



# Compensation Plan

February 1, 2023

## OVERVIEW

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 Beauty Socials, 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, Beauty Social 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 SL or above in each Leg, and goes down to but does not include the next Stylist with a Career Title of SL 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 products, network, and invite others to experience the products, host Beauty Socials, 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 5% if you sell 150 in PV in a calendar month, for a total of 20%. You earn another 5% 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 100 PV in the first week of the month and she earns 15%.
- She sells an additional 75 PV in the second week. She would get paid 20% on the 75 PV from the second week since she reached 150 PV for the month, as well as get an additional 5% on the 100 PV from the first week.
- She sells an additional 200 PV in the third week. She would get paid 25% on the 200 PV from the third week since she reached 300 PV for the month, as well as an additional 5% on the 175 PV from the first two weeks.

During your Jump Start period – your first 95 days as a new Stylist – you will earn 25% in Base Retail Commission regardless of your PV.

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
<b>Base Retail Commission</b> <i>paid weekly</i>	0.01-149.99	15%	15%
	150-299.99	5%	20%
	300-599.99	5%	25%
<b>Enhanced Retail Commission</b> <i>paid monthly</i>	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 bonuses by reaching selling and enrollment goals during your Jump Start period\*.

### SALES JUMP START:

	Time Frame	Sell	Reward
<b>Sales JS Level 1</b>	First 35 Days (Join Date through Day 35)	500 PV	\$50 USD / \$68 CAD bonus
<b>Sales JS Level 2</b>	Next 30 Days (Day 36 through Day 65)	500 PV	\$50 USD / \$68 CAD bonus
<b>Sales JS Level 3</b>	Next 30 Days (Day 66 through 95)	500 PV	\$50 USD / \$68 CAD bonus

### 3 MONTH CONSISTENCY REWARD:

Earn \$150 USD / \$204 CAD 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 / \$68 CAD. 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.

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)	Bronze Stylist (BS)	Silver Stylist (SS)
<b>Personal Volume</b>	150 PV	300 PV	300 PV
<b>Downline Volume</b>	—	700 GV	1,000 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	BS	SS
<b>Level Bonus - L1</b>	2%	3%	4%

## RANK PROMOTION BONUSES

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

PAID RANK	Amount
Bronze Stylist	\$50 USD / \$68 CAD
Silver Stylist	\$100 USD / \$135 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 Beauty Socials, and enrolling and onboarding new Stylists of their own.

To qualify as a Gold Stylist 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 Platinum Stylist 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.

	Gold Stylist (GS)	Platinum Stylist (PS)	Bronze Leader (BL)	Silver Leader (SL)
<b>Personal Volume</b>	300 PV	300 PV	300 PV	300 PV
<b>Downline Volume</b>	1,500 GV	2,500 Capped GV	4,500 Capped GV	8,500 Capped GV
<b>Leg Requirements</b>	1 QS Leg	2 BS Legs	1 GS Leg + 2 BS Legs	1 PS Leg + 2 BS Legs

## RANK PROMOTION BONUSES

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

PAID RANK	Amount
Gold Stylist	\$150 USD / \$203 CAD

Earn a one-time bonus when you promote to Gold Stylist for the first time.

PAID RANK	Amount
Platinum Stylist	\$250 USD / \$338 CAD
Bronze Leader	\$400 USD / \$540 CAD
Silver Leader	\$600 USD / \$810 CAD

Earn a one-time bonus when you promote to PS, BL, or SL 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 Bronze Leader in January and do not get paid as BL in February, but get paid as BL in March and April, they would earn the bonus in the April commission run.*

**Rank Promotion Upline Bonus:** When a Stylist earns the Silver Leader Rank Promo Bonus, their first upline Career Title Gold Leader (or above) will earn a \$300 USD / \$405 CAD bonus.

## 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 / \$34 CAD, 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	GS	PS	BL	SL
<b>Level Bonus - L1</b>	6%	7%	7%	7%
<b>Level Bonus - L2</b>	2%	4%	5%	6%
<b>Level Bonus - L3</b>	—	—	3%	4%
<b>Level Bonus - L4</b>	—	—	—	2%

## 3. The Leadership Phase

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

	Gold Leader (GL)	Platinum Leader (PL)	Silver Executive (SE)	Gold Executive (GE)
<b>Personal Volume</b>	300 PV	300 PV	300 PV	300 PV
<b>Group Volume</b>	15,000 Capped GV	25,000 Capped GV	50,000 Capped GV	100,000 Capped GV
<b>Leg Requirements</b>	1 BL Leg + 2 SS Legs	1 SL Leg + 2 GS Legs + 1 BS Leg	1 GL Leg + 2 PS Legs + 1 SS Leg	1 PL Leg + 2 BL Legs + 1 GS Leg

## LEVEL BONUSES

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

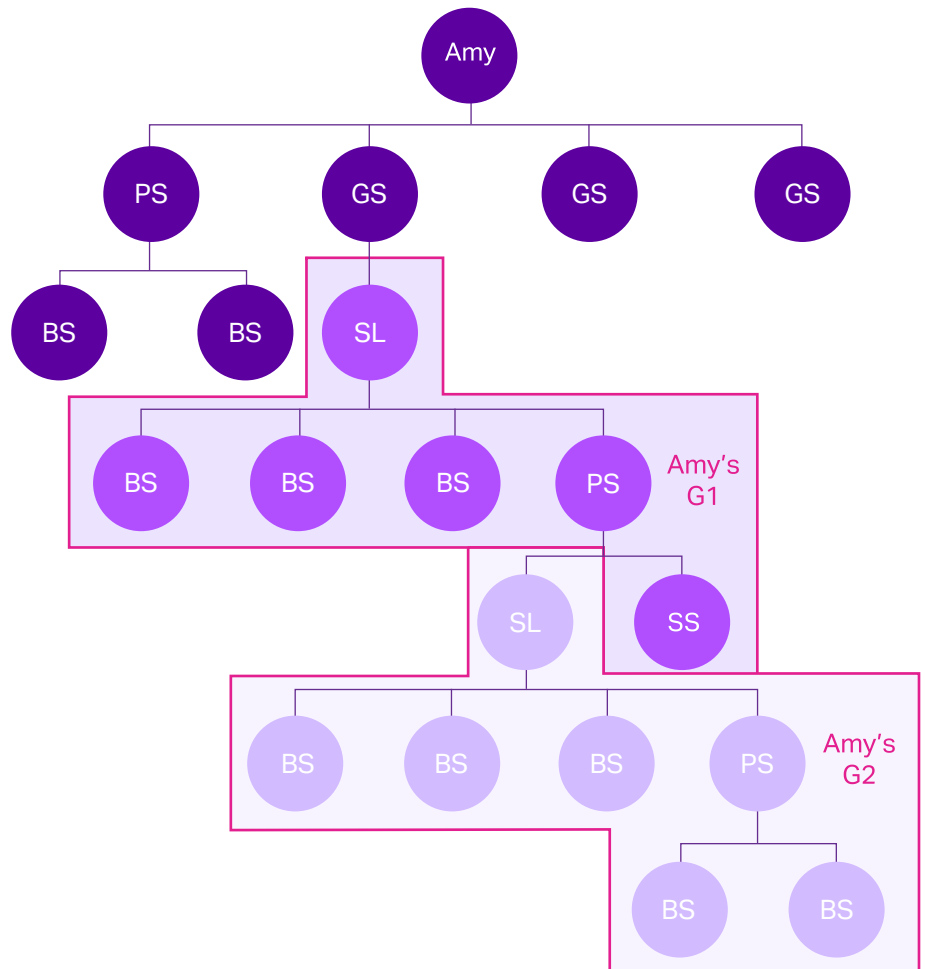
PAID RANK	GL	PL	SE	GE and above
<b>L1</b>	7%	7%	7%	8%
<b>L2</b>	6%	6%	6%	6%
<b>L3</b>	4%	4%	4%	4%
<b>L4</b>	3%	4%	4%	4%
<b>L5</b>	2%	2%	3%	3%

## GENERATION BONUSES

Stylists with a Paid Rank of Gold Leader or above can earn Generation Bonuses on the volume from their downline Generations. A Generation is defined by a Career Title of Silver Leader (SL) 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 SL or above, and all the Stylists below them, down to but not including the next Stylist with a Career of SL 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 Generation 1 and Generation 2 Stylists. Amy would need a Paid Rank of Gold Leader or above to earn a G1 Bonus, and a Paid Rank of PL or above to earn a G2 Bonus.



PAID RANK	GL	PL	SE	GE
<b>Generation Bonus - G1</b>	2%	3%	4%	4%
<b>Generation Bonus - G2</b>	—	1%	2%	3%
<b>Generation Bonus - G3</b>	—	—	1%	2%
<b>Generation Bonus - G4</b>	—	—	—	1%

# 4. The Directorship Phase

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

	<b>Platinum Executive (PE)</b>	<b>Topaz National (TN)</b>	<b>Sapphire National (SN)</b>	<b>Ruby National (RN)</b>	<b>Emerald National (EN)</b>	<b>Diamond National (DN)</b>
<b>Personal Volume</b>	300 PV	300 PV	300 PV	300 PV	300 PV	300 PV
<b>Group Volume</b>	200,000 Capped GV	400,000 Capped GV	750,000 Capped GV	1,500,000 Capped GV	3,000,000 Capped GV	6,000,000 Capped GV
<b>Leg Reqs</b>	1 SE Leg + 2 SL Legs + 1 PS Leg	1 GE Leg + 2 GL Legs + 1 BL Leg	1 PE Leg + 2 PL Legs + 1 BL Leg	1 TN Leg + 2 SE Legs + 1 BL Leg	1 SN Leg + 2 GE Legs + 1 BL Leg	1 RN Leg + 2 PE Legs + 1 BL Leg

## LEVEL BONUSES

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

<b>PAID RANK</b>	<b>GE AND ABOVE</b>
<b>L1</b>	8%
<b>L2</b>	6%
<b>L3</b>	4%
<b>L4</b>	4%
<b>L5</b>	3%

## GENERATION BONUSES

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

<b>PAID RANK</b>	<b>PE</b>	<b>TN AND ABOVE</b>
<b>G1</b>	5%	5%
<b>G2</b>	3%	4%
<b>G3</b>	2%	2%
<b>G4</b>	2%	2%
<b>G5</b>	1%	1%

## BUILD WIDE BUILD SMART BONUS

At Paid Ranks of TN 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).

<b>PAID RANK</b>	<b>TN</b>	<b>SN</b>	<b>RN</b>	<b>EN</b>	<b>DN</b>
<b>Bonus</b>	0.5%	0.75%	1%	1.25%	1.5%

# 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 Platinum Stylist. 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 1:1.35, so this equals a \$4.38 CAD commission payout (3.25 multiplied by 1.35) for Canadian Stylists.

**Generation:** Generation 1 (G1) begins with the first Stylist with a Career Title of SL or above in each Leg, and goes down to but does not include the next Stylist with a Career Title of SL 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, Glitter, Clear Design	\$13	\$17.50	13
Design, Glitter Dipped, French Manicure	\$14	\$18.75	14
Prism FX	\$15	\$20.00	15

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

## 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.

*Bronze Leaders and below (Highest Title):* the Career Title is the highest Paid Rank they have ever achieved.

*Silver Leaders and above (Highest Title):* the Career Title is the highest Paid Rank you have achieved in a rolling six-month period.

**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.*