

Scentsy

POLICIES
and
PROCEDURES
Canada

Effective: March 2012

SECTION 1 – CORPORATE MISSION STATEMENT

To bring value to the world by providing an industry leading, family-friendly business opportunity selling creative, artistic, high-quality products that warm the heart, enliven the senses, and inspire the soul.

SECTION 2 – INTRODUCTION

2.1 – What’s in the Independent Consultant Agreement?

Scentsy Policies and Procedures are a part of the Scentsy Independent Consultant Agreement, pursuant to Section 2 of the Terms and Conditions of the Consultant Application and Agreement.

In its entirety, the Independent Consultant Agreement includes:

- a) Consultant Application and Agreement;
- b) Policies and Procedures;
- c) Scentsy Compensation Plan; and
- d) Scentsy Business Entity Registration Form (if applicable)

When Scentsy refers to the *Independent Consultant Agreement*, *Consultant Agreement*, or *Agreement*, it refers to all components as described above. It is your responsibility to read, understand, and adhere to the most recent version of the Agreement. Likewise, when you sponsor a new Consultant, it is your responsibility to ensure they have read and understand the Agreement they are signing, particularly these Policies and Procedures and the Scentsy Compensation Plan before they sign.

2.2 – Why Do We Need These Policies?

The Policies and Procedures are designed to define the relationship that exists between you (as an **Independent Consultant**), other **Consultants**, and Scentsy Canada Enterprises, ULC and to clearly articulate a standard for acceptable business conduct. By signing the Agreement, you are required to comply with all of its Terms and Conditions, with these Policies and Procedures and with all federal, provincial, and local laws in all countries and jurisdictions where you reside or do business that govern your Scentsy business and conduct.

If you have any questions regarding any policy or rule, do not hesitate to seek an answer from your Sponsor, or **contact Scentsy Consultant Support by emailing support_ca@scentsy.com or calling 1-877-855-0617.**

2.3 – How Are Changes Handled?

Scentsy reserves the right to update or change the Agreement and/or its pricing, including these Policies and Procedures. However, if we make changes or revisions, you will be notified through your Consultant **Workstation**. By electronically accepting this Agreement, continuing as a Scentsy Independent Consultant, or by accepting future bonuses or commissions, you signal your acceptance of any changes that are made.

2.4 – Business Delays Beyond Scentsy’s Control

Scentsy is not responsible for business delays due to circumstances beyond its reasonable control, such as labour strikes and difficulties, riots, war, fire, natural disasters, death, curtailment of a party’s source of supply, or government decrees or orders.

2.5 – Severability

If any part of the Agreement is held to be invalid or unenforceable, only that invalid or unenforceable portion may be removed and the remainder of the Agreement shall remain intact and in force.

2.6 – Scentsy’s Right to Enforce Compliance

Scentsy never gives up its right to insist on compliance with the Agreement or any Policy or Procedure. Even if Scentsy chooses, for whatever reason, not to enforce compliance, this does not make any portion of the Agreement or the Policies and Procedures invalid, and it does not constitute a waiver of Scentsy’s right to

enforce compliance with any term of the Agreement.

A waiver by Scentsy is only valid if delivered in writing by an Authorized Representative of the Company and applies only to the specific instance or occurrence at hand. This written waiver does not limit or impair Scentsy's right to insist on future compliance with the Consultant requesting a waiver, nor does it affect or impact in any way the compliance required of other Consultants, even in similar cases.

SECTION 3 – BECOMING A CONSULTANT

3.1 – Requirements to Become a Consultant

To become a Consultant you must:

- a) Be of the age of majority in your province of residence;
- b) Reside in a province in Canada in which Scentsy is operating;
- c) Have a valid Social Insurance Number **or** federal Business Number, as applicable;
- d) Purchase a Scentsy Starter Kit;
- e) Read and agree to abide by the Company's Statement of Policies and Procedures; and
- f) Submit a properly completed Consultant Application and Agreement to Scentsy.

New Consultants enrol online at the personal Scentsy website of a Sponsor. If you do not have a Sponsor and you would like one, please go to the Consultant locator on www.scentsy.ca.

You must complete the **Independent Consultant Agreement** and agree to all terms and related documents yourself. An existing **Consultant** and/or your Sponsor must not fill out, sign, or accept the Agreement on your behalf. See Section **7.4** for more information on sponsoring. Scentsy reserves the right to reject any new Consultant Application and Agreement.

3.1.1 – Country of Residence

You must be a legal resident of the United States or Canada, or if you are not a permanent resident you must be legally authorized to work in your country of residence in order to enrol as a Consultant. If it is discovered that an individual has provided Scentsy with false residency information or false tax ID information during enrolment, their Scentsy account will be closed and they will lose any commissions not already paid out. Scentsy communication, in any form, whether from a Consultant or the corporate office, should not encourage individuals who are not legally authorized to work in their respective countries (United States or Canada) to complete the enrolment process.

3.2 – Can a Business Enrol as a Consultant?

Certain business entities can apply to be a **Consultant** by submitting a Business Entity Registration Form and a Consultant Application and Agreement to Scentsy, and by following instructions on the **Workstation**. When "you", "your", and "Independent Consultant" are used in these Policies and Procedures, they refer both to individuals and business entities.

Any person or entity with a legal or equitable interest in the **Independent Consultant** business agrees to all of the terms of the Agreement and these Policies and Procedures. If such person or entity violates or is out of compliance with the terms of the Agreement then the entire **Independent Consultant** business is out of compliance and subject to disciplinary action as a single entity.

If you joined Scentsy as an individual but wish to change your status to a business entity, you may do so by following the steps outlined in Section 5.2.1.

3.3 – Identification

During the application process, you must provide your Social Insurance Number or federal Business Number, as

applicable, to Scentsy. Once your application is submitted and accepted, Scentsy will assign to you a unique identification number, known as a Consultant ID number that will be used by you and/or Consultant Support to place orders, and track commissions and bonuses. These unique numbers should not be shared with others.

3.4 – Consultant Benefits

When your Consultant Application and Agreement has been accepted by Scentsy, you have the right to:

- a) Sell Scentsy products;
- b) Participate in the Scentsy Compensation Plan;
- c) **Recruit and** sponsor other Consultants (build your downline);
- d) Receive Scentsy literature and other communications;
- e) Access Scentsy-sponsored support, training, motivational and recognition functions;
- f) Participate in Scentsy-sponsored promotional and incentive contests and programs; and
- g) Receive access to an online Consultant **Workstation** that facilitates and records your business interactions with Scentsy.

3.5 – Renewal of Your Scentsy Business

When you join Scentsy, the Consultant Agreement is valid for one year from the date it is accepted by Scentsy. Each year thereafter the Agreement is automatically renewed for all current Consultants for another one-year term, unless either you or Scentsy provide the other party with thirty days written notice of their intention not to renew the Agreement.

SECTION 4 – CONSULTANT RELATIONSHIP WITH SCENTSY

4.1 – Independent Contractor Status

The legal relationship between Scentsy and you as a Consultant is intended to be one of independent contractor, with the specifics of that legal relationship agreed to be as follows:

Control - Subject to the terms of the Agreement, and other applicable laws, you shall have complete control and discretion over the operation of your independent businesses, including, without limiting the nature of the foregoing, how much or how little time you may devote to your businesses, and shall be entitled to establish your own business goals, business hours, and business methods, policies, and procedures.

Ownership of Tools - You shall be responsible for the ownership and acquisition of any business tools, equipment, assets, and expenses, and all business goods, services, and intangibles that you, in your discretion, believe necessary for the operation of your independent business, including, without limiting the generality of the foregoing, the location and appointment of your business office, business cards, letterhead, computer equipment, motor vehicle(s), and other tools and equipment (e.g., phone, office supplies etc.) which you alone deem necessary for the operation of your business, all of which shall be established and/or acquired by you at your own expense. You shall also maintain any insurance, such as liability, fire and theft insurance, during the term of this Agreement for the benefit of your business, in amounts as you **deem** appropriate, and at your own expense.

Chance of Profit/Risk of Loss - Scentsy and you agree that all expenses incurred by you in the operation of your business shall be incurred on your own account, and be your own responsibility. Scentsy and you also agree that the terms of your compensation under the Scentsy *Compensation Plan* is entirely set out in the Scentsy *Compensation Plan*, and accordingly, the chance of profit and the risk of loss inherent in the Scentsy *Compensation Plan*, and inherent in the operation of your independent business as a Consultant, rests entirely with you, with no “expense reimbursement” or “minimum compensation” being offered or guaranteed by Scentsy whatsoever.

No Power to Bind - While you shall be entitled to inform others that you are a Consultant engaged by Scentsy in an independent status, you shall at no time represent yourself to be an employee of Scentsy, and shall clarify with others, where necessary, your status as an independent contractor of Scentsy. You have no authority (expressed or implied), to bind Scentsy to any obligation, and shall not be construed as **purchaser** of a franchise or a business opportunity.

No Creation of Employment, Agency, Partnership, Franchise, or Joint Venture Relationship - The legal relationship between Scentsy and you is not intended to create, and does not create, an employer/employee relationship, agency, partnership, franchise, or joint venture relationship between Scentsy and you.

Treatment as Independent Contractor for Tax and Other Purposes - Accordingly, and as set out in Section 4.4 hereof, you will not be treated as an employee of Scentsy for Canadian provincial or federal tax purposes (including, but not limited to: federal income tax withholding or reporting requirements, federal Employment Insurance (EI) and Canada Pension Plan (CPP) deductions, the Goods and Services Tax (GST)/Harmonized Sales Tax (HST), the Quebec Sales Tax (QST), applicable Provincial Sales Tax (PST) and other like taxes obligations, and provincial employment standards rules and workers' compensation deductions). You shall take all steps necessary to comply with your own tax obligations as Consultant, including, without limiting the generality of the foregoing, all federal income tax, CPP, EI, GST/HST, QST, provincial income tax and PST, and other like requirements.

4.2 – Non-Solicitation of Scentsy Employees

Scentsy works hard to ensure it provides the best possible experience for its Consultants. In order to make this possible, we recruit and train employees for your benefit. Because it is expensive to recruit and train employees and critical for these employees to remain loyal to Scentsy and to you, you are expressly prohibited, without Scentsy's prior written permission, from soliciting, hiring, offering employment or compensation of any kind, or otherwise using any services of any Scentsy employee outside of the scope of his/her employment during the term of said employment, or for a period of three years after the employee leaves Scentsy.

4.3 – No Territory Restrictions or Franchise Fees

There are no exclusive territories granted to anyone **for selling, recruiting, or marketing**. No franchise fees are required.

4.4 – Taxes & Withholding Obligations

As an independent contractor, you are generally responsible for the compliance with federal, provincial, and local taxing legislation, as that legislation affects your independent business.

For greater certainty in this regard:

Income Taxes - You shall be responsible for payment and/or withholding of all relevant federal, provincial, and/or local income taxes, self-employment taxes, and any and all other taxes required in respect of your business, or your purchases, under federal, provincial, or other applicable taxing laws. You acknowledge that as an independent contractor, you will be not be treated as an employee for purposes of, but not limited to, federal and provincial income tax source withholding requirements, provincial employment standards rules, provincial workers' compensation deductions, and EI and CPP deductions, and that Scentsy is not responsible for any withholdings, and shall not withhold or deduct from your bonuses and commissions, if any, taxes of any kind. Rather, all Consultants shall be responsible for paying local, provincial, and federal taxes due from all compensation earned as a Consultant of Scentsy, and for all other federal or provincial tax compliance obligations imposed on their business.

Sales Taxes - You shall also not be treated as an employee for purposes of the GST/ HST, QST, PST, and other like sales taxes. If Scentsy is required to charge any such taxes in respect of its supplies of goods or services to you as Consultant or Scentsy's direct retail customers, Scentsy will collect and remit these taxes in

respect of its sales as appropriate. However, Scentsy is not responsible for collecting or remitting any sales taxes on your behalf. Rather, all Consultants shall be responsible for collecting and remitting all applicable local, provincial, and federal sales taxes, and for all other federal or provincial tax compliance obligations imposed on their business, although, as set out below, Scentsy may at its discretion enter into sales tax pre-collection agreements with the federal and provincial taxing authorities. (You agree that references to GST/HST shall include the harmonized Ontario sales tax, as and when implemented).

Pre-Collection Agreements/Arrangements - Notwithstanding the foregoing, Scentsy reserves the right to enter into sales tax pre-collection agreements with the federal and provincial taxing authorities which could relieve you of the burdens of collecting and remitting sales taxes (including GST/HST, QST, and applicable PST), filing sales tax returns, and keeping records relative to sales taxes. Where applicable, Scentsy will notify you of the implementation of such agreements, and will charge and pre-collect sales taxes accordingly. Upon and in accordance with such notice, you shall cancel your sales tax registrations, cease collecting sales taxes from your customers, and follow any conditions set out in the notice.

Tax-Exempt Customers - Outside of fundraising events, if you sell products to a tax-exempt customer for their own use, Scentsy requires you to send a copy of the sales tax exemption certificate or ID card by email to salestax@scentsy.com or by fax to 208-888-4306, Attn: Finance Department. After submission, create the tax-exempt purchaser as a new customer in your **Workstation** and the Finance Department will mark the entity as tax-exempt so that tax is not assessed when future orders are placed.

4.5 – Timely Reporting of Errors

If you believe errors have been made regarding commissions, bonuses, charges, or the placement of Consultants in your downline organization, you must notify Scentsy, in writing, at: Scentsy, Suite 115 1925- 18 Avenue NE, Calgary, AB T2E 7T8, within sixty (60) days of when the purported error or incident occurred.

4.6 – Limitation of Liability

By signing the Consultant Agreement, you agree to release, discharge, and hold harmless Scentsy, and anyone directly affiliated with Scentsy (employees, board of directors, officers etc.) from any losses or damages, including costs and fees, incurred or suffered by you as a result of:

- a) Your breach of the Consultant Agreement (including these Policies and Procedures);
- b) The improper promotion or operation of your Scentsy business and any related activities (e.g., the presentation of Scentsy's products or Compensation Plan, the operation of a motor vehicle, the lease of meeting or training facilities, etc.);
- c) Any incorrect data or information provided by a Consultant to Scentsy; or
- d) Your failure to provide any information or data necessary for Scentsy to operate its business.

4.7 – Requests for Records

Consultant requests for copies of invoices, applications, downline reports, or other records will require a fee of \$1.00 per page per copy.

4.8 – Roll-Up of Downline Organization

When a vacancy occurs in a downline organization due to the cancellation of a Scentsy business, everyone shifts up one level; so the first level (or frontline) of the cancelled Consultant now becomes the first level (or frontline) of the cancelled Consultant's Sponsor.

4.9 – Sale, Transfer, or Assignment of a Scentsy Business

Scentsy allows for the sale or transfer of your business in the event you wish to retire from direct selling as defined below. Although your Scentsy business is privately owned and independently operated, the Agreement, including these Policies and Procedures, is an agreement between you and Scentsy. You may not assign any of the rights you are granted under the Agreement, without first obtaining written authorization from Scentsy.

Such authorization is at Scentsy's discretion, and will only be granted if, in Scentsy's opinion the following criteria are met:

- a) Protection of the existing line of sponsorship must always be maintained so that the Scentsy business continues to be operated in that line of sponsorship. The buyer must, in the opinion of Scentsy, be qualified and have the skills, resources, and experience to appropriately carry on the seller's business and to manage the seller's downline.
- b) The buyer or transferee must be (or must become) a qualified Scentsy Consultant and be approved by Scentsy. If the buyer is a current Scentsy Consultant, he or she must first terminate their Scentsy business simultaneously with the purchase, transfer, assignment, or acquisition of any interest in the new Scentsy business.
- c) Before the sale, transfer, or assignment can be finalized and approved by Scentsy, any debt obligations the selling Consultant has with Scentsy must be satisfied.
- d) The selling Consultant must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer, or assign a Scentsy business.
- e) The seller agrees not to compete by joining another direct selling company for a period of twelve (12) months following the effective date of the transfer. Any violation will result in the cancellation of the transferred account and disputes arising from the violation are between buyer and seller. Both buyer and seller must agree in writing to this provision.
- f) Both the Seller and the Buyer must execute the Account Transfer Form, agreeing to the terms set forth here (located in the **Resources** tab, Business Builders section, in your **Workstation**) and email it to accountservices@scentsy.com.

Prior to selling your Scentsy business, you must notify Scentsy's Account Services Department of your intent to sell. Upon complete execution of the purchase and sale agreement, you must submit a copy of it to Scentsy for review. Scentsy reserves the right to request additional documentation that may be necessary to analyze the transaction between the buyer and seller. Scentsy will, at its sole and absolute discretion, approve or deny the sale, transfer, or assignment. If you fail to obtain Scentsy's approval for the transaction, the transfer shall be voidable at Scentsy's option.

The purchaser of the existing Scentsy business will assume the obligations and position of the selling Consultant. Additionally, if you sell your Scentsy business you will not be eligible to reapply as a Scentsy Consultant for at least six (6) full months after the date of the sale.

4.10 – Separation of a Scentsy Business Due to Divorce or Business Break Up

When a Scentsy business is jointly owned and operated between a husband-wife partnership, or across a business entity, there needs to be a way to equitably separate that Scentsy business in the event of a divorce or the dissolution of the business entity. This separation must be handled in a way that does not adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Consultants and the Company, Scentsy will, at its discretion, terminate the Consultant and cancel the Consultant Agreement.

During the pendency of a divorce or business break-up, you must adopt one of the following methods of operation:

- a) One of the parties may, with consent of the other(s), operate the Scentsy business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners, or trustees authorize Scentsy to deal directly and solely with the other spouse or non-relinquishing shareholder, partner, or trustee.
- b) The parties may continue to operate the Scentsy business jointly on a *business-as-usual* basis, where

upon all compensation paid by Scentsy will be paid in the joint names of the Consultants or in the name of the entity to be divided as the parties may independently agree between themselves.

In the event that you are unable to resolve a dispute over the disposition of commissions and ownership of the business, your Consultant Agreement will be involuntarily cancelled. Once a spouse or former business affiliate has completely given up their rights in their original Scentsy business, they are free to enrol under any Sponsor of their choosing and develop their new business the same as any other new Consultant.

4.11 – Succession Due to Death or Incapacity

In the event of your death or **incapacitation**, your Scentsy business may be passed to your heirs. For this to occur, the necessary legal documentation must be submitted to **accountservices@scentsy.com**. If you wish to bequeath your Scentsy business, please work with an attorney to prepare a will (or other testamentary instrument). If you transfer your Scentsy business in this manner, your beneficiary acquires the right to collect all bonuses and commissions from your downline organization, provided certain qualifications are met. The successor(s) must:

- a) Execute a new Consultant Agreement;
- b) Comply with terms and provisions of the Agreement; and
- c) Meet all of the qualifications for the deceased Consultant's rank.

Bonuses and **commissions** of a Scentsy business transferred in this manner will be paid in a single **instalment**. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal Business Number. Scentsy will issue all bonus and commission **payments** to the business entity.

4.11.1 – Transfer Upon Death of a Consultant

To effect a testamentary transfer of a Scentsy business, the successor must provide the following to Scentsy:

- a) An original death certificate;
- b) A notarized copy of the will or other instrument establishing the successor's right to the Scentsy business; and
- c) A completed and executed Consultant Agreement.

4.12 – Privacy Policy & Consent

By becoming a Consultant, you understand and agree that certain personal information relating to you **and your** business will be collected, used, and retained by Scentsy in accordance with Scentsy's Privacy Policy, as amended from time to time, and otherwise in accordance with Canadian federal and provincial privacy laws, and you hereby **consent** to the same. Scentsy hereby reserves the right to amend or revise the terms of its Privacy Policy without express notice **to you**, and you hereby consent to the same amendments, provided not unreasonably made.

4.12.1 – Adoption & Implementation of Federal or Provincial Privacy Policies

In operating your independent business as a Consultant, you also agree to adopt, implement, and disseminate a privacy policy that complies with all Canadian federal or provincial privacy laws that its business may be subject to, of which you are solely responsible, and which compliance shall be undertaken at your sole expense.

You acknowledge that its failure to comply with these terms may result in immediate **cancellation** of your Consultant Agreement, with no further notice requirement.

Without limiting your obligation to comply with federal and provincial privacy laws affecting its own business, at its own expense, Scentsy hereby grants you, at no additional charge, for the term of your Consultant Agreement, the right to copy and use in its business the Scentsy Privacy Policy, and related privacy policy

consents.

SECTION 5 – RESPONSIBILITIES OF CONSULTANTS

5.1 – Change of Address or Telephone

To avoid any disruption in your business, please notify Scentsy two (2) weeks prior to your address and/or telephone number changing. You can easily make these changes on the **Profile Page** within your **Workstation**.

If you require assistance, please contact **Account Services** at (accountservices@scentsy.com).

5.1.1 – Changing Your Residency to Another Country

You may change the country of residency in which you operate your Scentsy business if certain conditions are met. For example, you must submit a Consultant Country of Residence Form and agree to the Policies and Procedures of the new country. For more information and to find the necessary forms, please see the Scentsy, Inc. Forms link in the Resources tab on your **Workstation**. For additional assistance, email accountservices@scentsy.com.

5.2 – Changes to Your Scentsy Business

If information within your Consultant Application, Agreement, **or profile** changes, it is your responsibility to update the information on your **Workstation** or to notify Scentsy of the changes.

5.2.1 – Changing From an Individual to a Business Entity

You may also modify your existing Consultant Agreement (e.g., change **Social Insurance** number to federal **I.D. number** or change the form of ownership from an individual proprietorship to a business entity owned by **the Consultant**) by submitting a written request, a properly executed Consultant Application and Agreement, and a completed **and signed** Business Entity Registration Form, **including Employer Identification Number (EIN)**, Articles of Corporation or documentation verifying the legal formation of the business, and a change fee, if applicable. If approved, the effective date becomes the first of the following month in which the form is received.

5.3 – Leadership and Continuing Development Obligations

When you sponsor other Consultant(s), you must take a proactive role in providing assistance and training, and ensure that new Consultants understand and comply with the Agreement, including these Policies and Procedures.

Examples of Sponsor responsibilities may include, but are not limited to: written correspondence, personal meetings, telephone contact, voice mail, emails and accompaniment to Scentsy meetings, and other functions. It is Scentsy's expectation that Sponsors provide support in regards to the Policies and Procedures, provide answers to questions, and be the first point of contact for the frontline to come to for support or training.

5.3.1 – Director Obligations

The Scentsy Compensation Plan contains a leadership bonus for Consultants who achieve the rank of Director or higher. Receipt of this bonus is conditional upon your compliance with the Scentsy requirement to provide assistance and training to those to whom you have a leadership responsibility.

Your leadership responsibility to provide assistance and training extends to your "team" defined as those in your group who are not under another Director. A Director is also responsible to provide assistance and training to first-generation directors in his/her group. A Star Director's obligation is to their team and first- and second-generation Directors, and a SuperStar Director's obligation is to their team and all Directors not under other SuperStar Directors in their group.

In addition to the responsibilities of a Sponsor, it is expected that Directors provide regular team communications and opportunities to interact, including but not limited to: newsletters, Facebook groups, and regular team meetings/conference calls.

If you are aware that a Consultant in your group is violating the Agreement, including these Policies and Procedures, it is your responsibility to educate, inform, and bring them back into compliance.

5.3.2 – Non-Leadership-Seeking Consultants

Consultants who do not wish to take a proactive role in providing assistance and training, and in ensuring those in their downline (1) are aware of Scentsy Policies and Procedures; and (2) comply with the Agreement and Policies and Procedures; can request for their account to be locked into a non-leadership title of “Certified.” Commissions earnings will stay constant at 25% of monthly PRV totals. Downline members will be rolled up one level, so the first level (or frontline) of the non-leadership Consultant now becomes the first level (or frontline) of the Consultant’s Sponsor and the Consultant will no longer be allowed to sponsor other Consultants

If the Consultant wishes to revoke the locked title status on their account, the Consultant relinquishes all rights to previous downline members and bonus earnings. Requests to invoke and revoke this policy should be submitted to accountservices@scentsy.com.

5.4 – Document Training of Your Frontline

Upon request, you must be able to provide documented evidence to Scentsy of your ongoing fulfilment of the responsibilities of a **Sponsor and Director** as outlined in Section 5.3. Failure to do so may result in **disciplinary action**.

5.5 – Providing Documentation to Applicants

When you sponsor a new Consultant, you must ensure they have access to, and have reviewed, the latest version of the Policies and Procedures and the Compensation Plan before the new Consultant signs the Consultant Agreement or signs up online. Copies of the Compensation Plan and Policies and Procedures can be acquired from Scentsy or downloaded from **the Resources tab in your Workstation**.

5.6 – Reporting Policy Violations

If you witness or observe a Policy violation by another Consultant, you are obligated to report the violation to compliance_ca@scentsy.com. Please provide sufficient detail (situation, violation, dates, location, persons involved etc.) for Scentsy to act. Scentsy will make every effort to ensure that your identity, and information you share that may reveal your identity, remains confidential.

5.7 – Adherence to Laws and Ordinances

5.7.1 – Local Ordinances

Many **cities, counties, and districts** have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to **Consultants**; however, you must obey those laws that do apply. If a local government official informs you that an ordinance applies to you, please be polite and cooperative, and immediately send a copy of the ordinance to support_ca@scentsy.com. Scentsy will work with you to understand and resolve the situation.

5.7.2 – Compliance with Federal, Provincial, and Local Laws

Consultants shall comply with all federal, provincial, and local laws and regulations in the conduct of their businesses.

SECTION 6 – MARKETING YOUR SCENTSY BUSINESS

6.1 – Adherence to the Scentsy Marketing Plan

As a **Consultant**, you are obligated to market and promote your Scentsy business only as set forth in official Scentsy literature and in a manner consistent with Scentsy policies. You may not offer the Scentsy opportunity through, or in conjunction with, any other system, program, or offering.

6.2 – General (applying to both online and offline marketing and promotion)

It is your responsibility to safeguard and promote the good reputation of the Scentsy brand and to ensure your marketing efforts contribute to the public interest, and avoid discourteous, deceptive, misleading, unethical, or immoral conduct or practices.

6.2.1 – Independent Consultant Logo / Identity

Scentsy grants its Consultants a limited licence to use the Independent Consultant logo. This licence allows you to use the Independent Consultant logo in communications, including on approved websites, and on items you make for yourself or your team to conduct your Scentsy business. This licence may not be assigned to third parties to produce items for you or your teams. If you would like a third party to produce items that have any Scentsy logo on them, or if you would like to use a logo other than the Independent Consultant logo, you must get written approval from adapproval_ca@scentsy.com. No other use of the Scentsy logo is permitted and no licence for the use of any other Scentsy mark, name, or logo is permitted.

6.2.2 – Trademarks and Copyrights

You may not use Scentsy trade names, trademarks, copyrighted material, designs, images, or symbols without prior written permission, except as set forth in Section 6.2.1. Video or audio recordings of company events, training, and/or speeches are also copyrighted, and may not be utilized or distributed without written permission.

The name *Scentsy* is a trademark of Scentsy, is of great value to the Company, and is supplied to you for your use only in an authorized manner. Use of the Scentsy name on any item not produced or authorized by the Company in these Policies and Procedures or with specific written permission from the Company is prohibited.

As a Consultant, you may use the Scentsy name in the following manner:

Consultant's Name
Independent Scentsy Consultant/Director

Example:

Alice Smith
Independent Scentsy Consultant

You are not allowed to use the name “*Scentsy*” in any form in your team name, a tagline, an external website name, your personal website address or extension, in an email address, as a personal name, or as a nickname. Additionally, only use the phrase *Independent Scentsy Consultant/Director* in your written materials, phone greeting, or on your answering machine to clearly separate your Scentsy business from Scentsy, Inc. You must use the phrase “Independent Scentsy Consultant” in all communications regarding your Scentsy business. For example, you may not secure the domain name www.buyscentsy.com; nor may you create an email address such as scentsysales@hotmail.com.

There are numerous words, images, phrases, taglines, and/or ideas developed or coined within the Scentsy community, and used by Consultants to promote Scentsy, their Scentsy business, or their Scentsy team. No Consultant can claim the exclusive right to use such words, images, phrases, taglines, or ideas that are in the Scentsy *community domain* for use by all Scentsy Consultants. Therefore, you are not allowed to claim ownership of any such words, images, taglines, names, or phrases, and agree that you will not seek to register any such words, images, taglines, names, or phrases as a trademark, copyright, or domain name. If you do, you agree to assign any such trademark application or registration, or copyright or domain registration to Scentsy. In addition, Scentsy may elect to take

appropriate action against you as provided in Section 12 below. By entering into the Consultant Agreement and/or renewing your Consultant Agreement, you hereby assign any rights that you may have in any such intellectual property to Scentsy and you further agree that Scentsy may, at its discretion, seek to register any such **words, images, taglines, names, or phrases** as trademarks, copyrights, or domain names, as the case may be.

6.2.3 – Submission of Business or Other Ideas to Scentsy

While Scentsy appreciates the feedback and ideas that Consultants have for improving our existing products or creating new ones, please understand that we do not compensate Consultants or others for unsolicited submissions of business, product, or creative ideas or materials. By clearly stating this policy, Scentsy seeks to avoid any misunderstandings in the event that products we develop might seem to be similar to your own creative work.

Scentsy does not pay for your ideas if you give them to us unsolicited. To that end, by accepting these Policies and Procedures, you acknowledge and agree that Scentsy has and will have many products and projects in various stages of development, and that the result may be similar or identical to your own ideas for products or projects. You also agree that if you submit any creative suggestions, ideas, notes, drawings, concepts, designs, original artwork, or other information (collectively, “Unsolicited Submissions”), you assign to Scentsy all of your rights in and to them without compensation or payment of any kind. **Unless otherwise specified in writing, this Unsolicited Submissions policy also applies to submissions made as part of any and all Scentsy contests, promotions, or incentives.**

All Unsolicited Submissions and all contest, promotion, or incentive submissions shall be the property of Scentsy. Scentsy shall not be obligated to keep them confidential and may use or disclose them for any purpose without further permission from you and without any payment to you. If you have a product, business, creative idea, or creative artwork that you want to sell to Scentsy, **DO NOT SUBMIT** that idea or artwork to Scentsy without first obtaining a written non-disclosure agreement from the Scentsy legal department.

6.2.4 – Advertising Templates and Approval

You may only advertise or promote your Scentsy business using approved tools, templates, or images acquired through Scentsy or Scentsy Success. No approval is necessary to use these approved tools. If you wish to design your own online or offline marketing materials of any kind, your designs must be submitted to the Scentsy Advertising Department (adapproval_ca@scentsy.com) for consideration and inclusion in the template/image library. Unless you receive specific written approval from Scentsy to use such tools, any request shall be deemed denied.

6.2.5 – Personal Specials and Corporate Pricing

Consultants shall not advertise discounts, giveaways/raffles, and personal special pricing on any public forum. A public forum is defined as anywhere on social networking/media sites, including private pages as well as online or offline classifieds sites or store bulletin boards. However, Consultants are allowed to advertise these specials on a private forum. A private forum is defined as personal emails, telephone calls, and other forms of one-to-one communication to current/existing customers. All advertising must be submitted to adapproval_ca@scentsy.com for approval.

Consultants are allowed to advertise corporate pricing information on flyers, postcards, ads in offline media. The only pricing information allowed on online media, including social networking sites, is published corporate pricing. Corporate pricing includes published hostess rewards.

Offering of Scentsy catalogues, brochures, or your own personal samples for free, would not be considered a personal special and therefore is allowed.

6.2.6 – Altering Packaging/Labels Prohibited; Adding Personalized Stickers OK

You may only sell Scentsy products in their original packaging and may not repackage, relabel, or alter the labels on Scentsy products you sell. Tampering with labels/packaging could be a violation of federal and provincial laws, and may result in civil liability in some circumstances. Scentsy does allow you to affix a personalized sticker with your personal/contact information to each product or product container, as long as you do so without removing or covering existing product labels. **When adding personalized stickers to warmers, stickers must be affixed to the felt on the bottom of the warmer only. Altering a Scentsy product in ways other than specified in Scentsy instructions voids all product warranties and Scentsy is no longer liable for any damages that result from altered or improperly used products.**

6.2.7 – Health & Other Product Claims

No claims (which include personal testimonials) as to therapeutic, curative, or beneficial properties of any products offered by Scentsy may be made except those specific claims contained in official Canadian Scentsy literature. Such claims may only be repeated or republished in exactly the same format as that published by Scentsy and the claim must be republished in its totality.

In particular, you may not make any claim that Scentsy products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases, or that Scentsy products are manufactured, sold, or represented for use in (a) the diagnosis, treatment, mitigation, or prevention of a disease, disorder, or abnormal physical state or its symptoms in humans; (b) restoring or correcting organic functions in humans; or (c) modifying organic functions in humans, such as modifying those functions in a manner that maintains or promotes health. Such statements can be perceived as medical, drug claims, or natural health product claims. Not only would such claims breach these Policies & Procedures, but they potentially violate federal and provincial laws and regulations, including the federal *Food and Drugs Act*.

In addition, you may not make any other product claims or representations regarding Scentsy products except those that are specifically contained in official Canadian Scentsy literature. Such claims or representations may only be repeated or republished in exactly the same format as that published **by Scentsy** and the claim must be republished in its totality.

In particular, you may not make any claim or representation regarding the following: (1) the performance, efficacy, or life of Company products or services; (2) the testing of Scentsy products or services; (3) testimonials or endorsements of Scentsy products or services; and (4) any matter that would be false or misleading in a material respect. Not only would such claims breach these Policies & Procedures, but they potentially violate federal and provincial laws and regulations, including the federal *Competition Act*.

The prohibited claims in this section shall be referred to collectively as “Unauthorized Claims.”

6.2.8 – International Sales

You are only allowed to sell Scentsy products or offer the Scentsy opportunity in approved Canadian provinces and other non-Canadian jurisdictions in which Scentsy is operating, as announced in official Scentsy literature. Consultants are not allowed to conduct business in any country or region until Scentsy has officially launched operations in that country or region. Conducting business includes advertising, recruiting, or selling products. Signing the Independent Consultant Agreement only authorizes the Consultant to work inside Canada and its provinces. Additional documentation and agreements are necessary for Canadian Consultants to sell outside of Canada. International agreements are located within the Account tab on your **Workstation and must be accepted and transmitted before Canadian Consultants can sponsor and/or sell outside of Canada. Also, a list of open locations approved for Scentsy operations can be found on the Resources tab on your **Workstation**.**

6.2.9 – Media and Media Inquiries

If a member of the press or media contacts you about Scentsy or your Scentsy business, you must contact Scentsy at mediarelations_ca@scentsy.com before you respond or disclose any information. If Scentsy requests that you not respond to such press or media inquiry, or requests that you refer the press or media contact to the Company to respond, you agree that you will comply with such requests.

If you wish to proactively contact the media or distribute any form of press release that includes information about Scentsy, its products, or the opportunity, you must first seek written approval from Scentsy public relations at mediarelations_ca@scentsy.com.

6.2.10 – Consultant Release

By entering into the Consultant Agreement, you authorize Scentsy to use your name, testimonials, and/or likeness in Scentsy advertising or promotional materials with no remuneration. Additionally, you consent to and authorize the use and reproduction of any and all photographs or videos taken by or supplied to Scentsy, and further consent to the use and reproduction of any quotes, testimonials, stories, or conversations on social networking media and/or the MyScentsy Forum for any print or electronic publicity, marketing, or promotional purposes, without remuneration.

6.3 – Non-Internet Advertising, Marketing, and Promotion

6.3.1 – Print Advertisements, Personal Promotional Materials, and Sales Tools

Print advertising, personal promotional materials, and sales tools must utilize Scentsy-approved templates/images (see Section 6.2.4) or be acquired from Scentsy or Scentsy Success. If you wish to design your own ad or marketing materials of any kind, your designs must be submitted to the Scentsy Advertising Department (adapproval_ca@scentsy.com) for consideration and inclusion in the template/image library. Unless you receive specific written approval from Scentsy to use such self-developed tools, the request shall be deemed denied.

Please go to the **Resources** tab on your **Workstation** for guidelines and to access approved material.

If you wish to distribute Scentsy-approved personal promotional materials (flyers, brochures etc.) at a business or public or government facility (schools, libraries etc.), you must first obtain permission from the business owner or senior-ranking office manager or administrator.

6.3.2 – Signage

To avoid giving the appearance of a permanent retail establishment, yard signs and/or other signage must not be displayed on a stationary object or permanently installed outside, or affixed to the windows of, a Consultant's personal residence or other residence. Temporary signage or signage affixed to a mobile object may be displayed in conjunction with a home party, open house, or other approved Scentsy event. The determination of whether an object is mobile or stationary shall be solely at Scentsy's discretion.

6.3.3 – Telemarketing

You are not permitted to utilize telemarketing or to make 'cold calls' to market Scentsy products or the Scentsy opportunity, as there are Federal laws restricting telemarketing.

6.4 – Online Advertising, Marketing, and Promotion

It is your obligation to ensure your online marketing activities are truthful, are not deceptive, and do not mislead customers or potential Consultants in any way. Websites and web promotion activities and tactics that mislead or are deceptive, regardless of intent, will not be allowed. Scentsy will be the sole determinant of truthfulness and whether specific activities are misleading or deceptive.

6.4.1 – Domain Names, Email Addresses, and Online Aliases

You are not allowed to use or register *Scentsy* or any of Scentsy's trademarks, product names, or any

derivatives, for any Internet domain name, email address, or online aliases. Additionally, you cannot use or register domain names, email addresses, and/or online aliases that could cause confusion, or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from, or is the property of, Scentsy, Inc. Examples of the improper use of Scentsy are: scentsygal@msn.com; www.scentsyisgreat.com; www.myspace.com/scentsyfan; www.scentsy.com/official, www.scentsy.com/canada, etc., or Scentsy showing up as the sender of an email.

6.4.2 – Search Engine Optimization (SEO)

Core to Scentsy’s ethos is the belief in “contributing more than you take” and practicing our core values of simplicity, authenticity, and generosity. Search engines are built to facilitate and expedite the online community finding the most recommended, relevant content available for any given topic. Authentic SEO is the result of adding value to the online community through the content you author, conversations you join, relationships you create, and improving the ease with which all of these are indexed by search engines.

Other SEO tactics that are not authentic, don’t add value, don’t contribute to the online community, and in any way attempt to manipulate search engine algorithms to overinflate the value and relevancy of your site are considered against policy. Given the complexity and ever-changing landscape of SEO it would be impossible and impractical for us to list all SEO tactics that would be considered non-compliant. Anything you do, or someone acting on your behalf does, to optimize your site must align with these values. This may include spam linking (or blog spam), unethical search engine optimization (SEO) tactics, misleading click-through ads (i.e., having the display URL of a PPC campaign appear to resolve to an official Scentsy corporate site when it goes elsewhere), unapproved banner ads, and unauthorized press releases.

6.4.2.1 – Scentsy Hotlinks

When directing readers to your registered external site or Personal Website, it must be evident from a combination of the link and the surrounding context to a reasonable reader that the link will be resolving to the site of an Independent Consultant. Attempts to mislead Web traffic into believing they are going to a Scentsy corporate site, when in fact they *land* at a Consultant site (personal or registered external), will not be allowed. The determination as to what is *misleading* or what constitutes a *reasonable reader* will be at Scentsy’s sole discretion. Redirecting a reader from another Consultant’s external website or Personal Website to any other website other than the Consultant’s Personal Website is prohibited by Scentsy policy.

6.4.2.2 – Spam Linking

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming, and/or spamdexing. Any comments you make on blogs, forums, guest books, etc. must be unique, informative, and relevant.

6.4.3 – Approved Consultant Websites

The term *Personal Website* refers to the external-facing Consultant website offered by Scentsy to you for a nominal monthly fee. The term *registered external website* refers to your own Scentsy-approved personal website (if you have one), or other Scentsy-approved web presence that is hosted on non-Scentsy servers and has no official affiliation with Scentsy, Inc. or Scentsy Canada Enterprises ULC. You are not allowed to monetize your *Personal Website* or your registered external website through affiliate programs, Google AdSense, or similar programs.

6.4.4 – Internet Advertising / Awareness Generation

6.4.4.1 – Online Classifieds

You may not use online classifieds (including, without limitation, Craigslist) to list, sell, or

retail specific Scentsy products or product bundles. You may use online classifieds (including Craigslist) for prospecting, recruiting, sponsoring, and informing the public about the Scentsy business opportunity and/or your Scentsy events, provided Scentsy-approved templates/images are used. These templates will identify you as an Independent Consultant. If a link or URL is provided, it must link to your Personal Website or your registered external website.

6.4.4.2 – eBay / Online Auctions

You may not list or sell Scentsy products on eBay or other online auctions, nor may you enlist or knowingly allow a third party (customer) to sell Scentsy products on eBay.

6.4.4.3 – Online Retailing

You may not list or sell Scentsy products on any online retail store or e-commerce site, nor may you enlist or knowingly allow a third party (customer) to sell Scentsy products on any online retail store or e-commerce site.

6.4.4.4 – Banner Advertising

You may place banner advertisements on a website provided you use Scentsy-approved templates and images. All banner advertisements must link to your Personal Website or a registered external website. You may not use *blind* ads or web pages that make product or income claims that are ultimately associated with Scentsy products or the Scentsy opportunity.

6.4.4.5 – Unsolicited Spamming

You are not allowed to transmit mass, unsolicited emails, faxes, texts, direct mail, or phone calls to promote Scentsy, its products, or the Scentsy opportunity to people you do not know, or who have not given you permission to contact them regarding Scentsy. People who are “opt in” subscribers, who have initiated a request to be included in bulk emailing, newsletter, or other standardized communications from you, are allowed. The use of deceptive subject lines and/or false header information or any other fraudulent tactics is prohibited. The making of Unauthorized Claims is also prohibited, as more fully described in Section 6.2.7.

6.4.4.6 – Social Networking Sites (Facebook / MySpace / LinkedIn)

You may use personal social networking sites (Facebook, MySpace, LinkedIn, blogs, forums, and other social shared interest sites) to share information about any Scentsy Group brand product or business opportunity and for recruiting and sponsoring. You may also create a social presence dedicated to growing your business but these sites may not be used to sell or offer to sell specific Scentsy products where the transaction takes place on that platform, and your use of these sites must comply with the following guidelines:

1. You are not allowed to use or register Scentsy or any of Scentsy’s trademarks, product names, or any derivatives (i.e., Scentc, Scentz, Scentse, etc.) for any Internet domain name, email address, or online aliases. The name of your account must not just state the term “Scentsy” or use any other trademarked terms of Scentsy, Inc. This includes product names, incentive trip names, leadership retreats, or any other corporate events hosted by Scentsy, promotional campaign, or any other programs. If the term “Scentsy” is used, it must state in full “Independent Consultant.”
2. These sites may not be used for e-commerce through the social media platform. All transaction must take place through your Personal Website (Scentsy PWS). In addition, Consultants are only allowed to post corporate pricing, not their own special pricing.
3. Profiles you generate in any social platform where you mention or discuss Scentsy must clearly identify you as an Independent Consultant.

4. Your participation on any social media platform must avoid inappropriate conversations, comments, images, video, audio, applications, or any other adult, profane, discriminatory, or vulgar content. Do not post any comments, photos, or videos that are rude or offensive to another Consultant.
5. Unprofessional or disrespectful online conduct toward Scentsy competitors is strictly prohibited. You may not disparage any Scentsy competitor, their customers, or their products on a social media platform such as Facebook or Twitter.
6. Consultants shall not post their URL or solicit their Scentsy business on any corporate Scentsy social media presence page (i.e. Facebook pages, YouTube page, Twitter, etc.) or any social media presence benefiting from the Scentsy Charitable Cause Warmer. Any solicitation posts on a corporate social media page will be deleted and the user may be banned from the page.
7. Banner ads and images used on these sites must be current and must come from the Scentsy approved library.
8. If a link is provided, it must link to your Personal Website or a registered external website.
9. On your Scentsy dedicated social media presences, you may make an announcement of a new Scentsy brand or mention them in a social conversation about becoming a Scentsy Consultant, but in order to promote multiple brands you must have a dedicated social presence(s) for each brand.

The determination of what is inappropriate is at Scentsy's sole discretion, and offending Consultants will be subject to disciplinary action and/or cancellation.

6.4.4.7 – Digital Media Submission (YouTube, iTunes, Photobucket, etc.)

You may upload, submit, or publish any Scentsy-related video, audio, or photo content that you develop and create as long as it aligns with Scentsy values, contributes to the Scentsy community greater good, and is in compliance with Scentsy Policies and Procedures. These submissions must clearly identify you as an Independent Consultant (either in the content itself and/or in the content description tag), must comply with all copyright/legal requirements, and must state that you are solely responsible for this content and not Scentsy, Inc. You may not upload, submit, or publish any content (video, audio, presentations, or any computer files) received from Scentsy, Inc. or captured at official Scentsy events or in buildings owned or operated by Scentsy, Inc. without prior written permission from mediarelations_ca@scentsy.com. This would include any presentations by speakers or Scentsy corporate employees given in an auditorium or break-out meeting sessions at a Scentsy event.

6.4.4.8 – Sponsored Links / Pay-Per-Click (PPC) Ads

Sponsored links or pay-per-click ads (PPC) are acceptable. The destination URL must be to either your Personal Website or to a registered external website. The display URL must also be to either your Personal Website or to your registered external site, and must not portray any URL that could lead the user to assume they are being led to a Scentsy corporate site, or be inappropriate or misleading in any way.

6.4.5 – Consultant Websites

6.4.5.1 – Scentsy Consultant Personal Websites (PWS)

When you sign up as a Scentsy Consultant you receive a free three-month Scentsy Personal Website subscription to facilitate the easiest online buying experience for your customers. This free subscription expires three (3) months from your date of enrolment. Beyond this, your subscription can be continued for a monthly fee. You are solely responsible and liable for the content that you add to your Scentsy

Personal Website and must regularly review the content every thirty (30) days to ensure it is accurate and relevant. You may not alter the branding of your **Personal** Website, and you may not use your **Personal** Website, including links to other websites, to promote, market, or sell non-Scentsy products, services, or business opportunities. Specifically, you may not alter the look (placement, sizing etc.) or functionality of the following:

1. The Independent Consultant logo
2. Your name
3. Scentsy corporate website redirect button.

Because your **Personal** Website resides on an appropriate country-specific Scentsy domain, Scentsy reserves the right to receive analytics and information regarding the usage of your website. By default, your Scentsy **Personal** Website URL is `<Username.scentsy.<country extension>`. If you choose to change this default ID you must choose a uniquely identifiable website name that cannot:

- a) Use the word “Scentsy” in any form;
- b) Be confused with other portions of the Scentsy corporate website;
- c) Confuse a reasonable person into thinking they have landed on a Scentsy corporate page;
- d) Be confused with any Scentsy team name;
- e) Contain any discourteous, misleading, or off-colour word that distracts from Scentsy’s image;
- or
- f) Identify or be confused with a geographical location, region, state name, or country.

State/province names, country names, or abbreviations of these geographical names when used in isolation are not allowed (for example: *Alberta.scentsy.ca*, *usa.scentsy.us*, or *id.scentsy.us*). However, if the geographical name is used with an identifier then it is allowable (for example: *janesalberta.scentsy.ca*, *texassmellsgood.scentsy.us*).

URL extensions in use before a Director registers her team name may remain, but extensions put into use after a team name is registered will be removed. Examples of inappropriate naming conventions are: */info*; */official*; */buy*; */search*; */warmers*; */products*; */hometeam*; */teamfabulous*; */#&@%*; */scentsygal*; */scentsyking*. If you have any questions about selecting a URL, contact accountservices@scentsy.com.

6.4.5.2 – External Websites (Non-Personal Websites)

You are allowed one external website dedicated exclusively to one Scentsy brand in which you are enrolled (not including a team website you may develop; see Section 6.4.5.3) to personalize your Scentsy business and promote the Scentsy opportunity. Subdomains are not permitted. If you wish to develop an external website you must do the following:

- a) Subscribe to a Scentsy **Personal** Website;
- b) Register your external website with Scentsy by going to www.scentsyonline.com/webregister;
- c) Adhere to the branding and image usage policies described in this document;
- d) Agree to modify your website to comply with current or future Scentsy policies;
- e) Agree to redirect or forward your external website to Scentsy’s corporate home page in the event of the voluntary or involuntary cancellation of your Consultant Agreement.

A blog or website developed on a blogging platform that is developed for the primary purpose of marketing or promoting Scentsy products and/or the Scentsy opportunity is considered an external website and must be registered with Scentsy. Blogs, created by you or others, that are developed

primarily for other purposes that mention Scentsy and direct traffic to your website(s) do not need to be registered.

If you are a Director (or above), you may have information on your external website stating that you can be contacted to assist in finding a Consultant from your team in the customer's area. For example, you could state, "If you would like to find a Consultant in your area, please email or call me and I will have a member of my team contact you."

Per Section 11.5.2, you may not receive any monetary compensation or exchange for goods and services from any Scentsy Consultant to build, host, or maintain their websites, but you are allowed to voluntarily help other Scentsy Consultants should you choose to do so. You are not allowed to manage nor have ready access to the database or site administration of any sites you build for your team. Any exploitive actions on websites built for team members are prohibited and seen as a violation of Scentsy's philosophy of giving more than you take. All assets, video, pictures, graphics, plug-ins, etc., used on a site you build for your downline or any other Consultant must be housed on the domain owned by that Consultant, not a domain that you own. If you set up any kind of tracking for a Consultant, you may not have access to that information. Absolutely no links on any site you build for a Consultant should link to either your Personal Website or external authorized site. Also, you cannot use the site to promote, market, or link to your Web development business website.

6.4.5.2.1 – External Website Content

You are solely responsible and liable for your own website content, messaging, claims, and information. To ensure your website appropriately represents and enhances the Scentsy brand, you are required to use Scentsy-approved base templates and images and adhere to Scentsy image and content guidelines and policies. Additionally, your website must not contain disingenuous pop-up ads or promotions or malicious code. Decisions and corrective actions in this area are at Scentsy's sole discretion.

6.4.5.2.2 – Independent Consultant Image Mandate

To avoid confusion, the following three elements must be prominently displayed at the top of every page of your registered external website:

1. The Independent Consultant logo
2. Your name and title
3. Scentsy corporate website redirect button.

Although Scentsy brand themes and images are desirable for consistency, anyone landing on your page needs to clearly understand that they are at an Independent Consultant site and not a Scentsy Corporate page. Please refer to Scentsy Consultant Website Guidelines at www.scentsyonline.com/webregister for more information.

6.4.5.2.3 – External Sites Must Exclusively Promote Scentsy

Your Scentsy external website must contain content and information that is exclusive to Scentsy. You may not advertise other products or services other than the Scentsy product line and the Scentsy opportunity. For example, you cannot create an *Internet candle store* where products or brands other than Scentsy are offered.

You may briefly mention other Scentsy brands on your registered external website in potentially two (2) places:

1. The Join tab/page of your external site - As you share with visitors to your website the benefit of being able to have one (1) downline and multiple brands as a Scentsy Group Consultant, you may mention the names of the other brands that are a part of Scentsy Group.

2. Announcement - If you operate a blog or have some form of announcing new brands on your external website, you are welcome to make one (1) post about the brand.

Any mention of a Scentsy Group brand other than the brand to which your site is dedicated must adhere to the following rules:

1. No outbound links - No hyperlinked text or images to any websites or social media presences that you operate to promote any of the Scentsy Group brands in which you are enrolled. You may hyperlink to official Scentsy websites or social media presences.
2. No content spamming - You may not alter your post such that it is more than a mention or brief announcement by including excessive content, bolded words, or altering the meta information, in an effort to attract search traffic.
3. No inbound links - There can be no external links directed to any brand announcement or mention of other Scentsy Group brands on your external site promoting a brand other than the brand to which site is dedicated.
4. On-site promotion - You cannot have any promotions or advertisements on your external site that direct users to where you share information about the new brand.

6.4.5.2.4 – No E-commerce or Stock-and-Sell Retailing

Your registered external website must only facilitate the entry into your Scentsy **Personal** Website. You may not *stock and sell* Scentsy products, nor may you facilitate an e-commerce environment that would facilitate this model. All orders must be placed through your official **Personal** Website or Consultant **Workstation**.

6.4.5.2.5 – External Website Termination

In the event of the voluntary or involuntary cancellation of your Consultant Agreement, you are required to remove your registered external website from public view within ten (10) days and redirect (forward) all traffic from that domain to www.scentsy.ca. Your external website may be transferred to another Scentsy Consultant, subject to Scentsy approval, on a case-by-case basis.

6.4.5.2.6 – External Website Links

Your external website can only link to pages within your approved external site, your Scentsy **Personal** Website, or to your social networking sites that you use to promote your Scentsy business (e.g., Facebook, Twitter, LinkedIn, etc.). You cannot monetize your external Scentsy website by having outbound links, affiliate programs, Google AdSense, or other similar tactics.

6.4.5.2.7 – External Website Naming

Your external website cannot identify a state/province name, country names, or abbreviations of these geographical names when used in isolation (for example: *Alberta.scentsy.ca*, *usa.scentsy.us*, or *id.scentsy.us*). However, if the geographical name is used with an identifier then it is allowable (for example: *janesalberta.scentsy.ca*, *texassmellsgood.scentsy.us*).

In addition, you must choose a uniquely identifiable website name/URL that cannot:

- a) Use the word “Scentsy” in any form;
- b) Be confused with other portions of the Scentsy corporate website;
- c) Confuse a reasonable person into thinking they have landed on a Scentsy corporate page;
- d) Be confused with any Scentsy team name;
- e) Contain any discourteous, misleading, or off-colour word that distracts from Scentsy’s image; or
- f) Identify or be confused with a geographical location, region, state name, or country.

6.4.5.3 – External Team Websites/Group/Communities

You may use one (1) approved team website for the purposes of connecting, communicating, training, educating, and sharing best practices among team members. Because these sites may contain sensitive and Company-specific information, these team websites must be password-protected. A team website must not be used to promote your team and cannot have links to your PWS or external site. You cannot use your team name in the URL of your PWS or external site. You may build a team website on social media platforms so long as it complies with the guidelines in Section 6.4.4.6 and it must be private with the activity of the group not represented outside the group. All team websites must be registered with Scentsy by going to www.scentsyonline.com/webregister. Because team websites must be password protected, please be sure to provide a user name and password so that Scentsy may review the site.

Team sites are not to be used as a form of marketing for you or your team. The following is a list of steps that you or your site builder need to take in order to prevent your team website from garnering page rank and showing up in search engine results:

1. Do not submit sitemaps to search engines.
2. Add this meta code to your site: <Meta name =“Robots” Content = “Noindex, Nofollow”>. This will prevent search engines from indexing your site.
3. Don’t add other meta data such as meta descriptions, titles, or tags to the code of the site. If you have any such meta data on your site, you’ll need to remove it.
4. Publish a robots.txt file to the site with a disallow tag so crawlers won’t visit any pages on the site.

6.5 – Commercial Outlets and Trade Shows

6.5.1 – Commercial Outlets / Retail Stores

You are not allowed to offer Scentsy products for sale in any permanent retail or service business establishment. A promotional display may be exhibited for the generation of leads or the collection of orders in conjunction with a Scent Event. This display shall consist of no more than one sample of each type of product category plus any promotional materials acquired from Scentsy, Scentsy Success, or downloaded from the approved template/image library. Such displays may be in or near retail locations, provided that you comply with all applicable laws and have permission from the property owner. Cash-and-carry sales from a retail establishment are strictly prohibited. Signs, banners, and other advertising outside retail locations announcing or directing shoppers to a Scentsy display inside a retail environment are prohibited. In addition, you may not sell on the sidewalk of a retail establishment or in the parking lot of a retail establishment.

Customer orders cannot be delivered to customers at any retail location. Deliveries to customers must be made outside of and away from retail environments.

6.5.2 – Reselling

You cannot knowingly sell to anyone who is going to resell Scentsy or Scentsy Success products in retail environments, online, through fairs and shows, or through any other reselling/retailing venue.

6.5.3 – Cooperative Advertising and Promotion with Retail Entities

Scentsy products and/or the Scentsy opportunity may not be offered in an online or offline advertisement or promotion (including in-store product giveaways) with any retail store, business, or entity. Cooperative promotions with service entities (i.e. a dentist or doctor’s office) are allowed pending prior approval from Scentsy (adapproval_ca@scentsy.com)

6.5.4 – Fairs, Expositions, and Other Temporary Sales Forums

As a Consultant, Scentsy allows you to sell products on a cash-and-carry basis only at temporary sales forums as defined by Scentsy. Events which meet any (or all) of the following criteria are NOT considered

temporary sales forums:

1. The event lasts for more than twenty-four (24) consecutive days.
2. The event, in its entirety, occurs more than once during any given six-week period (such as a flea market on the first Saturday of every month, or a swap meet that occurs every weekend).
3. The event takes place in an established retail environment (see next paragraph) or in a location that gives the appearance of being an ongoing retail sales environment.

Events which meet any of these three criteria, no matter their name or title, are not temporary sales forums. Such events are subject to the Scentsy retailing policy contained in Section 6.5.1.

If a show or event (such as a craft fair or holiday bazaar) a) is set up inside a retail environment (such as a shopping centre or base exchange); b) occurs more often than every six (6) weeks in its entirety, and/or c) occurs for twenty-five (25) consecutive days or more, you may set up a display per Section 6.5.1 for the event but you may NOT have product available for cash and carry sales.

An **established retail environment** is defined as a location in which permanent retail activities take place, such as inside a shopping centre, inside or adjacent to a base exchange, or inside or adjacent to a permanent swap meet. Shopping centre kiosks, base exchanges, or permanent swap meets/flea or farmers markets are not approved locations for temporary sales forums, because they take place within an established retail environment.

6.5.4.1 – Participation in Temporary Sales Forums

Scentsy requires you to adhere to the following policies relative to participation in temporary sales forums:

1. Only one (1) brand-specific booth is allowed per show or event. A Consultant may only represent one (1) brand per event. Scentsy only recognizes the first Consultant per brand that has contracted and paid for the event and it is your responsibility to check with the show manager/promoter prior to contracting the event.
2. Only current Consultants are authorized to contract for booth space at a show or event. The contract is between *you as an Independent Consultant*, and the *Event Sponsor*. Scentsy, Inc. is not and may not be made a party to a contract between you and an event organizer.
3. In the Items to be Displayed section of the application/contract with the event, you must use both the brand name and generic descriptions of the products to be represented. You must also write on the contract, or in a cover letter you attach to the contract, informing the show promoter of the policy concerning one-booth-per-show per brand. In making the show or event manager aware of Scentsy's policy, you are asking in writing that the show not allow other Consultants to display or sell Scentsy products.
4. You may only exhibit products and the business program for the Scentsy brand you are contracted to represent at your event booth. No non-Scentsy products or business programs may be displayed, marketed, promoted, advertised, sold, or offered alongside Scentsy products in the same booth. You may have one or more additional booths at the same event selling non-Scentsy brand products.
5. The contracting Consultant must be present at the booth a minimum of 20% each day the booth is in operation.

6.5.4.2 – Double Bookings Dispute Resolution

In the event of a double booking, the Consultant with a valid/signed contract and proof of payment from the event company with the earliest date will be allowed to do the event if:

1. The application has been filled out completely and accurately per Scentsy policies; and,
2. The second applicant was aware that there was a Consultant already contracted and paid but the second applicant signed up anyway.

In the event there is a double booking, and both parties filled out applications appropriately, made the event manager aware of Scentsy's policy to only have one vendor per show, and were unaware of the other Consultant, there are four options:

1. Both Consultants do a separate booth at the same show.
2. Ask the event promoter to have the second contracted Consultant removed from the show. (This will only work if you have followed the procedure to inform the manager of Scentsy's policy of only allowing one Scentsy Consultant per show in writing, AND if they are willing to cooperate.)
3. Request that the event manager refund your money. (This will also only work if you have followed the procedure to inform the manager of Scentsy's policy of only allowing one Scentsy Consultant per show.)
4. Work with the other Consultant to come up with an equitable agreement to do the show together in a single booth and request a refund from the event manager for one of the booths.

At no time will Scentsy be liable for incurred expenses (booth fees, travel, lodging, meals, etc.) arising from a disputed situation. If the dispute cannot be resolved, the Consultant who contracted and paid for the booth first will be permitted to remain at the event.

If the event will be attended by multiple Consultants, it will be the responsibility of the Consultants to agree to the terms of the booth. If there are any disputes between Consultants that made a joint agreement, Scentsy **will not** be involved in any dispute resolution.

6.5.4.3 – Leaving Your Booth Unattended

You may not leave a booth unattended. Even if there is a general cashier, you must have someone at your booth at all times.

6.5.4.4 – International Fairs and Shows Policy

Only Consultants who have signed a Country-Specific Distribution and/or Sponsorship Agreement AND who are RESIDENTS of that country (regardless of their citizenship) are allowed to enter into agreements and/or contracts with a fair, show, or other temporary sales event in that country. You may not take products across international borders with the intention of selling them.

6.5.4.5 – Disciplinary Action for Noncompliance

If Scentsy discovers and confirms, at any future point, that Consultants contracted and executed shows contrary to policy, they may be subject to the following disciplinary action:

1. The Consultant's Country-Specific Distribution and/or Sponsorship Agreement will be immediately terminated;
2. Any recruits/downline she/he has accumulated in that country (regardless of whether that recruit was tied to the show in question or not) will permanently roll to her/his upline;
3. The Consultant will not be eligible to reapply for that country's Consultant Agreement for a period of six (6) months; and
4. Scentsy may also implement any other disciplinary action listed in Section 12 that it deems necessary.

SECTION 7 – OPERATING YOUR SCENTSY BUSINESS

7.1 – Product Sales

To be eligible for bonuses, commissions, and advancement, you must meet the Personal Retail Volume (PRV), Group Wholesale Volume (GWV), and Team Wholesale Volume (TWV) requirements associated with your rank in the Compensation Plan.

7.2 – Customer Order Forms & Cooling-Off Period

You are required to provide your retail customers with two (2) copies of an official Scentsy sales receipt at the time of the sale and you must retain these sales receipts, and make them available to Scentsy upon request, for a period of two (2) years. The Customer Order Form sets forth consumer protection rights afforded by federal or provincial law, including the ten-day “cooling-off” or cancellation period.

Accordingly, you must ensure that your customers are given the then-current Customer Order Form exactly as it is written, without alteration, and that the following information is contained therein: (1) the date of the transaction; (2) the date (not earlier than the tenth business day following the date of the transaction) by which the buyer may give notice of cancellation; and (3) your name and address as the selling Consultant; and (4) your signature and that of your customer. In addition, you must orally inform the buyer of his or her cancellation rights printed on the Order Form.

7.3 – Ordering and Shipping

7.3.1 – Placing Orders

You must place orders through your Consultant **Workstation**. Individual customers may also place orders through your **Personal Website**. Customers may not place individual orders directly through Scentsy’s corporate website.

7.3.1.1 – Party Orders

Customer orders gathered at a Scentsy party must be placed through your **Workstation** or through your **Personal Website**. These party orders will be shipped to you or your **Host** and must be delivered to customers within five (5) days of you or your **Host** receiving them.

7.3.1.2 – Host Rewards Penalty

If all Host Rewards Half-Price Items are not redeemed when the party is closed, a \$6 Host Rewards penalty will be charged to the party when the party order is entered.

7.3.1.3 – Individual Customer Orders

Customers may order Scentsy products from your **Personal Website** if you choose to have one, or these orders may be placed by you through your Consultant **Workstation**.

7.3.2 – Shipping

7.3.2.1 – Shipping Costs

Shipping costs are posted in **Workstation** and may be subject to changes.

7.3.2.2 – Shipping Times and Backorders

Scentsy will make every effort to ship products within ten (10) business days from the date an order is received. If items are not in stock, they will be placed on backorder and shipped when Scentsy receives them. These backordered items will be noted in your **Workstation** as *Shipped Partial* in the *Status* column. If backordered items are not expected to ship within thirty (30) days, Scentsy will notify you and/or your customer. You will be charged for and receive PRV on backordered items unless the product has been discontinued. Additionally, you may cancel backordered items and request a refund, receive a credit to your account, or request replacement merchandise. If a refund is requested, your PRV

will be decreased in that amount the same month the refund is issued.

7.3.2.3 – What Should You Do When a Scentsy Shipment Arrives?

When you or your **Host** receive a shipment from Scentsy, it is your obligation to conduct an inventory and confirm that the product received matches the product listed on the shipping invoice and is free of damage. Failure to notify Scentsy of any shipping discrepancy or damage within **ten (10)** business days of confirmed delivery of shipment will cancel your right to request a correction.

7.3.3 – Holding or Manipulating the Timing of Orders

You must not hold or manipulate the timing of product purchases. All home party orders must be submitted to Scentsy within five (5) days from the date of the home party. Basket and online parties may not remain open longer than fourteen (14) days, and all orders from basket and online parties must be submitted within five (5) days of closing.

7.4 – Sponsoring

Consultants have the right to sponsor and enrol others into Scentsy by helping them successfully complete an Independent Consultant Application and Agreement as outlined in Section 3.

7.4.1 – No Change of Sponsor

To protect the integrity of all downline organizations, Scentsy does not allow voluntary changes in sponsorship except under exceptional circumstances. Please consider carefully before enrolling. You may, however, change sponsors by cancelling your Scentsy business and remaining inactive for six (6) months. Spouses and/or other members of your household may not enrol during that six-month period. Following this six-month period, you may submit an account restoration request to accountservices@scentsy.com. Your request to change sponsors must be included in your restoration request. You will not be allowed to purchase a new Starter Kit when reactivating.

7.4.2 – Responsibilities of a Sponsor

If, in the opinion of Scentsy, you are failing to train, recognize, inform and/or motivate a frontline Consultant, or you fail to comply with any applicable Policy, Scentsy may, in its sole discretion, opt to remove your downline, reduce the leadership bonus, and/or cancel your Consultant Agreement. For more information on your responsibilities as a Sponsor, see Section 5.3.

7.4.3 – Can a Minor Enrol in Scentsy?

You may not recruit or enrol a person who is recognized as a minor in his or her province of residence. It is your responsibility to know the age of majority (or adulthood) in the provinces in which you sponsor other Consultants.

7.4.4 – Marketing the Business Opportunity: Limitation on Recruiting Efforts

You may not offer any monetary inducement to encourage others to join your Scentsy team. This includes, but is not limited to, offers to pay for new recruits' Starter Kits, offers of free product or gifts, and offers to provide incentives if new recruits reach milestones within a certain time period. The initial transaction to become a Consultant (i.e., purchasing a Starter Kit) must be a standalone transaction between Scentsy and the prospective Consultant and cannot be linked to any future performance, milestones, or promises.

7.5 – One Scentsy Business per Consultant and per Household

As a Consultant you are allowed to operate, own, have an interest in, or receive compensation from only one Scentsy business. Furthermore, individuals from the same family unit (husbands and wives or common-law couples – collectively *spouses* – and dependent children living in the same household) may not have an interest in more than one Scentsy business.

If spouses choose to operate a Scentsy business, they must be jointly sponsored as one Scentsy business. Spouses, regardless of whether one or both actually sign the Application and Agreement, may not own, operate,

or participate in, either directly or indirectly, any other Scentsy business.

The only exceptions Scentsy will consider to this policy is if two existing Scentsy Consultants marry, or in cases of a Consultant receiving an interest in another Scentsy business through inheritance. Exceptions will be considered on a case-by-case basis and must be submitted in writing to accountservices@scentsy.com.

7.5.1 – Actions of Household Members or Affiliated Individuals

If a member of your immediate household engages in activities that violate the Agreement (including these Policies) you will be considered to be in violation of the Agreement, and Scentsy may take appropriate action against you.

Similarly, in the case of a Scentsy Business entity, if any individual associated with that entity violates the Agreement, these actions will be deemed a violation by the entity and Scentsy may take appropriate action against the entity.

7.6 – Business Pursuit Insurance

You may wish to secure insurance for your business. Homeowner policies and/or automobile policies may not cover business-related injuries or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your property is protected. This can often be accomplished with a *Business Pursuit* endorsement attached to your present homeowner and automobile policies. Any business insurance you choose to obtain is solely at your own expense.

7.7 – Product Liability Coverage

Scentsy maintains insurance to protect the Company and Consultants against product liability claims. Scentsy’s insurance policy contains a *Vendors Endorsement*, which extends coverage to Independent Consultants so long as they are marketing Scentsy products in accordance with Company Policies and applicable laws and regulations. Scentsy’s product liability policy **does not** extend coverage to claims or actions that arise as a result of a Consultant’s misconduct in marketing the products.

SECTION 8 – PAYMENT

8.1 – Insufficient Funds

It is your responsibility to ensure there are sufficient funds or credit available in your account to cover orders you submit. If funds or credit is not available, the system may not accept your order, or your order will be held and you will be contacted. If your order is held and substitute payment is not received within five (5) days, the order will be cancelled and you will not receive volume credit for the order.

8.2 – Returned Cheques

In the event your bank returns a cheque for insufficient funds, Scentsy will contact you to obtain a credit or debit card to cover the payment. **A returned-cheque fee will be added to the order amount.** Scentsy reserves the right to require future orders be paid by credit card, money order, or cashier’s cheque. Any unresolved or outstanding balance owed Scentsy will be withheld from your bonus and commission cheques.

8.3 – Restrictions on Third Party Use of Credit Cards and Chequing Account Access

You are not allowed to permit other Consultants or customers to use your credit or debit card, or permit debits to your chequing account(s), to enrol or make purchases from Scentsy.

8.4 – Head-Hunting Fees Prohibited

To ensure full compliance with Section 55.1 of the Federal *Competition Act* (“Section 55.1”), Scentsy strictly prohibits you (and any other persons) from giving consideration for the right to receive compensation by reason of the recruitment into the Scentsy *Compensation Plan* of another Consultant, who then gives consideration for

the same right.

Without limiting the generality of the foregoing, and while allowing you the right to sponsor/enrol other Consultants into the *Scentsy Compensation Plan*, Scentsy does not pay any bonuses, commissions or other remuneration, or allow Consultants (or any other persons) to make similar payments, for mere sponsoring/enrolling.

To the contrary, you acknowledge that payment of all bonuses, commissions, and other remuneration to Consultants under the *Compensation Plan* is properly construed as one or the other of (1) payment for the inherent mark-up associated with a Consultant's resale of Scentsy products and services to retail customers (i.e., the difference between what you purchase the product(s) for from Scentsy, and what you sell the product(s) for to your own customers), or (2) payments for services related to the resale of products to retail customers by a Consultant's downline (e.g., training, motivation, etc.).

Accordingly, your remuneration shall be ultimately based on the reselling of Scentsy products and services to retail customers by you or by your downline, and no commissions, bonuses, or other business revenues shall be earned from the mere sponsorship or enrolment of any other Consultant, or the mere personal consumption by a Consultant.

You are also strictly prohibited from making or representing that compensation is payable for anything other than sale of product or services by you or by your downline.

SECTION 9 – WARRANTIES, GUARANTEES, RETURNS, AND REPURCHASES

9.1 – Lifetime Replacement Warrantee

Scentsy products come with a Lifetime Replacement Warrantee for manufacturer's defects. Customers who have a product that is damaged in shipping from Scentsy, has a manufacturer's defect, or has an indication of an electrical issue, may return it, with no limitation in time, for repair or replacement through you, or directly through Scentsy by calling Consultant Support and following the Returned Merchandise procedure.

9.1.1 – Altering Scentsy Products

Embellishing, stickering, or altering Scentsy warmers with products other than Scentsy DIY Theme Packs is prohibited and automatically voids the Lifetime Replacement Warranty and/or Customer Satisfaction Guarantee.

9.1.2 – Light Bulb Wattage

Each Scentsy warmer has maximum light bulb wattage. Using a light bulb of a higher wattage than recommended in a Scentsy warmer automatically voids the Lifetime Replacement Warranty and the 30-Day Satisfaction Guarantee.

9.2 – 30-Day Satisfaction Guarantee

In addition to your customers' statutory right to cancel a sale within ten (10) days (the "cooling-off" or cancellation period referred to in section 7.2), Scentsy offers a 30-day satisfaction guarantee to all customers for any reason. As a Consultant, you are bound to honour this guarantee. If a customer of yours is dissatisfied with any Scentsy product, the customer may return the product to you, within thirty (30) days of purchase, for a replacement or exchange. See Section 9.4 below for additional information.

9.3 – Buy-Back Guarantee for Purchases by Consultants

As disclosed to you in Section 9 of the Consultant Application and Agreement, you may return excess products and inventory to Scentsy as follows.

1. **Physical Items Held in Starter Kits or Inventory** - You may return any physical products held in your Starter Kit, or in inventory, for a refund at any time and for any reason, (i) provided such return is made

within FOUR (4) MONTHS of original purchase, (ii) the returned physical product is in resalable condition (as defined below in Section 14). Upon receipt of a returned and resalable physical product you shall be reimbursed 100% of the amount paid for the same, less a 10% restocking fee. Shipping charges incurred by you on the original purchase of the physical item will not be refunded, and you shall bear all shipping charges necessary to return the physical products for refund to Scentsy.

2. **Services Acquired in Starter Kits or Held in Inventory** - You may cancel any services, contracts, or arrangements acquired in your Starter Kits, or otherwise held in inventory, for a refund at any time and for any reason, (i) provided written notice (the “Cancellation Notice”) is provided to Scentsy of the same, specifying the specific service(s) subject to cancellation (the “Cancelled Service(s)”). Where the Cancellation Notice is provided to Scentsy prior to the fifteenth (15th) day of the calendar month, you shall be reimbursed 100% of the amount paid for the applicable Cancelled Service(s) for that particular month, and no further payments shall be required from you for the Cancelled Service(s). Where Cancellation Notice is provided to Scentsy on or after the fifteenth (15th) day of the calendar month, but prior to the start of a new calendar month, you shall be reimbursed 50% of the amount paid for the applicable Cancelled Service(s) for that particular month, and no further payments shall be required from you for the Cancelled Service(s), such reduced refund amount being commercially reflective of your consumption and use of the Cancelled Service(s) during the first half of the applicable month. In no circumstances shall you be refunded for amounts paid in respect of Cancelled Service(s) in any month PRIOR TO the calendar month in which the Cancellation Notice is delivered, such policy being commercially reflective of your consumption and use of the Cancelled Service(s) during those prior calendar months.

Original purchases made through a credit card will be refunded by crediting the refund amount back to the same credit card. Where you were paid a commission, bonus, or other incentive based on the purchase and resale of a returned product or cancelled service, and such product is subsequently returned or cancelled under this provision, all commissions, bonuses, and other remuneration paid to you shall be set off against the applicable refund amount.

Further procedures for return of physical product are found in Section 9.4 of these *Policies & Procedures*.

9.4 – Procedures for All Exchanges and Replacements

The following procedures apply to all returns of Scentsy products for repurchase, replacement, or exchange. An *exchange* is defined as product that is resalable that you or your customer is exchanging for an alternative product. A *replacement* is defined as a defective or damaged product that is being returned for warranty reasons. A *repurchase* is the return of a product to Scentsy for a refund.

9.4.1 – Customer Exchanges or Replacement

Scentsy would prefer customers work through their Consultants to handle all customer exchanges and/or replacements. Customers who do not have, or cannot locate, their Consultant should contact Consultant Support for assistance.

9.4.2 – Consultant Exchanges

Product being returned for an exchange must be in *resalable* condition as defined in Section 14 – Definitions.

1. You must be the Consultant who originally purchased the merchandise from Scentsy to exchange it.
2. You must pack the items in proper shipping carton(s) and packing materials and ship to Scentsy.
3. For an exchange, you (or your customer) are responsible for the shipping cost to return product to Scentsy.
4. For each exchange, you must include: the Consultant ID; the order number; the name of the guest/customer who ordered the product; a copy of the original, dated sales receipt; the address to

ship the exchanged product to; and information on what you are exchanging the product for (to assist you with this process please use the *Replacement Exchange Form* available in the Business Builders tab on your **Workstation**).

5. The risk of loss or damage in transit shall be borne by you, and if a return carton is lost, it is your responsibility to trace the package.
6. If you are returning merchandise to Scentsy that was returned to you by a customer, Scentsy must receive that product(s) within ten (10) days from when you received the merchandise from your customer and a copy of the original sales receipt must be included with it.
7. Once Scentsy receives the product(s), the exchange or replacement product(s) will be shipped to you.

9.4.3 – Consultant Replacements

The following procedures apply to all replacements by a Consultant, whether the replacement is on behalf of their customer or for the Consultant:

- a) You must be the Consultant who originally purchased the merchandise from Scentsy to return it.
- b) Contact Consultant Support and provide the following information to assist in entering a Replacement Order: the Consultant ID, the order number, the name of the guest/customer who ordered the product, a description of the product defect, and an address where the replacement should be shipped to.
- c) Consultant Support will enter the Replacement Order and ship the replacement product. A prepaid return shipping label will be included for the return of the defective product (Scentsy will pay shipping both ways on warranty replacements). If a prepaid label is not included, it will not be necessary to return the defective product. On replacements where returning the defective product is required, Scentsy does require that a temporary debit be placed against your Product Credit Account until the defective product is received by Scentsy, at which time this debit will be removed. We apologize for this inconvenience, but too many warranty products were not being returned to Scentsy.
- d) Pack the items in proper shipping carton(s) and packing materials. Place the prepaid label on the box and take to your nearest UPS Store.
- e) In each return, you must include a copy of the original, dated retail sales receipt.
- f) The risk of loss or damage in transit shall be borne by you, and if a return carton is lost, it is your responsibility to trace the package.

If you are returning merchandise to Scentsy that was returned to you by a customer, Scentsy must receive that product(s) within ten (10) days from when you received the merchandise from your customer and a copy of the original sales receipt must be included with it.

SECTION 10 – BONUSES AND COMMISSIONS

Commissions will be deposited in Consultants' Pay Portals no later than the close of the business day on the tenth day of each month following the commission period. If the tenth day falls on a holiday or weekend, Scentsy Pay Portals will be funded on the next business day. New Consultants will receive information on how to set up their Pay Portal account within two (2) weeks from enrolling.

10.1 – Commission Qualifications

You must be an active Consultant and in compliance with the Agreement to qualify for bonuses and commissions. Scentsy pays commissions, in accordance with the Compensation Plan, on your personal sales activity. There is no minimum sales requirement to receive commission on your sales.

10.2 – Bonus Qualifications

Scentsy pays leadership bonuses, in accordance with the Compensation Plan, on the wholesale volume of your downline organization. For you to qualify for these bonuses, you are required to produce at least **500 points** per month in Personal Retail Volume (PRV). If you produce less than **500 points in PRV** for any pay period you will not receive a leadership bonus for that period, but **commissions** on personal sales activity will not be affected.

It is your responsibility to lead your downline organization and set a proper example in all aspects of running your Scentsy business: personal sales and party promotion; sponsoring; downline training, development, and nurturing, including but not limited to returning calls, emails, and requests from your downline organization; and the manner in which you run your business and conduct yourself. If it is deemed by Scentsy that you are not fulfilling these responsibilities, you may lose your rights to receive leadership bonuses from sales generated through your downline organization, or, at its sole discretion, Scentsy may opt to demote you.

10.3 – Commission Payment Minimums

The minimum amount for which Scentsy will issue a payment is \$30. If your commission is less than **this amount**, you will receive your cumulative commission payments in the month you earn \$30 or more in total commission.

10.4 – Adjustment to Bonuses and Commissions for Returned Products

As a Consultant, you receive bonuses and commissions based on the actual sales of products by your downline organization to customers. If a product sold in your downline organization is returned to Scentsy for a refund, the bonuses and commissions you earned on that sale will be deducted from your earnings in the month the refund is given (and if necessary, continuing every month thereafter until the commission is recovered). If you **cancel** your Consultant Agreement with a balance still being owed to Scentsy, that outstanding balance will be deducted from any monies owed to you upon your **cancellation** as described in Section 9.3.

10.5 – Unclaimed Product Credits

If your Consultant Agreement is cancelled for any reason (voluntary or involuntary) any product credits you have in your account will be forfeited.

10.6 – Online Activity Reports

While Scentsy earnestly strives to ensure all information provided to you by the Company in online reports is accurate and reliable, due to variables and factors beyond Scentsy's control, Scentsy, or anyone creating or transmitting the information, does NOT guarantee the information to be wholly accurate.

All sales volume information is provided *as is* without warranties, express or implied, or representations of any kind whatsoever. In particular, but without limitation, there shall be no warranties of merchantability, fitness for a particular use, or noninfringement.

To the fullest extent permissible under applicable law, Scentsy and/or other persons creating or transmitting the information will in no event be liable to any Consultant or anyone else for any direct, indirect, consequential, incidental, special, or punitive damages that arise out of the use of or access to sales volume information (including but not limited to lost profits, bonuses, or commissions, loss of opportunity, and damages that may result from inaccuracy, incompleteness, inconvenience, delay, or loss of the use of the information), even if Scentsy or other persons creating or transmitting the information shall have been advised of the possibility of such damages. To the fullest extent permitted by law, Scentsy or other persons creating or transmitting the information shall have no responsibility or liability to you or anyone else under any tort, contract, negligence, strict liability, products liability, or other theory with respect to any subject matter of this agreement or terms and conditions related thereto.

SECTION 11 – RESTRICTIONS ON CONSULTANT ACTIVITIES

11.1 – Bonus Buying

Bonus-buying activities are fraudulent and constitute a material breach of your Consultant Agreement. Bonus buying includes:

- a) The enrolment or attempted enrolment of an individual or entity as a Consultant without their knowledge or consent.
- b) The enrolment or attempted enrolment of non-existent individuals or entities as Consultants (this means you may not enrol a deceased or fictitious person or a fictitious business entity as a Consultant).
- c) You may not use your credit card to enrol another Scentsy Consultant under you or anyone else without prior written permission from Account Services (accountservices@scentsy.com). You must be able to prove that anyone signing up as a recruit under you did so with full knowledge and understanding of the terms of the Consultant Agreement.
- d) You may not offer to pay for all or any portion of a recruit's enrolment, nor may you offer gifts, incentives, or anything of monetary value in exchange for enrolling. Once a recruit has joined your team, you are free to offer them incentives to encourage behavior, but not before they enrol. Working with a Host to enrol, and then transferring the benefits they receive from the party to start-up Consultant benefits, is acceptable.
- e) You may not purchase Scentsy products by placing orders on another Consultants account (regardless of who ends up with the product), in a manner that results in you qualifying for a rank advancement or achieving an incentive trip, reward, or recognition.
- f) You must be able to demonstrate at least 70% of your total monthly Personal Retail Volume (PRV) is sold to customers outside your household, and/or have at least five (5) customers outside your household place orders each month. If you are building up inventory for a show or event, this is allowed as long as you can provide Scentsy evidence of the show/event upon request.

Scentsy regularly audits rank advancements, promotions, and incentive trips to identify instances of bonus buying. Scentsy must be vigilant in ensuring that orders are placed on behalf of Scentsy customers through their Independent Consultants. Failure to comply with any of the Bonus Buying policies listed above jeopardizes Scentsy, Inc. under federal regulations prohibiting pyramid schemes. If you participate in any of these activities, you are putting both your own Scentsy business and others' at risk!

11.2 – Fraudulent Behavior

Consultants, and the Hosts you work with, are obligated to deal fairly and honestly with your customers. If a Consultant's interactions are dishonest or fraudulent in any way, including but not limited to accepting customer payment but failing to place or deliver orders, the Consultant's Agreement with Scentsy will be immediately suspended and the matter turned over to a collection agency. In such situations, Scentsy's top priority is to work promptly with the Consultant's upline Director, the Host involved, and/or the customer directly, to quickly fulfil customer orders and commitments. Once all customers are made whole, Scentsy will turn its attention to investigating the fraudulent behavior and recovering its losses. If the investigation confirms fraudulent behavior, the Consultant's Agreement with Scentsy will be permanently cancelled and all pending compensation cheques will be held; the value of the replaced product(s), as well as applicable shipping and service charges, will be deducted.

If you become aware of fraudulent behavior, please contact Scentsy at compliance_ca@scentsy.com.

11.3 – Inventory Loading Prohibited

To ensure full compliance with Section 55.1 of the Federal *Competition Act* ("Section 55.1"), Scentsy strictly prohibits the supply of a product or services to Consultants or prospective Consultants of the Scentsy *Compensation Plan* in amounts that that are commercially unreasonable.

Without limiting the generality of this prohibition, the Scentsy program is designed so that Consultants are not required to carry inventory of products or services or sales aids. Consultants who do decide to carry an inventory of Scentsy products or services or sales aids may find making retail sales and building a marketing organization is facilitated by the same, because of the decreased response time in fulfilling customer orders or in meeting a new Consultant's needs. Each Consultant must make his or her own decision with regard to these matters.

Scentsy strictly prohibits the purchase of products or services or sales aids primarily for the purpose of qualifying for commissions, bonuses, or advancement in the Scentsy *Compensation Plan*. Consultants may not purchase more inventory than they can reasonably resell or consume in a month nor may they encourage others to do so.

Consultants who breach this prohibition will be subject to the actions set out in Section 12.

11.4 – Prohibition Against Income Claims & Earnings Representations

To ensure full compliance with Section 55 of the Federal *Competition Act* ("Section 55"), Scentsy strictly prohibits all Consultants (and any other persons) from making any representations relating to compensation under the Scentsy *Compensation Plan*, whether to a prospective Consultant or otherwise.

Without limiting the generality of this prohibition, and because Consultants do not have the data necessary to comply with the legal requirements for making income claims or other earnings or lifestyle representations under Section 55, you, when presenting or discussing the Scentsy opportunity or *Compensation Plan* to or with a prospective Consultant, shall be strictly prohibited from, and shall not make or imply directly or indirectly, any verbal, physical, electronic, or other income claims or earning or lifestyle representations, which shall include a general prohibition against the making of income projections, improved lifestyle claims, hypothetical income examples, or disclosures regarding your own Scentsy income (including the showing of cheques, copies of cheques, bank statements, tax records, or other similar demonstrative documents).

Furthermore, so that Scentsy may meet its obligations under Section 55 to ensure that (a) no representations relating to compensation under the Scentsy *Compensation Plan* are made by participants in the plan or by Scentsy Consultants, and that (b) any representations relating to compensation under the *Compensation Plan* that may be made, constitute or include fair, reasonable, and timely disclosure of the information required by Section 55, any Consultant (or other person) that has the reason to believe that this general *Prohibition Against Income Claims & Earnings or Lifestyle Representations* is being contravened by themselves or any other person, SHALL HAVE THE POSITIVE OBLIGATION to inform, and SHALL INFORM SCENTSY of the facts relevant to the contravention, such that Scentsy is capable of ensuring that any representations relating to compensation made under the Scentsy *Compensation Plan* comply with the provisions of Section 55, or are otherwise corrected.

Limited Right to Make Income Claims, With Timely Disclosure

Without limiting the general *Prohibition Against Income Claims & Earnings Representations*, and reporting other obligations set out in section above, at such time as Scentsy develops and publishes in official Scentsy Canadian literature or on the Scentsy Canadian website, either (a) compensation actually received by typical participants in the Scentsy *Compensation Plan* or (b) compensation likely to be received by typical participants in the Scentsy *Compensation Plan*, having regard to the relevant considerations set out in Section 55 (hereafter, "Fair, Reasonable and Timely Disclosure Information"), you shall have the following right(s):

1. To repeat to prospective Consultants any income claims or earnings representations found in official Scentsy Canadian literature or on the Scentsy Canadian website, provided immediately noting the Fair, Reasonable and Timely Disclosure Information set out in the same Scentsy literature.
2. To make hypothetical income examples to prospective Consultants that are used to explain the operation of the *Compensation Plan*, and which are based solely on mathematical projections of

information set out in the *Compensation Plan*, provided that in using such hypothetical examples you also immediately make to the same prospective Consultants the Fair, Reasonable and Timely Disclosure Information set out in the then-current Scentsy Canadian literature, and otherwise makes clear to the prospective Consultants that such prior income examples are hypothetical.

11.4.1 – Indemnification

You are fully responsible for all verbal and written statements made regarding Scentsy products and/or the Compensation Plan that are not expressly contained in official Scentsy materials. You agree to hold Scentsy, Scentsy directors, officers, employees, and agents harmless from any liability as a result of any unauthorized representations or actions by you. This provision shall survive the termination of the Consultant Agreement.

11.5 – Conflicts of Interest

11.5.1 – Participation in other Direct Selling Ventures (effective August 1, 2012)

You may participate in other direct selling ventures (including party plan, network marketing, and multilevel marketing). However, you may not promote other companies or products together with Scentsy products or brands (i.e. cross-market). For example, you may not conduct parties, place car advertisements, or have Scentsy dedicated social networking accounts or webpages which advertise both a Scentsy brand and a non-Scentsy brand. If you have a personal social networking account that is not dedicated to the promotion of your Scentsy business, it is within policy for you to mention Scentsy alongside your other business ventures. **In order to promote to Director, you, or a member of your immediate household, may not participate in or be a representative of another direct selling company that sells competing products or that offers host rewards, or can be viewed as a party plan company. If you choose to participate in another party plan company and/or for a company that offers competing products, your title will not advance beyond the title of SuperStar Consultant. You will be allowed to maintain your downline and continue to grow your business. If your affiliation with another direct selling company ceases, there will be no limitations on your advancement.**

11.5.2 – Consultants Selling to Other Consultants

As a Consultant, you, or members of your immediate household, are not allowed to sell any products or services to other Consultants when such products are related in any way to the conducting or maintaining of a Scentsy business. This policy does not include the selling of authentic Scentsy products. Additionally, you are not allowed to use Scentsy information, events, websites, or assets to sell non-Scentsy products to Consultants. If any disputes arise due to Consultants selling authentic Scentsy products to one another, Scentsy will not be involved in resolving the dispute and the Consultants realize that they choose to buy or trade from one another at their own risk.

11.5.3 – Nonsolicitation

Subject to compliance with Section 11.5.1 above, you may participate in other direct selling ventures (including party plan, network marketing, and multilevel marketing); however, if you elect to participate in another such business, you are prohibited from Unauthorized Recruiting as described below:

- a) While you are a Scentsy Consultant, and for a period of six (6) months following the cancellation of your Consultant Agreement, you may not attempt to recruit or enrol Scentsy customers or Consultants for other direct selling business ventures directly or through a third party. This includes presenting or assisting in the presentation of other business opportunities, or implicitly or explicitly encouraging any Scentsy customer or Consultant to join other business ventures;
- b) You may not offer literature, tapes, or promotional materials for another direct selling business to Scentsy customers or Consultants, nor may you allow any third person to recruit Scentsy customers or Consultants for another business venture;
- c) You may not sell or promote any competing non-Scentsy products to Scentsy customers or Consultants. This would include any product in the same general category as Scentsy products,

- including any warmers, scented candle products, room spray, or air fresheners;
- d) You may not offer Scentsy products or promote the Scentsy Compensation Plan in conjunction with any non-Scentsy products, services, business plan, opportunity, or incentive.

11.5.4 – Online Reports and Information

Scentsy will make available to you through your Consultant **Workstation** information and reports (i.e. downline reports, order history reports, contact lists, etc.) needed to run and grow your Scentsy business. All **Workstation** information and reports are confidential and are classified as proprietary information and business trade secrets exclusively belonging to Scentsy.

This information is made available to you in the strictest confidence and for the sole purpose of assisting you in working with your downline organizations in the development of your team and your business. When working with this information, you agree that you will not:

- a) Directly or indirectly disclose any information contained in any online Scentsy report to any individual, partnership, association, corporation, or other entity;
- b) Directly or indirectly disclose, to any individual, partnership, association, corporation, or other entity, the password or other access code to your Consultant **Workstation**;
- c) Use the information contained within your Consultant **Workstation** or on a report to compete with Scentsy or for any purpose other than promoting or supporting your Scentsy business; or
- d) Recruit or solicit any Scentsy Consultant listed on any Downline Report for another direct selling venture, or in any manner attempt to influence or entice any Consultant to alter her/his business relationship with Scentsy.

11.5.5 – Consultant Relationships with Employees

Beginning October 1, 2009, no new Consultant may reside in the same household nor be the spouse or domestic partner of a Scentsy employee. Consultants who, on or before **September 15, 2009**, reside in the same household or are the domestic partner or spouse of a Scentsy employee will not be required to forfeit their Consultant status. For purposes of this section, same household means people residing in the same dwelling, regardless of relation, and includes spouses or domestic partners, even if the spouse/domestic partner resides at a different dwelling.

11.5.6 – Outside Employment

A person who is a principal of another direct selling company, or a person with a member of his/her immediate household who is a principal of another direct selling company, shall not be permitted to be Consultants or to become Consultants. For the purposes of this section, “principal” shall mean any director, officer, executive, sole proprietor, general partner, or owner of 10% or more of any outstanding stock in any business entity that conducts sales through a direct sales channel, or controls or is under common control with any business entity that conducts sales through a direct sales channel. Scentsy reserves the right to limit participation in Scentsy events if Consultant or a member of his or her immediate household is an employee of another direct selling company.

11.6 – Targeting Other Direct Sellers

Scentsy does not condone consciously targeting the sales force of another direct sales company for recruiting purposes, nor does Scentsy condone the solicitation of sales representatives from other direct sales companies in ways that would cause these representatives to violate the terms of their contract with their company. Should you engage in these activities, you risk being sued by these other direct sales companies and if any lawsuit, arbitration, or mediation is brought against you, Scentsy will not pay any of your defense costs or legal fees, nor will Scentsy be responsible for any judgment, award, or settlement. You hereby agree to indemnify and hold Scentsy harmless from any liability or losses sustained by any of your efforts or acts to recruit or sponsor Scentsy Consultants.

11.7 – Cross Sponsoring

Cross sponsoring occurs when a Consultant knowingly enrolls (or attempts to enroll) another Consultant or a former Consultant under **him or** her when that Consultant is enrolled in a different line of sponsorship, or the former Consultant was enrolled in a different line of sponsorship within the past six (6) months. This behavior is strictly prohibited. The use of any real or fictitious name, identification, or ID number in an effort to circumvent this policy is considered fraudulent behavior and is prohibited.

Additionally, you shall not demean, discredit, or defame other Scentsy Consultants in an effort to entice another Consultant to become part of your downline organization.

If you discover cases of cross sponsoring, you must immediately report this activity to Scentsy at compliance_ca@scentsy.com. When cross sponsoring occurs, it is Scentsy's right to take appropriate action against the offending Consultant, as well as any Consultants who encouraged or participated in cross sponsoring in any way. Scentsy may also choose to restore or move all or part of the offending Consultant's downline back to **his or** her original downline organization at its sole discretion. Consultants involved in cross sponsoring waive all claims and causes of action against Scentsy relating to the disposition of the cross-sponsored Consultant's downline organization.

11.8 – Negative and Disparaging Remarks

While Scentsy welcomes constructive input from its Consultants, negative comments and remarks made by Consultants about Scentsy, its products, or **its** Compensation Plan serve no purpose other than to sour the enthusiasm of other Scentsy Consultants. For this reason, you must not disparage Scentsy, other Scentsy Consultants, Scentsy's products, the Compensation Plan, or Scentsy's board of directors, officers, or employees. If you disparage any of these parties, it is considered a material breach of your Consultant Agreement and you will be subject to appropriate action. See Section 12.1.

11.9 – Making Claims Regarding Government Approval or Endorsement

Neither federal nor regulatory agencies nor officials approve or endorse any specific direct selling or network marketing companies or programs. Therefore, you shall not represent or imply that Scentsy or its Compensation Plan have been approved, endorsed, or otherwise sanctioned by any government agency or official.

11.10 – Client Information

Your client database is to be used solely for the purpose of running your Scentsy business; it may not be sold, copied, and/or distributed to any person, Consultant, or company for any reason. Scentsy may use your client database in connection with marketing and sales promotions related to your business, the Scentsy opportunity, or other Scentsy promotions.

11.11 – Use of Nonpublic Information

No Scentsy Consultant may act on, or benefit in any way from, any information about Scentsy, or its future plans, to pursue any aspect of the Consultant's business prior to the public announcement of such information by Scentsy. Such information may include, but is not limited to, any information gained through relationship, conversation, or communication with Scentsy employees, directors, or corporate officers, and includes all information that has not been publicly announced. Any actions taken prior to a public announcement will be deemed to be a violation of the Consultant Agreement and subject to disciplinary proceedings as defined in Section 12 of this agreement, including **cancellation** of your Consultant status. For further clarification, please see the definition of Public Announcement and Nonpublic Information in **Section 14** of this document.

SECTION 12 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

12.1 – Disciplinary Sanctions

If you are found in violation of your Consultant Agreement or these Policies and Procedures, or if Scentsy determines that you have engaged in or are engaging in any illegal, fraudulent, deceptive, or unethical business conduct, you may be subject, at Scentsy's discretion, to one or more of the following corrective measures:

- a) A written warning or admonition;
- b) A requirement that you take immediate corrective measures;
- c) Imposition of a fine, which may be withheld from bonus and commission payments;
- d) Loss of rights to one or more bonus and/or commission payments;
- e) Suspension of your Consultant Agreement for one or more pay periods;
- f) The removal of a frontline Consultant and their downline organization from your downline organization;
- g) Involuntary Cancellation of your Consultant Agreement; or
- h) Any other measure allowed within any portion of the Agreement, or which Scentsy deems appropriate, to equitably resolve injuries caused wholly or in part by your policy violation or contractual breach.

Scentsy may withhold from you all or part of your bonuses and commissions while the Company is investigating any potential or alleged misconduct. If your Scentsy business is cancelled for disciplinary reasons, you will not be entitled to any commission or bonus withheld during the investigation period. Scentsy may institute legal proceedings for monetary and/or equitable relief at its sole discretion.

12.2 – Results of Suspension or Cancellation

If a Consultant has been cancelled or suspended, they must cease to sell Scentsy products, including stock on hand. The Consultant may not participate in any parties, fairs, or shows, including those scheduled prior to suspension or cancellation, during the period of suspension or cancellation. Once the suspension has expired, or the cancelled Consultant has been reinstated, they may resume all selling activities. If you are cancelled, you may return unused goods subject to Section 9.3 of this agreement.

12.3 – Grievances and Complaints

If you have a grievance or complaint with another Consultant regarding any practice or conduct in relationship to Scentsy or your Scentsy business, you must first report the problem to your Sponsor, who is obligated to review the matter and make an earnest and meaningful attempt to resolve it with the other party's upline Sponsor and/or Director. If the matter cannot be resolved, it must be reported, in writing, to Consultant Support, who will review any facts and claims and will work to resolve the situation.

12.4 – Alternative Dispute Resolution

Any dispute or claim arising from or relating to the Agreement (including the Policies and Procedures), or any other claim or grievance against Scentsy in any form whatsoever, including but not limited to economic losses, personal injury, or property damage, will be subject to mediation at Scentsy's corporate address using a neutral mediator of Scentsy's choosing. In the event that Scentsy and the Independent Consultant are unable to resolve their dispute through mediation, Scentsy and the Independent Consultant will be subject to final and binding arbitration to be held in Meridian, Idaho, USA unless the laws of the province or territory in which you reside expressly require the application of its laws, in which case the proceedings shall be held in the capital of that province or territory.

The arbitration will take place before a panel of three arbitrators to be selected as follows: the Independent Consultant shall select one (1) arbitrator, Scentsy shall select one (1) arbitrator, and the selected arbitrators will select the third arbitrator. The third arbitrator shall be an attorney. The party initiating the arbitration will identify its arbitrator in its written demand for arbitration to the other party. The other party shall identify its arbitrator within five (5) days of receipt of the notification of intent to arbitrate, and the third arbitrator must be selected within five (5) days of the appointment of the second arbitrator. Scentsy shall pay the fees of its selected arbitrator, the Independent Consultant shall pay the fees of his/her selected arbitrator, and Scentsy and the Independent Consultant shall pay equal shares of the third arbitrator's fees. The dispute will be subject to rules of arbitration agreed upon by the majority vote of the arbitrators and will be communicated to the party within ten (10) days after the arbitration panel has been completed.

The prevailing party in any arbitration proceeding shall be entitled to receive from the losing party all costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrators shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. The decision of the arbitrators shall be final, and there shall be no right to appeal such decisions in any court or judicial system. This agreement to arbitrate shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent Scentsy from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect Scentsy's interest prior to, during, or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

Additionally, any dispute you have with Scentsy for any act or omission relating to or arising from this Agreement, must be brought within one (1) year from the date of the alleged misconduct and by accepting this Agreement, you waive all claims that any other statute of limitation applies.

Further, by accepting this Agreement you agree and covenant not to file suit against Scentsy, any of its affiliates, subsidiaries, officers, directors, or employees for any claim or grievance you may have arising from your status as an Independent Consultant of Scentsy.

12.5 – Governing Law, Jurisdiction, and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside in Ada County, in the state of Idaho, USA, unless the laws of the province or territory in which you reside expressly require otherwise, in which case that province's law shall only govern issues related to jurisdiction and venue. The laws of the State of Idaho shall govern all other matters relating to or arising from the Agreement unless the laws of the province or territory in which a Consultant resides expressly require the application of its laws.

SECTION 13 – DOWNLINE LOSS, DOWNLINE RESTORATION, AND ACCOUNT CANCELLATION

13.1 – Effects of Voluntary or Involuntary Cancellation

As long as you remain current and comply with the terms of the Consultant Agreement and these Policies and Procedures, Scentsy will pay you bonuses and commissions in accordance with the Compensation Plan. Your bonuses and commissions constitute the entire reward for your efforts in generating sales and all activities related to generating sales – including building downline organization.

If your Consultant Agreement is voluntarily or involuntarily cancelled, you will receive bonuses and commissions only for the last full pay period prior to the cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation). Upon the cancellation of your Consultant Agreement, you shall be deemed to have waived all of your rights, title, claim, or interest to the downline organization that you operated, and to any leadership bonuses from the sales generated by that organization. Additionally, you will lose the right to represent Scentsy, the right to sell Scentsy products, and the right to receive future commissions, bonuses, or other income resulting from Scentsy activities.

13.2 – Eligibility to Retain Downline

In order for your account to remain eligible to retain downline, you must generate 150 points or more in PRV in at least one calendar month within a three-calendar-month period. For example, if your PRV for the month of May is 150 points or more, you will be eligible to retain downline for the next three months: June, July, and August. If your PRV totals are 150 points or more in July, your account will remain eligible to retain downline for August, September, and October. If the required 150 points in PRV are not met in any one of the months within the three-month period, loss of downline will occur on the day following the last day of the third month of inactivity.

During the third month of inactivity, your downline report will indicate your impending loss of downline unless and until you submit orders totaling 150 points in PRV. Loss of downline will become effective on the day following the last day of the third month of inactivity. Scentsy will not provide written confirmation of downline loss.

13.2.1 – Downline Restoration

Requests for restoration of downline must be submitted to Account Services by email to accountservices@scentsy.com, before the end of the month the downline was lost. Requests received after the month in which downline loss occurred will not be considered. Account Services will contact all affected upline members to gain approval to restore the downline. All affected upline members must agree or the downline will not be restored.

13.3 – Voluntary Suspension

If you can't meet Scentsy's minimum sales requirements for an extended period of time due to pregnancy, adoption, personal illness, family illness, or natural disaster, you can voluntarily suspend your Agreement for up to three (3) calendar months by contacting Account Services at accountservices@scentsy.com to initiate the account suspension. You lose all Consultant benefits and privileges during the suspension and no activity can occur (i.e. no orders, no commissions, no trips earned, etc.), but your downline and title stays intact. Your status will revert to normal at the end of the third calendar month unless you re-engage sooner by contacting Scentsy Account Services at accountservices@scentsy.com. You may use this benefit not more than once in every twenty-four (24) months.

If you are impacted by foreign military service assignments, please contact Consultant Support, and your Agreement with Scentsy will be suspended until your service is complete.

13.4 – Annual Cancellations

Annual account cancellations will occur on January 1, of each year, for accounts that generate zero (0) points in PRV during the period of July 1 through December 31. Excluded from the yearly account cancellation process are new enrolments or account restorations that occurred during that same time period.

13.4.1 – Account Restorations

Accounts cancelled on January 1, as part of the yearly account cancellation process as well as accounts that have been cancelled for a period of six (6) months or more, can be restored by submitting a restoration request to accountservices@scentsy.com. Restoration requests for accounts cancelled on January 1 or for accounts that have been cancelled for a period of six (6) months or more will be restored to the title of Essential Consultant. Lifetime PRV Points will be retained. Restorations for accounts cancelled on January 1 as part of the yearly account cancellation process as well as for accounts that have been cancelled for a period of six (6) months or more are eligible to change Sponsors. The Sponsor change request must be included in the request to restore the account.

Accounts that were voluntarily cancelled for a period of less than six (6) months can also be restored by submitting a restoration request to accountservices@scentsy.com. Restoration of accounts cancelled less than six (6) months prior are not eligible to change Sponsors. The account will be restored to the title of Essential; or Certified, if previous title was Certified or higher.

13.5 – Involuntary Cancellation

Your violation of any of the terms of the Agreement, including any amendments that may be made by Scentsy in its sole discretion, may result in any of the sanctions listed in Section 12.1, including the involuntary cancellation of your Consultant Agreement. Cancellation shall be effective on the date on which written notice is mailed, return receipt requested, to your last known address, or when you receive actual notice of cancellation, whichever occurs first.

Scentsy expressly reserves the right to cancel all Consultant Agreements upon thirty (30) days written notice in

the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

13.6 – Voluntary Cancellation

You have a right to cancel your Consultant Agreement at any time, regardless of reason. Cancellation must be submitted to accountservices@scentsy.com. Your notice must include your name, address, and Consultant I.D. Number.

13.7 – Director (Q)

If you are a Director who does not meet the minimum requirements to keep the paid-as rank of Director for three (3) consecutive months, your title will be changed to “Director (Q).”

13.7.1 – Title and Team Identity

As a Director (Q), you will still have access to all Director benefits and continue to conduct business as a Director; the only difference between a Director and a Director (Q) is in the way commissions are calculated.

13.7.2 – Commissions

The Director (Q) adjustment will be effective for the commission calculation of the third month of not meeting Director qualifications. For example, if you became Director in December and do not meet the qualifications for Director rank in January, February, and March, you will be considered a Director (Q) for the March commission calculation of your upline. The Director (Q) will not affect you as you will be paid at whatever rank you qualify for that month, based on your volumes and frontline/Director requirements. For commission purposes, your Team Wholesale Volume (TWV) will be absorbed upline into the team of those above you. Directors (Q) do not count in qualifications for Star or SuperStar Director for their upline Directors.

13.7.3 – Duration of Director (Q) Status

By meeting the monthly qualifications, you may again promote to Director (or higher) during any successive month. You will remain a Director (Q) until you qualify for the rank of Director or higher.

SECTION 14 – DEFINITIONS

Active Frontline Consultant – All frontline Consultants who have 150 points in Personal Retail Volume (PRV) in a given month. Scentsy Consultants begin every month being inactive. They become active each month when they reach 150 points in PRV. Three (3) consecutive months of inactivity, defined as not reaching at least 150 points in PRV in at least one (1) month each three (3) month period, will result in loss of downline.

Agreement – The contract between the Company and each Consultant that includes the Consultant Application and Agreement, the Scentsy Policies and Procedures, the Scentsy Compensation Plan, and the Business Entity Registration Form (where applicable). These documents are collectively referred to as the *Agreement*.

Bonus – The compensation paid to a Consultant for leadership activities and earned incentives, as provided in the Scentsy Compensation Plan.

Cancellation – The termination of a Consultant’s business. Cancellation may be either voluntary or involuntary through non-renewal or inactivity.

Commission – The compensation paid to a Consultant for the sales of commissionable Scentsy products represented as a percentage of retail volume, as provided in the Scentsy Compensation Plan.

Commissionable Products – All Scentsy products on which commissions and bonuses are paid. Starter Kits

and Business Supplies are not commissionable products.

Current Frontline Consultant – A Consultant who is active for one or more months within a three-month period is considered “current.” All current Consultants are eligible to place orders, receive commissions, and retain downline. A Consultant can be considered current even during months when he or she is not “active” (see above).

Downline – The Consultants sponsored below a particular Consultant.

Downline Organization – See *Group*.

Downline Report – A real-time report generated by Scentsy and accessed through each Consultant’s Workstation that provides critical data relating to the identities of Consultants, sales information, and enrolment activity of each Consultant’s downline organization. This report contains confidential and trade secret information that is proprietary to Scentsy.

End Consumer – A person who purchases Scentsy products for personal use, rather than for resale to someone else.

Frontline – All Consultants in the first level of a Consultant’s downline.

Generation – The arrangement of all Directors, and their teams, in a downline.

Group – A Consultant and **his or her** entire downline.

Group Wholesale Volume (GWV) – The sum of the Personal Wholesale Volume (PWV) of all members of a Group.

Household – People residing in the same dwelling, regardless of familial relation.

Immediate Household – Heads of household, their spouse or significant other, and dependent family members residing in the same house are all immediate household members.

Leg – Each frontline Consultant and their respective group represents one *leg* in your downline organization.

Level – The layers of Consultants in a particular Consultant’s downline. This term refers to the relationship of a Consultant relative to a particular upline Consultant, determined by the number of individuals between Consultants who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A’s fourth level.

Nonpublic Information – Any information related to Scentsy that has not been announced publicly by Scentsy. This includes, but is not limited to, information about new products, processes, equipment, territories or sales areas, business changes, products or product lines, personnel, intellectual property, and promotions.

Personal Retail Volume (PRV) – The value of all commissionable products sold to a Consultant or to a Consultant’s **customer(s)**.

Personal Wholesale Volume (PWV) – 75% of a Consultant’s Personal Retail Volume (PRV).

Public Announcement – Information shall be deemed to be publicly announced only if it has been released to the media through a press release by Scentsy, emailed to Consultants directly from Scentsy, communicated to Consultants through a Workstation posting by Scentsy, or announced by an authorized Scentsy officer at an event sponsored and conducted by Scentsy, such as Convention, Boot Camp, World Tour, training phone calls, and

Director phone calls. Events sponsored by Consultants, Directors, etc. are not Scentsy events. Appearance of information on forums, even forums hosted on the Scentsy corporate website, does not constitute an official announcement.

Rank – The monthly qualification level at which a Consultant’s compensation will be determined. Rank changes (up or down) based on performance.

Resalable – Products and sales aids shall be deemed *resalable* if each of the following elements is satisfied:

1. They are unopened and unused;
2. Packaging and labelling has not been altered (including stickers/labels) or damaged;
3. The product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and
4. Products are returned to Scentsy within one year from the date of purchase.

Any merchandise that is clearly identified at the time of sale as nonreturnable discontinued, or as a seasonal item, shall not be resalable.

Retail Customer – An individual who purchases Scentsy products through a Consultant.

Roll-Up – The method by which a vacancy in a downline organization, left by a Consultant whose Consultant Agreement has been cancelled or by a Sponsor becoming ineligible to retain downline, is filled.

Sponsor – A Consultant who enrolls another Consultant into the Company, and is listed as the Sponsor on the Consultant Application and Agreement. The act of enrolling others and training them to become Consultants is called *sponsoring*.

Starter Kit – A selection of Scentsy training materials, product samples, and business support literature that each new Consultant is required to purchase.

Suspension – Temporary removal of Consultant privileges (ability to sell and/or recruit). Suspension can be voluntary or involuntary.

Team – A Consultant and his or her downline, excluding any Director in their Group and that Director’s downline, respectively. *Example:* Your household. When a child moves away and creates a household of her own, she is still part of your posterity, but is no longer part of your household.

Team Wholesale Volume (TWV) – The sum of the Personal Wholesale Volume (PWV) of all members of a team.

Termination – Permanent removal of Consultant privileges.

Title – The highest Rank achieved by a Consultant to date, or Director (Q) (see Section 13.6). A Consultant’s title only changes by advancement, except in the case of a change to Director (Q) status.

Upline – This term refers to the Consultant or Consultants above a particular Consultant in a sponsorship line upward all the way to the Company. Conversely stated, it is the line of Sponsors that links any particular Consultant to the Company.

Wholesale Volume – 75% of Personal Retail Volume (PRV), or in other words, the residual value of Retail Volume remaining after Commissions have been subtracted. Personal Wholesale Volume (PWV) is 75% of a Consultant’s PRV. Team Wholesale Volume (TWV) is the sum of the PWV of all members of a team. Group Wholesale Volume (GWV) is the sum of the PWV of all members of a group. Starter Kits and Business

Supplies have no Wholesale Volume.