



Compensation Plan

Effective April 1, 2022

OVERVIEW

Transition Plan: During a 6-month transition period from April 1 through September 30, 2022, some of the rank qualification requirements will be reduced while Stylists adjust to the updated plan and rules.

Color Street has revolutionized nail beauty with 100% real nail polish strips that take the mess and stress out of the manicure experience. By simply wearing and sharing Color Street, you're opening up opportunities for new customers (and potential Stylists!) to fall in love with our products.

Color Street uses "social selling" as its primary marketing method. As a Stylist, you may hold in-person or virtual Nail Bars, sell Color Street products to customers, and build a fun and exciting business. Finding new customers is the foundation of your ongoing success. Color Street's social selling system also allows you to invite others to be part of your Stylist team, enhancing your income potential.

The Color Street Compensation Plan offers Stylists commissions, bonuses, and rewards for marketing our products and finding customers, Nail Bar Hosts, and new team members.

There are four phases in Color Street's Compensation Plan. As a new Stylist, you begin in the **Marketing Phase**, during which you focus on personal sales as you start building your business. Next, in the **Development Phase**, you start to guide others through the same business-building activities. The **Leadership Phase** rewards you for building your team and developing emerging leaders. Finally, the **Directorship Phase** rewards you for mentoring other leaders in the executive levels on your team.

Within the four phases of a Color Street business, there are many ways for you to make money in this Compensation Plan. As a Stylist, you decide your level of effort and strive towards building an organization if you choose. You can choose to sell only or learn to enroll and develop a team. Generational bonuses reward Stylists as they spend time and energy guiding their new Stylists and developing leaders.

KEY TERMS

Personal Volume (PV): The sum of the Stylist's personal purchase volume and their customers' purchase volume.

Group Volume (GV): The sum of the Stylist's PV and the PV of all Stylists in their downline organization.

Level: The position a Stylist is, relative to another Stylist. For example, if Anna is Betty's Sponsor, Betty is a Level 1 (L1) Stylist for Anna. If Betty is Claire's Sponsor, Claire is a Level 1 (L1) Stylist for Betty and a Level 2 (L2) Stylist for Anna.

Leg: A Leg begins with a Level 1 Stylist and includes all of the Stylists underneath them.

Capped GV: The GV capped by the 50% Rule, meaning that no more than 50% of Capped GV can come from one Leg alone.

Generation: Generation 1 (G1) begins with the first Stylist with a Career Title of STL or above in each Leg, and goes down to but does not include the next Stylist with a Career Title of STL or above, who starts Generation 2 (G2), and so on.

1. The Marketing Phase

Your Stylist journey begins with the Marketing Phase! Wear and share the product, network, and invite others to experience the products, host Nail Bars, or join your team.

RETAIL COMMISSIONS

The foundation of your Color Street business is selling products and building a strong customer base – you can earn up to 35% Retail Commissions on your Personal Volume (PV).

Base Retail Commission starts at 15% of your PV. You earn an additional 10% if you sell 300 in PV in a calendar month, for a total of 25%. Base Retail Commission is paid in weekly payouts. Example: Anna sells 150 PV in the first week of the month and gets paid 15%. She sells an additional 200 PV in the second week. She would get paid 25% on the 200 PV from the second week since she reached 300 PV, as well as get the additional 10% on the 150 PV from the first week.

You can earn an additional 5-10% in Enhanced Retail Commission, paid monthly, based on your Personal Volume for the calendar month.

	Personal Volume	Commissions on PV	Cumulative Total
Base Retail Commission paid weekly	0.01-299.99	15%	15%
	300-599.99	10%	25%
Enhanced Retail Commission paid monthly	600-1,799.99	5%	30%
	1,800+	5%	35%

JUMP START REWARDS

Our Jump Start Rewards Program is designed to reward Stylists for building their business right from the start. Earn Product Credit by reaching selling and enrollment goals during your Jump Start period*.

SALES JUMP START:

	Time Frame	Sell	Reward
Sales JS Level 1	First 35 Days (Join Date through Day 35)	500 PV	\$50 USD / \$65 CAD Product Credit
Sales JS Level 2	Next 30 Days (Day 36 through Day 65)	500 PV	\$50 USD / \$65 CAD Product Credit
Sales JS Level 3	Next 30 Days (Day 66 through 95)	500 PV	\$50 USD / \$65 CAD Product Credit

3 MONTH CONSISTENCY REWARD:

\$150 USD / \$195 CAD Product Credit when you earn all three Sales JS Levels. This doubles your Jump Start Rewards!

ENROLLING JUMP START:

During your Jump Start period, enroll a new Stylist who sells 1000 PV in their first 95 days and earn \$50 USD / \$65 CAD Product Credit. Earn as many times as you qualify in your Jump Start period (first 95 days).

* Your Join Date is considered "Day 0". Your Jump Start period is from Join Date through Day 95.

** This Jump Start program applies to Stylists whose Join Date is March 1, 2022 or later.

As you build your business, you can qualify for new Ranks in the Marketing Phase by meeting Personal Volume and Group Volume requirements each month. Group Volume is the sum of your PV and the PV of all Stylists in your downline organization. During the Marketing Phase, as there are no requirements regarding your downline structure, all of your GV could come from your PV.

	Qualified Stylist (QS)	Senior Stylist (SS)	Elite Stylist (ES)
Personal Volume	300 PV	300 PV	300 PV
Downline Volume	—	700 GV	1,250 GV

LEVEL BONUS

When you are paid as a Qualified Stylist or above, you earn a Level Bonus on the PV of any Level 1 Stylists you may have on your team. The term "Level" is used to describe the position a downline Stylist is relative to you. For example, if you are the Sponsor for Betty, Betty is a Level 1 (L1) Stylist for you, and you can earn an L1 Level Bonus on Betty's PV.

PAID RANK	QS	SS	ES
Level Bonus - L1	2%	3%	4%

RANK PROMOTION BONUSES

Earn a one-time bonus when you promote to the Senior Stylist or Elite Stylist ranks for the first time:

PAID RANK	Amount
Senior Stylist	\$50 USD / \$65 CAD
Elite Stylist	\$100 USD / \$130 CAD

2. The Development Phase

In the Development Phase, you start to develop your team by mentoring Stylists you enroll on the basics of building a strong business through networking, practicing Color10, selling, holding Nail Bars, and enrolling and onboarding new Stylists of their own.

To qualify as a Team Builder or above, you must meet Leg requirements in addition to monthly volume requirements. A Leg begins with a Level 1 (L1) Stylist and includes all of the Stylists underneath them. You have as many Legs as you have L1 Stylists. The Rank for a Leg is based on the highest Paid Rank of all Stylists in that Leg.

Starting with the Senior Team Builder Rank, the downline volume requirement is based on Capped GV, which is your GV capped by the 50% Rule, meaning that no more than 50% of Capped GV can come from one Leg alone. For a detailed explanation, refer to the example in the glossary of this document.

	Team Builder (TB)	Senior Team Builder (STB)	Team Leader (TL)	Senior Team Leader (STL)
Personal Volume	300 PV	300 PV	300 PV	300 PV
Downline Volume	2,000 GV	3,250 Capped GV	5,500 Capped GV	10,000 Capped GV
Leg Requirements	1 QS Leg	2 SS Legs	1 TB Leg + 2 SS Legs	1 STB Leg + 3 SS Legs

During the transition period, to achieve a Paid Rank of Senior Team Leader or above, only 2 lower-ranked Legs are required instead of 3. For example, to achieve a Paid Rank of STL during the transition period, you need 1 STB Leg and 2 SS Legs.

RANK PROMOTION BONUSES

Earn Rank Promotion Bonuses as you promote through the Ranks in the Development Phase.

PAID RANK	Amount
Team Builder	\$200 USD / \$255 CAD

Earn a one-time bonus when you promote to Team Builder for the first time.

PAID RANK	Amount
Senior Team Builder	\$300 USD / \$385 CAD
Team Leader	\$400 USD / \$510 CAD
Senior Team Leader	\$600 USD / \$765 CAD

Earn a one-time bonus when you promote to STB, TL, or STL and then maintain it as a Paid Rank for two consecutive months.

There is no time limit when the two consecutive monthly periods must be achieved by. For example, if you promote to Team Leader in January and do not get paid as TL in February, but get paid as TL in March and April, they would earn the bonus in the April commission run.

JUMP START ENROLLER BONUSES

As you mentor Stylists who you enroll, you are eligible to earn Jump Start Enroller Bonuses when they achieve their Jump Start goals! When a Stylist you enroll achieves any of the Sales Jump Start Levels, you'll earn \$25 USD / \$32 CAD in Product Credit, as long as you're an active Stylist in good standing.

LEVEL BONUSES

As you build your team and progress through the Development Phase ranks, your Level Bonuses increase in depth and percentage.

PAID RANK	TB	STB	TL	STL
Level Bonus - L1	6%	7%	7%	7%
Level Bonus - L2	2%	4%	5%	6%
Level Bonus - L3	—	—	2%	4%
Level Bonus - L4	—	—	—	2%

3. The Leadership Phase

The Leadership Phase begins at the Director Rank, and rewards you for building your team and developing emerging leaders and directors.

	Director (D)	Senior Director (SD)	Elite Director (ED)	Executive Director (EXD)
Personal Volume	300 PV	300 PV	300 PV	300 PV
Group Volume	17,000 Capped GV	30,000 Capped GV	60,000 Capped GV	120,000 Capped GV
Leg Requirements	1 TL Leg + 3 ES Legs	1 STL Leg + 3 TB Legs	1 D Leg + 3 STB Legs	1 SD Leg + 3 TL Legs

During the transition period, to achieve a Paid Rank of Senior Team Leader or above, only 2 lower-ranked Legs are required instead of 3. For example, to achieve a Paid Rank of SD during the transition period, you need 1 STL Leg and 2 TB Legs.

LEVEL BONUSES

In the Leadership Phase, you can earn five levels of Level Bonuses on your downline Stylists' volume.

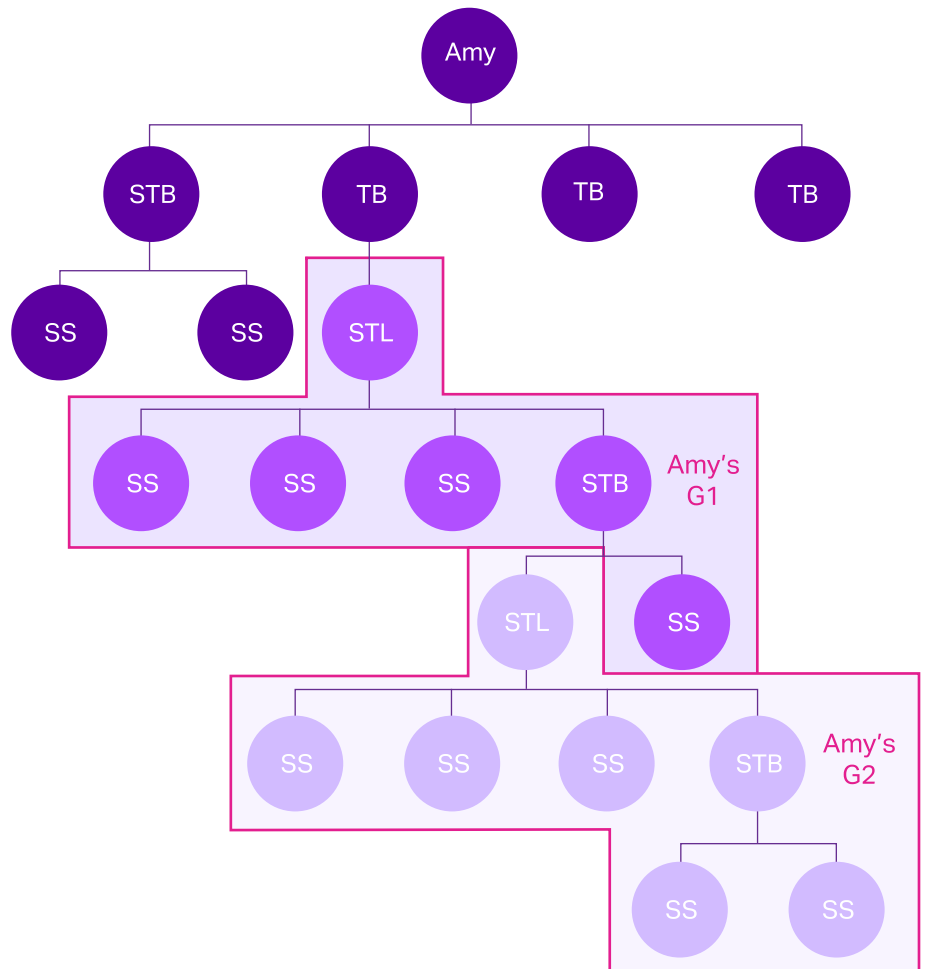
PAID RANK	D	SD	ED	EXD and above
L1	7%	7%	7%	8%
L2	6%	6%	6%	6%
L3	4%	4%	4%	4%
L4	3%	4%	4%	4%
L5	2%	2%	3%	3%

GENERATION BONUSES

Stylists with a Paid Rank of Director or above can earn Generation Bonuses on the volume from their downline Generations. A Generation is defined by a Career Title of Senior Team Leader (STL) or above. The Career Title is the highest Paid Rank a Stylist has achieved in a rolling 6-month period.

In other words, the Generation 1 Bonus would be paid on the volume from the first downline Stylist with a Career Title of STL or above, and all the Stylists below them, down to but not including the next Stylist with a Career of STL or above, who starts the Generation 2.

The graphic on the right shows the Career Titles of example Stylist Amy's organization, and highlights her Generational 1 and Generation 2 Stylists. Amy would need a Paid Rank of Director or above to earn a G1 Bonus, and a Paid Rank of SD or above to earn a G2 Bonus.



PAID RANK	D	SD	ED	EXD and above
Generation Bonus - G1	2%	3%	4%	4%
Generation Bonus - G2	—	1%	2%	3%
Generation Bonus - G3	—	—	1%	2%
Generation Bonus - G4	—	—	—	1%

4. The Directorship Phase

Finally, the Directorship Phase rewards you for mentoring other leaders in the executive levels on your team.

Starting a year from when you first promote to SED, you must have earned 100 Leader Points in the past 12 months in order to be paid as SED or above. Leader Points are earned by performing leadership activities to be determined. For example, developing a new or existing Leg into a Senior Team Leader Leg may be worth 100 Leader Points.

	Senior Executive Director (SED)	National Executive Director (NED)	Sapphire National Executive Director (SNED)	Ruby National Executive Director (RNED)	Emerald National Executive Director (ENED)	Diamond National Executive Director (DNED)	2 Carat Diamond National Executive Director (2DNED)	3 Carat Diamond National Executive Director (3DNED)
Personal Volume	300 PV	300 PV	300 PV	300 PV	300 PV	300 PV	300 PV	300 PV
Group Volume	240,000 Capped GV	480,000 Capped GV	1,000,000 Capped GV	2,000,000 Capped GV	4,000,000 Capped GV	8,000,000 Capped GV	16,000,000 Capped GV	30,000,000 Capped GV
Leg Reqs	1 ED Leg + 3 STL Legs	1 EXD Leg + 3 D Legs	1 SED Leg + 3 SD Legs	1 NED Leg + 3 ED Legs	1 SNED Leg + 3 EXD Legs	1 RNED Leg + 3 SED Legs	1 ENED Leg + 3 NED Legs	1 DNED Leg + 3 SNED Legs
Leader Points	Starting a year from when a Stylist first promotes to SED, they must have earned 100 Leader Points in the past 12 months in order to be paid as SED or above rank.							

During the transition period, to achieve a Paid Rank of Senior Team Leader or above, only 2 lower-ranked Legs are required instead of 3. For example, to achieve a Paid Rank of SED during the transition period, you need 1 ED Leg and 2 STL Legs.

The Leader Points Rule does not apply during the transition period. The points will be calculated starting in October 2022 when the full plan goes into effect, and the points requirement will apply to rank qualifications starting with September 2023 commissions, based on Leader Points earned between October 2022 through September 2023.

LEVEL BONUSES

The Level Bonuses continue to reward you for the volume of the first five Levels of your downline.

PAID RANK	EXD AND ABOVE
L1	8%
L2	6%
L3	4%
L4	4%
L5	3%

GENERATION BONUSES

The Generation Bonuses continue to reward you for the volume of the first five Generations.

PAID RANK	SED	NED AND ABOVE
G1	5%	5%
G2	3%	4%
G3	2%	2%
G4	2%	2%
G5	1%	1%

BUILD WIDE BUILD SMART BONUS

At Paid Ranks of NED and above, you can earn the Build Wide Build Smart Bonus, which rewards Stylists for building a healthy team with many strong Legs. The bonus is an additional percentage on the Generation Bonuses (G1-G5), excluding Stylists in your two largest Legs (based on GV).

PAID RANK	NED	SNED	RNED	ENED	DNED	2DNED	3DNED
Bonus	0.5%	0.75%	1%	1.25%	1.5%	1.75%	2%

Glossary

Capped GV: The GV capped by the 50% Rule, meaning that no more than 50% of Capped GV can come from one Leg alone. The 50% Rule applies for rank qualifications starting with Senior Team Builder. The purpose of this rule is to encourage each Stylist to build multiple strong Legs. *Calculated monthly for rank qualification requirements.*

Capped GV = The Stylist's PV + the GV from each Leg, where the largest Leg (based on GV) is capped at the sum of the Stylist's PV + the GV of all other Legs.

Example: Stylist A had 311.00 PV. The largest Leg had 44,409.20 GV. The sum of the other Legs' GV is 19,320.20.

- When calculating Capped GV, the largest Leg is capped at $311.00 + 19,320.20 = 19,631.20$
- Stylist A's Capped GV is $311.00 + 19,320.20 + 19,631.20 = 39,262.40$ (PV + sum of other Legs + capped volume of largest Leg = Capped GV)

Commission Period: The time period that commissions are calculated for. All times are based on Central Time.

Weekly: A weekly period begins Wednesday morning at 12:00:00 am Central Time and ends the following Tuesday night at 11:59:59 pm Central Time. Color Street processes the weekly Base Retail Commission payout each Wednesday, and funds appear in the Pay Portal on Thursday.

Monthly: The monthly period begins the first day of the month at 12:00:00 am Central Time and ends the last day of the month at 11:59:59 pm Central Time. Color Street processes monthly commissions (all payouts other than Base Retail Commission) within the first five business days of each month, unless Stylists are notified otherwise

Downline: All Stylists who are in your team, including Stylists you enrolled, the Stylists they enroll, and so on. Your downline also includes Stylists who may be placed under you by an upline leader.

Enroller/Sponsor: Your Enroller is the Stylist who brought you into Color Street and enrolled you as a Stylist. Your Sponsor is the Stylist who is immediately above you in your organization. When you first become a Stylist, your Sponsor is the same person as your Enroller; however, your Sponsor may change due to Placement.

Exchange Rate: Commissions are calculated based on the currency-neutral Personal Volume (PV) value and then adjusted using the exchange rate to determine the dollar amount for payout. (Please note that Color Street's exchange rates are subject to change.) See below for an example.

The purchase of one set of Tokyo Lights earns a Stylist 13 PV. To calculate a retail commission of 25%, we would first calculate 25% of 13 PV, which is 3.25.

- The exchange rate for USD is 1:1, so this equals a \$3.25 USD commission payout for US Stylists.
- The Color Street exchange rate for Canadian dollars is 1:1.27, so this equals a \$4.13 CAD commission payout (3.25 multiplied by 1.27) for Canadian Stylists.

Generation: Generation 1 (G1) begins with the first Stylist with a Career Title of STL or above in each Leg, and goes down to but does not include the next Stylist with a Career Title of STL or above, who starts Generation 2 (G2), and so on.

Group Volume: The sum of the Stylist's PV and the PV of all Stylists in their downline organization. *Calculated monthly for rank qualification requirements.*

Leg: A Leg begins with a Level 1 Stylist and includes all of the Stylists underneath them.

Level: The position a Stylist is, relative to another Stylist. For example, if Anna is Betty's Sponsor, Betty is a Level 1 (L1) Stylist for Anna. If Betty is Claire's Sponsor, Claire is a Level 1 (L1) Stylist for Betty and a Level 2 (L2) Stylist for Anna.

Personal Volume: The sum of the Stylist's personal purchases and their customers' purchases. Personal Volume (PV) is a currency-neutral value and is the same across the US and Canada. *Calculated monthly for rank qualification requirements.*

Category	USD	CAD	PV
Solid (creme)	\$12	\$15.25	12
Solid (shimmer), Clear Nail Art	\$12.50	\$15.75	12.50
Duochrome, Glitter	\$13	\$16.50	13
Nail Art Designs, Glitter-Dipped, French Manicure	\$14	\$17.75	14
Prism FX	\$15	\$19	15

Placement: Placement refers to the ability to enroll a Stylist and place them in another Stylist's Level 1. Stylists with a Paid Rank of Senior Team Leader or above are able to make placements. New Stylists can be placed directly under downline Stylists with a Paid Rank of Team Leader or above. Placements must be made within 35 days of the new Stylist's Join Date.

From May 19 through the end of the transition period, Stylists with a Paid Rank of Senior Team Builder or above can make placements anywhere in their downline organization.

RANKS AND TITLES

Career Title: The Career Title is a Stylist's recognition title used for marketing purposes, such as on business cards or when the Stylist is introduced at a Color Street event. The Career Title is also used to determine Generations for the upline.

Team Leaders and below (Highest Title): the Career Title is the highest Paid Rank they have ever achieved (beginning with April 2022 commission run).

Senior Team Leaders and above (Highest Title): the Career Title is the highest Paid Rank you have achieved in a rolling six-month period (beginning with April 2022 commission run).

Highest Title: The highest Paid Rank that a Stylist has achieved in their lifetime as a Stylist.

Paid Rank: Rank qualifications and commissions are calculated based on the Paid Rank. *Calculated monthly.*

Transition Incentive Bonuses

The below additional bonuses apply during the 6-month transition period from April 1 through September 30, 2022.

BUILD FAST PAY MORE BONUS

- For Stylists who join before March 2022.
- An additional 5% is paid on Level Bonuses (L1-L5) for any new Legs created from March 2022 through September 2022, where there is a Stylist with a Paid Rank of TB or higher in the Leg.
- The bonus is eligible to be paid for 6 months starting from the month the leg first qualifies for the bonus (by having a Stylist paid as a Team Builder).
- *Example:* Stylist A joins in February 2022. Stylist A enrolls Stylist B in March 2022 and keeps them in their L1. In June 2022, a Stylist in Stylist B's Leg is paid as a TB for the first time. Stylist A gets an additional 5% for Level Bonuses in that entire Leg from June 2022 through November 2022, as long as there is a Stylist with a Paid Rank of Team Builder or higher in the Leg.

LEADER TRANSITION BONUS

Double your generation bonus on new STL Legs – paid 12 months after plan launch

- For Stylists who join before April 2022 who are paid as Director or higher for 11 months between April 2022 through March 2023.
- Generation Bonuses are doubled on new STL Legs (New Legs are Legs that reach a Paid Rank of STL for the first time in April 2022 or later. Legs that previously achieved a Rank of Director or above are not considered new).
- Bonus amounts are calculated and displayed each month but paid out in total in the March 2023 commission run.

ADDITIONAL GENERATION BONUSES – SED AND ABOVE

April-June 2022:

PAID RANK	SED	NED	SNED and above
G1	1%	1%	2%
G2	1%	1%	2%
G3	—	1%	3%
G4	—	—	1%

July-September 2022:

PAID RANK	SED	NED	SNED and above
G1	0.5%	0.5%	1%
G2	0.5%	0.5%	1%
G3	—	0.5%	1.5%
G4	—	—	0.5%