



POLICIES AND PROCEDURES

Contents

Introduction and Company Values 3

Section 1: Getting Started As An Independent Stylist 5

Section 2: Conducting Business As An Independent Stylist..... 5

Section 3: Building a Team As An Independent Stylist 12

Section 4: Marketing and Advertising..... 13

Section 5: Taxes 22

Section 6: Reactivation 22

Section 7: General Terms..... 23

Introduction

Color Street, LLC (“Color Street” or “Company”) is a fast growing direct-to-consumer beauty and cosmetics company that is empowering entrepreneurial Independent Stylists to start their own businesses. Color Street sells an exclusive line of exciting and unique products. For more information, you can visit 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, color, sex, sexual orientation, disability, age, or national origin. It is extremely important that these values are also held by our Independent Stylists. Because Color Street believes strongly in inclusiveness, we actively promote diversity and fair dealing among our employees and Independent Stylists—in fact, we do so in all aspects of our business. In our culture, every human being has inherent worth and dignity, so we work to ensure that our employees and Independent Stylists treat each other and all other persons with kindness and respect.

Below are the ways in which we expect you to represent Color Street:

- Maintaining a high standard of professionalism and integrity with customers, colleagues, and all other 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 very important to Color Street. If you do not operate according to them at all times, our relationship with you as a Color Street Independent Stylist may be terminated. 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;

Color Street Policies and Procedures

- 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.
- 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.

Questions and Support

If you have questions about any part of the Stylist Agreement, you can discuss them with your Enroller. Also, you are always welcome to contact the Color Street Customer Service team at customerservice@colorstreet.com.

SECTION 1: GETTING STARTED AS AN INDEPENDENT STYLIST

1a – Qualifications

You become a Color Street Independent Stylist once you have completed the 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;
- Have a valid SSN, EIN, or ITIN;
- Be eligible to work in the US;
- Have a valid Credit or Debit Card on file at all times; and
- Purchase a Starter Kit (Applicants who live in North Dakota do not have to purchase a Starter Kit.).

1b – Team Structure

Color Street has a team structure that resembles a family tree; it shows the relationship between Independent Stylists and their Sponsors. Your Enroller is the person who enrolled you when you first entered Color Street. Most of your training and information will be available to you either through the Virtual Office or through your Enroller/Sponsor and their upline leader(s).

1c – No Inventory Requirements

Independent Stylists are not required to buy or keep inventories of any specific amount of Color Street’s products. If you choose to buy Color Street’s products, you can order them directly from Color Street via the Color Street website or through the Independent Stylist’s Personal Website (PW).

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. This need to support relationship building explains why Color Street tries to discourage customers from making one-time, impulse purchases and instead steer them toward a long-term customer relationship with you as an Independent Stylist. Selling methods vary – from in-person Nail Bars and other Sales Events to “live” events on social media to networking and offering personalized service to customers. To the greatest extent possible, we encourage you to build long-term business relationships with customers.

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 and your monthly Paid Rank. The money you earn includes commissions from your personal sales volume as well as team 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 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.

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 rank or 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. These deductions will be taken from the Independent Stylist and from any Upline Independent Stylists who also received commissions on the sales of the refunded products. Refunds and chargebacks will not be processed the last two (2) business days of each month so as to enable Stylists to manage their end-of-the-month sales volume and rank qualifications.

Color Street reserves the right to withhold some or all of an Independent Stylist's compensation as is 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 his/her compensation, the structure or organization of his/her genealogy, or any other error that impacts the Independent Stylist's income – whether the error is in the Stylist's favor or the Company's favor – he/she 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 – 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 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. 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.

2e – 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 chance 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. In all cases, you must respect the customer's choices.

2f – 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 PW 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.

2g – 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.

2h – PW Orders

When a customer orders through your PW, 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 Nail Bar is booked. Keep this sensitive information confidential.

2i – Nail Bars

All Nail Bars will automatically close 60 days after the Sales Event is booked. Hosts get rewards for certain tasks they perform, and these Host Rewards stop accruing when the Nail Bar is closed. However, Hosts may redeem these rewards at any point in the future. Independent Stylists may make themselves the Host for a Nail Bar. However, Independent Stylists are not allowed to earn booking rewards for Nail Bars they host, since the purpose of the booking program is to entice and reward future bookings.

2j – 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 happens 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.

2k – Bulk Orders

A “Bulk Order” is an order for more than 50 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. Before taking a Bulk Order, please reach out to Customer Service for approval. The Customer Service team will review each request on a case-by-case basis. Approval also ensures your account can be cleared should it be flagged for ‘Inventory Loading’ (See 2n).

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.

2l – No Discounts in Public Forums

Color Street wants to provide a level playing field for all our Independent Stylists. So, you 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 a Stylist has a booth and is promoting the business and/or selling Color Street products. This means 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.

2m – Bonus Buying

Color Street does not allow Individual Stylists to personally purchase products in order to qualify for compensation levels, paid ranks, or incentive programs. This unethical, prohibited practice is referred to as 'Bonus Buying' and we take this very seriously. Bonus Buying may result in immediate termination of your Stylist Agreement.

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

1. The enrollment of:
 - a. Individuals into a Stylist Agreement without their knowledge;
 - b. A non-existent individual as an Independent Stylist; or
 - 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.
4. Subsidizing all or part of a new Starter Kit purchase to add a new Independent Stylist to your team.
5. Purchasing products, either through your account or a downline team member's account to:
 - a. Qualify for contests, promotions, personal sales requirement for bonus commissions or Paid Rank;
 - b. Avoid Compression;
 - c. Increase sales or Host Rewards;
 - d. Qualify a Nail Bar.
6. The practice of 'Inventory Loading' or encouraging others to do so. Inventory Loading refers to forcing Downline Independent Stylists or customers to buy a large number of products in order to get benefits from those sales. (See 2n)

2n – Inventory Loading

You may not maintain excessive inventory or encourage other Independent Stylists to do so. This is referred to as "Inventory Loading". The Color Street business model is structured in a way that it is not necessary for any Independent Stylist to purchase and carry inventory before customers order from them. You can hold Nail Bars and conduct business successfully with no inventory at all other than your personal expertise and knowledge of our products. If you have booked a booth at a short-term vendor event and decide to bring inventory to the event, the amount purchased must not be excessive. The Company has adopted a 70 percent rule in which Independent Stylists may not order additional products unless they have sold at least 70 percent of previously purchased inventory-type product to verifiable retail customers. In its effort to support and enforce the 70 percent rule, the Company will conduct random audits to verify compliance with the 70 percent rule.

2o – Retail Displays/Pop-Up Shops

Independent Stylists are not allowed to set-up permanent or semi-permanent product or two-finger tester displays or sell products in a retail establishment, with limited exceptions noted below. A marketing display limited to catalogs, printed flyers, business cards, and a sign is permitted as long as the branding guidelines are followed. Products are to be sold at in-home Nail Bars, one on one, at short-term vendor events or through the Color Street PW. A retail location includes, but is not limited to, mall booths, boutiques, hair salons, nail salons, grocery stores, flea markets, farmer's markets, restaurants and other permanent establishments. Events that repeat more than eight (8) times in a calendar year are considered retail locations and are prohibited (for example, a weekly farmers market, or monthly flea market). Short-term events – for example, a Nail Bar – lasting no more than one (1) day each may be held up to eight (8) times a year at the same location, with products being sold at the event. Please see policy 4p Trade Shows/ Expos/ Booth Events for more information.

2p – 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.

2q – Corporate Leads

Corporate Leads are customers or prospective customers who visit our Corporate Websites to place an order, enroll as a new Independent Stylist, or request information. Leads are asked to provide their zip codes so that they can be assigned an Independent Stylist with the paid rank of Team Leader, Director, or Senior Director who lives in an area covered by the Corporate Lead's zip code. If an Independent Stylist with one of these paid ranks is not found in the 5-digit zip code, the online locator will look for the next closest Enroller. In the event that more than one (1) Enroller is found, the Enroller will be selected based on the highest Personal Volume (PV) from the last accepted monthly period.

2r – Training Events

Color Street's Home Office and Field Leaders will regularly offer events such as regional trainings and National Sales Conferences. These events are designed to provide you with the training and information you need to build your business, and we recommend that you attend as many of these meetings as possible. You will learn more about new styles, incentive and training programs and get business updates that will be of benefit to you. These events are also excellent networking opportunities, as they will allow you to connect with other Color Street Independent Stylists and sales leaders. You can learn more about these events in your Virtual Office.

2s – No Income Claims

You must not make income claims, earnings representations, or disclose your income as an Independent Stylist that are false, misleading or unsubstantiated. You must also never disclose the income of any other Independent Stylist. Color Street does not guarantee any specific income nor assurance of success.

The terms "income claim" and "earnings representation" include:

1. Statements of actual earnings;
2. Statements of projected earnings;
3. Statements of earning ranges;

4. Income testimonials;
5. Lifestyle income claims*; and
6. Hypothetical claims.

Describing income is misleading to prospective new Independent Stylists. 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.

* A “lifestyle” income claim is any statement made or description given that makes someone think that an Independent Stylist can enjoy a luxurious or successful lifestyle based on the income they earn from their Color Street business. Examples of prohibited lifestyle claims include, but are not limited to, representations (either through audio or visual medium) that an Independent Stylist was able to quit his/her job, acquire expensive or luxury material possessions, or travel to exotic or expensive destinations because of their Color Street business. Stylists may make lifestyle claims only if the following conditions are met:

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

2t – Compensation Plan and Program Claims

When presenting or discussing the Color Street opportunity, Independent Stylists must make it clear to prospective Stylists that financial success in Color Street requires commitment, effort, and sales skill. Conversely, Independent Stylists must never represent that a person can be successful in the business without diligently applying themselves.

The above statements are just some examples of improper representations about the compensation plan and the Company’s program. It is important that Independent Stylists do not make these, or any other representations, that could lead a prospect to believe that they can be successful as an Independent Stylist without commitment, effort, and sales skill.

2u – Competitive Selling

As long as a Stylist’s Agreement remains in force, a Stylist may not become a salesperson for any other direct sales, party plan, or network marketing program that sells nails, nail strips, hand- or foot-related products, or other items from the Color Street product line. A 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 items that are carried by Color Street.

Stylists with the lifetime highest rank of Executive Director or higher may not build a downline with, consult with, or receive compensation from any company that is in the direct sales, party plan, or network marketing business channel.

SECTION 3: BUILDING A TEAM AS AN INDEPENDENT STYLIST

Making retail sales to customers is the basis of the Color Street opportunity. However, building a team by enrolling others and helping Downline Independent Stylists to do the same is also an integral strategy for increasing business success and income.

3a – Enroller/Sponsor Expectations

When you become an Enroller or Sponsor and build a team, it is important to provide leadership and training to your downline team. Your own Enroller/Sponsor will partner with you to help you build and develop your team. See the Compensation Plan for an explanation of special terms such as Strategic Placement and the Placement Sponsor. The expectations of Enrollers and Sponsors, including Placement Sponsors, are essentially the same.

3b – Leadership Support

As an Enroller/Sponsor, you are encouraged to actively practice the Color Street Values outlined in Sections 1 and 2 above. In addition, you are encouraged to provide training and support to your downline team. Below are suggested methods on how to build a successful downline organization:

- Show consistent engagement in your business.
- Actively engage in mentoring your Downline Independent Stylists and assist them in achieving their goals;
- Keep friendly and professional relationships with the Color Street community at large. Making disparaging remarks and exhibiting negative behavior about anyone within the Color Street community is not in line with our values.
- Keep a positive presence within social media and in all other public forums. Any concerns about product quality, policies or processes should be handled directly with the Home Office and not in a public forum, including social media. This prohibition includes discussions within closed and secret groups on social media sites. Discussions in such semi-public forums must also remain positive in nature.
- Regularly attend meetings and training sessions.
- Communicate with your team on a monthly basis by email, phone, or in-person to discuss business goals and progress as well as to offer encouragement.
- Disseminate Home Office information to your team in a timely manner.
- Regularly give your team members positive recognition for their efforts and achievements through personal notes, phone calls, team newsletters or posts in online forums.

3c – Executive Director Level Responsibilities

In addition to the above suggested methods of leadership support, an Independent Stylist that achieves and accepts the paid rank of Executive Director is encouraged to provide additional leadership and team building. Below are additional leadership methods suggested for Executive Directors.

- Hold regular team meetings (we suggest monthly) that are open to all Independent Stylists, regardless

of whether they are on your team. You should plan and conduct these meetings in accordance with Home Office guidelines.

- Make a reasonable effort to participate in Leadership calls conducted by Color Street and to communicate relevant information from those calls to your team.
- Offer coaching to Downline Independent Stylists who hold the paid rank of Team Leader or above.
- Be available to respond to questions from team members and ensure that they receive a timely response.

Make a reasonable effort to attend Color Street company-wide events, such as National Conferences and Company Regional Events. If you are not able to attend, you should inform your team and make plans with other leaders or Executive Directors to support your team in your absence.

In addition, you are encouraged to attend all annual Leadership Events that apply to your rank.

If your highest Lifetime Rank is Executive Director or above, you should make reasonable efforts to devote time, effort and resources into building your team.

If an Executive Director chronically neglects to provide leadership training and support to a downline team, Color Street reserves the right to transition all or some of the Executive Director's downline team members to a different Sponsor.

3d – Changing Enrollers/Sponsors and Cross-Sponsoring

If an Independent Stylist desires to change their Enroller/Sponsor they must terminate their Stylist Agreement and wait six (6) months before signing up again under another Enroller/Sponsor. See Section 6 'Reactivation' for more details.

Cross-sponsoring 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.

Please note that you also may not demean or discredit other Independent Stylists in an attempt to entice an Independent Stylist to be a part of your team. This act counts as 'poaching,' which is also against Policy.

SECTION 4: MARKETING AND ADVERTISING

You must at all times 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 coming in the future, we reserve the right to apply all these policies to every type of medium and social media platform existing now or 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 PW. The landing page of your PW 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 and/or social media which interfere with Color Street Intellectual Property (See 4e). This policy 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 run advertisements (whether in print, online, via social media, radio or television) 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 4o 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 Nail Bar or sponsor an Independent Stylist via the site itself. You may include links in such a blog or website to your PW. Any SEO or SEM for this website, blog or internet site must not include any past or present Color Street trademarks. No other brands or products can be recommended or sold on the website or blog (see Section 4g ‘Co-mingling Marketing of Brands’). 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 PW 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. See Section 21 ‘No Discounts in Public Forums’ for more information.

3. 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;
- 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;
 - an encouragement or promotion of any unlawful behavior;
 - a personal attack on any individual, group or entity;
 - in violation of any intellectual property rights of Color Street or any other third party; or
 - inconsistent with the terms and conditions of these Policies & Procedures; and
- When dealing with other Independent Stylists or customers, you cannot sell, profit, or benefit from any affiliate programs, products or services not marketed by Color Street, or companies that you may mention in a group or page or site that you are using for your Color Street business.

If your 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:

- You must not post or share any links to any website or social media account, page, or platform that promotes the products, services, or business program of any other direct selling company. Rather, you should promote only Color Street on the page or site.
- While you are an active Independent Stylist of Color Street (according to the 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.
- If you participate in any other direct selling opportunity, you must use separate online and social media groups or pages for the other direct selling company and keep those groups or pages completely separate from groups or pages used to promote your Color Street business.

4d – Unsolicited Communications

You may not send unsolicited, bulk-email, 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 Nail Bars.

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.

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 2d ‘Handling Personal Information’ and 2e ‘Give the Customer Notice and Choices’.

4e – Marketing Materials and Restricted Use of Color Street Intellectual Property and Content

At Color Street, our goal is to provide you with all the materials you need to successfully market your business. However, if you feel the need to create your own marketing materials, you must ensure they fully comply with the terms of the 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 in promotional media 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 live 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 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;
- profit from the use of Color Street Brand trademarked names except as permitted by the 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 PW since this contains branded domain names, such as 'mycolorstreet.com/_____' and 'colorstreet.com/_____' This reduces any confusion between your PW 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; or
- 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.

4f – 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. In order 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.

4g – Co-Mingling Marketing of Brands

You may not market any Color Street Products or the Color Street brand in conjunction with any other products, services or brands. This includes the use of internet sites, blogs, social media groups or pages that are dedicated to other products, as well as vendor events, Nail Bars or any other avenues to promote Color Street products.

4h – Marketing and Naming Your PW

We highly encourage you to market your PW link in order to drive online sales to your business. However, you may not use any paid type of search engine marketing strategies for your PW, such as Google AdWords.

- Do not market your PW 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 Nail Bar, you may not post your PW link in response.
- 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' 'nailbar' 'nail bar' 'nailshop' 'nail shop' or geographic locations (cities, major regions) to the Color Street name.

- Any personal extension you add to the URL of your PW must identify you clearly and accurately without creating confusion or implying that you represent the Home Office. If the company determines that the PW 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.

4i – 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.

You may substitute your Paid Rank from the previous full commission period as follows:

Your Name, Color Street Independent 'Title'.

4j – 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 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 Stylist purchasing that product or service, or
2. The information you share does not interfere with the Company marketing plan or cause another 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 Color Street products or business supplies to another 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, Stylist price, discounted price, or higher price.

4k – Catalogs and Flyers

We encourage you to advertise your business via Company-provided 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.

4l – 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, Rank
- Independent Stylist with Color Street
- Phone Number, Address (if you desire to list your address)

4m – Sales through Other Internet Sites

Independent Stylists are prohibited from selling Color Street Products on any site other than your PW. This includes, but is not limited to, eBay, Etsy, Amazon, Craigslist, Groupon, Poshmark, 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. 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 Stylist Agreement.

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

4n – 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 in order to drive sales and direct customers to your Color Street business or PW.

4o – 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 an impression that you represent the Home Office.

4p – Trade Shows/Expos/Booth Events

You may promote your business at exhibits, trade shows and craft fairs, as long as you comply with the following:

- You must register for the event and always refer to yourself as a Color Street Independent Stylist.
- You must ask the event organizer if a 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 have a representative present at all times and must not be used to promote another business. Only Color Street brand products and the Color Street opportunity can be promoted at your booth during the event.
- Participation is restricted to events that have a duration of no more than eight (8) two-week events per calendar year. Note that events that occur at the same location (for example, a convention center) more than once per year are considered separate events if there is a separate agreement/contract for each event and separate advertising for each event. Note also that if the same event repeats more than eight (8) times a year, no stylist is permitted to have a booth at any of those events, as the location is deemed a prohibited retail location (for example, a weekly farmers market, or a monthly “First Saturday” vendor event).
- 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 outcomes for past Trade Shows/Expos/Booth Events.
Please see 2o Retail Displays/Pop-up Shops for more information

4q – Privacy and 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 PW, 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 PW 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.

4r – Product Information and Claims

You should not make any claims that Color Street's products have therapeutic properties of any kind. 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.

4s – International markets

You may enroll Independent Stylists only in countries on the Company's approved list located in your Virtual Office. All Color Street products, literature, sales aids or promotional material can only be sold in the United States and other countries on the Company's approved list. You may not sell directly or indirectly to others who export these Company assets. All assets relating to the Company, its products or services, or its program should be marketed and sold by Independent Stylists only inside the United States unless otherwise notified.

SECTION 5: TAXES

As an independent contractor, you are not an employee of Color Street and you are responsible for paying local, state and federal taxes on any income generated as an Independent Stylist.

It is your responsibility to maintain complete records of your income and expenses. Each year, the Company will send you an IRS Form 1099 MISC (Non-Employee Compensation) earning statement when required.

SECTION 6: REACTIVATION

An Independent Stylist whose 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 Stylist Agreement has been deactivated 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 Career Rank of Stylist. If you had a Downline team, that team 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 card on file;
- Your original Enrollment Date will not change, and you will not have the opportunity to earn Jump Start Rewards as a new Independent Stylist. You will see two important dates on your file: an original enrollment date and the latest reactivation date;
- To remain active, you will need to achieve the paid rank of Bonus Qualified Stylist (\$300 or more in Personal Sales Volume in a calendar month) within three (3) full months of the reactivation date;
- You will not be able to purchase a Starter Kit;

- Since your account is being reactivated, it will not count as a recruit for the Enroller. Therefore, your Enroller will not be able to strategically place you;
- You can reactivate your account a maximum of three (3) times. After the third reactivation, you may not be accepted as a Color Street 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. (Purchase is optional 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;
- Since you will be treated as a new Independent Stylist, your reactivation will count as a recruit for the Enroller and you can be strategically placed if the Enroller has a paid rank of Team Leader or higher;
- To remain active, the Independent Stylist must achieve a paid rank of Bonus Qualified Stylist (\$300 or more in Personal Sales Volume in a calendar month) within six (6) full months of the enrollment date.

SECTION 7: GENERAL TERMS

7a – Legal Compliance

As an Independent Stylist, 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. This includes calculating the appropriate income and self-employment taxes and maintaining your own insurance coverage.

7b – 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, or
- Color Street’s employees or those of its affiliates or subsidiaries

7c – Participating in Another Direct Selling Program

If an Independent Stylist is engaged in another direct selling program or business, it is the responsibility of that Independent Stylist to ensure that his or her Color Street business is operated entirely separate and apart from all other businesses and/or direct selling programs. To this end, the Independent Stylist must not:

- Display Color Street promotional materials, sales aids, or products with or in the same location as, any non-Color Street promotional material or sales aids, products or services;

- Offer the Color Street opportunity, products or services to prospective or existing customers or Independent Stylists in conjunction with any non-Color Street program, opportunity or products;
- Offer, discuss, or display any non-Color Street opportunity, products, services or opportunity at any Color Street-related Nail Bar, home party, meeting, seminar, convention, webinar, teleconference, or other function; or
- Offer or promote the products, services, or opportunity of any other direct selling program on any social media group or page used by an Independent Stylist for his or her Color Street business.

7d – Non-Solicitation

The Company does not under any circumstances allow you to solicit, hire, offer employment or compensation of any kind to its employees or other Independent Stylist(s) during your active Independent Stylist status and one (1) year after your termination as an Independent Stylist.

7e – 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; or
- 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.

Color Street reserves the right to reduce an Independent Stylist’s freedom to participate in Color Street events if that Independent Stylist or a member of their immediate household is an employee of another direct selling company.

7f – Targeting the Sales Force of Other Direct Selling Companies

Color Street does not condone or approve of Independent Stylists specifically or consciously targeting the sales force of other direct sales companies. 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.

7g – Business Entities as Independent Stylists

Business Entities may enroll as Independent Stylists by completing the 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 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 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 Stylist on the account of the Business Entity.

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 Stylist on the account.

Death: In the event of death of a Stylist, the rights and responsibilities of the Stylist position may not be passed on. This includes Stylists who formed business entities.

Disability: Should you become disabled to the extent that you can no longer fulfill the required duties, the Stylist Agreement shall terminate.

Sale or Transfer: You may not sell or transfer your Color Street Business.

7h – Limitations on Independent Stylist and Household Businesses

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.

Two (2) or more 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.

7i – Actions of Household Members

If a family member who lives in the same household of an Independent Stylist does something that violates the Stylist Agreement, the Independent Stylist may be held responsible for the actions of that household family member.

7j – Bank Accounts

As a Color Street 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.

7k – 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.

7l – Grievances and Complaints

If you have an unresolvable grievance or complaint about another Independent Stylist regarding any practice or conduct related to the Color Street business, please submit an email describing the situation to Customer Service at customerservice@colorstreet.com for review.

7m – 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 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.

7n – Assignment and Delegation by Color Street

Color Street shall not assign its rights in the 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.

7o – 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.

7p – 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.

7q – Insurance

As an Independent Stylist, you are responsible for obtaining liability insurance for your business.

7r – Dispute Resolution

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