



**POLICIES AND PROCEDURES  
USA**

**Contents**

Introduction and Company Values	3
Section 1: Getting Started as An Independent Stylist	5
Section 2: Conducting Business as An Independent Stylist	9
Section 3: Independent Stylist Communities & Operation	17
Section 4: Marketing and Advertising	20
Section 5: Taxes, Expenses, and Contractual Obligations	33
Section 6: Compliance Investigations and Disciplinary Action	34
Section 7: General Terms	36

## Introduction

Color Street, LLC (“Color Street” or “Company”) is a direct-to-consumer beauty and cosmetics company that empowers entrepreneurial Independent Stylists to start their own businesses. Color Street sells an exclusive line of exciting and unique products. For more information, visit [www.colorstreet.com](http://www.colorstreet.com).

## Color Street Culture and Values

At Color Street, culture and values are vitally important both to the company and to its Independent Stylists. We developed these Policies & Procedures to protect our culture, and by sharing our values we hope to ensure that each Independent Stylist operates by a common set of rules that is fair for everyone involved.

At Color Street, we take pride in professionalism, honesty, and equality. Our constant aim is to emphasize and affirm the full participation of persons in all business activities and rewards without regard to race, religion, color, sex, sexual orientation, disability, age, or national origin. It is extremely important that these values are also held by our Independent Stylists. As a company, we remain committed to opportunity, inclusion, equity, and the belief that every human has inherent worth and dignity. Because Color Street believes strongly in inclusiveness, we actively promote diversity and fair dealing among our employees and Independent Stylists in all aspects of our business. We work to ensure that our employees and Independent Stylists treat each other and all other persons with kindness and respect.

Independent Stylists are expected to represent Color Street by:

- Maintaining a high standard of professionalism and integrity with customers, colleagues, and members of the Color Street Home Office,
- Providing genuinely useful customer service as you develop long-term customer relationships, and
- Avoiding negative comments about your colleagues, clients, the Home Office, Corporate Officers, the Compensation Plan, or Color Street’s products. If you are unhappy with any aspect of Color Street’s policies, the best way to deal with it is to give feedback directly to your Enroller or the Color Street Home Office.

The values above are essential and must be adhered to at all times. Failure to adhere to the above may result in disciplinary action, including termination of your Independent Stylist account. Thank you in advance for always operating with the Color Street values in mind.

## General Conduct

In addition to adhering to the Color Street Culture and Values described above, Independent Stylists agree that they will safeguard and promote the good reputation of Color Street and its products. They also agree to avoid all illegal, deceptive, misleading, unethical, or immoral conduct or practices, and to exhibit high moral character in their personal and professional conduct. Independent Stylists shall not engage in any conduct that may damage the Company’s goodwill or reputation. While it is impossible to specify all misconduct that would be contrary to this policy, and the following list is not a limitation on the standards of conduct to which Independent Stylists must adhere pursuant to this policy, the following standards specifically apply to Independent Stylists’ activities:

- Deceptive conduct is always prohibited. Independent Stylists must ensure that their statements are truthful, fair, accurate, and are not misleading.
- If an Independent Stylist is terminated for any reason, the Independent Stylist must discontinue using the Color Street name, and all other Color Street intellectual property, and all derivatives of such intellectual property, in postings on all social media, websites, or other promotional material. Intellectual Property means all existing and future intellectual property which Color Street claims to own, or claims a right to use, including but not limited to trademark rights, trade name rights, copyrights (inter alia on the content of its publications), design rights, patent rights, knowhow, trade secrets, domain names (whether registered with relevant governmental

authorities or not), and any interests and claims related to the aforementioned intellectual property rights including any right to apply, register, renew, extend, and/or claim priority from such right.

- Independent Stylists may not represent or imply that any state or federal government official, agency, or body has approved or endorses Color Street, its program, or its products.
- Independent Stylists must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the field-sales force.

Color Street does not permit or condone any conduct that promotes discrimination, profanity, or abusive or illegal activity in any form whatsoever. Stylists that engage in any such behavior may be disciplined, on a case-by-case basis, which may include suspension and/or termination. Color Street also has rules regarding proper conduct in connection with Social Media which can be found in Section 4c, hereto.

### **Questions and Support**

If you have questions about any part of the Independent Stylist Agreement or these Policies & Procedures, you may discuss them with your Enroller or contact the Color Street Compliance team at [compliance@colorstreet.com](mailto:compliance@colorstreet.com).

## **SECTION 1: GETTING STARTED AS AN INDEPENDENT STYLIST**

### **1a – Qualifications**

You become a Color Street Independent Stylist once you have signed the Independent Stylist Agreement *and* it has been received and accepted by the Home Office. Here are the requirements to be a Color Street Independent Stylist. You must:

- Be 18 years of age or older
- Reside in the United States, a U.S. Territory, or any country that Color Street is officially operating
- Have a valid SSN, EIN, or ITIN
- Have legal authority to conduct business and earn income in the United States or the country in which you reside
- Have an address to which products, correspondence and other items may be sent, in the United States, the District of Columbia, Puerto Rico, Guam, a U.S. military base (as permitted by the base commander), or any country in which Color Street is officially operating
- Not be a current employee, officer, or director of Color Street and/or its affiliates, or the spouse or registered domestic partner of the foregoing
- Provide a valid email address not already associated with another Independent Stylist
- Always have a valid payment method on file, and
- Purchase a Starter Kit (not mandatory for applicants who live in North Dakota).

### **1b – Independent Contractor Status**

Independent Stylists shall not be treated as employees of Color Street, LLC for all purposes including, without limitation, all federal, state, or local statutes, rules, regulations, directives, ordinances, guidance, and other laws, including without limitation, the Internal Revenue Code and all state tax, revenue, and employment laws and regulations. Independent Stylists are not entitled to the benefits that Color Street may make available to its employees. Independent Stylists are self-employed, non-exclusive independent contractors who are authorized by Color Street to market and sell the Color Street products and sponsor other Independent Stylists in the 50 United States, the District of Columbia, Puerto Rico, and Guam. Independent Stylists are not employees, partners, agents, franchisees, or legal representatives of any Color Street company. Except to the extent necessary to comply with legal requirements and/or protect the Company's intellectual property and brand reputation, Color Street does not exercise control over the manner or means by which Independent Stylists sell Color Street products, enroll others into the program or otherwise operate the Independent Stylist Agreement. As an Independent Stylist, you ultimately rely on your own independent skills in conducting your business and bear the full risk of loss in your business. Independent Stylists shall establish their own goals, hours, place of business, and method of sale, so long as they comply with the Independent Stylist Agreement. Independent Stylists may not state (expressed or implied) that you are an employee of Color Street, and you must not state to any prospective Independent Stylist that they will become an employee of any Color Street Company. Independent Stylists have no authority, and shall not represent that they have any authority, to bind Color Street to any obligation, contract or agreement, Independent Stylists are responsible for paying all applicable local, state, and federal taxes due from any amounts earned through the Independent Stylist Agreement and subsequent Compensation Plan. There is no guarantee that there is or ever will be a market for the Color Street products or that Stylists will earn income or will not lose money.

### **1c – Stylist Application and Acceptance**

Once an applicant has submitted a properly completed Independent Stylist Agreement, paid for the Starter Kit, paid their e-suite, submitted any other documents that Color Street may require, created a password, and Color Street has accepted and processed the Independent Stylist Application, the Applicant will become an Independent Stylist and will be assigned a unique Identification Number. Independent Stylist Identification Numbers are intended for use by the Independent Stylist to which it was assigned. Independent Stylists are responsible for any activity that is conducted using the Identification Number. Similarly, passwords are considered confidential information and should not be shared with anyone, as they unlock the Stylist Virtual Office where all pertinent and key organizational reports, performance history, and records are kept. Additionally, it is the responsibility of the Independent Stylist to provide the correct Identification Number in all communications, verbal and written, to Color Street. The Independent Stylist Identification Number must be used by that Independent Stylist to identify him or herself to Color Street and is required for most transactions.

If an Independent Stylist Application is incomplete or inaccurate, or if Color Street does not receive acknowledgement of the e-suite subscription fee, the Independent Stylist Application may be rejected or Color Street may provisionally accept the Application pending receipt of all required information or the payment, but the Applicant will not be entitled to any Compensation unless and until the Application is finally accepted by Color Street. An Independent Stylist Application may be accepted or rejected for any reason, or no reason, in Color Street's sole discretion. If Color Street rejects the Application, then the Applicant will not become an Independent Stylist and any position created will be terminated. In these cases, a refund may be issued for the Starter Kit purchase.

### **1d – No Inventory Requirements & Purchase Limitations**

Independent Stylists are not required to purchase or carry any specific amount of Color Street products. Stylists may earn commissions and rewards without maintaining inventory. If purchasing products, Stylists should only buy amounts they can reasonably use, sell to retail customers within a month, or use as sales tools. Purchasing products solely to earn bonuses or incentives is strictly prohibited.

To prevent inventory loading, all Independent Stylist purchases exceeding \$800 in a calendar month are subject to review. Such orders must be supported by receipts showing sales to at least three (3) different retail customers or distribution as incentives to at least three (3) different individuals. Stylists may also be required to submit a detailed monthly sales record. If requested receipts or records are not provided, Color Street may suspend the Stylist's account and revoke commissions, or rewards.

Falsely representing product sales or use is grounds for termination. Color Street retains the right to limit purchases if they appear to be made for qualification purposes rather than genuine resale or personal use. Any suspicious or fraudulent activities are subject to investigation, and Stylists must fully cooperate with compliance reviews.

### **1e – Inventory Handling**

Independent Stylists may not re-package, re-label, alter, or tamper with any Color Street products, and shall not sell or distribute Color Street products that have been opened, tampered with, altered, or damaged in any way. Independent Stylists shall properly store any Color Street products intended for sale to avoid any damage or degradation to the products and shall not sell any Color Street products after the printed expiration or "best before" date, should there be one. Re-labeling and re-packaging can violate federal and state laws, which may result in criminal or civil penalties or liability.

### **1f – Bulk Orders**

A “Bulk Order” is an order for more than 20 pieces of the same item (same SKU #). We recognize that there may be special situations in which you or your customers may need to place a Bulk Order. This could be for charity or other events, and we are willing to fulfill a Bulk Order if inventory allows.

We do not offer discounts, waive shipping costs, or accept returns on Bulk Orders. Please be sure to communicate this with your customers *before* completing their order. If you would like, you may offer your customer a discount or promotion on a “Bulk Order” from your personal commissions. This would be an agreement between you and your customer and Color Street is not responsible for such agreements.

To ensure that all Independent Stylists have equal opportunity to sample new products,” Bulk Orders” for newly released products may not be approved within thirty (30) days of release.

### **1g – Bonus Buying**

Each Independent Stylist must directly join Color Street and purchase products on his or her own volition. Bonus Buying is strictly and absolutely prohibited in all circumstances and is taken very seriously. Bonus Buying may result in immediate termination of your Independent Stylist Agreement.

“Bonus Buying” includes, but is not limited to, the following:

1. The enrollment of:
  - a. Individuals into an Independent Stylist Agreement without their knowledge (“Slamming”)
  - b. A non-existent individual as an Independent Stylist or Customer (“Phantoms”)
  - c. An existing Independent Stylist under a different account or with an alias name.
2. The unauthorized use of a credit card or use of a fraudulent credit card.
3. Subsidizing all or part of a customer purchase to count toward your volume or toward another team member’s volume. This would include the use of gift cards to offset any purchases.
4. Subsidizing all or part of a new Starter Kit purchase to add a new Independent Stylist to your team.
5. Sharing customer orders or distributing the placement of customers’ orders amongst community Independent Stylist accounts; including sending links of other Independent Stylists to your customers for the purpose of qualification, commissions, incentives, rewards, or bonuses.
6. Purchasing products or placing customers, either through your account or a community team member’s account to:
  - a. Qualify for contests, promotions, personal sales requirement, or bonus commissions
  - b. Avoid commission
  - c. Increase sales or Host Rewards
  - d. Qualify a Beauty Social.
7. The practice of “Inventory Loading” or encouraging others to do so. Inventory Loading refers to forcing other Independent Stylists within your community, or customers, to buy a large number of products in order to get benefits from those sales. (See 1g)

8. Any other mechanism or artifice to qualify for incentives, prizes, commissions, or bonuses that is not driven by bonafide product purchases by retail customers.

Upon discovery of any Bonus Buying, Color Street, at its sole discretion, may impose sanctions against the Independent Stylist, which may include but is not limited to, final warning, suspension and/or termination. Additionally, the Independent Stylist will forfeit the right to participate in any bonus or incentive programs. A repeat offense may result in immediate termination.

#### **1h – Virtual Office Access**

Color Street makes online virtual offices available to its Independent Stylists. The Virtual Office (VO) provides Independent Stylists access to confidential and proprietary information that may be used solely and exclusively to promote the development of an Independent Stylist's Color Street business and the marketing of Color Street products. Access to the VO is a privilege, and not a right. Color Street reserves the right to deny Independent Stylists access to the VO at its sole discretion.



## SECTION 2: CONDUCTING BUSINESS AS AN INDEPENDENT STYLIST

Color Street is a direct-to-consumer business, so the bulk of your success will depend on how well you can develop positive relationships. Selling methods vary from in-person Beauty Socials and other Sales Events, to “live” events on social media to networking and offering personalized service to customers. Color Street strongly encourages Independent Stylists to build long-term customer relationships for sustainable growth, rather than cultivating a business in which customers make one-time, impulse purchases.

### 2a – Commissions Policy

With Color Street, you have the opportunity to earn income on the sale of Color Street products. Your earning capacity depends on your active status as an Independent Stylist, your hard work and dedication, your monthly sales volume, and the sales volume of those in your community. The money you earn includes commissions from your personal sales volume as well as enhanced commissions that are earned for a given commission period. You can always view your activity and track your progress in your Virtual Office. To get more details about commissions, please read the full version of the Compensation Plan available in your Independent Stylist Virtual Office.

Commission payments will be issued in your official account name and *cannot be paid otherwise*. If you have any issues or discrepancies with your commission report, please contact Customer Service right away to have it resolved.

#### Retail Commission:

Stylists earn Retail Commissions based on Personal Volume (PV) in a calendar month and are paid in two parts:

- Base Retail Commissions are paid weekly at a rate of 25% on all personal volume (PV).
- Enhanced Retail Commissions are paid monthly in increments of 2.5% when thresholds are reached in a given month.
- Retail and enhanced retail commissions are paid as follows:

PV	BASE RETAIL COMMISSIONS (WEEKLY)	ENHANCED RETAIL COMMISSIONS (MONTHLY)	CUMULATIVE TOTAL
0 - 249	25%	0%	25%
250 - 499	25%	2.5%	27.5%
500 - 749	25%	5%	30%
750 - 999	25%	7.5%	32.5%
1,000 - 1,999	25%	10%	35%
2,000 - 2,999	25%	12.5%	37.5%
3,000+	25%	15%	40%

#### Level Commission:

In addition to retail commissions, Stylists may earn Level Commissions on the Personal Volume (PV) on three levels (L1–L3) if PV thresholds are met in a given month.

- Stylists are only paid Level Commissions on the levels they qualify for each month.
- If a Stylist does not meet the required PV for a level, they will not receive commissions for that level.
- Level Commissions are paid as follows:

LEVEL	COMMISSIONS	PV TO UNLOCK COMMISSIONS ON PERSONALLY SPONSORED	PV TO UNLOCK COMMISSIONS ON ROLLUPS
L1	15%	300+	500+
L2	3%	500+	500 +
L3	2%	500 +	500 +

## **2b – Adjustments to Commissions**

If a product is returned to Color Street for a refund, is repurchased by the Company, or if a chargeback for a fraudulent order occurs, the compensation that would have gone to you for that sale of the returned or repurchased product(s) will be recovered by the Company. A compensation that has already been paid to you on products that undergo chargeback, refund, or repurchase is considered unearned compensation. Unearned compensation will be deducted from any earnings to be paid during the month in which the refund is issued or in which the chargeback occurs. No past title will be affected, but the negative volume from the refund or chargeback will affect the month in which the refund or chargeback is processed. If there are not enough funds to cover the full refund, deductions will continue every pay period until the commission is recovered.

This applies to both Retail Commissions and Level Commissions, including commissions earned on your Level 1, Level 2, or Level 3 Stylists. In the case of Level Commissions, all applicable Upline Stylists who received a portion of the commission will also be subject to recovery of unearned compensation proportionate to their commission amount. Refunds and chargebacks will not be processed during the last two (2) business days of each month to enable Independent Stylists to manage their end-of-the-month sales volume.

Color Street reserves the right to withhold some or all of an Independent Stylist's compensation as necessary to recover unearned compensation or to comply with any wage garnishment or court order directing Color Street to retain, hold, or redirect such compensation to a third party.

## **2c – Reporting Commission or Genealogy Errors**

If an Independent Stylist believes that Color Street has made an error in their compensation, the structure of their Stylist community, or any other error that impacts the Independent Stylist's income – whether the error is in the Independent Stylist's favor or the Company's favor – they must report it to the Company in writing within 60 days from the date on which the mistake occurred. While Color Street shall use its best efforts to correct errors reported more than 60 days after the date of the error, Color Street shall not be responsible to make changes or remunerate Independent Stylists for losses for mistakes that are reported more than 60 days after the mistake occurs.

## **2d – FTC Three-Day Cooling Off Rule**

Independent Stylists who sell products directly to customers must provide their retail customers with two (2) copies of an electronic or printed receipt at the time of the sale and advise them of the three (3) day right to rescind the transaction, which is set forth on the receipt. Independent Stylists must maintain all retail sales receipts for a period of two (2) years and furnish them to Color Street at the Company's request. Retail customers who purchase products from an Independent Stylist's Personal Website need not be provided with a sales receipt as the receipt will automatically be sent by the Company via email at the time the order is placed.

The Company has a retail customer guarantee policy. Regardless, all retail sales must still comply with the FTC Three-Day Cooling Off Rule. This rule requires that you use statutory language and notice of cancellation on the retail sales

receipt. The three-day right of cancellation must be orally explained to the customer and the customer must receive two (2) copies of the notice-of-cancellation form.

## **2e – Order Forms**

Since you are responsible for ensuring the security and confidentiality of the personal information you obtain from customers, be sure to shred credit card information immediately after entering a customer's order in the Virtual Office. Do not use or disclose the information on order forms for any purpose other than submitting an order or confirming the information with the customer.

## **2f – Personal Website Orders**

When a customer orders through your Personal Website, the system adds them to your contact list for purposes of follow-up and marketing. While credit card information is not stored in your Virtual Office, a customer's contact information is securely stored there. Hosts will also automatically be added to your contact list when a Beauty Social is booked. Keep this sensitive information confidential.

## **2g – Beauty Socials**

Beauty Socials are intended as a venue for Stylists and non-Stylist Hosts to share the Color Street products by tapping into their personal connections (friends, family, colleagues, etc.) so that they may expand their network. Stylists are permitted to be the host of their own Beauty Socials; however, Stylists are required to have a minimum of three retail customer sales and may not be the only source of product purchases on Beauty Socials.

In Beauty Socials, Hosts get rewards for certain tasks they perform, and these Host Rewards stop accruing when the Beauty Social is closed. Independent Stylists may make themselves the Host for a Beauty Social; however, Independent Stylists are not allowed to earn booking rewards for Beauty Socials they host, since the purpose of the booking program is to entice and reward future bookings by non-Stylist Hosts.

## **2h – Orders, Service, No Backorders**

You must process customer orders in a timely manner. You must also provide follow-up service and/or assist customers with returns and questions whenever it is needed—even if it happened outside the period in which you would get compensated for the order. Orders should not be held for your benefit, such as for incentive programs or to count toward next month's commission, if doing so is not in the customer's best interest. Any out-of-stock items cannot be ordered until they are back in stock.

## **2i – No Discounts in Public Forums**

Color Street wants to provide a level playing field for all our Independent Stylists. Stylists are not allowed to offer discounts in any public forum. This includes, but is not limited to, discounts such as "25% off everything at my Sales Event", "Place an online order today and receive 15% off", and "Free shipping on all orders", or any sweepstakes such as "join today and be entered in a drawing". Any other type of offers that lower the retail price of Color Street products are restricted.

We consider a public forum to include the following:

1. Open/public social media platforms on any online site or in any advertisement
2. "Closed" social media groups or pages which have as members people who are not your contacts and who have not opted into your closed group or page.
3. Booth events: Events at which an Independent Stylist has a booth and is promoting the business and/or selling Color Street products. This means Independent Stylists must sell at retail prices at booth events.

The only offers that are permitted in public are:

1. Offers that are promoted company wide
2. Two-finger testers:  
Since we understand the importance of incentives to attracting customers, we will permit Independent Stylists to offer free samples of a two-finger tester and to promote that offer in public
3. You may offer occasional, specific incentives, which must have a time limit attached to them; these incentives must be offered individually or in a closed or private group on social media that only includes your contacts who have opted into your closed group.

Independent Stylists are not permitted to offer any join specials. You must never discount the Starter Kit under any circumstances, whether public, private, or one-on-one situations. Color Street will not allow the Starter Kit to be discounted. The only exception is if the Company itself publishes a limited-time company-wide offer made to all prospective Independent Stylists.

As long as these guidelines are followed, you will be allowed to personally stand the cost of any specific, private promotions for your customers in any way you see fit.

Please see *Section 4p – Sales through Other Internet Sites* for more information.

## **2j – Sweepstakes, Lotteries, Raffles, Giveaways, and other Prize Contests**

Lotteries are heavily regulated by federal, state, and local laws in both the U.S. and Canada, and additionally by the terms of use by all major online platforms. Independent Stylists may not use sweepstakes, lotteries, raffles, drawings, contests, or other similar organized promotions when promoting the Color Street opportunity or recruiting a new Stylist with any monetary or non-monetary incentive, promotion, prize, bonus, or other benefit (i.e., purchase of the business kit).

In addition, Independent Stylists may not offer giveaways or specials that require an “opt-in” option or lottery, as this is considered enticement. Independent Stylists may make offers, propose special prices, or give an extra item with a purchase in their private VIP groups, if an option for “no consideration” is also provided; that is, without making someone spend time or money to participate.

For example:

1. If an Independent Stylist were to conduct a drawing among everyone who hosted a Beauty Social, that is permitted. One of the benefits earned by hosting a Beauty Social was free and discounted product, and the drawing entry is an additional benefit. If, however, an Independent Stylist were to sell boxes on a grid for \$5 each and then conduct a drawing among Hosts in which one person wins, that would be considered an illegal sweepstakes.
2. If an Independent Stylist were to have a Beauty Social and placed each attendee’s name in a box just for attending (no consideration), then the Independent Stylist may offer the attendees more chances to have their name added to the box by fulfilling a requirement (i.e., nail strip purchase, answering a question right, etc.). In this instance, the only “additional entry” requirement that a Stylist is prohibited from using is enrollment as a new Stylist.

An Independent Stylist may, on their public social media profile page, encourage individuals on their friends list to join a closed VIP group by promoting that there is a giveaway available and to join the group to get more information. If an Independent Stylist does not have a VIP Group, they may offer individuals on their friends list to join their customer list by providing their email address via a direct message. No public exchange of email addresses is permitted. If an amount is associated with the giveaway, it may not exceed \$50 USD. It is the sole responsibility of each Independent Stylist to be aware of all limitations set by the online platform. Color Street will not be responsible for any post that violates the rules set by an online platform.

The above referenced promotion is not a means to circumvent other sections in these Policies & Procedures. Please see *Section 2i – No Discounts in Public Forums* and *Section 4c- Social Media* for other important information.

#### **2k - Military Bases (Domestic, APO, FPO)**

Color Street can ship to domestic military bases as well as APO and FPO addresses. If you are at a base, please ask the appropriate personnel at the military base(s) whether a business license or other requirement is required.

#### **2l – Corporate Leads**

Prospective customers who visit our Corporate Website to place an order, enroll as a new Independent Stylist, or request information are given the choice to continue as a guest or are asked to provide a Stylist's name or ID so that they can be assigned to that Independent Stylist.

Stylists must be in Active status to be eligible for assignments. The system will search for Stylists within a 25-mile radius of the prospective customer's postal code and display the top five (5) Stylists with the highest personal sales (PV). If no eligible Stylists are found within 25 miles, the search radius will expand incrementally to 50, 75, 100 miles, and then 500+ miles until a match is found.

#### **2m – Earnings, Income Claims / Lifestyle Representations Prohibited**

Color Street expressly prohibits Independent Stylists from making any direct or indirect earnings representations or projections about amounts earned by them or other Independent Stylists. Income claims or earnings representations (collectively "Income Claims") include (a) statements of actual earnings, (b) statements of projected earnings, (c) perks/rewards received, (d) income testimonials, (e) lifestyles afforded, and (f) hypothetical claims. Independent Stylists may not display in any manner for recruiting purposes or any other reason, commission checks, or make specific income claims or representations.

Lifestyle claims are typically statements, or pictures involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the achievement of one's dreams, retiring from a corporate position, becoming your own boss, or allowing a spouse to quit his or her job. Claims like, "my Color Street income exceeded my salary after three months in business," or "my Color Street business has allowed my spouse to stay home and be a full-time parent" all fall under the purview of lifestyle claims that are to be avoided. Independent Stylists may make lifestyle claims (including pictures) only if the following conditions are met:

- (i) The information is accurate and not misleading; The information must be based on your experience and actual compensation while fully disclosing the amount earned and lost by *all* Independent Stylists
- (ii) The level of effort required to achieve the results described must be fully detailed
- (iii) Claims of potential or guaranteed income must not be made.

The rule of thumb to be followed is that the disclaimer be "clear and conspicuous" and close to the "triggering claim." The font size and color must be in a color and size that is easy to see, read and understand. Keep in mind that a disclaimer can only qualify or limit a claim to avoid a misleading interpretation. It cannot cure a false claim. Below are sample disclaimers that may be used in different mediums:

#### **Opportunity Posts** (i.e., income, earnings, business, opportunity, recruitment)

There are no guarantees that any Stylist will achieve any level of income or success. For more information, including the average earnings of a Color Street Stylist, see [www.colorstreet.com/incomedisclosure](http://www.colorstreet.com/incomedisclosure) for more information.

Achievements such as these require skill & consistent work, perseverance, and effort. There are no guarantees that any Stylist will achieve any level of income or success. For more information, including the average earnings of a Color Street Stylist, see [www.colorstreet.com/incomedisclosure](http://www.colorstreet.com/incomedisclosure)

**\*Important Note:** The requirement for disclaimers is “clear and conspicuous” and in “close proximity to the triggering claim.” That means before the “see more” or any scrolling. It may not be hidden at the end of a long post or in the comments section. Stylists are encouraged to keep the 4 Ps in mind:

1. Prominence: Must be clearly visible and easy to see and read (readable font type and size, color, etc.)
2. Presentation: Must be easy to understand
3. Placement: Must be somewhere unavoidable to consumers
4. Proximity: Must be close to the claim it qualifies.

#### **EARNINGS STATEMENT**

As with most opportunities, you can find exceptional individuals performing well above average, while others perform below average or perhaps make no money at all. The earnings of an Independent Stylist are based solely on the successful sale of products to consumers in accordance with the Color Street Compensation Plan. Independent Stylists will incur expenses in operating their Color Street business, such as the initial business kit purchase, e-suite subscription, product purchases, and annual renewal fee (if any). With Color Street, you have an opportunity to earn income, but it takes hard work to make a substantial income in this business and an Independent Stylist’s success depends largely on their personal commitment, hard work, business skills and market conditions. An Independent Stylist’s income is not representative of future results and Color Street does not guarantee any income or success. For the average annual income for all Color Street Independent Stylists please see the full Color Street Income Disclosure Statement at <http://www.colorstreet.com/incomedisclosure>.

- A. Hypothetical earnings** scenarios may imply that the assumptions made are consistent with the actual experience of the average participants. If the assumptions are not typical of the average Independent Stylist, it would likely be false or misleading to consumers. As such, hypotheticals should ideally be avoided; however, if used, a clear and conspicuous disclaimer stating that the information is hypothetical in nature is required. Please consult with the compliance department before disseminating any such information.

The income, bonuses, and rewards earned by an Independent Stylist through the Compensation Plan are based solely on the sale of Color Street products to end consumers. Independent Stylists are not paid on recruitment or the sponsorship of other Independent Stylists. Independent Stylists must truthfully and fairly describe the Compensation Plan. No past, potential, or actual income may be made to prospective Independent Stylists, nor may Independent Stylists use their own income as indications of what is possible. Providing false or misleading income to prospective new Stylists is not permitted as it implies that they, too, could earn a similar income and/or that the income disclosed is typical. Neither is true, and no statements about income should be made. Independent Stylists must provide the earnings information published in the Color Street Income Disclosure Statement to prospective Independent Stylists. The Federal Trade Commission (FTC) and several states have laws and/or regulations that prohibit certain types of income claims and testimonials, as such it is mandatory that all Independent Stylists comply with this policy. Color Street does not guarantee any level of success or income.

#### **2n – Income Disclosure Statement**

The below link to the Color Street Income Disclosure Statement (IDS), which is designed to convey a snapshot of information regarding the income that Independent Stylists may earn, is referenced below. This information is to be

shared with any prospective Independent Stylist regardless of venue (Beauty Socials, group parties, online, one-on-one, regional event, conventions, etc.): <http://www.colorstreet.com/incomedisclosure>

## **2o – Required Disclosures and Disclaimers**

Before an Independent Stylist may sponsor a new Independent Stylist, the Independent Stylist must confirm that the prospective Independent Stylist understands that the earnings and success of an Independent Stylist is not guaranteed and depends largely upon their skills, work effort, commitment, leadership skills, and market conditions. It is equally important that all potential Independent Stylists understand that everyone's results will vary, and past success does not guarantee future results. As with most opportunities, you can find exceptional individuals performing well above average, while others perform below average or make no money at all. Independent Stylists must also make it clear that each Independent Stylist incurs expenses in operating their Business, such as the initial business kit, e-suite subscription, and annual renewal fees (if any) paid to Color Street, as well as other operating expenses, and that these expenses may offset or exceed any income earned. In Section 2q above, Color Street has provided a link to the Income Disclosure Statement (IDS), which must be shared anytime income or lifestyle derived from Color Street, either directly or indirectly, is discussed. For example, if discussing the Color Street opportunity (the "Color Street Opportunity") or selling Color Street products in Social Media, please add a clear and conspicuous disclaimer, such as: "For information on the average earnings of an Independent Stylist, please go to <http://www.colorstreet.com/incomedisclosure>." Disclosures are important, as they help to ensure that prospective Independent Stylists have appropriate information when considering whether to enroll as an Independent Stylist. Additionally, disclosures and disclaimers are required by applicable laws, rules, and/or regulations.

## **2p – Compensation Plan and Program Claims**

Only active Independent Stylists may solicit prospective Independent Stylists. When doing so, the Independent Stylists must provide truthful and clear information and must not use deceptive, unfair, high-pressure practices or make false, misleading, or exaggerated claims about the Color Street Compensation Plan or Color Street Opportunity. When presenting or discussing the Color Street Opportunity, Independent Stylists must make it clear to prospective Independent Stylists that financial success in Color Street is not guaranteed and the earnings of an Independent Stylist are based solely on the successful sale of products to customers in accordance with the Color Street Compensation Plan.

Stylists must not make any express or implied claims that suggest guaranteed income, rapid earnings, or typical success from Community Commissions. Any claims about potential income must include the appropriate disclaimers and be accompanied by the official Income Disclosure Statement. All information shared must be fair, accurate, and consistent with Color Street's published materials.

## **2q – Competitive Selling**

Unless otherwise stated in these Policies and Procedures, Independent Stylists are free to participate in other multilevel, party plan, or network marketing companies (collectively "Network Marketing"); however, as long as an Independent Stylist's Agreement remains in force, an Independent Stylist may not become a salesperson for any other direct sales, party plan, or network marketing program that sells nails, nail strips, and hand and nailcare products, including nail polish, nail polish strips, gel, press-ons, nail decoration(s), and nail or hand care accessories. An Independent Stylist must not be an agent, independent salesperson, employee, or owner of any entity whose primary purpose is the manufacture, marketing or sale of items carried by Color Street or that otherwise competes with Color Street. For the purposes of this policy, a company is considered to be competing with Color Street when a significant portion of the company's product or marketing experience is derived from offering nails, nail strips, and hand and nail care items .

- Stylists may join and promote products from another direct sales company, provided that the company does not market or sell nails, nail strips, including polish strips, polish, gel, press-ons, or nail accessories and nail care products.

- Business identities must remain separate. Social media posts should focus on one product at a time to avoid confusion regarding which company is being represented.
- Posts that promote other companies' products should be product-focused and must not include compensation plan details, potential earnings, recruitment language, or invitations to join.

See *Section 13 "Non-Solicitation"* of the Independent Stylist Agreement for more information.

## **2r – Undue Influence**

As stated in Section 2t, Independent Stylists are permitted to work as distributors for another Network Marketing company, if they do not exert any undue influence on other Independent Stylists or customers to make purchases or enroll in the Company. Undue influence includes but is not limited to: (a) the persuasion or pressure in a relationship in which at least one other person(s) is susceptible to such persuasion or pressure, (b) taking advantage of someone's distress, or (c) pressuring someone to purchase products or services that they would otherwise not be interested in purchasing.



## **SECTION 3: Stylist Community & Operations**

### **3a – Changing Enroller**

Color Street strongly believes it is important to protect the relationship between an Independent Stylist and his/her Enroller. Therefore, an Independent Stylist may only have one Enroller. Except as set forth in this section, Color Street prohibits change of enroller to uphold the integrity of the Compensation Plan and Downline.

### **3b– Cancellation and Re-application**

An Independent Stylist may only change his or her Enroller by voluntarily resigning his or her Independent Stylist Agreement and remaining inactive (i.e., no promotion or sale of products, no sponsoring of new Independent Stylists, no participation in any other form of Independent Stylist activity, no operation of any other Color Street business (as a partner, silent or otherwise), and no income from the Color Street Compensation Plan) for six (6) months after the date of resignation. All resignations must be provided to Color Street in writing from the email address on file or via USPS. Following the six-month period of inactivity, the former Independent Stylist may reapply under a new Enroller. In that event, the former Independent Stylist will rejoin as a new Independent Stylist with no carry over Stylists from the previous community . If a second account is found in violation of this policy, the second account will be closed, and the Independent Stylist will be moved back to the original Enroller. After cancellation, Independent Stylists may not create a new business entity where the Independent Stylist re-joins as an Independent Stylist without first waiting for six months.

Color Street, at its sole discretion, may correct errors by an Independent Stylist in submitting or processing a new Independent Stylist Agreement, if the Independent Stylist advises Color Street of the mistake within 5 business days of account creation.

### **3c- Reactivation**

An Independent Stylist whose Independent Stylist Agreement is terminated is welcome to reapply to become an Independent Stylist. However, the Company reserves the right to deny such a request for reactivation. An Independent Stylist whose Independent Stylist Agreement has been terminated by the Home Office is not eligible to reactivate at any time.

If your re-application is accepted, you will be required to start over at the beginning in accordance with the Compensation Plan. Any personally enrolled Stylists from a previous account will not be returned to you.

Two scenarios exist that affect how your Color Street account may be reactivated:

#### **If the date your account was deactivated is less than six (6) months ago:**

- You must reactivate with the same Enroller and Sponsor
- You must pay a \$25 Reactivation Fee, which will be charged to the payment method on file
- Your original Enrollment Date will not change. You will see two important dates on your file: an original enrollment date and the latest reactivation date
- You will not be able to purchase a Starter Kit
- Your account reactivation will not count as a new recruit for the Enroller

You can reactivate your account a maximum of three (3) times. After the third reactivation, you may not be accepted as an Independent Stylist in the future.

#### **If the date your account was deactivated is more than six (6) months ago:**

- You will be able to rejoin with any Enroller/Sponsor you choose

- You will not be required to pay any reactivation fees
- You must purchase a Starter Kit (not required in North Dakota)
- You will receive a new ID number, a new Enrollment Date, and you will be eligible to earn Jump Start Rewards as a new Independent Stylist
- Your reactivation will count as a new recruit for the Enroller.

### **3d – Roll-up and/or Deactivation Due to Inactivity**

- New Stylists have a 12-month grace period, beginning from their enrollment month plus 11 additional months, during which they are not subject to deactivation due to inactivity.
- After the 12-month grace period, a 6-month inactivity rule applies, requiring Stylists to generate greater than 1 PV within six consecutive months to maintain an active status. Failure to do so will result in account deactivation.
- Regardless of activity status, e-suite fees must be maintained monthly to retain access to the replicated website and Virtual Office.
- When a Stylist's account is deactivated, their Level 1 Stylists will roll up to the next active Sponsor.

### **3e – Non-Compliance with Sponsorship Change Policy**

In the event a second Stylist Account is found, the Stylist will have only two options: (a) go back to the original enroller and Stylist community and continue to work the Color Street business, or (b) terminate the Independent Stylist Agreement and remain inactive for six (6) months (See 3b Cancellation and Re-application).

### **3f – Multiple Stylist Business Accounts**

An individual may own, manage, or participate in only one Stylist business account at any given time, except as permitted by these Policies & Procedures and with written approval from Color Street. In furtherance of this rule:

1. A person may only be entered once as a primary contact for a Stylist business account
2. A bank account used for compensation may be used for only a single Stylist business account
3. A person may not submit a Stylist Application for a Stylist business account or be a joint owner with a Spouse or in a Business Entity if the Stylist has an existing business account or had an active Stylist business account in the past six (6) months
4. A Stylist business account must contain verifiable and accurate information. Any Stylist business account that is created to circumvent the policies or manipulate the Color Street Compensation Plan will be immediately terminated and any commissions forfeited.

### **3g – Independent Stylist Customer Accounts**

All individuals must make a choice when enrolling with Color Street: either (1) as an Independent Stylist looking to operate an independent business and earn commissions off the sale of products to consumers, or (2) as a Customer purchasing products for their own use without the desire to operate an independent business. Stylists are prohibited from creating a separate customer account, including through the guest portal on the Color Street website, under their own business account or under another Stylist's business account. It is required that everyone be coded appropriately for Color Street business purposes. The creation of these customer accounts manipulates the Color Street Compensation Plan, and any customer promotions Color Street may routinely offer.

### **3h – Crossline Recruiting or Cross Sponsoring Prohibited**

Stylists are encouraged to work and collaborate with other Stylists, including those in other sales organization, for the development of their respective teams. It is important that such activities are done with integrity and based on

mutual respect. Attempting to recruit Stylists from another organization is unethical and damages Color Street and other Stylists. Cross-sponsoring/recruiting occurs whenever an Independent Stylist, who has been active within the preceding six (6) months, enters into a different line of sponsorship by enrolling under another Sponsor. No active Independent Stylist is allowed to enroll under another Sponsor and any Independent Stylist whose account has been terminated must wait at least six (6) months before enrolling again under a new Sponsor. This includes the use of a spouse or relative's name or assumed names to circumvent this policy. Cross-sponsoring is strictly prohibited.

In addition, you are prohibited from unethically recruiting prospective Independent Stylists away from an Independent Stylist or organization that is already actively recruiting them. Unethical recruitment includes, without limitation, situations where an Independent Stylist (1) demeans, discredits, disparages, or otherwise negatively portrays another Independent Stylist or organization; (2) makes false or misleading statements in connection with another Independent Stylist or organization; or (3) offers incentives to entice or attempt to entice a prospective Independent Stylist to become a part of their team over another Independent Stylist's team. These acts count as 'poaching,' which is also against Policy.

## **SECTION 4: MARKETING AND ADVERTISING**

You must always conduct business in a manner that reflects favorably on Color Street and the good name, good will, and reputation of the Company and our products. You must not engage in deceptive, misleading, or unethical conduct or practices that might negatively impact Color Street, our products, or the public. The following policies govern marketing or advertising your business in any of the available media. While we cannot list every medium or every social media platform currently available or forthcoming, we reserve the right to apply all these policies to every type of medium and social media platform that exists now or will exist in the future.

### **4a – Clearly Represent Your Independent Stylist Status**

As an Independent Stylist for Color Street, you represent yourself and your own independent business; you do not represent the Home Office. Therefore, you shall not misrepresent yourself in any way that causes confusion or implies that you represent the Home Office. If you list contact information, you must clearly identify yourself as an “Independent Stylist” or “Color Street Independent Stylist”. You must also clearly state in all marketing materials including business cards and on public forums (including your social media pages) that you are an “Independent Stylist” or a “Color Street Independent Stylist” to make it understood that you are not an employee or agent of Color Street, or the company itself.

For tax purposes, you are allowed to form your own company for income tax purposes. If you formed a limited liability company (LLC) or other business entity, you may use the business entity name in communication, marketing or advertising but must also include a link to your Personal Website. The landing page of your Personal Website must include your first and last name or your business name or the name of the LLC. It must also clearly identify you as an Independent Stylist.

Independent Stylists are prohibited from selling or distributing any marketing or training materials (including recordings or digital media) which are deceptively similar in nature to those produced, published, and provided by the Company. Independent Stylists are also prohibited from purchasing, selling, or distributing non-company materials which imply or suggest that the materials originate from the Company. If you create any marketing and training materials, you shall not sell such materials to other Independent Stylists.

### **4b – Advertising**

To ensure fairness to all Independent Stylists, any advertising activities you engage in as an Independent Stylist must comply with certain restrictions. For example, Independent Stylists are not permitted to advertise through mass mailings or through channels otherwise deemed inappropriate by Color Street. Whatever approved methods you do use for advertising, the information they contain must be accurate, professional, and not misleading in any way. You are prohibited from using any paid platform. This exclusion includes the use of services such as Facebook Ads, Google Ads, YouTube Ads, any paid activity to improve search ranking for your PW, and any online directory that allows payment to improve search ranking, such as Sassy Direct or other similar directory.

You may not market or promote Color Street products (whether in print, online, via social media, Beauty Socials, vendor events, etc.) in places that offer discounts (please see Section 2i “No Discounts in Public Forums”).

All media communications are handled by our PR or Sales team at the Home Office. Accordingly, please do not reach out directly to celebrities, national magazines, bloggers, or other media outlets on behalf of Color Street via any other social media platform or communication mode. Please see Section 4r regarding ‘Media Engagement’ for more details.

Independent Stylists are solely responsible for any posts and online activity related to their Color Street businesses. If you create, operate, or own a website or blog, you may not sell Color Street products, offer Color Street products, book a Beauty Social or sponsor an Independent Stylist via the site itself. You may include links in such a blog or website to your Personal Website. Any SEO or SEM for this website, blog, or internet site must not include any past or

present Color Street trademarks. No competing brands or products can be recommended or sold on the website or blog (see Section 2q - Competitive Selling ). If you feature any other Independent Stylists on such platforms, you must first get their permission. You must also be sure to represent yourself as an Independent Stylist so that there will be no confusion regarding whether you are a Home Office employee or a representative of the Company itself. Even if you do not own or operate a blog or website, any comments or posts you make to such sites, or that can be traced to Color Street, will be your personal responsibility.

#### **4c – Social Media**

The following requirements apply to the use of social media in connection with your Color Street business:

1. You may not use any derivative of the Color Street name in any social networking account names, website URLs, email addresses or your Personal Website URL extension, which include but are not limited to:  
  
“Color” and/or “Street”, “Color Street”, “Colorful”, “CS”, “C Street”, “Suzie Street”, and the like.
2. You are allowed to promote your Color Street business and its Products on social media, but you may not use public social media sites to discount Color Street products or offer free samples. The use of paid ads in any social media forum is prohibited. See Section 2i “No Discounts in Public Forums” for more information.
3. The Color Street Influencer Program utilizes collaborations with individuals who are contracted by Color Street for our Independent Stylist community. The posts/promotions are targeted to new customers and Color Street wants to ensure that our marketing initiatives are delivered in a fair manner. Color Street sends all paid efforts to the home link where a customer will choose an Independent Stylist in their area, or continue to a Guest Checkout option. This action is to help ensure the equity and fairness of all Color Street paid ads.
  - Negative comments or disparaging remarks directed at Color Street–contracted social media influencers, brand ambassadors, or partners are strictly prohibited.
4. If you create a group or page on a social media platform to promote your Color Street business, or if you use your existing social media profile(s) or account(s) to promote your Color Street business, you must adhere to the following requirements:
  - You must comply with the policies of each social media website or network.
  - You must never post anything that is false, misleading, or deceptive. This includes but is not limited to, false or deceptive postings about Color Street, Color Street products, the Color Street Opportunity, the owners, management, or employees of Color Street, or other Independent Stylists. Additionally, Independent Stylists should never post or link to or from any postings or other material that reflects negatively on Color Street, Color Street products, the Color Street Opportunity, the owners, management or employees of Color Street, or other Independent Stylists.
  - Employment claims are not allowed. This is especially important on LinkedIn, which is a job-related social media site.
    - Not allowed: Works at Color Street, Owner at Color Street, Executive at Color Street
    - Allowed: Independent Stylist at Color Street, or Entrepreneur at Color Street
  - You must never post personal information about other Independent Stylists or Color Street customers.
  - You must never post or include links to any posts or other material that is or may be considered:
    - Sexually explicit, obscene, or pornographic

- Offensive, profane, threatening, harmful, defamatory, libelous, harassing, or discriminatory
  - Encouragement or promotion of any unlawful behavior
  - Personal attacks on any individual, group, or entity
  - In violation of any intellectual property rights of Color Street or any other third party
  - Inconsistent with the terms and conditions of these Policies & Procedures.
- Independent Stylists should avoid contradicting Color Street’s corporate values, including inclusiveness and equity. The company will from time to time engage in philanthropic and marketing activities that promote Color Street’s corporate values. You are not required to agree with or utilize all the marketing materials or products that corporate makes available to you, but you may not publicly contradict those values as a representative of the company.
  - All posts containing business and product claims must be accurate and substantiated. It is mandatory that all Independent Stylists share only business and product data supplied by Color Street, without modification.
  - It is the sole responsibility of each Independent Stylist to ensure their online material fully complies with these Policies & Procedures, as well as with all applicable federal and state rules and regulations.
  - If you participate in any other direct selling opportunity, you may promote the **products** of the other company on your social media pages; however, you may not promote the opportunity of any other direct sales company. Any business/opportunity promotion must be completely separate from profiles, groups or pages used to promote your Color Street business.
  - Independent Stylists may mention non-competing products during live social media videos however, these mentions must remain product-focused. While sharing another favorite product in a natural and organic way—such as during a “Get Ready with Me” video featuring a newly released Color Street product—Stylists must not reference, compare, or discuss the earning potential, business opportunity, or compensation plan of another company. Additionally, at no time may a Stylist solicit, recruit, or encourage viewers, including other Color Street Stylists, to join, sign up for, or explore another business opportunity.
  - Hashtags used in social media must comply with these Policies and Procedures, as well as applicable federal and state rules and regulations. Hashtags like #financialfreedom, #wealth, #beyourownboss, #residualincome, #quityourjob, #unlimitedtravel, #millionairenails, #ColorStreetpaidmymortgage and anything similar are prohibited.

If your Independent Stylist Agreement is terminated for any reason, you must remove references to Color Street from the description of any social networking profile(s) used by you within ten (10) days of the date of termination.

If you create a group or page to promote your Color Street business on a social media platform:

- While you are an active Independent Stylist of Color Street (according to the Independent Stylist Agreement) and for a period of 12 months following the termination of your Independent Stylist Agreement, you must not use your Color Street related social media group or page to solicit anyone to join another direct selling, party plan, multilevel, or network marketing program. For example, you shall not rename or convert the group or page that you used for your Color Street business, but must delete or archive it.

#### **4d – Access and Content Removal or Revision**

Color Street reserves the right to conduct research, either via a third-party partner or internal staff, on the activities of Independent Stylists. As such, Independent Stylists must allow Color Street to access and monitor content

included in any online presence used for Color Street business. Color Street reserves the right to require immediate removal or revision of content that Color Street determines is in violation of the Independent Stylist Agreement or becomes inaccurate or problematic for any reason, including without limitation, due to changes in Color Street's business, applicable law, or industry standards.

#### **4e – Product Claims**

Independent Stylists shall not make any claims or representations regarding the Color Street products other than those claims and representations found in the Color Street-approved marketing materials. Additionally, an Independent Stylist may not state, directly or indirectly, that any Color Street product is approved by the FDA or other governmental agencies. If Independent Stylists develop their own sales aids, and promotional materials (including posts in Social Media), notwithstanding an Independent Stylist's good intentions, the material may unintentionally violate any number of regulations affecting the Color Street Opportunity. These violations could jeopardize the Color Street Opportunity for all Independent Stylists.

All claims must be truthful and not misleading; this includes all express and implied claims. All claims regarding cosmetic products may not state, either expressly or by implication, that they are a therapeutic treatment for any condition. You should also not make any claims about the products being "free from" any specific ingredients. Instead, you should simply refer customers to the ingredients listed on the packaging for each product.

#### **4f – Unsolicited Communications**

You may not send unsolicited bulk emails, faxes, telephone communications, text messages, or other electronic communications to advertise, promote, attempt to sell Color Street products, attempt to recruit people to your Color Street business, or attempt to book Beauty Socials.

You may send electronic communications to any person from whom you have prior consent to contact via the specific mode of communication. You may send electronic communications to family members, personal friends, or any other person with whom you have established a business or personal relationship.

You may not collect business cards from an event and later call these contacts unless they gave you permission to do so at the time you collected the information; this is a form of telemarketing and is not permitted.

You may send text messages related to your business to potential customers only if you have either received consent to do so or are sending a text in response to a text message sent to you. If a potential customer requests that you not send text messages, you must not send that person a text message in connection with your business.

To remain compliant with the federal CAN-SPAM Act, all electronic communications you send in connection with your Color Street business must meet the following requirements:

1. The communication must clearly identify the Independent Stylist as the sender of the email and as an Independent Stylist of Color Street,
2. The communication must include an accurate return email address of the sender, and
3. The communication must include a notice that lets the receiver know that they may reply to the email via the return email address provided, change email preferences, or opt-out of future emails.

In addition to the above requirements, you must not use deceptive subject lines or false header information, and you must honor opt-out requests as soon as possible. In fact, ensure all opt-out requests are processed no later than 10 days from the time they are sent. Please also make sure to review Sections 4w 'Stylist Handling Personal Information' and 4w.1 'Give the Customer Notice and Choices'.

#### **4g – Marketing Materials and Restricted Use of Color Street Intellectual Property and Content**

At Color Street, our goal is to provide Independent Stylists with the materials needed to promote both the products and opportunity Color Street offers. Independent Stylists are encouraged to use the sales aids and support materials produced by Color Street, as these items have been carefully designed to ensure that each aspect of Color Street is uniform, fair, truthful, substantiated, and to comply with the vast and complex legal requirements of federal and state laws. If you feel the need to create your own promotional marketing materials, these materials may only include print materials like brochures, flyers, pamphlets, or Beauty Social invitations. In addition, you must ensure they fully comply with the terms of the Independent Stylist Agreement and, in particular, with the policies outlined in this Section 4.

- **Color Street Trademarks and Copyrights:** The name “Color Street” and other names, logos, artworks, and designs as may be adopted by the Company are proprietary trade names, trademarks, service marks and copyrights of Color Street (collectively, “Color Street Intellectual Property”). The Company grants Independent Stylists a limited license to use the Color Street Intellectual Property for promotional materials for so long as the Independent Stylist’s Stylist Agreement is in effect. Upon cancellation of an Independent Stylist’s Stylist Agreement for any reason, the license shall expire, and the Independent Stylist shall immediately discontinue all use of the Color Street Intellectual Property. Under no circumstances may an Independent Stylist use any of the Color Street Intellectual Property, or any derivative thereof, in any email address, website domain name, social media handle, social media name or address, or in any non-compliant marketing materials.
- **Color Street Content:** Color Street commonly produces virtual and recorded events as well as webinars and telephone conference calls. During these events, Company executives, Independent Stylists, and guests appear and speak. The content of such events is copyrighted material that is owned exclusively by the Company. Independent Stylists may not record and/or distribute the contents of company events or functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium. All idea and design submissions made to Color Street by Independent Stylists become the sole property of Color Street and Independent Stylists waive any rights to them upon submission. In addition, Company-produced marketing materials, videos, audios, podcasts, and printed materials are copyrighted. Such copyrighted materials are collectively referred to as “Color Street Content”. Independent Stylists shall not copy any Color Street Content for their personal or business use without the Company’s prior written approval. Independent Stylists have approval to download, print, and/or copy Color Street Content obtained from the marketing section of the Virtual Office provided no impermissible alterations are made to such materials and all copyright and trademark notifications are preserved.

Color Street Intellectual Property and Color Street Content are valuable business assets that support a unique and fair opportunity for Independent Stylists. Color Street and Independent Stylists therefore have a mutual interest in protecting the integrity of the Color Street Brand. According to the terms of your Independent Stylist Agreement, Color Street is the sole and exclusive owner of Color Street Intellectual Property and Color Street Content. You have a limited right to use the Color Street Intellectual Property and Color Street Content solely to promote your Color Street business.

As an Independent Stylist, you may use only the current logos, Color Street trademarks, and Color Street Content that is available in the Resource section of your Virtual Office. Any marketing materials you create must maintain the integrity of the Color Street Brand; they must comply with the Color Street Brand Guidelines, Policies and Procedures, and all applicable laws.

In addition, Independent Stylists must not:

- Edit, alter, or customize any Color Street trademark, including logos approved for use, or Color Street Content in any manner
- Create or use any trademark or service mark that is similar to or may be confused with any Color Street Trademark or Color Street Content



- Combine any Color Street Intellectual Property or Color Street Content with any other trademarks or service marks
- Use Color Street Intellectual Property or Color Street Content in connection with any other business or opportunity outside of Color Street
- Use Color Street Intellectual Property or Color Street Content in connection with any products that are not genuine Color Street products or sold through Color Street online and offline stores. This includes creating promotional materials like t-shirts, caps, sweatshirts, mugs, tumblers, i.e., swag. These types of marketing materials are to be purchased through the Color Street Store or approved vendors.
- Profit from the use of Color Street Brand trademarked names except as permitted by the Independent Stylist Agreement
- Use Color Street trademarks or Color Street Content in connection with Google AdWords or other paid search engine optimization strategies. This includes the use of your Personal Website since this contains branded domain names, such as "mycolorstreet.com/\_\_\_\_" and "colorstreet.com/\_\_\_\_." This reduces any confusion between your Personal Website and Color Street corporate websites.
- Register or attempt to register any Color Street trademarks or similar marks in any class of products or services anywhere in the world
- Create products or services using Color Street trademarks, trade dress, copyright, or any other Intellectual Property for sale to others.

Report Infringement of Intellectual Property: Color Street is committed to protecting and enforcing its intellectual property rights. If an Independent Stylist is aware of any infringement, they should report such infringement to [infringement@colorstreet.com](mailto:infringement@colorstreet.com).

#### **4h – Restricted Use of Third-Party Trademarks**

If you create your own marketing materials, then in addition to following the policies outlined in Section 4e, you must also avoid all use of trademark-protected names, phrases, logos, or images of third parties or other brands. Without the consent of the owners, you are not to use another party's trademark-protected words, phrases, symbols, designs, or images. These are used to identify and distinguish the source of the goods or services of one party from those of others. They must not be used in conjunction with any materials used to promote Color Street's activities. You are also not allowed to combine such trademarks, words, phrases, or symbols in any way, as these trademarks may still be identifiable as belonging to a third party. Even if you feel you obtained a given image from a credible source, your use of the image can still be in violation of another party's rights. To avoid creating personal liability issues for yourself as well as for Color Street, you must be extremely cautious about this issue when you create your own marketing materials.

#### **4i – Co-Branding or Co-Marketing**

Independent Stylists may market and/or promote Color Street products in conjunction with other businesses, products, services, or brands that do not compete with Color Street. This limitation applies to all promotional activities including, but not necessarily limited to marketing materials, events, presentations, or verbal solicitations.

- Stylists **may** join and promote products from another direct sales company that do not compete with Color Street's products.
- Stylists should keep business identities separate by creating social media posts and promotions that focus on one company at a time. Avoid blending messaging or creating confusion about which company you are representing in a given post.
- Stylists must follow social media best practices. If you share another company's products, ensure posts are product-focused only (no compensation plans, recruiting language, or "join me" invitations).

Stylists **should not** solicit or recruit Color Street Independent Stylists to join another direct sales company.

Stylists **should not** create groups, private messages, or use third parties to encourage Color Street Stylists to switch to or add another business.

Stylists **should not** mix product promotions from different companies in the same post as Color Street product promotions.

Please see *Sections 2q – Competitive Selling*, and *7b – Non-Solicitation* for more information.

#### **4j – Gift Bags or Gift Baskets**

Independent Stylists may include non-Color Street and non-direct sales items in gift sets or bags, however, Independent Stylists cannot offer these item(s) as a free gift with purchase. In closed VIP customer groups or at tradeshow/expos/booth events (in compliance with Section 4s), Independent Stylists may market or sell gift baskets containing Color Street products. The majority of the container must be Color Street.

#### **4k – Marketing and Naming Your Personal Website**

- We highly encourage you to market your Personal Website link to drive online sales to your business. However, you may not use any paid type of search engine marketing strategies for your Personal Website, such as Google AdWords.
- Do not market your Personal Website on any Color Street corporate social media pages such as Facebook, Twitter, and/or Instagram or any similar service. For example, if a customer posts a comment on a Color Street corporate social media page requesting to buy an item or host a Beauty Social, you may not post your Personal Website link in response. This includes content created by Color Street-contracted social media influencers, brand ambassadors, or partners. Stylists may not promote their personal websites or sales links in the comment sections of content created by such partners listed above.
- As an Independent Stylist, you are not permitted to use any altered form of the Color Street name. You are also not allowed to add any generic extensions such as "shop", "nail", "Beauty Social", "nailshop", "nail shop", or geographic locations (cities, major regions) to the Color Street name.
- Any personal extension you add to the URL of your Personal Website must identify you clearly and accurately without creating confusion or implying that you represent the Home Office. If the company determines that the Personal Website extension you selected creates confusion as to your status as an Independent Stylist, you will be required to change it. If you have any questions about the effectiveness of your extension or whether the extension could cause confusion, please contact Customer Service before you invest in any marketing materials that use that extension.

#### **4l – Naming: Website URLs, Email Addresses and Social Networking Accounts**

You shall not use an altered form of any Color Street trademark, trade name, or product name in an independent website URL. You must also avoid using these in your email address or account names for social networking sites. The only approved use of the brand name Color Street by Independent Stylists is in a listing as follows:

Your Name, Color Street Independent Stylist.

#### **4m – Stylist to Stylist Marketing and Services Restrictions, and Re-sale Restrictions on Current Products**

As an Independent Stylist, you are not allowed to profit or benefit from any non-Color Street marketing services or business aids of any kind to another Independent Stylist. You may inform another Independent Stylist of a non-Color Street product, service, or business that you have used as long as:

1. You would not profit or benefit from that Independent Stylist purchasing that product or service, or
2. The information you share does not interfere with the Company marketing plan or cause another Independent Stylist to believe they must invest resources in a non-Company product or service in order to succeed.

This means you cannot promote graphic design services, business coaching, training classes, photographs, videos, sales tools, marketing materials, business supplies, display items, etc. Independent Stylists may make approved sales tools available free of charge if they wish, but may not charge other Independent Stylists for such materials.

As an Independent Stylist, you are not permitted to promote the sale of current or retired Color Street products or business supplies to another Independent Stylist. This includes, but is not limited to, emailing campaigns, and posts or advertisements on sites or groups selling overstocked and close-out items. This is not permitted whether at full retail (catalog) price, Independent Stylist price, discounted price, or higher price. No Stylist-to-Stylist selling is permitted. Please see *Section 1j Advancement and Bonus Buying* for more information.

For additional restrictions on the promotion or selling of any Color Street products, please see *Section 4p Sales through Other Internet Sites*.

#### **4n – Catalogs and Flyers**

We encourage you to advertise your business via Company-provided Digital Marketing Materials. If you create your own materials to advertise, promote, sell or sponsor Color Street products or services, whether these catalogs or flyers are online or in print, you must follow the branding guidelines outlined in your Virtual Office and include the fact that you are a Color Street Independent Stylist, so it is clear the material comes from you and not from the Company as a whole.

#### **4o – Phone Listing Policy**

As an Independent Stylist with Color Street, you may list your phone number in your marketing materials. However, your phone number should be listed in the manner below:

- First and Last Name
- Independent Stylist with Color Street
- Phone Number, Address (if you desire to list your address)

#### **4p – Sales through Other Internet Sites**

Independent Stylists are prohibited from selling Color Street products on any site other than your Personal Website. This includes, but is not limited to, YouMeWho, Sonlet, Square, JotForm, eBay, Etsy, Amazon, Craigslist, Groupon, Poshmark, Mercari, NextDoor app, Facebook marketplace and other social media marketplaces, social media "buy sell trade" groups, social media "garage sale" sites or similar, or any other auction or internet sites. It also includes "closed" marketplace groups on social media, as these groups can get so large as to constitute a public forum. Independent Stylists may **only** list Color Street product names for sale on sites like YouMeWho, Square or Jotform, but may not include Color Street product images i.e., in essence creating an online catalog on a third-party site. Agreeing not to sell Color Street products elsewhere also includes agreeing to not engage others to do so on your behalf. A violation of this policy will result in disciplinary action(s) including but not limited to a warning, suspension and/or termination of your Independent Stylist Agreement.

. You acknowledge and agree that a breach of such obligations will cause irreparable harm and damage to Color Street and expressly waive any defense to Color Street's claim to such liquidated damages on the basis that actual damages are unascertainable or that such liquidated damages do not represent a reasonable determination of damages or penalties.

Agreeing not to sell Color Street products elsewhere also includes agreeing to not engage others to do so on your behalf. A violation of this policy will result in disciplinary action(s) including but not limited to a warning, suspension, and/or termination of your Independent Stylist Agreement.

Even after your Independent Stylist Agreement is terminated, you cannot sell any items acquired as an Independent Stylist online in any forums such as eBay or Amazon.

#### **4q – Commenting on Competitor Products Similar to Color Street**

You may not use social media platforms to comment on other brands or products that are competitive to Color Street products to drive sales and direct customers to your Color Street business or Personal Website.

#### **4r – Media Engagement**

You must contact Customer Service for approval before participating in any local or national media plans. The Home Office PR or Sales team will initiate all television, cable TV, radio, Internet, newspaper, blogs, syndicated columns, broadcast shows, newsletter, and magazine interviews, features, and paid advertisements. If you are presented with an opportunity to promote your Color Streets business in the media, please take note of the following before you accept:

1. Get the Company's approval in writing before accepting the invitation.
2. Get the Company's approval in writing for any press releases before the release is published in the media.
3. After you have received approval for a story or segment to be published or aired in the media, you must receive coaching prior to the media event.
4. For such media events, you may use only those 'Talking Points' provided by the Company PR or Sales department.

During these events and in any other forum, you must always identify yourself as an Independent Stylist with Color Street and not give the impression that you represent the Home Office.

#### **4s – Retail Displays, Trade Shows, Expositions, and Other Sales Forums**

Stylists may display and/or sell Color Street products at trade shows, craft fairs, and professional expositions; however, swap meets, garage sales, mall kiosks/booths, and flea markets are prohibited as they are not conducive to the professional image Color Street wishes to portray.

The below conditions must be followed for exhibits, trade shows, and/or craft fairs:

- You must register for the event and always refer to yourself as a Color Street Independent Stylist.
- You must ask the event organizer if another Color Street Independent Stylist has already registered for the event. You must not register for any event when another Independent Stylist has already registered.
- At the event, your booth must always have a representative present and must not be used to promote another business or product. This includes a prohibition against two separate tables in one booth where multiple businesses/products are being offered. Only Color Street brand products and the Color Street opportunity may be promoted at your booth during the event.

- If the same event repeats more than eight (8) times a year (for example, a weekly farmers market, or a monthly “First Saturday” vendor event), an Independent Stylist is permitted to have a booth at these types of events for a maximum of eight (8) times throughout the year.
- You should ask the event organizer for a clause in your Agreement/Contract with them that stipulates whether your booth at the event is exclusive or not – that is, whether you will be the sole representative from Color Street or if the event organizer will allow more than one (1) booth from Color Street. You should also understand that Color Street cannot guarantee any participation outcome for past, present, or future Trade Shows/Expos/Booth Events.
- Vendor events held in other countries in which Color Street is authorized are open to Independent Stylists of that country. For example, a U.S. Stylist should not register for an event in Canada, thus taking that opportunity away from a local Stylist.

Color Street Stylists are not permitted to offer Color Street products for sale in any permanent retail or service business establishment, including those that offer other products and brands. A retail location includes but is not limited to, hair salons, nail salons, boutiques, grocery stores, restaurants, and other permanent establishments. A temporary, promotional display (“pop-up”) at a retail location may be exhibited for the generation of leads or the collection of orders. A pop-up may include catalogs, printed flyers, business cards, signs, banners, and two-finger testers (“twosies”) to be used for sample purposes only. Such displays may be in or near retail locations if you comply with all applicable laws and have permission from the property owner. Again, such promotional displays may not include any actual Color Street products.

Beauty Socials in a retail location lasting no more than one (1) day with a specified beginning and end time/date may be held up to eight (8) times a year at the same location, with Color Street products displayed and being sold at the Beauty Social.

Cash-and-carry sales from retail establishments is strictly prohibited. Signs, banners, flyers, and other advertising outside retail locations announcing or directing shoppers to a Color Street display inside a retail environment are prohibited. In addition, you may not sell Color Street products on the sidewalk of a retail establishment or in the parking lot of a retail establishment.

Customer orders cannot be delivered to Customers at any retail location. All customer orders must be delivered outside of and away from retail environments.

Any inventory purchased for the above referenced purposes must be properly recorded and receipts provided, as per the policy. Please see *Section 1g – Purchase Limitations/Inventory Loading* for more information.

#### **4t – Fundraisers**

Independent Stylists may participate in and hold fundraisers; however, there can be no indication that Color Street endorses, supports, or sanctions the fundraising event. Additionally, no Color Street trademarks, or copyrights may be used. The promotion or participation in a fundraiser is not permitted on a public forum or profile page where other Independent Color Street Stylists may feel obligated to participate. Even to support a fundraiser, Stylists may not purchase from other Stylists.

For donations to benefit auctions (i.e., gift baskets containing Color Street products) the donation must clearly indicate that it is from an Independent Stylist (with full name given) and not Color Street. If the donation is a monetary one, the donation is to be made on behalf of the Stylist individually, and not Color Street.

#### **4u – Recording Policy**

- a. Communications. You agree to receive communications from the Home Office related to Color Street via email or authorized social media outlets including but not limited to Facebook, Instagram, etc.
- b. Privacy: Color Street respects your right to privacy and strives to comply with all applicable privacy and data protection laws. By joining Color Street, you agree to the terms of Color Street's privacy policy. Whenever you submit information on the Color Street website and/or Personal Website, you consent to the collection, use and disclosure of that information as described in the privacy policy and subject to any applicable laws and regulations. Color Street may share your personal information with third parties to perform support services for us. However, Color Street will not sell your personal information collected from its website and/or Personal Website without your express consent.
- c. Attendance at Company Events and Meetings; Use authorized in Company media. Company events and/or meetings online or offline may be recorded by Company. Images, video and audio of people attending or participating in a Company related event may be used by Company. By registering and attending a Company related event and/or meeting, you agree to allow Company to use your image, video, audio and personal information in these recordings. Also, you agree that Company may use your name, photograph, personal story and/or likeness in advertising or promotional materials. Independent Stylists waive all claims for compensation for such use.
- d. Private Video and Recording Prohibited. Except by the express permission of an officer of the Company, audio, video and cellular recording of Company special events and/or leadership calls that discuss Company's private and confidential information is strictly prohibited as they are governed by an all-rights-reserved copyright policy. Moreover, unauthorized distribution of audio or video recording from company events and/or leadership calls is prohibited unless written permission is obtained from the Company. This includes all Company-related conferences, leadership or team meetings, training sessions, etc.

#### **4v – Privacy Policy**

Color Street respects your right to privacy and strives to comply with all applicable privacy and data protection laws. By joining Color Street, you agree to the terms of Color Street's privacy policy. Color Street relies principally upon the legal basis of performance of contract for the processing of your information; that is, to support our mutual obligations and relationship as expressed through the Stylist Agreement, we must collect and process personal information to support that contractual relationship. Color Street also collects some information as a requirement of compliance obligations in the US more specifically set out in Section 6 below, as well as records retention requirements, and to comply with tax and other legal obligations.

Finally, as an organization, some information is processed under the basis of legitimate interests of Color Street, which includes (a) network security and performance, (b) protection of Color Street's legal interests and complying with non-EEA regulation and law, and (c) monitoring and management of Stylists in order to ensure that customer expectations are met. When your information is collected outside these areas set out above, Color Street will seek your consent for the collection and processing of personal information.

Whenever you submit information on the Color Street website and/or Personal Website, you acknowledge that the collection, use and disclosure of that information is as described in the privacy policy and subject to any applicable laws and regulations. Color Street may share your personal information with third parties to perform support services for us. In doing so, we comply with applicable national and international data protection regulations. In addition, we may share personal information with a third party where required by law or to provide and operate our products and services. However, Color Street will not sell your personal information collected from its website and/or Personal Website without your express consent. If you are a Color Street Stylist, we may share your personal information with Stylists in your upline or downline for the purposes of managing sales, distributing products and information, and providing reports on your activities with other Color Street Stylists.

#### **4v.1 – How We Collect and Use Information on our Websites**

Our system automatically collects data and information each time you visit the Color Street websites. In particular, we collect the following data:

- Browser type
- Operating System
- IP address
- Date and time of the visit
- Information about the website that refers you to our website.

This information is stored in our system's log files, independent of other personal information Color Street holds. We retain log files to ensure the functionality and optimization of our websites and security of our information technology systems. We do not evaluate these log files for marketing purposes, except for data collected through your browser settings. This data includes your browser's language settings to properly display the Color Street website. If this information is no longer necessary for the functionality of our websites, we will delete it or anonymize your personal log file information so that it can no longer be assigned to you.

#### **4v.2 – How We Protect Your Data**

Color Street has developed appropriate physical, technical, and administrative security standards to protect your personal information from loss, misuse, alteration, or destruction. Our service providers and affiliates are contractually obligated to protect the confidentiality of your personal information and may not use the information for any purpose not authorized by us.

While we do our best to protect personal information, no transmission of data over the Internet or over a wireless network is 100% secure. As a result, while we strive to protect your personal information, you acknowledge that there are security and privacy limitations inherent on the Internet that are beyond our control and that the security, integrity and privacy of all information and data exchanged between you and cannot be guaranteed to us through our websites. Help protect your personal information by keeping your account password secure and confidential, logging out of your account after using a shared computer, and checking your computer regularly for viruses, malware, and spyware.

#### **4w – Stylist Handling Personal Information**

As an Independent Stylist, you may receive personal information from and about prospective Independent Stylists, customers, and other individuals. It is important that you keep this information private and confidential, as doing so helps ensure your compliance with laws and enables you to maintain your customers' trust. Personal information is any information that identifies individuals or permits you to contact them. It includes the mailing address, email address, phone number, credit card information, and purchase history belonging to a customer, potential customer, or other individual. It also includes any other information associated with these details.

You are responsible for protecting all personal or sensitive information from unauthorized access or disclosure. Do not share an individual's personal information without doing so on a lawful basis. You are also expected to destroy sensitive information when it is no longer needed. When you no longer need another's personal information you must shred or irreversibly delete it.

#### **4w.1 – Give the Customer Notice and Choices**

Customers may want to know why you are collecting their personal information and what you plan to do with it. You should be sensitive to their concerns and tell them what information you are collecting and with whom you will share it. You should also notify customers before or at the time you collect their personal information and always make certain that you use and share personal information only in the ways you promised. You should also give each customer the option to choose how you communicate with them. Find out if a customer wants to receive promotional and other marketing messages from you and whether they prefer to receive them by e-mail, phone, or another method of communication. This should be done before you use the communication method. That is, they should have the choice to opt-in to marketing messages from you; they should not be added to any communications and then required to opt out. If a customer decides to stop receiving communications, then with limited exceptions (such as to

fulfil an order they have made or advise them of any information required by health or other regulatory requirements), you should honor their request to stop. In all cases, you must respect the customer's choices.

#### **4w.2 – International Transfer of Personal Data**

We may transfer your personal data to countries outside the United States for the purposes described in this privacy policy. This is done in order to fulfill our obligations to you, and we rely on the basis of performance of contract in most cases as the basis for the transfer of this information. We will take all steps reasonably necessary to ensure that your data is treated securely and in accordance with this privacy policy. No transfer of personal data to any organization or country will take place unless adequate controls are in place.

#### **4w.3 - Communication with Color Street**

If you communicate with us by email, we may collect the following personal information:

- Email address
- Date and time of communication
- Content of the communication

We collect this information to facilitate our conversation, prevent misuse of our email services, and protect the security of our information technology systems.

#### **4x – Communications**

You agree to receive communications from the Home Office related to Color Street via email or authorized social media outlets including but not limited to Facebook, Instagram, etc.

#### **4y – Third Party Sites**

Color Street's websites may contain links to other websites that are not controlled by us. If you click on a link for a third-party website, you will be redirected to this website. We have no control over these websites, and cannot protect your personal information; therefore we strongly recommend that you review the privacy policy of each website you visit. Our websites may include social media sharing features with links to Facebook, Twitter, LinkedIn, Instagram, Google+, Pinterest, Vimeo, YouTube, Disqus, and TikTok (among others) that allow you to access your social media account to share actions you take on our websites with friends or the public, depending on your social media account settings. For more information about these features, please refer to the respective entity's privacy policy.

#### **4z – Conducting Business Outside a Home Country**

A key advantage of the Color Street Opportunity is that Independent Stylists may operate an independent business as an Independent Stylist in every country in which Color Street operates, if the Stylist meets all requirements for that country, subject to the Policies & Procedures applicable to that country and applicable law. Each Independent Stylist has the non-exclusive right to promote Color Street products and the opportunity in any country in which Color Street is authorized to conduct business.

The laws and regulations applicable to the promotion of Color Street products and the Color Street opportunity vary among countries. An Independent Stylist who operates their business in other countries are responsible for understanding and adhering to all applicable laws and regulations in those countries, including but not limited to customers and immigration laws, licensing requirements, direct sales rules, consumer protection laws, privacy laws, and accepted marketing practice. The Independent Stylist must also be familiar with and adhere to the Color Street Policies & Procedures governing activities in such countries.

Independent Stylists may not promote or sell Color Street products or offer the Color Street opportunity in countries in which Color Street is not authorized.



## **SECTION 5: RESPONSIBILITY FOR TAXES, EXPENSES, AND CONTRACTUAL OBLIGATIONS**

### **5a – Taxes**

As an independent contractor, you are not an employee of Color Street and you are solely responsible for compliance with all applicable tax laws, including but not limited to, fulfilling any applicable legal requirements for reporting, deducting, or paying taxes on any Compensation you receive as an Independent Stylist and making all requisite tax filings to the appropriate tax authority. Color Street shall not be liable for such payments or any associate fines, penalties, liabilities, or interest for late payments or unpaid balances. As such, you agree to indemnify and hold Color Street exempt from all local, state, federal and other taxes, penalties, and/or interest on any income, commissions, or other earnings derived from the sale of Color Street products or other monetary or non-monetary Compensation earned from Color Street as an Independent Stylist. It is your responsibility to maintain complete records of your income and expenses.

Color Street will not withhold or make payments for (a) social security, (b) unemployment/disability insurance, or (c) obtain worker's compensation insurance on behalf of an Independent Stylist. Each year, the Company will send you an IRS Form 1099 MISC (Non-Employee Compensation) to all Independent Stylists who earn at or above the threshold applied by the Internal Revenue Service for the relevant tax year, which threshold can be found at [www.irs.com](http://www.irs.com). An Independent Stylist's business that is enrolled as a Business Entity may be subject to different or additional obligations. It is the Independent Stylist's responsibility to understand the tax obligations applicable to the Independent Stylist business, in any jurisdiction the business is operated.

### **5b – Expenses and Contractual Obligations**

As an Independent Stylist, you operate, conduct business and are solely responsible for all expenses, debts, and liabilities incurred in connection with your Independent Stylist Business. In addition to the business kit purchase, e-suite subscription, and annual renewal fee (if applicable), the costs and expenses an Independent Stylist may incur operating the independent business include, but is not intended to an exhaustive list, the following:

- Travel, meal, entertainment, and accommodation expense.
- Costs associated with hosting or attending events.
- Expenses associated with learning about, marketing or presenting Color Street products to customers or prospects, and/or
- Fees for legal, tax, or other professional advice.

Color Street will not be responsible for these, or any other costs or expenses incurred in connection with operating an Independent Stylist Business.

### **5c – Assumption of Risk**

There are inherent risks in operating any business. As such, Independent Stylists are responsible for obtaining liability insurance for your business. Guidelines and laws exist that dictate how you should run your business and you must follow them strictly or face legal consequences. Color Street takes no responsibility for your ability or inability to comply with these regulations. The entire burden or responsibility for your business decisions and expenditures lies on you as an Independent Stylist. Therefore, Independent Stylists may wish to consult with professional advisors regarding the purchase of insurance and other ways to mitigate these risks for yourself and your business.

## **SECTION 6: COMPLIANCE INVESTIGATIONS AND DISCIPLINARY ACTION**

Independent Stylists are expected to adhere to the highest ethical and legal standards, and to the Independent Stylist Agreement, which includes these Policies and Procedures and the Compensation Plan, and to comply with all applicable laws and regulations.

### **6a – Harassment**

Color Street is committed to providing Independent Stylists with an environment free from harassment, intimidation, and abuse from other Independent Stylists, employees, vendors, and any other individuals. At Color Street, harassment of any kind will not be tolerated and is strictly prohibited, such as: derogatory or threatening comments, inappropriate sexual behavior including but not limited to unwelcome sexual advances or requests for sexual favors, displaying visual images of a sexual nature, physical or verbal harassment, discriminatory remarks, or violent behavior. Independent Stylists are encouraged to report any type of harassment incidents immediately. The Company will not tolerate acts or threats of violence and will investigate all reports. You have a responsibility to act when you are aware of a threat or risk to any Independent Stylist or employee.

### **6b – Compliance Violations and Investigations**

If the Company becomes aware of any actions or behaviors that are potentially inconsistent with its policies, it reserves the right to investigate those claims.

If Color Street commences an investigation, Independent Stylists are required to cooperate fully with the investigation and to promptly respond to all inquiries.

### **6c – Investigative Process**

Independent Stylists who are contacted by Compliance must respond fully and accurately, and prior to the deadline set by Color Street. Failure to respond to a compliance inquiry not only will prevent you from presenting information, but it may result in disciplinary action, up to and including termination of the Independent Stylist Agreement.

Color Street reserves the right in its sole discretion to determine whether and what disciplinary action the Independent Stylist will face.

Color Street cooperates fully with law enforcement agencies, courts, and other governmental authorities investigating alleged violation of law by Stylists. Stylists may not be notified of requests by law enforcement or other authorities. If an Independent Stylist commits a compliance violation that Color Street believes may also violate the law, Color Street reserves the right to report the incident to the relevant authorities.

### **6d – Concerns About Other Stylists**

If an Independent Stylist has any concerns about the behavior or conduct of another Independent Stylist, he or she should first contact the Compliance team at [compliance@colorstreet.com](mailto:compliance@colorstreet.com). If the matter cannot be resolved, it may be reported in writing to the Compliance Department. The Compliance Department will review the facts and may attempt to assist the Independent Stylist to resolve the issue. If the issue is such that the Independent Stylist feels threatened with serious bodily harm or believes he or she is the victim of financial fraud or other criminal activity, then the Independent Stylist should first contact law enforcement authorities. If the fraud or criminal activity is allegedly being conducted by another Independent Stylist, please notify the Compliance Department with a copy of the filing of the police report.

While we understand that Stylists are trying to help our Compliance Department by reporting non-compliance, we would appreciate it if you could (i) avoid repeat complaints, (ii) avoid personal vendettas and/or ulterior motives, and (iii) attach evidence, including but not limited to screenshots and videos, to

reports where such evidence is required to further investigate the matter(s).

#### **6e – Disciplinary Action**

If Color Street, in its sole and absolute discretion, determines that an Independent Stylist is not in compliance with Company Policies or Procedures, Color Street reserves the right to determine what actions to take. Among other factors, Color Street may consider the nature and severity of the violation, the facts surrounding the violation, the degree of cooperation shown by the Independent Stylist, whether the violation was intentional or inadvertent, the Independent Stylist's compliance history, and the experience level of the Independent Stylist.

Potential disciplinary actions will be decided in Color Street's sole and absolute discretion and may include but are not limited to:

- Verbal and written warnings
- Temporary suspension of the Independent Stylist position
- Fines or other financial penalties Revocation of earned incentives and recognition in the Compensation Plan
- Repayment of money that was not legitimately earned
- Repayment of cost or expenses incurred by Color Street because of the Independent Stylist's actions, including any settlement payments or credits to Customers, other Independent Stylists, or third parties, fines or penalties imposed by governmental agencies, attorney's fees, and investigation expense
- Removal of the Independent Stylist's enrolled community (or members thereof) and/or termination of the Independent Stylist Agreement and deactivation of Independent Stylist position.

## SECTION 7: GENERAL TERMS

### 7a – Ethical Conduct

As an Independent Stylist, you should be honest in the way that you interact with your clients. Honesty and integrity are important not just in business but for your affiliation with Color Street. Therefore, you must agree not to engage in any activities that may reflect negatively on Color Street’s reputation or cause harm to any other Independent Stylist. You must also be careful to avoid making negative, disparaging, untrue, or misleading comments about Color Street, or any of its stakeholders, including the following:

- Color Street Independent Stylists
- Color Street products
- The Compensation Plan
- The board of directors or its officers
- Color Street’s employees or those of its affiliates or subsidiaries.
- Social Media Influencers and Partners contracted by Color Street

Negative comments or disparaging remarks directed at Color Street–contracted social media influencers, brand ambassadors, or partners are strictly prohibited.

### 7b – Non-Solicitation

During the term of this Agreement and one (1) year following the termination of this Agreement, Independent Stylist agrees to not directly or indirectly (i) solicit any Color Street Independent Stylist to join, enroll or affiliate with another direct sales company; or (ii) terminate or alter the Independent Stylist’s business relationship with Color Street. In this paragraph “direct sales company” is defined to include a network marketing, multilevel marketing, party plan or a social selling company that sells products or services through independent sales representatives. In this paragraph, “solicit” is defined to include the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Independent Stylist to participate in another direct selling program. This conduct constitutes a violation of this provision even if the Independent Stylist’s actions are in response to an inquiry made by another Independent Stylist. Examples of solicitation in violation of this provision include but are not limited to:

- Creating communication channels between yourself and other Independent Stylists in order to ask or entice them into joining you in some business other than Color Street
- Creating a social media group for your other business and inviting Color Street Independent Stylists to join or changing the name of a Color Street group to that of the new business
- Asking a third-party or spouse to contact an Independent Stylist on your behalf, or on the behalf of another direct selling company, in order to share with them a product or opportunity.

Any attempts to recruit active Independent Stylists into another direct sales business venture is a direct violation of the Policies and Procedures, which will result in immediate suspension of the Independent Stylist business account and a full compliance investigation. If through investigation, the allegations prove to be true, the Independent Stylist Agreement will be terminated, and the business account deactivated. All commissions and bonuses to be paid will be forfeited and the Independent Stylist will not be eligible to re-enroll at any future time without the specific written permission from Color Street Legal.

The term “recruit” also includes the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way an Independent Stylist to participate in another network marketing or direct sales company. The term also includes general solicitations in social media where “friends” include persons who are Color Street Independent Stylists. Stylists may promote products of the other business on their social media platforms; however, providing links to the opportunity of the other

business via enrollment links, zoom calls, text messages, direct messages, indirect acquisition attempts, or through any groups or pages is strictly prohibited.

Independent Stylists and Color Street recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and Internationally, and because business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Independent Stylists and Color Street agree that this provision shall apply to all marketing in which Color Street conducts business.

A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between you and the Company and would inflict irreparable harm on Color Street, LLC. In such event, the Company may, at its sole discretion, impose any sanctions it deems necessary and appropriate against such Independent Stylist or Independent Stylist's business, including termination, or seek immediate injunctive relief without the necessity of posting a bond.

#### **7c – Conflicts**

Unless an exception is made by an officer of Color Street, the Company does not permit any person who is a principal of another direct selling company to become an Independent Stylist or to serve as an Independent Stylist. For the purposes of this Section, we will take "principal" to mean any of the following:

- A corporate employee who is a director, an officer, or an executive of another direct selling business
- Any person who is the sole proprietor, a general partner, or an owner of 10% or more of any outstanding stock in any business entity that conducts sales through a direct sales channel or controls, shares control, or is controlled by any business entity that earns its revenue by selling directly to consumers.

#### **7d – Targeting the Sales Force of Another Direct Sales Company**

Color Street does not condone or approve of Independent Stylists specifically or consciously targeting the sales force of another Direct Sales Company. If any lawsuit, arbitration, or mediation is brought against an Independent Stylist by a third party because their method of recruiting is or appears to involve inappropriate recruiting methods that unscrupulously entice members of its sales force or customers, or in any way violated their contract with the third party, Color Street will not pay any of the Independent Stylist's defense costs or legal fees. Color Street will also not indemnify or compensate any person for any judgment, award, or settlement made against the Independent Stylist.

If the third party brings or threatens legal action against Color Street based on the conduct of the Independent Stylist, the Independent Stylist agrees to declare Color Street uninvolved in any wrongdoing and fully indemnify Color Street for all costs, expenses, attorney's fees, and damages incurred as a result of such third-party action.

#### **7e – Business Entities as Independent Stylists**

Business Entities may enroll as Independent Stylists by completing the Independent Stylist Agreement.

"Business Entity" means a corporation, partnership, Limited Liability Company, trust or other entity that owns or operates a Color Street independent business. An "Affiliated Party" is an individual, partnership, trust, Limited Liability Company, or other entity that has an ownership interest in, or management responsibility for, a Business Entity, or is employed by the Business Entity in furtherance of the Business Entity's operation of an

independent Color Street business. Only one person may be listed as the Independent Stylist on the account of a Business Entity at any given time.

If a Business Entity enrolls as an Independent Stylist, the Business Entity and each Affiliated Party must comply with the Independent Stylist Agreement. If a Business Entity and/or any Affiliated Party violates the Agreement, Color Street may take disciplinary action against the Business Entity and/or against any of the Affiliated Parties.

**Dissolution of a Business Entity:** Color Street is not able to divide commissions among multiple parties, nor is it able to divide a Downline organization. Consequently, the independent Color Street business must be awarded to a single individual that was previously listed as the Independent Stylist on the account of the Business Entity.

#### **7f – Spouse, Family, and Household Business Account Limitations**

At any given time, an individual is allowed to own, operate, control, or have an interest in only one (1) Color Street business. No matter what kind of entity the Independent Stylist business has been registered as, and no matter what relationship each Independent Stylist bears to another, restrictions exist regarding the degree to which each can be involved in the business affairs of any other Independent Stylist businesses owned or operated by each person.

No more than two (2) Independent Stylists may have the same home address, or one (1) Independent Stylist is allowed to have another Independent Stylist in their immediate family *only if* each Independent Stylist runs their business *entirely independently* of that other Independent Stylist. This would include, but is not limited to the following:

- Separate credit cards to be used by each Independent Stylist account for enrollment, e-suite and all product purchases
- Different emails and phone numbers to be used on the Independent Stylist's accounts
- Social Media VIP groups, pages, and promotions are to be separate with no dual administrative functions.
- Once customers are acquired and assigned, sharing of customer sales between the accounts is prohibited.
- Attendance at Vendor events may be operated together, but all business done must be evenly distributed to the two Independent Stylist accounts and sales documentation provided to Color Street to support the sales entered.

Other limitations on Independent Stylist and Household Businesses include:

- **Marriage/Statutory Domestic Partnership:** If, after having established their own individual Independent Stylist affiliations to Color Street, two (2) Independent Stylists marry or enter into a statutory domestic partnership, they may continue to operate their existing Independent Stylist positions.
- **Divorce:** Color Street is not able to divide commissions among multiple parties, nor is it able to divide a Downline organization. Consequently, in divorce cases, any settlement or divorce decree must award the business in its entirety to the person that was previously listed as the Independent Stylist on the account.
- **Disability:** Should you become disabled to the extent that you can no longer fulfill the required duties, the Independent Stylist Agreement shall terminate.

- **Sale or Transfer:** You may not sell or transfer your Color Street business.

### **7g – Death of Independent Stylist; Potential Succession of Independent Stylist Business**

Upon the death of an Independent Stylist, the family of such Stylist shall promptly notify Color Street of the Stylist's date of death. All commissions and bonuses earned by such Stylist with respect to sales made through the end of the month on or following the Stylist's date of death will be made to the estate of the Independent Stylist. Otherwise, the estate will have no further rights with respect to the Stylist's position and downline, including future commissions and bonuses.

Notwithstanding the foregoing, upon the death of an Independent Stylist all rights to such Stylist's position, including the right to future commissions and bonuses (the "Independent Stylist Business") may be conveyed to a new business owner ("New Business Owner" or "NBO") as hereinafter defined. Any such conveyance (a "Proposed Conveyance") shall be subject to the terms and conditions set forth herein and the approval of the Company in its sole and absolute discretion. A named NBO with respect to an Independent Stylist may be such Stylist's spouse, adult child, or sibling; provided, however that any such NBO shall also independently meet the leadership criteria established by the Company described in *Section 3 – Building a Team as an Independent Stylist*. The Company reserves the right to evaluate the experience and qualifications of any proposed NBO and to determine, in its sole and absolute discretion, the adequacy thereof.

The Proposed Conveyance shall be made pursuant to the terms of a valid last will and testament, testamentary trust, court order or as otherwise expressly permitted in writing by the Company.

Any NBO shall enter into a new Independent Stylist Agreement and shall be bound by all terms and conditions set forth in the Company's Policies and Procedures. For the avoidance of doubt, however, the Company may in its sole discretion decline to enter into a new Independent Stylist Agreement with a named NBO.

With respect to a Proposed Conveyance to a named NBO that is already an existing Independent Stylist, such NBO must elect to either: (i) decline the Proposed Conveyance and continue his/her existing Independent Stylist Agreement; or (ii) accept the Proposed Conveyance, terminate his/her existing Independent Stylist Agreement, and enter into a new Independent Stylist Agreement upon such terms and conditions as the Company shall determine. In connection with a Proposed Conveyance, the named NBO (and/or the fiduciary acting on his/her behalf) shall request approval thereof from the Company in writing to the Compliance Department at [compliance@colorstreet.com](mailto:compliance@colorstreet.com) and shall provide such other documentation as shall be requested by the Company, including, but not limited to certified copies of the following documents: (i) last will and testament; (ii) trust agreement; (iii) letters testamentary, (iv) letters of administration, letters of trusteeship, and/or such other documentation evidencing the legal authority of the fiduciary to act on behalf of the estate or testamentary trust, as applicable; (v) a certification evidencing the legal authority of the fiduciary to convey the Independent Stylist Business to the NBO as contemplated herein and (vi) prior to the completion of the conveyance, which will result in the execution of a new Stylist Agreement, the NBO shall pay a fee of \$500.00 USD, \$682.52 CAN, or 475.67 EEA, payable to Color Street, LLC

To facilitate the foregoing, Independent Stylists are encouraged to engage qualified legal counsel about their personal estate planning. We strongly recommend that any testamentary documents specifically reference the disposition of the Independent Stylist Business to facilitate the potential succession of this business to a New Business Owner. Although we are not rendering legal advice, the following language is provided by way of example for inclusion in testamentary documents:

"I give any interest that I may own at the time of my death in Color Street Independent Stylist Business to [NAME OF PROPOSED NBO], subject to the approval of Color Street, and subject to such other terms and conditions that may be applicable to such transfer pursuant to the Color Street Policies and Procedures then in effect."

### **7h – Actions of Household Members**

If a family member who lives in the same household of an Independent Stylist does something that violates the Independent Stylist Agreement, including failure to adhere to these Policies and Procedures, such activity will be deemed a breach by the Independent Stylist and Color Street may terminate the Independent Stylist Agreement and/or seek other appropriate remedies against such Independent Stylist as determined by Color Street in their sole discretion. In appropriate circumstances and dependent upon the violation, Color Street may elect to first provide notice to the Independent Stylist allowing time to cure the breach prior to further action.

#### **7i – Bank Accounts**

As an Independent Stylist, you do not have permission or the right to use the trademark or trade name “Color Street” on bank accounts, credit applications with local suppliers, or any other business forms. Checking accounts can simply be called “Business Accounts”. However, if you need to list a business name, you are permitted to use your name and the title “Color Street Independent Stylist”. This guideline has been included in order to avoid misleading others into believing that an Independent Stylist’s business is the same as the Home Office or that the Independent Stylist is an employee or representative of the Home Office.

#### **7j – Third Party Consumers**

If, as an Independent Stylist, you locate and nurture certain business contacts, it is important that you remember that Color Street is a direct-to-consumer sales organization. An Independent Stylist cannot become a “vendor” to another business. This means that even though a third party or a company can purchase Color Street products as gifts for its employees or clients, there may not be a resale value attached to the products. In accordance with this, sales of large amounts of Color Street products to regional or national companies are prohibited. Such large companies that sell large volumes of product to large numbers of people make it difficult to achieve the development of personal relationships and personal service upon which Color Street’s business model is based.

#### **7k – Third Party Claims**

In the event of any allegation or actual or threatened claims or lawsuit brought or made against an Independent Stylist by a third party arising from or relating to Color Street, Color Street products, the Color Street Opportunity, Color Street Intellectual Property, an individual’s conduct as an Independent Stylist, or the independent business operated by an Independent Stylist, the Independent Stylist must advise Color Street in writing immediately prior to taking any action that may damage Color Street or limit Color Street’s ability to respond to the issue. Color Street may take whatever action it deems appropriate including but not limited to, controlling any litigation or settlement discussions, to protect itself, its reputation, and its tangible and intangible property. Independent Stylists agree to cooperate in good faith with Color Street in responding to any allegation, claim, or suit, and agree to take any action related to any allegation, claim, or suit without Color Street’s prior consent.

#### **7l – Indemnification**

Independent Stylists agree to indemnify Color Street for all costs, expenses, consumer reimbursements, fines, sanctions, damages, settlements, or payments of any other nature that Color Street incurs resulting from or relating to any act or omission by Independent Stylist that is illegal, fraudulent, deceptive, negligent, unethical, or in violation of the Independent Stylist Agreement. Color Street may elect to exercise its indemnification rights by withholding any compensation due the Independent Stylist. This right of setoff shall not constitute Color Street’s exclusive means of recovering or collecting funds due Color Street pursuant to its right to indemnification.



**7m – Assignment and Delegation by Color Street**

Color Street shall not assign its rights in the Independent Stylist Agreement of any individual Independent Stylist to any third party without the written consent of the Independent Stylist. Notwithstanding the foregoing, if the assets of Color Street, or a controlling ownership interest in Color Street, are transferred to a third party, Color Street may assign its rights and delegate its duties and obligations under the Stylist Agreement to such third party as part of the sale or transfer.

**7n – Enforcement of Judgment, Garnishments, Support Orders, Federal Tax Liens, etc. against an Independent Stylist.**

The Company will honor enforceable court orders, garnishments, support orders, etc. that have been properly registered in the jurisdiction where the Company is headquartered or registered to do business as an out of state corporation. The Company will also honor any enforceable Federal Tax Lien.

**7o – Subpoena and Demands for Records.**

Assuming proper jurisdiction, the Company will comply with all subpoena duces tecum demanding financial compensation records of an Independent Stylist in his/her capacity as an independent contractor with the Company. The Company will comply fully with all requests for records accompanied by a properly prepared and signed authorization by the person whose records are being sought. The Company will comply fully with all requests for records by government agencies with the authority to request such records and accompanied by the requisite legal documentation.

**7p – Dispute Resolution**

If any dispute regarding these Policies and Procedures arises, it will be resolved in accordance with the terms and conditions of the Independent Stylist Agreement.