

Policies & Procedures & Independent Stylist Agreement – October 2019
Frequently Asked Questions (“FAQ”)

Welcome to Color Street! Color Street is providing this FAQ to help Independent Stylists better understand the Independent Stylist Agreement (“Agreement”) and Policies and Procedures (“Policies”) which promote integrity, honesty and fairness for each and every Stylist.

This FAQ is not a comprehensive document and is not intended to be a substitute for the documents themselves. To better assist Independent Stylists, this FAQ will be updated as needed.

Getting Started as an Independent Stylist

Enrollment

Question	Answer
Can I enroll my daughter as a Stylist and/or can my child be my business partner?	All Stylists must be of legal age in their state. Underage children cannot be business partners. <i>Agreement Section 1.</i>
How does a new Stylist enroll in North Dakota without purchasing a kit?	The new potential Stylist must send their request to become a Stylist to Customer service via mail. The letter should include their full name, phone number, and the enroller's Stylist ID number and full name. Once Customer Service receives the request, they will contact the inquirer and complete the enrollment within 48 business hours. <i>Agreement.</i>
Under paragraph 6 of the independent Stylist agreement it says that eSuite fees are not required for North Dakota residents. Does a Stylist get the benefit of the eSuite without having to pay for it? If they don't receive the eSuite (which includes the customer facing website) then how are orders placed?	They may join without an eSuite subscription if they choose. Without an eSuite subscription, they will not have access to the Virtual Office or a personal website, and they will be required to submit all orders on the standard Color Street order form through mail with a valid credit card number included. Once received, Customer Service will process the order within 48 business hours. <i>Agreement.</i>

Inventory

Question	Answer
Do I need to carry inventory?	No. Stylists may order items for resale at upcoming events, but this is not required. <i>Policies Section 1c.</i>

Conducting Business as an Independent Stylist

Independent Contractor

Question	Answer
Are Stylists treated in any way as employees?	No. Stylists are independent contractors who agree to the guidelines of the Stylists Agreement and Policies and Procedures. <i>Agreement Section 3.</i>

Term & Termination

Question	Answer
How does it work if I no longer wish to be an Independent Stylist, or if for some reason my Stylist Agreement is terminated? And can I get a refund of the monthly eSuite fee?	Although we would like you to keep you as an Independent Stylist, you are free to terminate our relationship at any time. Please refer to Agreements 6 – 11, since they cover all aspects of this important topic. <i>Agreement Sections 6-11.</i>

Ethical Conduct

Question	Answer
For any reason, can I post negative statements about the Company, its officers, or other Stylists.	No. <i>Agreement Section 13; Policies Section 7b.</i>
Can I solicit any Stylist to join another company, either directly or indirectly through another person?	No. Stylists cannot directly or indirectly solicit other Stylists for another direct selling company. <i>Agreement Section 14.</i>

Customer's Personal Information

Question	Answer
What is required in terms of handling customer information, and providing a receipt and notice of their right to cancel an order?	It is the Stylist's responsibility to handle customer information in confidence, to give the customer choices, and to provide a receipt and notice of their right to cancel. Note that one electronic receipt is sufficient; when providing a paper receipt, please give the customer two copies. <i>Policies Sections 2d, 2e, 2f.</i>
In the social media section, it says if you create a group or page for your Color Street business "you must never post personal information about other Independent Stylists or Color Street customers." Will	Personal Information in this context would include their contact information, income, Color Street ID or login. It would not preclude an upline sharing recognition of top sellers or recruiters, for example. <i>Policy 4c.</i>

you clarify what is meant by personal information?	
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Orders, Service, No Backorders

Question	Answer
Does Color Street accept orders for out of stock items? What is the backorder policy?	The Company does not accept backorders. Stylists should not accept payment from a customer until an item is in stock at the time the order is placed. <i>Policies Section 2j.</i>

Discounts, Free Samples and Promotions

Question	Answer
Can I offer discounts to customers?	There can be no “join” offers and thus no discounts on the starter kit. The products can be discounted but only in private and never in public. No discounts or deals or offers of any kind can be made at any public event or on any public site. Note, this does not apply to Company discounts on product or join, which may be shared both in public settings or private groups. <i>Policies Section 2l.</i>
Can I offer a free sample in public?	Yes, but only two-finger testers. <i>Policies Section 2l.</i>
Can I share Company promotional offers?	Yes, in either a private or public setting. <i>Policies Section 2l.</i>
Can I post a discount in multiple closed groups on social media?	No. Discounts, deals and offers can only be posted in a closed personal group that has entirely as its members contacts of yours who have opted into the closed group. <i>Policies Section 2l.</i>
Does policy 4g (“no commingling of brands”) mean I can’t offer gift sets and gift baskets?	Policy 4g "Commingling Marketing of Brands" is intended to prohibit a Stylist from marketing and selling multiple brands, regardless of whether or not that brand is a Color Street competitor. This rule does not apply to using small goods (such as nail accessories, chocolate, etc.) and packaging and presentation materials to offer personalized gifting. Stylists can offer personalized gifting as long as the majority of the value is Color Street products. <i>Policies Section 4g</i> Since personalized gifting represents added value it can’t be offered in public social media channels. <i>Policies Section 2l.</i>

Bonus Buying and Inventory Loading

Question	Answer
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Can I place an order – for myself or for another Stylist – to help them achieve a bonus, earn a rank, earn a contest award of any kind?	No. Stylists cannot place orders as customers of any other Stylist. Stylists cannot engage in Bonus Buying. Please read and understand <i>Policies Section 2m</i> .
Can I buy a Starter kit for a new Stylist?	No. <i>Policies Section 2m</i> .
Can I pressure downline Stylists to order inventory, so they achieve BQ?	No, as this can lead to inventory loading. However, an upline who reminds a downline Stylist that they are close to achieving BQ or any other rank is encouraged. <i>Policies Section 2n</i> .
When should I expect a random audit?	All Stylists who are selling to legitimate end customers have nothing to fear. To comply with FTC regulations, we need to ensure that at least 70% of the items ordered from the Company by a Stylist are sold to end customers. When people order through your official Stylist website, the data is captured. Those who order ahead and resell later, should simply keep records of customer receipts. <i>Policies Section 2n</i> .

Retail Locations and Booths

Question	Answer
Can I hold a Nail Bar in a retail store, restaurant, salon?	Yes, up to 8 times in a calendar year per retail location. <i>Policies Section 2o</i> .
Can I have a permanent or semi-permanent product display in a retail location?	No. <i>Policies Section 2o</i> .
What permanent or semi-permanent display is allowed in a retail location?	Color Street Business cards, catalogs, or other printed marketing materials – no products or two-finger testers. <i>Policies Section 2o</i> .
If a Stylist owns or is employed by a salon, can they sell Color Street products in the salon?	No. They could host up to 8 Nail Bars at the salon in a calendar year. They could have a marketing display. But no product sales or product display on a permanent or semi-permanent basis. <i>Policies Section 2o</i> .
A booth event repeats more than 8 times a year at the same location. Can I have a booth at this location?	No. If a given location has events that repeat at that location more than 8 times in a calendar year, then that location is prohibited, and no Stylist can have a booth there. Note, however, that if separate events are held – with separate contracts and marketing for each event – at a given location, that is a permissible location. <i>Policies Section 2o</i> .
If an event is held more than 8 times a year at a location, does that mean I can only hold 8 or fewer of those events?	It means that no Stylist is permitted to hold any of the events at that location. The location itself is considered a prohibited retail location. So, for example, if a shopping mall has a vendor booth event once a month, no Stylist can participate in any of those events. If a farmer’s market occurs weekly from

	June through September, no Stylist can have a booth at that farmer’s market. <i>Policy 2o.</i>
Is a booth event in a mall considered a retail location? And if so, which policy applies?	A shopping mall is a retail location even if a multi-booth event is being organized at the mall. Therefore, both Policy 2o (retail displays and popup shops) and Policy 4p (trade shows/expos/booth events) are relevant. Since Policy 2o restricts events in retail locations to a maximum of 8 one-day events per year, nearly all booth events at shopping malls are prohibited. So, if a mall event repeats more than 8 times, or if the event lasts longer than one day, then no Stylist can book a booth at any of those mall events. <i>Policies Sections 2o, 4p</i>
Does the company allow two Stylists to have booths at one event?	No, but the company can’t guarantee the participation outcome. We require Stylists to register with their name + the name Color Street, to ask if another Color Street both is registered, and to not double book even if the event coordinator permits multiple booths per company. <i>Policies Section 4p.</i>
Can I have any non-Color Street products or brands at a Color Street event or booth?	No. We don’t allow our products or brand to be commingled with any others. <i>Policies Section 4g.</i>

Company Leads

Question	Answer
How are Company leads handled?	A lead is someone who visits our Colorstreet.com website to place an order, enroll as a Stylist, or request information. They give their zip code and are assigned to a Stylist with a paid-rank of Team Leader, Director or Senior Director. <i>Policies Section 2q.</i>

Representations

Question	Answer
Can I make income claims to make it more likely I will recruit a prospective Stylist?	Income claims, earnings representations, or lifestyle claims must not be false, misleading or unsubstantiated. You can’t disclose the income of any Stylist, including yourself. True statements about your actual experience with Color Street are permitted but not if the statement implies that your results are typical or that the prospect is likely to achieve similar results. Please review Policies Section 2s and fully understand the 5 terms that comprise an “income statement” or “earnings representation.” <i>Policies Sections 2s and 2t.</i>

Can a Stylist represent another direct selling company?	Yes, but with some restrictions. Please see Policies Sections 2u and 7c. <i>Policies Sections 2u, 7c.</i>
I currently represent another company that sells a product category listed in Policies Section 2u. Do I need to quit?	As of the effective date of the Policies, you would need to resign from that company if you want to remain an active Color Street Stylist. <i>Policies Section 2u.</i>

Building a Team as an Independent Stylist

Changing Enrollers/Sponsors

Question	Answer
I want to change my enroller/sponsor. How can that be done?	To change the enroller/sponsor, you must terminate your Stylist Agreement and wait six months before signing up again under another Enroller/Sponsor. <i>Policies Sections 3d, 6.</i>
I am a brand new Stylist and thought I was joining under (name). My upline is listed as a different person. How can that be changed?	A new Stylist who believes their Enroller is not the Stylist they intended to enroll with must send an email to customer service – customerservice@colorstreet.com – within one (1) business day of the enrollment date. Customer Service will contact the original Enroller and the “intended” Enroller. If all three parties agree to the move, the new Stylist’s Enroller will be changed.

Marketing and Advertising

Online Activities

Question	Answer
Can I post anything online that makes it appear that I am the Company itself and not an Independent Stylist?	Stylists must clearly represent their status as an Independent Stylist and not post anything that makes it appear that they are the company itself and not one of many Independent Stylists. <i>Policies Section 4a.</i>
Can I distribute or sell any marketing or training materials that are deceptively similar in nature to those provided by the Company?	No. <i>Policies Section 4a.</i>
Can I advertise using Google, Facebook, YouTube, or any other paid activity to increase the chances that my website will appear higher in search ranking?	No. <i>Policies Section 4b.</i>

<p>Can I buy mailing lists and send out mass mailings or mass emails to potential customers?</p>	<p>No. <i>Policies Section 4b.</i></p>
<p>Can I have a profile on any online directory that accepts payment to improve my ranking on that directory (Sassy Direct or similar)?</p>	<p>No. Stylists who have listings in any online directory that accepts payments to improve search ranking need to delete that listing by the effective date of the Agreement. <i>Policies Section 4b.</i></p>
<p>I have a website or blog other than my official Stylist website. Can I use that site for my Color Street business?</p>	<p>Stylists can't use a website or blog other than their official Stylist site to sell, book, sponsor, or offer on the site itself. You can include a link to your official Stylist website but only if the outside site does not include other products or brands. If other products or brands are sold or offered on the outside site, Color Street cannot be included. If there is a shopping cart on the blog, Color Street cannot be included. Any SEO or SEM for the outside website cannot include any Color Street trademarks or intellectual property.</p> <p>A linking service such as linktr.ee can be used in the following manner:</p> <ul style="list-style-type: none"> • A link to the Stylist's official Stylist site. • A link to a social media account, group, or page that the Stylist uses for their Color Street business, provided that no discounts or offers can be found on that group or page. Note that a link to the Stylist's closed group for VIP customers can be included, but only if the link's title/description does not highlight that discounts and offers are available in the VIP group. • A link to a form where customers can request a free two-finger tester, providing that there is no content on the form other than information about the offer of a free two-finger tester. • A link to another direct selling business the Stylist represents, but only if the Stylist's lifetime rank is below Executive Director. • Any SEO or SEM for the linktr.ee account cannot include any Color Street trademarks or intellectual property. <p><i>Policies Sections 4b, 4g.</i></p>
<p>Can I post something on Facebook Marketplace?</p>	<p>No, see Policies Section 4m. <i>Policies Section 4m.</i></p>
<p>Can I mention other products on a group or page that I use for my Color Street business?</p>	<p>Yes. But there are restrictions You cannot sell, profit from, or benefit from any affiliate programs, unauthorized products or</p>

	services – or companies that you might mention on your Color Street group or page. <i>Policies Section 4c.</i>
Can I use any paid SEM strategy or tactics for my official Stylist website?	No. <i>Policies Section 4h.</i>
Can I market my Stylist website on any corporate website?	No. <i>Policies Section 4h.</i>
Are there restrictions to how I name my Stylist website?	Yes. For example, you cannot add any generic extensions such as shop, nail, nailbar, nail_bar, nailshop or similar. You can't add extensions that are geographic locations. The extension you list cannot imply that you are the Company and must be clear that you are an Independent Stylist. <i>Policies Section 4h.</i>
Are there restrictions to how I name website URLs, email addresses and social network accounts?	Yes. Please see Policies Section 4i. There is only one approved use of the brand name Color Street by Independent Stylists in a listing: Your Name, Color Street Independent Stylist (title). <i>Policies Section 4i.</i>
Is there any other website anywhere where a Stylist is permitted to list Color Street products for sale? Amazon or similar?	No. Stylists are prohibited from selling Color Street products on any website other than their official Stylist site. Stylists cannot have another person sell on prohibited sites on their behalf. <i>Policies Section 4m.</i>
Can a Stylist sell on Buy-Sell-Trade groups or pages, social media “garage sale” groups or pages, social media marketplaces?	No, and neither can Stylists have another person sell on prohibited social media groups or pages on their behalf. <i>Policies Section 4m.</i>
Can I have a “shop” on any social media platform, for example a Facebook page that has a Color Street shop? A shop on Instagram?	No. Stylists cannot have a separate shop on a social media platform. Stylists can post a link on social media platforms to their official Stylist website, and that is the only e-commerce shop that is authorized. <i>Policies 4e, 4m.</i>
Can I sell discontinued products to another Stylist and are there price restrictions?	Policy 4j says Stylists cannot promote the sale of current Color Street products or business supplies to another Stylist. Please keep in mind that policy 4m does not permit sales of any Color Street products (current or discontinued) to anyone on any unauthorized websites or social media sites (Amazon, etc.). Also please note that policy 2l does not permit discounts or offers on Color Street products in public (and this applies to all Color Street products, both current and discontinued). <i>Policies 4j, 4m, 2l.</i>
Does Policy 4j mean that if I recruit my hair stylist, they can no longer be my hair	No, the policy does not extend that far. However, if your hair stylist became a Color Street Independent Stylist, they would need to avoid promoting/marketing their services to Color

stylist because they would profit from my having them style my hair?	Street Stylists. The policy is in place to avoid a situation where a Stylist with an outside business is marketing to fellow Stylists. The intent of the policy is to avoid distractions and pressure on fellow Stylists. <i>Policy 4j.</i>
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Communications

Can I contact a member of the media, or respond to a member of the media without first contacting the Company?	No, all media communications are handled by our PR or Sales team at the Home Office. If an opportunity comes up, please contact Customer Service. They will check with the PR and/or Sales team to see if the idea is approved or not. <i>Policies Sections 4b, 4o.</i>
Can I send out bulk messages in any form to people who have not opted-in to those messages?	No, this is not permitted. You also need to make it clear you are a Stylist, provide an accurate return address, and include a way for them to opt out. <i>Policies Section 4d.</i>

Intellectual Property

Question	Answer
Can I use Color Street Intellectual Property (name, logo, trademarks) to create materials for my Color Street business?	No, but you have a limited right to use Color Street Intellectual Property and Color Street Content solely to promote your Color Street business so please thoroughly read Policies Section 4e since there are simply too many specifics and restrictions to list here. <i>Policies Section 4e.</i>
Can I create and then sell any items that use Color Street Intellectual Property?	No. <i>Policies Section 4e.</i>
Can I edit or alter any Color Street trademark in any way?	No. <i>Policies Section 4e.</i>
Can I create any logo or trademark that is similar to any Color Street trademark?	No. <i>Policies Section 4e.</i>
Can I market Color Street products or the Color Street brand in conjunction with any other product or brand?	No. <i>Policies Sections 4e, 4f.</i>
Can I alter “Color Street content” to personalize my posts?	If an image or file posted in the Virtual Office or shared by the Company in any other manner has the company logo, that image cannot be altered. If an image or file does not include the Company logo, the Stylist can incorporate it into a graphic as long as branding guidelines are followed. <i>Policy 4e.</i>

Can we make our own graphics as long as we follow branding guidelines posted in the Virtual Office?	Yes. Please keep in mind that images with the Color Street logo should not be altered. <i>Policy 4e.</i>
If a flyer has the Color Street logo on it, does this mean I cannot blur the flyer in a pre-release post?	Correct, no alterations to assets that include the Company logo. <i>Policy 4e.</i>
Are Stylists permitted to use images of the packaging in graphics?	Stylists can take photographs of our packaged products and use the photos to create graphics. Do not modify a photo of Color Street packaging in way that alters the appearance of the package – for example, placing a watermark or text on the package. <i>Policy 4e.</i>
Is a “nailfie” prohibited? That is, can I post a picture of my manicure?	Nailfies are allowed. While the designs and products are Color Street’s property, this policy does not prevent a Stylist from taking and posting photographs of manicured hands and feet. We encourage Stylists to use the non-logo images we provide in the Virtual Office; since they do not include the logo, they can be incorporated into graphics that the Stylist creates as long as branding guidelines are followed. <i>Policy 4e.</i>
For example, can I create a flyer showing the product thumbnails and/or the strips depicted out of the packaging and thus with no Company logo?	Yes, as long as the flyer uses the proper fonts and follows the branding guidelines posted in the Virtual Office. <i>Policy 4e.</i>

Stylist-to-Stylist Marketing

Question	Answer
Can I profit or benefit from any products or services I promote to other Stylists?	No. You can describe products and services you have used but cannot earn a profit or benefit from that recommendation. <i>Policies Section 4j.</i>

International Shipping

Question	Answer
Can I ship items I have sold to any address outside of the United States?	No, except for APO/FPO (military personnel) addresses. No other country unless Company gives permission. <i>Policies Section 4s.</i>

Reactivation

Question	Answer
I am a former Stylist and want to become a Stylist again. What are the policies?	Please review section 6. There are different policies for those whose date of account deactivation was more than six months ago versus those who went inactive less than six months ago. <i>Policies Section 6.</i>

Questions?

If you have any questions, feel free to reach out to us at customerservice@colorstreet.com.