

Daxen Inc. Policies and Procedures

DXN believes in exploring astounding opportunities, and developing maximum benefits and extraordinary possibilities for all DXN family members. Our goals are to build true partnership with Distributors; network service centers worldwide, raise awareness about our brand and products, and thus achieve maximum profit.

Teamwork: to lighten the load and shorten the road to success

Determination: to stay on course

Creativity: to achieve excellence

Humility: to learn from each other

Support: to help and inspire others to attain ultimate goals

Recognizing the value of teamwork, DXN family will work together to support one another to achieve a happier and healthier lifestyle.

The following Policies and Procedures of Daxen, Inc. are effective as of [September 15, 2006](#) and supersede all previous and contemporaneous verbal or written negotiations, understandings, or agreements regarding DXN Policies and Procedures.

DXN Policies and Procedures govern the way a DXN Distributor conducts business, communicates and works with Daxen, Inc. and other DXN distributors. The DXN distributor Registration form and Policies and Procedures constitute a complete contract between Independent DXN Distributors and Daxen, Inc.. Failure to comply with the provision of any of these Policies and procedures and DXN responsibilities may result in the termination of DXN Distributorship, forfeiture of downline and/or the loss of a right to receive bonus, incentive and/or other payments. Reassignment of Distributorship rights or obligations to a third party is not permissible without prior approval from Daxen, Inc.. Any interpretation, clarification, exclusion, or exception to these Policies and Procedures, must be in written form and signed by the President or an authorized officer of Daxen Inc. (DXN). Daxen Inc. (DXN) reserves the right to change any part of these Policies and Procedures at its own discretion. Any changes will be effective and binding thirty (30) days after being announced in a DXN corporate letter or publication.

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1. Application for Distributorship

To become a distributor, an applicant is required to complete and sign the Distributorship Form and agree to abide by the rules and regulations. The completed Distributorship form must be sent to the service centers, or Daxen Inc. office where invoice and distributor ID will be issued.

DXN reserves the right to review any distributor application from and reject any application or applicant without stating specific reasons. DXN may refuse to grant

approval of distributorship that impersonates another entity or party, or violates any trademark or other propriety right laws.

2. Distributorship Status

Applications can be submitted as an individual or a business entity:

i. To qualify as a DXN distributor, the applicant must be of legal age in the state that he/she resides. The applicant is required to complete an official Daxen Inc. (DXN) Distributorship Form and Agreement Form, which must include the Social Security Number or Tax Identification and signature.

ii. DXN considers **Husband and Wife as joint distributor and will share one distributorship**. In the event that the married couple's date of marriage is subsequent to each of their registration dates, the married couple may each keep their own separate distributorship.

iii. A business entity, Partnership, or Corporation may hold a Distributor membership. The application procedure requires the completion of the official DXN Distributorship Form and Agreement Form, which must include the applicant's Federal Employer's Identification Number (FEIN). The applicant whose signature is used on behalf of a business entity must have authority of the business entity to represent that entity and enter into any transaction with Daxen Inc. The applicant must also certify that the no individual with an interest of debt or equity in the business has held a DXN distributor membership within six (6) months of the date of signature.

Applications may or may not be approved at the sole discretion of the company without any giving reasons.

3. Conditional Life Distributorship

DXN Distributorship with one-time registration fee and no yearly renewal of distributorship is necessary. However, distributors are required to have one (1) personal purchase transaction every year following his/her registration and every year thereafter. Personal purchase transaction refers to purchase of DXN product(s) with Point Value, regardless of amount, made in distributor's own distributorship.

Failure to comply with the above requirement will render the concerned distributor to lapse automatically and lose his/her rights to her network with no further notice. A distributor whose distributorship has lapsed may re-register as a new distributor under the same or new sponsor. However, he/she will not entitle to his/her former networks.

Distributorships that lapse are allowed to reinstate their distributorships and former networks provided that the distributors are required to maintain their minimum PPV* in one single invoice, in any of the three months subsequent to the lapse of distributorship.

The reinstatement would be effective upon management's approval. Purchases made after lapse of distributorship would be accumulated and encoded according to the marketing plan in the month of reinstatement.

Distributors who fail to reinstate their distributorship within the above grace period are not entitled to reinstate their former network upon their re-registration after the grace period.

4. DXN Starter Kit / Materials

Distributors are required to purchase a Starter Kit upon submission of their Distributor Application and Agreement to DXN. The Starter Kit, business materials or sales aids price is set at cost; not a service or franchising fee, strictly to offset costs incurred by DXN in the production and distribution of the marketing tools and materials. No commissions will be paid on the purchase of the Starter Kit or business materials or sales aids. Distributors may purchase additional kits for resale to new recruits. The Starter Kit may not be resold for profit.

5. Age Requirement

Applicant must be of legal age in the state that he/she resides to qualify as DXN distributor.

6. Distributor Purchase and Payment Methods

Distributors can purchase Products through the company and validated Service Centers / stockists. All DXN product orders must be paid in full either with cash, personal check, money orders, and approved credit cards. DXN will not honor any C.O.D. orders. Invoice will be issued for each personal purchase. No backdate will be accepted.

7. Monthly Bonus Entitlement

Distributors are required to maintain a monthly minimum point value in **ONE** country for bonus qualification and commissions overriding. Bonuses are paid according to the company's marketing plan when a distributor has maintained the required monthly personal point value (PV).

8. Monthly Bonus Discrepancy

Distributor should inform the company within 30 days from the received date of the monthly bonus for any discrepancy. The company will not entertain any enquiry after the 30 days period.

9. Responsibilities of an Independent Distributor

A distributor is independent and is free to operate on his own. Therefore, a distributor shall not claim, represent or indicate as a employee of or having employment relationship with the company. Disciplinary action will be taken on those who have breached this regulation.

DXN distributors are considered as independent contractors, fully responsible for their own business operations and activities. DXN is not a franchise operation; therefore Distributors are not franchisees. DXN Distributors are NOT employees of DXN. The agreement and business activities between DXN and the Distributors do not create an employer/employee relationship, agency, partnership or joint venture between the two parties.

Distributors must not represent themselves or present any misleading information, verbally or in written form, as being a representative, an agent or employee of Daxen Inc. (DXN). Distributors do not have any authority or legal rights to bind DXN to any agreement, contract or obligation legal or otherwise. Distributors must not misrepresent Daxen Inc.'s management, corporation, brand name, trademark or logo for any unlawful purpose. Daxen Inc. reserves the right to terminate or restrict any Distributorship if, in our opinion, any activities or statements made by a particular Distributor may violate any laws, infringe upon another person's rights or violate the terms of this Agreement. Daxen Inc. may refuses to grant approval of Distributorship that impersonates another entity or party, or violates any trademark or other proprietary right law, or is vulgar or otherwise offensive. Each distributor shall hold Daxen Inc. harmless for any claims, damages or liabilities arising out of the Distributor's business activities, communication and practice.

10. Restriction / Right to Area

All distributors are not allowed to have any restriction or right to a particular geographic area. Distributors are not permitted to declare that they have any specific right on a particular area.

11. Restriction on Products

DXN products are forbidden to be sold or exhibited in grocery stores, supermarkets, military stores, trade fair, or any other retail outlets.

12. Selling Price

The selling price of the product is determined by the company and no distributor is allowed to reduce or increase the price. Distributors breaching this regulation will have their distributorship suspended or terminated by the company.

13. Improper Sponsoring of Distributor and Penalty

Improper ways of sponsoring distributors in the following contexts are prohibited.

A. Improper Sponsoring resulting to Double Registration

A.i. Sponsoring a distributor who is already a distributor of another group.

Distributorship of the improperly sponsored distributor is immediately suspended or terminated and such improperly sponsored distributor with his group will be transferred to the original sponsor.

A.ii. Sponsoring the spouse of a person who is already a distributor of another group.

Any attempt by a spouse to enroll as a DXN distributor when the other spouse is already a registered DXN distributor will result in cancellation of the subsequent registration by the company. Any organization beneath the cancelled distributorship position will be transferred to the original sponsor.

B. Improper Sponsoring of Minors, Fictitious and Dummy/Proxy

The registration of the sponsored minor, fictitious and dummy/proxy as well as their sponsor will be terminated. The registration of any distributor, whether upline or downline shall likewise be cancelled if such registration is found to be in circumvention of the policy against the sponsorship of minors, fictitious and dummy/proxy.

14. Involvement in Other Direct Sales Company

Distributor who has achieved **Star Diamond** status and above is not allowed to involve directly or indirectly (including by proxy) with other direct sales companies or activities that will bring negative effects to the company. Distributor involved will have the distributorship suspended or terminated immediately.

15. Breaching the Codes of Ethics and Rules and Regulations

DXN prohibits Distributors from any illegal, unethical, unprofessional conduct or otherwise deemed vulgar or offensive demeanor.

Daxen Inc. reserves the right to terminate or restrict any Distributorship if, in our opinion, any activities or statements made by a particular Distributor may violate any laws, infringe upon another person's rights or violate the terms of the Agreement with DXN.

If any DXN member uses its Distributorship privilege for any unlawful purpose, DXN reserves the right to investigate any reports, terminate or restrict the Distributorship, and report to the proper authorities or governing parties.

16. Beneficiary

A distributor can appoint any legal resident as his or her beneficiary. If no beneficiary is named in the distributorship form, the beneficiary is the next of kin. However, if there is a controversy after the death of a member or beneficiary, the appropriate court will decide the beneficiary.

17. Properties of the Company

The business logo, videotapes, stationery and printed materials related to the company are the properties of the company. They are not to be used or reproduced by any distributor without prior written approval from the company.

18. Termination of Distributorship / Resignation of Distributor

A distributor's distributorship will be terminated if he/she is involved in any of the disciplinary cases such as:

- i. Sponsoring other distributors in an invalid manner
- ii. Changing the selling price of a product
- iii. Involving in other direct sales companies
- iv. Breaching the Codes of Conduct and the Policies and Procedures of the Company.
- v. Committing acts which are prejudicial or detrimental to the interest of DXN or any third party.
- vi. Making unauthorized claims, misrepresentations or discredits of DXN, management, its products or programs.

DXN reserves the right to terminate or suspend any Distributor membership at any time, if DXN determines that a violation of DXN Policies and Procedures, or criminal conduct has been committed.

DXN shall notify the Distributor of the termination or suspension and the reason for such actions by certified mail. The terminated Distributor's rights to commission, bonus, incentive, organization status and position, wholesale purchase privileges will cease to be effective. The suspended Distributor's right to commission, bonus, incentive, organization status and position, wholesale purchase privileges will be on hold during the probationary period. The terminated Distributor will no longer be a member of DXN; therefore, he / she shall no longer have the right to represent DXN, nor advertise, sell, or promote DXN products. The suspended Distributor shall not have the right to represent DXN, nor advertise, sell or promote DXN products during the probation period. The terminated Distributor shall no longer have any privilege over his / her downline. If applicable local or state law on termination of a Distributor is inconsistent with DXN's company policy, such local or state law shall supersede the DXN policy, and termination procedures shall be enforced accordingly.

A Distributor has the right to terminate his/her agreement with DXN at any time and for any reason without penalty, by giving seven (7) days advance written notice to Daxen, Inc.'s US main office.

At the end of the seven (7) day notice period, the Distributor's rights to commission, bonus, incentive, organization status and position, wholesale purchase privileges will cease to be effective. The resigned Distributor will no longer have the right to represent DXN, nor advertise, sell, or promote DXN products. The resigned Distributor shall no longer have any privilege over his/her downline. The resigned Distributor's downline shall be compressed to his/her sponsor.

19. Distributor Agreement

Agreement between a distributor and the company takes effect when the distributor signs the DXN distributorship form; and the distributorship is approved by the company.

20. Transfer of Distributorship

A. Death

Upon the death of a Distributor, his / her rights to commission and marketing positions, along with the Distributor's membership duties and responsibilities, shall be forwarded on to the authorized or appointed beneficiary or successor once Daxen Inc. receives the written notification and instructions.

To protect the maximum benefit and privileges of any DXN distributor, as well as to facilitate legal procedures and prevention of fraud, DXN requires a certificate of death, certified copy of a last will and testament, trust or other documentation that authorizes DXN to proceed the transfer of Distributor membership to another party. The beneficiary who succeeds the Distributorship shall be required to execute a new official Daxen Inc. Distributorship and Agreement Form.

B. Meritorious Cases

Transfer to the next of kin who is a non-registered DXN distributor will be allowed, if a member will be migrated permanently to another country or he/she is permanently incapacitated and it is supported by migration documents or medical documents. In this case, a written consent of his/her immediate active upline to the transfer must be secured.

21. Double Registration

In the event that a double registration has been detected and confirmed such, the company shall terminate the newer distributorship code with immediate effect without further reference. Accordingly, the company shall transfer all the newer distributorship code's downlines and accumulated PVs to the old distributorship code.

22. Transfers / Changes of Sponsorship

DXN firmly upholds the integrity of its entire network organization, and strictly prohibits any transfer of sponsorship. Distributors may not change or trade sponsors anytime after the confirmation of membership status.

The only exception that a Distributor will be permitted to transfer sponsorship lines is to submit a resignation in written form to DXN, and rejoin the network after six (6) months under a new sponsor. Please note, that the Distributor will not be allowed to transfer previous downline or qualified position and benefits to the new sponsor line.

For distributor whose distributorship is lapsed (no purchase for twelve (12) consecutive months), he/she may request to change his/her sponsor by re-registration.

23. Return/ Refund Policy

DXN will refund any dissatisfied product purchase on hundred percent (100%) for a period of 30 days from the date the Distributor purchased the product. Payment will be made upon DXN's receipt of the returned product and it is deemed to be in resalable condition. After the expiration of the 30 day period or if the product is not in resalable condition, DXN will issue no refund or exchange.

DXN will replace at no cost, items that may have been damaged during shipping or are otherwise defective in nature. Notice of damaged shipments must be given to DXN within seven (7) days of receipt of shipment to qualify for replacement. In the event that the damage is not immediately evident and is discovered at a subsequent date after the seven-day period, notice must be given to DXN, and any replacement will be subject to DXN's discretionary review.

Distributors who wish to terminate their distributorship can return to any of the DXN branches all unsold DXN products that are in the original condition and still sellable within thirty (30) days of purchase.

- i. The company will deduct 85% on sales value (SV) of all returned products for bonus payout of 80% and handling fee of 5%.
- ii. Original invoice and the letter of termination of distributor rights are required for product returned.
- iii. The refund will be sent to the distributor by certified mail within 30 days from the returned date.

Seventy Percent (70%) Rule: DXN's Seventy Percent (70%) Rule stipulates that prior to DXN's honoring a Distributor's product order, the Distributor must certify that he/she has sold at retail at least 70% of all prior inventories purchased. DXN permits a Distributor to purchase a reasonable amount of product for personal use and as sales samples; not to exceed purchase of US \$2000 without proof that the Distributor has sold 70% of his/her present inventory.

Distributors are required to maintain accurate sales records. DXN will strictly monitor compliance with this rule. Any fraudulent information supplied by the Distributor shall be grounds for termination of the Distributorship of the violating party. DXN strictly prohibits the purchase of products in unreasonable amounts, stockpiling solely for the purpose of qualifying for commission or advancement within the compensation plan.

24. Distributor Website Regulations

1. Any distributor who wish to establish link to DXN website or its subsidiary sites must submit application, stating its purposes and be approved by DXN prior to posting the link.
2. No site that references DXN, its products or link to DXN website is permitted to make unsubstantiated income or product claim.
3. No site should make it appear that it is DXN subsidiary or that the site is in anyway sanctioned or endorsed by DXN.
4. All sites that link to DXN must clearly state in a highly visible location that they are operated by an Independent Distributor.
5. Upon approval by Daxen, Inc. to post a link on the Distributor website, DXN will send technical instructions on how to establish a link to www.dxnusa.com
6. The distributors' website must not display DXN logo, trademark, or its products. Any text related to or describing the link to DXN website must be in strict accordance with specifications approved by DXN.
7. DXN shall have the right to terminate any links to www.dxnusa.com if content and specifications are different from the format and text consented by Daxen, Inc. or in violation of the proprietary rights, copyright and trademark of Daxen, Inc.

DXN Group, Daxen Inc. (DXN) and its subsidiaries, affiliates, shareholders, directors, officers, employees and contractors will not be liable (jointly or severally) to any Distributor or its related parties as a result of the Distributor's business activities and agreements with DXN. Consequential, punitive, or exemplary damages, including, without limitation, lost profit, lost savings and lost revenue (collectively, the "excluding damages"), whether or not characterized in negligence, tort, contract, or other theory of liability, even if any of the DXN parties have been advised of the possibility of or could have foreseen any of the excluded damages, and irrespective of any failure of an essential purpose of a limited remedy.

25. Product and Income Claims

DXN Distributors are strictly prohibited to make false or fraudulent representations about Daxen Inc., DXN policies, products, product content or formula, health claims, marketing services, business plan, or earnings potential and income commitment. Distributors are strictly prohibited to make medical claims, health cure, healing effects, and disease prevention claims or representation about DXN products.

26. Sales Tax / Individual Taxes

All DXN products are subject to sales tax in accordance to the state, county, or city in which a sale occurs. Tax calculation is based on the retail value of the purchase. DXN will collect taxes from Distributors in accordance to US state and federal tax regulations, unless the Distributor has filed a tax resale number with DXN.

All DXN distributors must lawfully comply with all US state and federal tax regulations governing the sale of DXN products. Every Distributor is required to provide DXN and state on their Distributor application form wither Social Security number or Federal tax ID number. In accordance to federal tax regulations, all DXN Distributors are self-employed contractors; therefore DXN will not withhold any personal tax from DXN commission checks.

At the end of each calendar year, DXN is obligated by law to provide every DXN Distributor and file with the Internal Revenue Service the 1099 form, which reports each Distributor's annual income from business activities related to DXN. This is required for any Distributor with earnings in excess of \$600 for the calendar year.

27. Propriety Nature of Downline Reports

Upon receipt of request from a Distributor, DXN will provide that Distributor's downline organization report. This report will charge a nominal fee for data processing. The Distributor must strictly abide by DXN's privacy policy, which stipulates that the downline organization report includes information that is proprietary and confidential. The Distributor is obligated to maintain the absolute confidentiality of all information pertaining to DXN's organization report. Any disclosure of this information to a third party shall be in violation of the Non-Disclosure Agreement between DXN and Distributor. DXN will take legal actions accordingly, if such revelation. Whether directly or indirectly, takes place.

28. General Laws

A. Waiver

DXN maintains strict compliance of DXN rules, regulations and policies in accordance with the applicable laws governing the business conduct of a multi-level marketing business organization; unless in the instance of extraordinary circumstances, an

authorized DXN officer specifies in writing the waiver of certain provision. If applicable local or state law on business activities and regulations is inconsistent with DXN's company policy, such local or state law shall supercede the DXN policy, and enforced accordingly.

B. Governing Laws

DXN rules are reasonably related to the laws of the State of California and shall be governed in all respects thereby. The jurisdiction and venue shall lie with the place of acceptance of the Distributor application, which shall in all cases be the County of Los Angeles.

C. Invalidity of any Paragraph

Should any portion of these policies and procedures of the Distributors Application and Agreement, or any other instruments referred to herein or issued by DXN be declared invalid by a court of competent jurisdiction, the balance of such rules, application, or instruments shall remain in full force and effect.

D. Sanctions and Enforcement

Sanctions will not be employed lightly, now will DXN be arbitrary or unfair in their use. A distributor who attempt to or commit violations of these rules and regulations jeopardizes the integrity and standing of all other DXN Distributors. DXN reserves the right to revoke the status of Distributors or place violators on probation for a period, which may delay the eligibility of advancement in the marketing plan. It is for the benefit of everyone that every Distributor abides by the letter and spirit of these rules and regulations.

E. Notice to DXN

All written notification to DXN should be sent to the main office at:
Daxen Inc.
661 Brea Canyon Road, Ste. 6
Walnut CA 91789

29. Charge Backs

If product returns and refunds are implemented after commission checks have been issued to the Distributor, the "overpaid" commission amount shall be charged back against the Distributor's next commission check, or first check with available commission to cover the refunds.

30. Refunds on Resale of Products by Distributors

Any distributor who resells products to the ultimate consumer is responsible for refund payments upon returning of products by the consumer. The Distributor is expected to conduct their business in a manner consistent with DXN Policies and Procedures, including strict adherence to DXN refund policy. Any violation of this policy will be immediate grounds for suspension or termination of Distributorship.

31. Rights of the Company

DXN reserves the right to change the terms of Agreement, product wholesale and retail price, product content and formula, company policies and procedures, and business plan at its own discretion. DXN will notify Distributors of any policy amendments, product changes and the effective dates wither electronically or in writing. Upon the effective date announced, all changes and amendments shall be automatically incorporated, and all Distributors must abide by the new changes.