home country. In addition, no Independent Distributor may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or Independent Distributors; or (c) conduct any other activity for the purpose of selling DWGI Products, establishing a Downline Organization, or promoting the DWGI Opportunity.

F-1.2 No Foreign Sales: Independent Distributors will *only* be authorized to sell DWGI products and the Opportunity in foreign countries where a licensee company has been established. DWGI will notify Independent Distributors of the foreign countries open for establishing an Independent Distributorship through *The Waterless Times* or other official literature. Independent Distributors are *not permitted* to sell or ship DWGI Products (retail or wholesale) to any foreign country outside of the country where their Application is on file with DWGI.

F-1.3 Establishing A Foreign Independent Distributorship: Prior to an Independent Distributor sponsoring new Independent Distributors or accumulating retail sales volume in a foreign country, he/she must join that country's licensee company authorized to promote and distribute DWGI Products and the Opportunity. Application may be made in using the following:

- (a) When notice of opening has been given by DWGI, the Independent Distributor may fax to the Distributor Services Department a request for an Application. The Independent Distributor will then be contacted with further instructions, including fees.
- (b) The Independent Distributor is to notify his/her Sponsor of his/her desire to

- submit a foreign Application to DWGI.
- (c) Only an *original* signed Application along with payment of the appropriate fees, will be considered by DWGI. Faxed Applications will not be processed in foreign countries.
 - (d) The Independent Distributor *must* read, understand and agree to abide by the terms and conditions of the Agreement and the policies and procedures governing the foreign company's Independent Distributorship.
 - (e) The Independent Distributor *must* acknowledge on the Application that compensation due from a foreign licensee company, is the sole responsibility of that foreign licensed company and will not be paid by the DWG Corporate office in the U.S., under any circumstances.
 - (f) Independent Distributors *may not* begin to sponsor or sell under the new DWGI Independent Distributorship in that country until the Application process is complete and he/she is in receipt of that country's Welcome Pack.

SECTION G. PURCHASE AND SALE OF PRODUCTS PAYMENT AND SHIPPING

G-1.1 Excess Inventory Purchases Prohibited: DWGI Independent Distributors may only purchase DWGI products from DWGI or from their immediate upline Sponsor. Independent Distributors are not required to carry inventory of products or sales aids. Independent Distributors who do so may find making retail sales and building a Downline Organization somewhat easier because of the decreased response time in fulfilling retail customer orders or in meeting a new Independent Distributor's needs. Each Independent Distributor must make his/her own decision with regard to these matters. To ensure that Independent Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to DWGI upon the Independent Distributor's termination pursuant to the terms of Section H-1.4.

DWGI strictly prohibits the purchase of products in unreasonable amounts primarily for the purpose of qualifying for compensation or advancement under the DWGI Opportunity or in any contest, bonus or other compensation program offered by DWGI.

G-1.2 Crossline Wholesaling Prohibited: In order to maintain the integrity of the DWGI Opportunity, Independent Distributors with the status of Dealer or Manager shall only make wholesale purchases of DWGI products from his/her immediate Upline or directly from DWGI. Purchases from outside an Independent Distributor's own immediate Upline or Downline undermines the integrity of his/her own DWGI Independent Distributorship, the DWGI Opportunity and DWGI. The Upline of the purchasing DWGI Independent Distributor would not receive credit for the volume nor would they receive commissions and generation overrides. Also, the purchasing Independent Distributor would not receive credit for the wrongful purchase causing a delay in his/her own promotion to the next Independent Distributor level and denying himself/herself volume credit. Independent Distributors with the status of Director or above are *only permitted* to make purchases directly from DWGI.

G-1.3 Downline Wholesaling: To avoid disputes among Independent Distributors and to provide for accurate records, DWGI requires that a receipt be given to any Independent Distributor who purchases product from his/her Upline. This receipt must detail the date of purchase, the amount of DWGI product(s) purchased, the amount paid for the DWGI product(s), and the method of payment. It is suggested by DWGI that the Upline Independent Distributor receive payment for the sale to his/her Downline at the time of sale. Should an Independent Distributor decide to sell DWGI Products without receiving payment at the time of sale, he/she does so at his/her own risk. DWGI will not be responsible for any payment of monies not collected or remitted between the Independent Distributors.

G-1.4 Product Sales: The DWGI Opportunity is based upon the sale of DWGI Products and services to end consumers. Independent Distributors *must* fulfill personal and Downline Organization retail sales requirements (as well as meet

other responsibilities set forth in the Agreement) to be eligible for compensation and advancement to higher levels of achievement. To be eligible for compensation, Independent Distributors must satisfy the Personal Retail Volume (PRV) and Personal Group Retail Volume (PGRV) conditions to fulfill the requirements associated with their rank as specified in the DWGI Opportunity. "PRV" includes purchases made by the Independent Distributor. PGRV shall include the total retail sales volume of all Independent Distributors in his/her Personal Group and his/her retail sales.

G-1.5 Retail Sales Rule: Independent Distributors must develop or service at least five (5) Retail Customers every month. In order to qualify for the payment of compensation in a particular month, an Independent Distributor shall certify on the DWGI Product order form that he/she made at least one (1) retail sale to each of five (5) customers (as described above). During the previous month or since the last DWGI Product order form was received by DWGI. Failure to make retail sales or to provide certification of retail sales may result in nonpayment of compensation and other remedies as described herein.

DWGI requires that all DWGI Independent Distributors comply in good faith with this policy and that the certification of retail sales be truthful and based upon actual valid transactions. DWGI will from time to time verify any and all retail sales certifications.

Each Independent Distributor is expected to retain copies of retail sales receipts or other records to verify retail sales made by the Independent Distributor for a period of not less than one (1) year. Periodically, DWGI will request information concerning specific retail sales by an Independent Distributor who shall provide such information to DWGI upon request. DWGI reserves the right to contact any customer of any Independent Distributor to verify retail sales.

G-1.6 70% Rule: In order to ensure that Independent Distributors do not purchase excessive amounts of DWGI Products in relation to his/her reasonable needs for resale or personal consumption. DWGI requires that at the time of purchase of any DWGI Product that the Independent Distributor certifies on the DWGI Product order form that at least 70% of his/her PRV has been sold. Independent Distributors are expected to maintain adequate records regarding the sale of DWGI Products and may be requested by DWGI, from time to time, to provide such records or copies thereof, to DWGI. Independent Distributors shall provide to DWGI any and all such records upon the request of DWGI. ORDER FORMS RECEIVED IN THE INDEPENDENT DISTRIBUTOR SERVICES DEPARTMENT WITHOUT COMPLETION OF THE 70% RULE CERTIFICATION WILL NOT BE PROCESSED.

G-1.7 PGRV Credit for Purchases Made From Managers: When a Dealer purchases product from his/her Upline Manager, it is the responsibility of the Manager to submit the proper paperwork to ensure that PGRV credit for said purchase is credited to the purchasing Independent Distributor.

G-1.8 PGRV Credit for Purchases Made From Directors: A Director may not sell DWGI Products to an Independent Distributor in his/her Downline

Organization, who is in another Director's personal group, unless the Director is inactive. When a Director sells DWGI Product to a Dealer, and there is a Manager in between them, he/she must compensate that Manager. When a Manager or Dealer purchases DWGI Product from his/her Upline Director, it is the responsibility of the Director to submit the proper paperwork to ensure that PGRV credit for said purchase is credited to the purchasing Independent Distributor.

G-1.9 Payment Options: When purchasing DWGI Products directly from DWGI payment may be made in the form of a money order, cashier's check, personal check, bank wire transfer, an acceptable major credit card, or any other method established by DWGI. No orders will be shipped without prior payment. It is the responsibility of each Independent Distributor to ensure that there are sufficient funds or credit available in his or her account to cover the monthly AutoShip orders. DWGI will not contact Independent Distributors in regard to orders cancelled due to insufficient funds or credit. This may result in an Independent Distributor's failure to meet his/her PRV and/or PGRV requirements for the month.

G-1.10 Personal Check Policy: Any Independent Distributor who's personal or business check is returned "Non Sufficient Funds" to DWGI will be charged a service fee. This service fee must be paid immediately. The DWGI Independent Distributor must also replace the amount of the return check with cash, a cashier's check, money order or acceptable major credit card within fifteen (15) days of receipt of notification from DWGI of a returned check. Failure to pay the service charge and replace the amount of the returned check will result in collection, and possible legal proceedings to collect the amount of the returned check and service fee. DWGI may refuse future orders and/or move the Independent Distributor to inactive status until the amount of the return check and service fee are replaced and paid. Any Independent Distributor whose check is returned to DWGI for any reason may be requested to make all future purchases by credit card, cashier's check or money order only.

G-1.11 Restrictions on Third Party Use of Credit Cards and Checking Account Access: Independent Distributor should not use his/her credit card to enroll or to make purchases from the Company for other Independent Distributors or Retail Customers. DWGI will not be held responsible for any undelivered product or purchase price not paid to Independent Distributors or delivered to the end user. When the Independent Distributor fails to adhere to this policy and uses his/her credit card to make purchases from the Company for other Independent Distributors or Retail Customers. Only those Independent Distributors who have signed an Application and are authorized by DWGI to be DWGI Independent Distributors may make purchases on an Independent Distributor's credit card. DWGI reserves the right to decline any order in which the spouse or Business Entity individual has not signed an application.

G-1.12 The Timely Delivery Of Products And Sales Aids: DWGI will process DWGI products and sales aids orders within forty-eight (48) hours of receiving an order. Shipment is made by common carrier. Unless specifically requested

otherwise, delivery should arrive within seven (7) to fourteen (14) business days from the date of shipment. Carrier shipping may require a signature for verification of receipt. In the U.S. requests for shipping by any carrier other than DWGI's preferred carrier will result in additional charges. Canadian Independent Distributors are *not permitted* to use carriers other than those specified by DWGI.

G-1.13 Damaged Goods (U.S.): Upon receipt, all goods must be immediately inspected by the Independent Distributor to determine any possible damage. Lost or damaged packages are the responsibility of the carrier once it has taken physical custody of the goods from DWGI. If an Independent Distributor receives damaged goods he/she must complete the following steps within thirty (30) days of receipt of the damaged goods:

- (a) Accept the delivery from the carrier, and
- (b) Telephone the Distributor Services Department in the Primary Independent Distributor's resident country and inform the representative: (1) the type/amount of damage, (2) the ship to address, (3) the PIN number, and (4) any other information determined to be necessary by the Distributor Services Representative.
- (c) The Distributor Services Representative will notify the carrier of the damaged goods and arrange for them to be picked up by the carrier and inspected.
- (d) The Distributor Services Representative will make the necessary arrangements for the damaged goods to be replaced and reshipped. Without properly adhering to the above procedures, there may be a delay in the replacement of damaged goods.

G-1.14 Damaged Goods (CANADA): Upon receipt, all goods must be immediately inspected by the Independent Distributor to determine any possible damage. Lost or damaged packages are the responsibility of the carrier once it has taken physical custody of the goods from DWGI. If a DWGI Independent Distributor receives damaged goods, they are to complete the following steps within thirty (30) days of receipt of the damaged goods:

- (a) Contact the carrier to have them inspect the damage, and
- (b) Request the carrier to complete an inspection report, which includes a detailed description of the damage:
 - (i) If an entire case of goods is damaged (i.e., non-sellable) request the carrier to return the damaged case to DWGI.
 - (ii) If only a portion of the goods are damaged then the DWGI Independent Distributor is to dispose of any non-sellable items in accordance with the MSDS sheet (if applicable). The DWGI Independent Distributor is to then submit the inspection report via fax or mail to DWGI's Home Office. Upon receipt of the inspection report DWGI will replace the damaged goods.
- (c) DWGI will replace the damage goods and file a claim with the carrier

upon receipt of the above noted information. Without properly adhering to the above procedures, there may be a delay in the replacement of damaged goods.

G-1.15 Price Changes: DWGI reserves the right to change the prices for any or all of its products and sales aids at any time without prior notice.

G-1.16 Retail Pricing And Receipts: Although DWGI provides a suggested retail price as a guideline DWGI Independent Distributors may sell DWGI Products at whatever retail price he/she and his/her customers agree upon. All Independent Distributors must provide their retail customers with two copies of an official DWGI sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee for DWGI Products, as well as any consumer protection rights afforded by federal or state law. Independent Distributors must maintain a copy of all retail sales receipts for a period of two (2) years and furnish them to DWGI at the Company's request. Records documenting the purchases of Independent Distributors' Direct Customers will not be maintained by DWGI.

G-1.17 Exemption or Retail Certification: Each and every individual state/province issues exemption or retail certificates for sales tax that apply to where the product/sales aids purchased from DWGI are being *shipped to*. The Independent Distributor desires to acquire an exemption or retail certificate for sales tax, he/she must do so for each and every state/province in which the Independent Distributor desires the exemption or retail certificate to be active. DWGI will only recognize the exemption or retail certificate for those states/provinces in which the Independent Distributor has furnished a copy of the exemption or retail certificate to DWGI.

G-1.18 Sales Tax In The U.S. (where applicable): To ensure that all sales tax requirements are met DWGI will collect sales tax on all purchases made from DWGI and remit them to the appropriate government agency. If a DWGI Independent Distributor has a valid exemption or resale certificate on file at DWGI, DWGI will not collect sales tax from the Independent Distributor's product purchases and the Independent Distributor will then be responsible for collecting and remitting all applicable taxes to the appropriate government agencies.

G-1.19 Sales Tax In Canada: To ensure that all sales tax requirements are met DWGI will collect and remit Federal Goods and Services Tax (GST) on the invoiced value of all taxable goods and services provided by DWGI. DWGI will not collect Provincial Sales Tax (PST) or Harmonized Sales Tax (HST) unless the provinces force DWGI. In all cases the Independent Distributor is responsible for collecting and remitting all Federal and Provincial sales taxes as required by Federal and Provincial laws.

G-1.20 Retail Outlets: DWGI Products *shall not* be sold or displayed in any major/chain retail outlet store including, but not limited to, supermarkets, food stores, drug stores, pharmacies, health food stores, auto parts stores, or any other type of major/chain retail establishment. DWGI Products may not be sold or displayed for public view (casual foot traffic), except in private clubs, such as health spas, and appointment only businesses, for example a doctor's office or

beauty salons. DWGI Products *shall not* be displayed for public view such as in display windows. DWGI Products may only be displayed in a manner that is visible to clientele from inside the place of business. DWGI Independent Distributors may sell and display DWGI Products in a designated area in such places as shopping malls and antique malls.

This policy does not prohibit a storeowner from being a DWGI Independent Distributor. If the storeowner has more than one physical location from which he/she sells DWGI Products the storeowner *must* have an active DWG Independent Distributor present at each location during business hours. This is to demonstrate DWGI Products, answer any questions that a prospective Retail Customer or potential Independent Distributor may have, and to present the DWGI Opportunity. Independent Distributors who are storeowners *may not* display DWGI brochures, posters, flyers, and/or products on a shelf or counter for general public view.

G-1.21 Exhibit Space: Independent Distributors may rent exhibit space at special events such as car, boat, and RV shows and business expos, etc. When an Independent Distributor has purchased exhibit space, other Independent Distributors who have not purchased exhibit space are *strictly prohibited* from “walking the floor” at such events, either inside or directly outside the facility and discussing and/or demonstrating DWGI Products to other exhibitors or visitors. DWGI does not prohibit two (2) or more Independent Distributors from renting exhibit space at the same event if the event promoter permits such practice.

Event promoters establish their own criteria for renting exhibit space. It is solely at the discretion of the event promoter to rent their space under the terms and conditions they establish, including rental fees and/or services. To avoid violation of this policy, DWGI suggests that Independent Distributors renting exhibit space first contact the event promoter. This is to determine (a) under what conditions you will be renting the space, (b) will every renter be paying the same amount, (c) will other Independent Distributors be permitted to rent space, and (d) has any other DWGI Independent Distributor rented space at this event. Disputes concerning rented exhibit space must be resolved between the Independent Distributors and the event promoter. To avoid encroaching on another Independent Distributors rented space, before you “walk the floor”, check with the event promoter and confirm that another DWGI Independent Distributor has not rented exhibit space.

G-1.22 General Order Policies: On mail orders with invalid or incorrect payment, DWGI will attempt to contact the Independent Distributor by phone, and/or mail to try to obtain another payment. If these attempts are unsuccessful after five working days the order will be returned unprocessed. No COD orders will be accepted. DWGI maintains no minimum order requirements. Orders for products and sales aids may be combined.

G-1.23 Back Order Policy: In the event of a back order situation DWGI will hold all faxed and mailed orders, and will not process and phone orders for the specific back ordered product. When the product becomes available Distributor

Services will call and confirm the order before processing the payment. After the order is placed then the volume will be counted.

G-1.24 Confirmation of Order: An Independent Distributor and/or recipient of an order *must* immediately confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify DWGI of any shipping discrepancy or damage within thirty (30) days of shipment will cancel an Independent Distributor's right to request a correction.

G-1.25 Deposits: No monies should be paid to or accepted by an Independent Distributor for a sale to a personal Retail Customer except at the time of product delivery. Independent Distributors should not accept monies from Retail Customers to be held for deposit in anticipation of future deliveries. If DWGI Independent Distributors make arrangements to sell products to each other on a deposit basis, the Independent Distributors understand that DWGI is not responsible for any undelivered orders or the balance of any payment.

SECTION H. RETAIL GUARANTEE RETURNS AND REFUNDS

H-1.1 Returns by Retail Customers: DWGI offers, through its Independent Distributors, a 100% thirty(30) day unconditional money-back guarantee to all Retail Customers. Every Independent Distributor is bound to honor the Retail Customer Guarantee and is responsible for the refund amount. If for any reason, a retail customer is dissatisfied with any DWGI Product or service. The Retail Customer may return the unused portion of the product to the Independent Distributor from whom it was purchased, within thirty (30) days of the date of purchase, for a replacement, exchange or a full refund of the purchase price (less shipping).

H-1.2 Returns by Independent Distributors (Products Purchased for Personal Consumption): DWGI offers a 100% thirty (30) day money-back guarantee (less shipping). This guarantee is limited to \$250.00 total per year. If an Independent Distributor wishes to return merchandise exceeding \$250.00 in any 12 month period, the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms of Section H-1.5, and the Independent Distributor Agreement shall be terminated.

H-1.3 Returns by Independent Distributors for Replacement: In the instance of a Retail Customer return to an Independent Distributor. The Independent Distributor may then return the product to DWGI along with (a) the Retail Customer receipt, (b) a statement from the Retail Customer as to the reason why he/she returned the product, and (c) any unused portion of product. DWGI will then replace the product within thirty (30) days. Shipping of the return product to DWGI is the responsibility of the Independent Distributor. However, the replacement shipped to the Independent Distributor will be at DWGI's expense.

H-1.4 Termination Returns: Upon voluntary or involuntary termination of the Independent Distributor Agreement, the Independent Distributor may return inventory and sales aids for a refund. DWGI WILL ONLY REPURCHASE DWGI PRODUCTS AND/OR SALES AIDS THAT ARE DIRECTLY PURCHASED FROM DWGI WITHIN TWELVE (12) MONTHS OF THE DATE OF PURCHASE. The Independent Distributor will receive 90% of the net purchase price paid, less any compensation received by the Independent Distributor as a result of purchasing the DWGI products to be returned (unless modified by applicable state laws). The returned product and sales aids *must* be unencumbered unopened inventory that is returned in a restockable, reusable and resaleable condition. All refunds will be made to the original payee unless otherwise stated in a written request from the payee, submitted to the Independent Distributor Services Department. DWGI reserves the right to not issue a refund on any product previously certified as sold under the 70% Rule (See Section G-1.6). The cost of shipping the returned product to DWGI will be the responsibility of the Independent Distributor. The following guidelines must be adhered to in order for DWGI to consider the return for a refund:

- (a) **PRIOR TO THE RETURN** of any DWGI Products and/or sales aids, the Independent Distributor is to notify the DWGI Independent Distributor Services Department in the Primary Independent Distributor's resident

country for authorization to return the product. Upon notification, the Distributor Services Representative will send to the Independent Distributor a Return Merchandise Authorization form. Upon receipt of this form, the Independent Distributor is to complete the form and return it to the issuing Distributor Service Department for authorization to return any DWGI Products and/or sales aids. **DO NOT SEND YOUR RETURN PRODUCTS OR SALES AIDS AT THIS TIME. THE RETURN MERCHANDISE AUTHORIZATION FORM MUST BE REVIEWED AND AUTHORIZED BY DWG BEFORE ANY RETURNS MAY BE CONSIDERED FOR A REFUND.**

- (b) **UPON REVIEW** of the Return Merchandise Authorization form, the Distributor Services Representative will notify the Independent Distributor of the authorization number and packaging instructions, including shipping labels, to be used on the return. **NO RETURN WILL BE ACCEPTED BY DWGI WITHOUT A RETURN AUTHORIZATION NUMBER ON ALL SHIPPING LABELS.**
- (c) Upon receipt of the authorization number and packaging instructions, the Independent Distributor may return only the requested DWGI Products and/or sales aids listed on the authorization form.
- (d) Upon receipt and favorable inspection of the products and/or sales aids being returned, DWGI will process a refund payment on or about the 15th of the month following the month in which the products and/or sales aids were received by DWGI. If the products and/or sales aids are not in restockable, reusable and resaleable condition DWGI will notify the Independent Distributor to forward to DWGI the cost for return shipment of the products and/or sales aids. Any products and/or sales aids not considered by DWGI to be refundable must be claimed by the Independent Distributor within thirty (30) days of notice by DWGI or they will be destroyed.
- (e) ANY INDEPENDENT DISTRIBUTOR WHO RETURNS DWGI PRODUCTS AND/OR SALES AIDS WITHOUT PROPER AUTHORIZATION FROM DWGI will receive notification from DWGI to comply with the procedures described in Section H 1-5 within ten (10) days of notification or pay for the return shipping of the merchandise.
- (f) DWGI reserves the right to recover all compensation that has been paid to Upline Independent Distributors, as well as the Independent Distributor returning the product for any refunded products. Compensations paid to Upline Independent Distributors based on the sale of products that have been returned to DWGI will be deducted from the Upline Independent Distributor's subsequent compensation.

H-1.5 Quality Control: For quality control reasons, DWGI will replace any defective, contaminated or damaged DWGI Product purchased from DWGI within thirty (30) days of purchase. In order to receive a refund or replacement the Independent Distributor *must* adhere to the following guidelines:

- (a) Telephone the Distributor Services Department in the Primary Independent Distributor's resident country for an authorization number prior to the return of any product. *NO RETURN WILL BE ACCEPTED BY DWGI WITHOUT A RETURN AUTHORIZATION NUMBER ON ALL SHIPPING LABELS*, along with the address of where the returned product is being shipped. Items returned without prior authorization will be refused and the carrier will return the product to the Independent Distributor, and
- (b) The Distributor Services Department Representative will instruct the Independent Distributor where to ship the product for inventory and verification of quality control problems. Upon receipt and verification DWGI will ship a replacement of the original product.
- (c) DWGI will not replace any product previously purchased from DWGI and certified as sold under the 70% Rule (See G-1.6 above).

SECTION I. INACTIVITY AND TERMINATION

I-1.1 Effect of Termination: So long as an Independent Distributor remains active and complies with the terms of the Agreement, DWGI shall pay compensation to such Independent Distributor in accordance with the DWGI Opportunity. An Independent Distributor's compensation shall constitute the entire consideration for the Independent Distributor's efforts in generating sales and all activities related to generating sales (including building a Downline Organization). Following an Independent Distributor's non-renewal of his or her Independent Distributor Agreement, inactivity, or voluntary or involuntary termination of his/her Independent Distributor Agreement (all of these methods are collectively referred to as "termination"). The former Independent Distributor shall have no right, title, claim or interest to the Independent Distributor organization, which he/she operated, or any compensation from the sales generated by the Independent Distributor's Downline Organization. Independent Distributors waive any and all claims to property rights in the Downline Organization, which they may have. Following an Independent Distributor's Termination of his or her Independent Distributor Agreement, the former Independent Distributor shall not hold himself/herself out as a DWGI Independent Distributor and shall not have the right to sell DWGI Products or services. An Independent Distributor whose Independent Distributor Agreement is terminated shall receive compensation only for the last full pay period he or she was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

I-1.2 Involuntary Termination: An Independent Distributor's violation of the terms of the Agreement, including any amendments that may be made by DWGI in its sole discretion, may result in any of the sanctions listed, including the involuntary termination of his/her Independent Distributor Agreement. Termination shall be effective on the date on which written notice is mailed, return receipt requested, to the Independent Distributor's last known address, or when the Independent Distributor receives actual notice of termination, whichever occurs first. If an Independent Distributor is terminated by DWGI, he/she shall not be permitted to reapply to DWGI for authorization to become a DWG Independent Distributor or operate a DWGI Independent Distributorship.

I-1.3 Voluntary Termination: Independent Distributors have a right to terminate their Independent Distributor Agreement at any time, regardless of reason. Termination must be submitted in writing to the Independent Distributor Services Department in the Primary Independent Distributor's resident country. The written notice must include the Primary and all Secondary Independent Distributor signatures, printed name, address, and PIN Number. Independent Distributors who voluntarily terminate his/her Independent Distributor Agreement will be required to wait six (6) months before reapplying to DWGI for authorization to become a DWGI Independent Distributor or operate a DWGI Independent Distributorship.

I-1.4 Non-renewal: An Independent Distributor may also voluntarily terminate his/her Independent Distributor Agreement by failing to renew the Independent

Distributor Agreement on its Anniversary Date. Independent Distributors who voluntarily terminate due to non-renewal of their Independent Distributor Agreement will be required to wait six (6) months before reapplying to DWGI for authorization to become a DWGI Independent Distributor or operate a DWGI Independent Distributorship.

SECTION J. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

J-1.1 Grievances and Complaints: When an Independent Distributor has a grievance or complaint with another Independent Distributor regarding any practice or conduct in violation of the Governing Documents, the protesting Independent Distributor should first report the matter to his or her Sponsor. The Sponsor should review the matter and try to resolve it with the other party's upline sponsor. To report a violation, the protesting Independent Distributor must provide a written complaint letter to the Distributor Services Department of the Primary Independent Distributor's resident Country, within thirty (30) days of the violation. The complaint letter should include the names of all parties involved a detailed description of the situation, and any witness statements, evidence, etc. Distributor Services will review the complaint letter and attempt to resolve it. If Distributor Services cannot resolve the complaint, it will then be forwarded to the DWGI Legal Department for review.

J-1.2 Disciplinary Sanctions: A violation of the terms and conditions of the Agreement, or any illegal, fraudulent, deceptive or unethical business conduct by an Independent Distributor may result, at DWGI's sole discretion, in one or more of the following corrective measures.

- (a) Issuance of a written warning or admonition; and/or
- (b) Suspension of the Independent Distributorship, for a period of time, not to exceed 90 days; and/or
- (c) Involuntary termination of the offender's Independent Distributor Agreement; and/or
- (d) Requiring the offender to take immediate corrective measures; and/or
- (e) Any other measure expressly allowed within any provision of the Agreement; and/or
- (f) Any other measure, which DWGI deems practicable to implement and appropriate to equitably resolve injuries caused, partially or exclusively, by the offender's policy violation or contractual breach.

SECTION K. GENERAL PROVISIONS

K-1.1 Income Claims: In their enthusiasm to enroll prospective Independent Distributors, some Independent Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of Direct Sales/Network Marketing. This is counterproductive because new Independent Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At DWGI, we firmly believe that the DWGI income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, the Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in Direct Sales/Network Marketing. While Independent Distributors may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact DWGI as well as the Independent Distributor making the claim. Unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because DWGI Independent Distributors do not have the data necessary to comply with the legal requirements for making income claims, an Independent Distributor, when presenting or discussing the DWGI Opportunity to a prospective Independent Distributor, may not make income projections or claims.

K-1.2 Government Endorsements: Federal and state regulatory agencies do not approve or endorse direct selling programs. Therefore, DWGI Independent Distributors shall not represent or imply either directly or indirectly that the DWGI Opportunity has been approved or endorsed by any government agency.

K-1.3 Georgia Residents Only: The following addendum applies only to those residents of the state of Georgia who are applying for or have become Independent Distributors of DWGI. Said addendum applies regardless of any other provisions of the Agreement, the policies and procedures set forth herein or in the Manual:

If participant wishes to terminate an Independent Distributor Agreement, DWGI agrees to repurchase from participant all unencumbered products, sales aids, literature and promotional items that the DWGI Independent Distributor purchased directly from DWGI. DWGI will only repurchase items that are in a reasonable, re-saleable, or reusable condition. All items that were ordered by the participant from the company and at a price not less than ninety percent (90%) of the original net cost to the participant. This will be less any consideration received by the DWGI Independent Distributor, taking into account any sales made by or through such participant for purchase of the goods which is attributable to specific goods being returned. In addition, the company agrees to repay 90% of all administrative fees that have not, at the time of termination, been provided to participant. Said products, goods, or materials must be

returned shipping prepaid by participant in order to receive the above refund. All other procedures for returning goods pursuant to Section H, herein, are to be complied with.

K-1.4 Jurisdiction And Venue: Jurisdiction and venue of any matter not subject to arbitration shall reside in Clark County, State of Nevada unless the laws of the state in which an Independent Distributor resides expressly require the application of its laws. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Nevada shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which an Independent Distributor resides expressly require the application of its laws.

K-1.5 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 under its Commercial Arbitration Rules. And judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. If an Independent Distributor files a claim or counterclaim against DWGI, he or she may only do so on an individual basis and not with any other Independent Distributor or as part of a class or consolidated action. Independent Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the City of Las Vegas, unless the laws of the state in which an Independent Distributor resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. 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. 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 Independent Distributor Agreement.

Nothing in these Policies and Procedures shall prevent DWGI 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 DWGI's interests. Whether 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.

K-1.6 Entire Agreement: Statement of policies and procedures is incorporated into the Agreement and the Manual and constitutes the entire agreement of the parties regarding his/her Independent Distributorship relationship with DWGI.

DWG International™ reserves the right to modify the Rules and Regulations, the Policies and Procedures, the terms of the Compensation plan and the rules governing the Independent Distributor in any manner. Changes become effective when published in official company literature and or posted on its official company website and the Independent Distributor agrees to abide by any changes so published. The Independent Distributor also understands and agrees that either party to the Agreement of the Distributor Application and all pertaining Rules and Regulations may terminate this Agreement by giving notice to the other party in writing, with or without cause.

DWGI Policies and Procedures 04-27-04