

**Scentsy, Inc.**

**POLICIES**  
*and*  
**PROCEDURES**

**United States**

Effective: December 2010

## **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 considered part of the Independent Scentsy Consultant Agreement.

In its entirety, the Independent Consultant Agreement includes:

- a) The Consultant Application and Agreement;
- b) The Policies and Procedures;
- c) The Scentsy Compensation Plan; and
- d) The 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 Scentsy Consultant), other Scentsy Consultants, and Scentsy, Inc., 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, state, and local laws governing your Scentsy business and conduct.

If you have any questions regarding any policy or rule, do not hesitate to ask your Sponsor or contact Scentsy Consultant Support by emailing [support@scentsy.com](mailto:support@scentsy.com) or calling 1-877-855-0617.

### **2.3 – How Are Policy Changes Handled?**

Scentsy reserves the right to update or change the Agreement and/or its Compensation Plan, 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 an Independent Scentsy 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 labor strikes and difficulties, riots, war, fire, natural disasters, death, curtailment of a party’s source of supply, or government decrees or orders.

### **2.5 – Handling Invalid or Unenforceable Policies**

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 including the Policies and Procedures. Even if Scentsy chooses, for whatever reason, not to enforce compliance, this does not make any

portion of the Agreement including 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 Scentsy Consultant you must:

- a) Be of the age of majority in your state of residence;
- b) Reside in the United States, Canada, or U.S. Territories;
- c) Have a valid Social Security or Federal Tax ID number;
- d) Purchase a Scentsy Starter Kit (not applicable in North Dakota);
- 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 enroll 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.com](http://www.scentsy.com).

You must complete the Independent Scentsy Consultant Agreement and agree to all terms and related documents yourself. An existing Scentsy 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 enroll as a Scentsy Consultant. If it is discovered that an individual has provided Scentsy with false residency information or false tax ID information during enrollment, 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 enrollment process.

#### **3.2 – Can a Business Enroll as a Consultant?**

Certain types of corporations or businesses can apply to be a Scentsy Consultant by submitting a Business Entity Registration Form and Consultant Application and Agreement to Scentsy. If the business enrolls online, Scentsy must receive the Business Entity Registration Form within 30 days of the online enrollment or the Consultant Agreement will terminate.

Any person or entity with a legal or equitable interest in the Independent Scentsy 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 Scentsy 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 Security number (SSN) or a federal Employer Identification Number (EIN) to Scentsy. Your legal name and Social Security number must be entered as they appear on your Social Security card. Scentsy is required by law to provide this information to the IRS for 1099 reporting purposes. Failure to comply may result in suspension or cancellation of your Scentsy Account.

Once your application is submitted and accepted, Scentsy will assign 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 another one-year term, unless either you or Scentsy provide the other party with 30 days written notice of their intention not to renew the Agreement.

## **SECTION 4 – CONSULTANT RELATIONSHIP WITH SCENTSY**

### **4.1 – Independent Contractor Status**

When you join Scentsy as a Consultant you are an independent contractor. You are not purchasing a franchise or a business opportunity and the Agreement between you and Scentsy does not create an employer/employee relationship, partnership, or joint venture. As a result, you are solely responsible for paying all local, state, and federal taxes owed from any compensation earned. Additionally, Scentsy will not treat you as an employee for federal tax purposes. This means that Scentsy will not withhold FICA or taxes of any kind from your bonuses and commissions.

As an independent contractor you completely control the means by which you operate your Scentsy business. You will establish your own goals, hours, and methods of sale—subject to compliance with the Agreement and applicable law. You are solely responsible for paying all expenses incurred in developing your business and are not authorized to incur any debt or obligation on behalf of or in the name of Scentsy or other Consultants or to open any checking account on behalf of, for, or in the name of Scentsy.

### **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 – Income Taxes**

Scentsy will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to each U.S. resident Consultant who had earnings of \$600 or more in the previous calendar year. You are solely responsible for paying local, state, and federal taxes on any income generated as an Independent Scentsy Consultant.

#### **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 within 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 termination of a Scentsy business, everyone shifts up one level; so the first level (or frontline) of the terminated Consultant now becomes the first level (or frontline) of the terminated Consultant's Sponsor.

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

Although your Scentsy business is privately owned and independently operated, the sale, transfer, or assignment of it is subject to certain limitations. If you wish to sell your Scentsy business, you must receive written authorization from the Company. In order to sell, transfer, or assign a Scentsy business, the following criteria must be 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.
- b) The buyer or transferee must be (or must become) a qualified Scentsy Consultant. 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) Both the Seller and the Buyer must execute the Account Transfer Form (located in the **Resources** tab, Business Builders section, in your **Workstation**) and email it to [accountservices@scentsy.com](mailto:accountservices@scentsy.com).

Account transfers are processed once each month and all materials must be received by the fifth (5th) of the month in order to transfer the account that month. Materials received after the fifth (5th) will be processed the subsequent month. Payments will remain in the name of the Consultant until the transfer is processed.

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 within thirty (30) days of its receipt of all necessary documents from the parties.

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 re-apply as a Scentsy Consultant for at least six 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 by a husband-wife partnership, or across a business entity, there must 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 involuntarily terminate 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, whereupon 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 enroll 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 Incapacitation**

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](mailto: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 installment. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal Taxpayer

Identification Number (TIN). Scentsy will issue all bonus and commission checks and one IRS Form 1099 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.

## **SECTION 5 – RESPONSIBILITIES OF CONSULTANTS**

### **5.1 – Change of Address or Telephone**

To avoid any disruption in your business, please notify Scentsy at least two 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 Consultant Support at [support@scentsy.com](mailto:support@scentsy.com). When changing your address, please remember that Scentsy allows P.O. Box addresses for your mailing address, but not for your shipping address (as UPS does not deliver to P.O. Boxes). You also must submit a Change of Address Form with the U.S. Postal Service.

#### **5.1.1. – Changing Your Residency to Another Country**

If you move from your initial enrollment country to another country in which Scentsy operates, you may cancel your original enrollment agreement and sign a new agreement in the new country (note that purchase of new Starter Kit is required). To change countries, you must have a valid Tax Identification Number (TIN) for your new country. You will lose any downline you currently have and will not receive a refund for your original Starter Kit purchase. See Section 13 – Inactivity and Cancellations for additional information on cancellation of your original enrollment agreement.

Alternatively, you can submit a Change of Country form (located in the **Resources** tab on your **Workstation**) with all required information to [finance@scentsy.com](mailto:finance@scentsy.com) and [accountservices@scentsy.com](mailto:accountservices@scentsy.com). Change of Country submissions will be processed in January of each year, at which point your new enrollment agreement will be processed and activated. Change of Country forms must be received by November 1 of the prior year for your new enrollment agreement to be activated in January. Under this option, you will maintain your current downline.

### **5.2 – Changes to Your Scentsy Business**

If information within your Consultant Application, Consultant 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 Business Entity**

You may also modify your existing Consultant Agreement (e.g., change Social Security 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, a completed Business Entity Registration Form, and a \$25 change fee. Changes shall be processed only once per year. All changes must be submitted to Scentsy Account Services by November 30 to become effective on January 1 of the following year. Also see Section 3.2, which will apply to any registered business entity.

### **5.3 – Leadership and Continuing Development Obligations**

When you sponsor another Consultant into Scentsy, you must take a proactive role in providing assistance and training, and in ensuring those in your downline 1) are aware of Scentsy Policies and Procedures; and 2) comply with the Agreement, including Policies and Procedures.



You must have regular, ongoing contact with Consultants in your frontline and downline to facilitate this process. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of frontline Consultants to Scentsy meetings, team meetings, and other functions.

Further, if you become aware, either through your interactions with them or through someone else communicating with you, or from Scentsy, that a Consultant in your downline is violating Policies either willfully or due to ignorance, you will make every effort to educate, inform, and bring them back into compliance.

As you progress through various levels of leadership and become more skilled and experienced in sales techniques, product knowledge, and your understanding of Scentsy, you will be called upon to share this knowledge with newer Consultants.

#### **5.4 – Document Training of Your Frontline**

Upon request, you must be able to provide documented evidence to Scentsy of your ongoing fulfillment of the responsibilities of a Sponsor 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 [support@scentsy.com](mailto:support@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 and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Scentsy 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@scentsy.com](mailto:support@scentsy.com). Scentsy will work with you to understand and resolve the situation.

##### **5.7.2 – Compliance with Federal, State, and Local Laws**

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

##### **5.7.3 – Federal Regulations**

Certain federal regulations govern the sales of Scentsy merchandise. In order to comply with those regulations you must ensure that the following information is contained on each sales receipt:

- a) The date of the transaction;
- b) The date (not earlier than the third business day, i.e., Monday through Saturday, excluding federal holidays, following the date of the transaction) by which the buyer may give notice of cancellation;
- c) Name and address of the selling Consultant; and
- d) The signature of the purchaser, regardless of whether a credit card was used in the transaction.



When you make a sale, you must provide the customer with two copies of the sales receipt and verbally inform the customer of the three-day right of cancellation printed on the receipt.

## **SECTION 6 – MARKETING YOUR SCENTSY BUSINESS**

### **6.1 – Adherence to the Scentsy Marketing Plan**

As a Scentsy 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 and Procedures. 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; to ensure that your marketing efforts contribute to the public interest; and to avoid discourteous, deceptive, misleading, unethical, or immoral conduct or practices.

#### **6.2.1 – Independent Scentsy Consultant Logo / Identity**

Scentsy grants its Consultants a limited license to use the Independent Scentsy Consultant logo. This license allows you to use the Independent Scentsy Consultant logo in communications, including on approved websites, and on items you make for yourself or your team to conduct your Scentsy business. This license 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 Scentsy Consultant logo, you must get written approval from [compliance@scentsy.com](mailto:compliance@scentsy.com). No other use of the Scentsy logo is permitted and no license for the use of any other Scentsy mark, name, or logo is permitted.

#### **Logos Approved for Consultant Use**



The logos below are **NOT APPROVED** for Consultant use:



#### **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 without 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 phone greeting or on your answering machine to clearly separate your Scentsy business from Scentsy, Inc. For example, you may not secure the domain name [www.buyscentsy.com](http://www.buyscentsy.com); nor may you create an email address such as [scentsysales@hotmail.com](mailto: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, phrases, taglines, names, or phrases, and agree that you will not seek to register any such words, images, phrases, taglines, names, or phrases as a trademark, copyright, or domain name. If you do, you agree to assign to Scentsy, Inc. any such trademark application or registration, or copyright or domain registration to Scentsy. In addition, Scentsy may elect to take disciplinary action against you as provided in Section 12. By entering into the Consultant Agreement and/or renewing your Consultant Agreement, you hereby assign any rights that you may have to or in any such intellectual property to Scentsy and you further agree that Scentsy may, at its discretion, seek to register any such words, images, phrases, 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@scentsy.com](mailto:adapproval@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** to access the library of ads and templates.

#### **6.2.5 – Altering Packaging, Labels, and Products Prohibited; Adding Personalized Stickers OK**

You may only sell Scentsy products in their original packaging and may not repackage, re-label, or alter Scentsy products, nor the labels on Scentsy products you sell. Tampering with labels/packaging could be a violation of federal and state 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 obscuring the 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.

#### **6.2.6 – Don't Make False or Exaggerated Product Claims**

Consultants may not make claims about the therapeutic or curative properties of any products offered by Scentsy, except those contained in official Scentsy literature. Not only would these claims violate Scentsy Policies, they would likely violate federal and state laws.

#### **6.2.7 – International Sales**

You are only allowed to sell Scentsy products or offer the Scentsy opportunity within the United States, U.S. Territories, and those countries in which Scentsy is operating, as announced in official Scentsy literature. Signing the Independent Scentsy Consultant Agreement only authorizes the Consultant to work inside the United States and its territories. Additional documentation and agreements are necessary for U.S. Consultants to sell outside of the United States. International agreements are located within your Profile on your **Workstation** and must be accepted and transmitted before U.S. Consultants can sponsor and/or sell outside of the U.S.

#### **6.2.8 – 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@scentsy.com](mailto:mediarelations@scentsy.com) before you respond or disclose any information. If Scentsy requests that you not respond to said 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@scentsy.com](mailto:mediarelations@scentsy.com).

### **6.2.9 – 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, 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@scentsy.com](mailto:adapproval@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, 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 – Unsolicited Faxes and Mass Emails**

You are not permitted to use or send unsolicited (i.e., to people you do not know) faxes or mass emails to market Scentsy products or the Scentsy opportunity.

### **6.3.4 – 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 and state laws against 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](mailto:scentsygal@msn.com); [www.scentsyisgreat.com](http://www.scentsyisgreat.com); [www.myspace.com/scentsyfan](http://www.myspace.com/scentsyfan); [www.scentsy.com/official](http://www.scentsy.com/official), [www.scentsy.com/usa](http://www.scentsy.com/usa), [www.scentsy.com/canada](http://www.scentsy.com/canada), etc., or having "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 Scentsy 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, websites, or other publically 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 \$10 monthly fee. The term *registered external website* refers to your own Scentsy-approved external 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. You are not allowed to monetize your Personal Website or your registered external website through affiliate programs, 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 Scentsy 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 Email Spamming / Mass Emailing**

You are not allowed to transmit mass, unsolicited emails 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 6.2.6.

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

You may use social networking sites (Facebook, MySpace, LinkedIn, blogs, forums, and other social shared interest sites) to share information about the Scentsy business opportunity and for prospecting and sponsoring; however, 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 Scentsy 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 replicated website).
3. Profiles you generate in any social platform where you mention or discuss Scentsy must clearly identify you as an Independent Scentsy 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. Banner ads and images used on these sites must be current and must come from the Scentsy approved library.
7. If a link is provided, it must link to your Personal Website or a registered external website.

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

#### **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 Scentsy 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@scentsy.com](mailto:mediarelations@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 months from your date of enrollment.** Beyond this, your subscription can be continued for a \$10 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 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 Scentsy 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 *<Consultant ID #>.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-color 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*, *texas smellsgood.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 [accounts@scentsy.com](mailto:accounts@scentsy.com).



### **6.4.5.2 – External Websites (Non-Personal Websites)**

You are allowed one external website (not including a team website you may develop; see Section 6.4.5.3) to personalize your Scentsy business and promote the Scentsy opportunity. 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](http://www.scentsyonline.com/webregister) or by accessing the External Website Registration through your **Workstation**;
- 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 and must ensure your website appropriately represents and enhances the Scentsy brand and adheres to Scentsy 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 Scentsy 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 Scentsy 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](http://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 may not create an *Internet candle store* where brands other than Scentsy are offered.

#### **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.com](http://www.scentsy.com). 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 Ad Sense, 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*, *texasmellsgood.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-color 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**

You may use team websites for the purposes of connecting, communicating, training, education, 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 the Director’s PWS or external site. Directors cannot use their team name in the URL of their 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](http://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 Scentsy warmer, one Plug-In Warmer, one Scentsy Bar, one Room Spray, one Travel Tin, and one hanging freshener, as well as basket or party testers and 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 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. Co-operative promotions with service entities (i.e., a dentist or doctor’s office) are allowed pending prior approval from Scentsy ([adapproval@scentsy.com](mailto:adapproval@scentsy.com)).

### **6.5.4 – Fairs, Expositions and Other Temporary Sales Forums**

*NOTE: Scentsy realizes that fairs, shows and other temporary sales forums represent a good opportunity to both sell product, and expose a variety of people to the Scentsy opportunity. While Scentsy desires to allow Consultants to participate in temporary events, it is important that Consultants understand the intent behind the policies articulated below. The driving philosophy is that potential Scentsy customers in a given market or geography should not be able to go to a given location, at a given time, on a regular and/or reoccurring basis, and be able to purchase Scentsy products (cash-and-carry). If they are able to do this, we have basically created a retail environment—regardless of what the event is called—and we are in danger of undermining the ability of other Consultants in the area to hold successful parties or other events.*

*We are going to be more specific re: the definition of what is and what is not a temporary event (again, regardless of what the event is called), and more restrictive re: which events are allowed. Please familiarize yourself and your teams with these definitions and restrictions and only participate in fairs, shows, and other events that are authorized.*

*Also, please realize that Scentsy has absolutely no control over the business practices and/or the behaviors of event and show organizers and managers, nor does Scentsy have any desire or intent to play a primary role in managing and administering your participation in such events. As a result, we ask that if you wish to participate in fairs, shows, and other temporary sales forums, you clearly understand and adhere to the following policies and procedures.*

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 center or base exchange); b) occurs more often than every six 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 center, inside or adjacent to a base exchange, or inside or adjacent to a permanent swap meet. Shopping center kiosks, base exchanges, or permanent swap meets 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 Scentsy booth is allowed per show or event. It is your responsibility to check with the show manager/promoter to ensure there are no other Scentsy Consultants contracted before you contract for space.
2. Only current Scentsy Consultants are authorized to contract for booth space exhibiting Scentsy products. The contract is between *Independent Scentsy Consultant, Your Name*, 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, the terms “Scentsy Products, wickless candles, fragrant wax, light bulb warmers, and accessories” must be used. Failure to do this may limit your ability to keep non-Scentsy competitors from selling Scentsy knock-offs or from other Scentsy Consultants signing up for the same show/event.
4. You must also write on the contract, or in a cover letter you attach to the contract, that Scentsy has a one-booth-per-show policy and that, in making the show or event manager aware of Scentsy’s policy, you are asking in writing that the show not allow other Scentsy Consultants to display or sell Scentsy products.
5. You may only exhibit Scentsy products and the Scentsy business program 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 other products, but your Scentsy booth must only sell Scentsy products.

6. The contracting Consultant must be present at the booth a minimum of 20% each day the booth is in operation.

#### **6.5.4.2– Enrolling in an Event**

When signing up to do an event, you **MUST** follow this procedure:

1. Identify an event.
2. Contact the show or event manager.
3. Ask whether another Scentsy Consultant is already contracted to do the event; and if yes:
  - a. Ask when the event will accept applications and sign contracts for the following year;
  - b. Ask if the Scentsy Consultant doing this year’s event will be given first “right of refusal” to do the event next year as well, and confirm their desire/intent to do so. If this is the case, find another event. If not, plan on signing an agreement/contract with the show as early as possible to secure a position in next year’s event; and then
  - c. Find another event in which to participate.
4. If there is not another Scentsy Consultant contracted for the event, obtain a contract/agreement for the event and submit it, with payment, to secure your spot. The Consultant contracting for the event must also be the party financially responsible for the terms of that contract (i.e., you may not pay for the event with someone else’s credit card). Make sure it is filled out correctly and dated. Keep copies of the contract and your proof of payment/deposit as these will be **VERY IMPORTANT** if there is a double booking or dispute. Inform, in writing (see Section 6.5.4.1, item “4” above) the event manager of the Scentsy policy of having only one Scentsy booth per event. Ask if the event has a policy limiting the number of competing or similar booths at the event. If they do not:
  - a. Complete and sign an agreement/contract, including the words and phrases described in Section 6.5.4.1 item “3” above, and provide payment (either a deposit or in full) to the event manager.
  - b. **AFTER** you have signed a contract/agreement and have paid, ask the manager to assist in keeping Scentsy’s *one-booth policy* by informing other Scentsy Consultants who inquire about the event that there is already a Scentsy Consultant contracted. **You must recognize they are under no obligation to provide this assistance (as it is Scentsy’s policy, not theirs). However, even if they choose not to help, it is your responsibility to make them aware of Scentsy’s one-booth-per-show policy.**
  - c. Make sure you keep copies of the signed contract/agreement and proof of payment as these will be your only defense with Scentsy if a double booking and/or a dispute should arise, showing:
    - It is a current year’s application;
    - Your name is clearly listed as the Scentsy Consultant under contract;
    - The name, location, and dates of the event; and
    - The date the contract was signed/entered into.

*Please note that if the event does allow more than one vendor of similar/competing product per show, it may not be worth contracting because of the much higher probability of competition and/or double booking.*

#### **6.5.4.3 – 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 Scentsy Consultant already contracted and paid but the second applicant signed up anyway.

Not all shows follow the same policies regarding allowing multiple vendors from the same company in their events. There are some event managers who will knowingly double book because their policies do not limit the number of vendors from any one company. 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.

If a dispute arises between you and another Scentsy Consultant regarding engagements at a temporary sales forum, it is your responsibility to first attempt to reach an equitable resolution with the other Consultant, and then involve your respective upline Directors to resolve the issue. If the Directors cannot reach a resolution, AND one or both of the Consultants involved are out of compliance with the Scentsy policies listed above, the Directors should contact Scentsy at [directorsupport@scentsy.com](mailto:directorsupport@scentsy.com). At no time will Scentsy be liable for incurred expenses (booth fees, travel, lodging, meals, etc.) arising from a disputed situation.

#### **6.5.4.4 – 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.

#### **6.5.4.5 – International Fairs and Shows Policy**

No Scentsy Consultant may enter into agreements and/or contracts with a fair, show, or other temporary sales events outside their country of residence. Only Scentsy 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. Operating in a country outside Scentsy policy jeopardizes our ability to do business in that country and may subject you to fines and disciplinary action.

#### **6.5.4.6 – Disciplinary Action for Noncompliance**

If Scentsy discovers and confirms, at any future point, that Scentsy 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 months.
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 – Sales Receipts**

You are required to provide your retail customers with two 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 years.

### **7.3 – Ordering and Shipping**

#### **7.3.1 – How Orders are Placed**

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 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 \$5 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 you through 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**

All orders shipping to the contiguous United States will be subject to the following charges:

- Individual and Personal Website orders up to \$49.99 in total retail sales = \$5.00
- Individual and Personal Website orders \$50.00–149.99 in total retail sales = 10%
- Individual and Personal Website orders \$150 and up in total retail sales = FREE
- Party orders, \$150 and up in total retail sales = FREE
- Party orders, direct shipment, up to \$49.99 in total retail sales = \$5.00
- Party orders, direct shipment, \$50.00–149.99 in total retail sales = 10%
- Scentsy Business Supply orders up to \$29.99 = \$5.00
- Scentsy Business Supply orders \$30.00 and up = FREE

All orders shipping to Alaska, Hawaii, Puerto Rico, and Guam will be subject to the following charges:

- Individual and Personal Website orders up to \$34.99 in total retail sales = \$7.00
- Individual and Personal Website orders \$35.00–149.99 in total retail sales = 20%
- Individual and Personal Website orders \$150 and up in total retail sales = 10%
- Party orders, \$150 and up in total retail sales = 10%
- Party orders, direct shipment, up to \$34.99 in total retail sales = \$7.00
- Party orders, direct shipment, \$35.00-149.99 in total retail sales = 20%



- Scentsy Business Supply orders up to \$29.99 = \$7.00
- Scentsy Business Supply orders \$30.00 and up = FREE

All orders shipping to Canada will be subject to the following charges (listed in Canadian dollars):

- Individual and Personal Website orders up to \$29.99 in total retail sales = \$6.00
- Individual and Personal Website orders \$30.00–199.99 in total retail sales = 20%
- Individual and Personal Website orders \$200 and up in total retail sales = 10%
- Party orders, \$200 and up in total retail sales = 10%
- Party orders, direct shipment, up to \$29.99 in total retail sales = \$6.00
- Party orders, direct shipment, \$30.00–199.99 in total retail sales = 20%
- Scentsy Business Supply orders up to \$35.99 = \$6.00
- Scentsy Business Supply orders \$36.00 and up = FREE

#### **7.3.2.2 – APO/FPO Addresses**

In compliance with Department of Defense regulations, Scentsy will ship party orders to certain APO/FPO addresses through the Military Postal Service (MPS). Scentsy will not deliver to all zip codes, due to limitations with climate and transportation logistics. The list of approved ship-to APO/FPO zip codes is posted to the **Resources** tab in your **Workstation**.

Specific restrictions and requirements apply with APO/FPO shipments: items shipped through the MPS may not be resold, and MPS addresses may not be set as the default address for a Scentsy party. The improper use of the MPS defrauds U.S. taxpayers, is financially prohibitive for the company, and could result in the loss of MPS privileges to all service members within a country. All Scentsy Consultants are responsible for complying with MPS regulations at all times.

#### **7.3.2.3 – 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 by that amount in the same month the refund is issued.

#### **7.3.2.4 – What Should You Do When a Scentsy Shipment Arrives?**

When you or your Host receives 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 three (3) 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 may 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 the order was given to the Consultant. 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 days of closing.

## **7.4 – Sponsoring**

If you are an active Scentsy Consultant, you have the right to sponsor and enroll others into Scentsy by helping them successfully complete an Independent Consultant Application and Agreement as outlined in Section 3.

### **7.4.1 – Can I Change Sponsors?**

No. 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 enroll during that six-month period. Following this six-month period, you may reapply under a new Sponsor and will be required to purchase a new Starter Kit. Scentsy will consider waiving the six-month inactivity period under exceptional circumstances. Such requests for a waiver must be submitted to Scentsy Account Services in writing by emailing [accountservices@scentsy.com](mailto:accountservices@scentsy.com).

#### **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, at 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 Enroll in Scentsy?**

You may not recruit or enroll a person who is recognized as a minor in his or her state of residence. It is your responsibility to know the age of majority (or adulthood) in the states 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, gifts, and offers to provide incentives if new recruits reach milestones within a certain time period. The initial transaction to become a Scentsy Consultant (i.e., purchasing a Starter Kit) must be a stand-alone 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. Spouses may jointly operate one Scentsy business without submitting a Business Entity Form. All other business partnerships must submit a Business Entity Form (see Section 5.2.1).

The only exceptions Scentsy will consider to this policy are if a) two existing Scentsy Consultants marry, or b) in the case 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](mailto: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 disciplinary 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 disciplinary action against the entity.

### **7.6 – Business Pursuit Insurance**

You may wish to secure insurance for your business. Neither your homeowner policy nor your automobile policy covers 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.

### **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 Scentsy Consultants, as 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 are 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 days, the order will be cancelled and you will not receive volume credit for the order.

### **8.2 – Returned Checks**

In the event your bank returns a check for insufficient funds, Scentsy will contact you to obtain a credit or debit card to cover the payment. A \$10 returned-check fee will be added to the order amount. Scentsy reserves the right to require that future orders be paid by credit card, money order, or cashier's check. Any unresolved or outstanding balance owed Scentsy will be withheld from your bonus and commission payments.

### **8.3 – Restrictions on Third Party Use of Credit Cards and Checking Account Access**

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

### **8.4 – Sales Taxes**

The Scentsy program has been designed to free you from as many administrative and operational tasks as possible. To this end, Scentsy relieves you of the burden of remitting sales taxes, keeping sales tax records, and filing sales tax reports.

In states in which Scentsy products are subject to sales tax, Scentsy collects and remits sales tax as a service to its Consultants on all purchases, including Host Rewards. As a result, all orders that you submit will include the correct sales tax. Scentsy will collect and remit sales taxes on your behalf, according to applicable tax rates in the state, county and/or municipality the order is SHIPPED TO. The taxability of products and sales tax rates differ by state; and local taxes (county, municipality, and other tax districts) further complicate the picture. This could result in a disparity between what Scentsy charges you, and what you in turn charge your customer, depending on the location of the sale and where the order is shipped.

If a difference occurs, it is your responsibility to contact Scentsy at [salestax@scentsy.com](mailto:salestax@scentsy.com) for an adjustment. Be prepared to provide the date of sale, state, county, city, and rate of tax where shipped, total retail sales, and the amount of the additional tax or credit due. It is your responsibility to know what products are taxable and at what rate based on where products are sold and/or shipped. If you have questions regarding taxability and rates, contact your state or local department of revenue.

Scentsy Consultants need to be aware that any fundraising event performed by a non-profit organization requires sales tax to be collected and remitted to the appropriate state and local authorities. Scentsy Consultants should clearly communicate this requirement to the event organizer prior to the event.

The only instance where sales tax does not need to be collected is when the non-profit organization purchases product for its own use, or if the non-profit organization provides a sales tax permit/resale certificate and pays

the Consultant directly for the products. Consultants should email [salestax@scentsy.com](mailto:salestax@scentsy.com) both the Non-Profit's sales tax permit/resale certificate and a photocopy of the check demonstrating the organization paid the consultant directly.

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](mailto: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.

## **SECTION 9 – WARRANTIES, GUARANTEES, RETURNS, AND REPURCHASES**

### **9.1 – Lifetime Replacement Warranty**

Scentsy products come with a Lifetime Replacement Warranty for manufacturer's defects. A customer who has 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 their Consultant 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**

Scentsy offers a 30-Day Satisfaction Guarantee to all customers for any reason. As a Consultant, you are bound to honor this guarantee. If a customer is dissatisfied with any Scentsy product, the customer may return the product to you, within 30 days of purchase, for a replacement or exchange. See Section 9.4 below for additional information.

As a Consultant, you are limited in the amount of product you can return solely for dissatisfaction to \$100 in any 12-month period. If you wish to return such merchandise exceeding \$100 in any 12-month period, the return will be classified as an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms of Section 9.3, and your Consultant Agreement shall be cancelled unless you have received prior written approval from Scentsy. Please see Sections 9.4.1 and 9.4.2 below for specific return procedures.

### **9.3 – Return of Inventory and Sales Aids by Consultants**

If your Consultant Agreement is cancelled, you may return sales aids and inventory that you are unable to sell or use for a refund, as long as they are in resalable condition (see *Resalable* in Section 14 – Definitions). After Scentsy receives the product and/or sales aids, and confirms that they are in resalable condition, you will be reimbursed 90% of the original purchase cost, less shipping charges, and less any commissions, bonuses, rebates or other incentives you've received associated with the returned merchandise.

#### **9.3.1 – Return/Refund Exception for Montana Residents**

If you are a new Consultant from Montana, you may cancel your Consultant Agreement within fifteen (15) days from your enrollment date, and may return your Starter Kit for a full refund.

### **9.4 – Procedures for Exchanges and Replacements**

Definitions:

*Exchange*: a product that is resalable that you (or your customer) are exchanging for an alternative product.

*Replacement*: a defective or damaged product being returned for warranty reasons.

#### **9.4.1 – Customer Exchanges or Replacements**

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.
- g) 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**

Beginning in January 2010 commissions will be deposited on Consultant pay cards no later than **the close of the business day** on the tenth (10th) day of each month following the commission period. If the tenth falls on a holiday or weekend, pay cards will be funded on the next business day. New Consultants will receive their Scentsy pay card in the mail along with instructions for using it. By using the pay card, you consent to the disclosure of information necessary to fund your pay card between Scentsy and the pay card issuer.

Scentsy's pay card system allows the card to be issued, printed, and accessed by one individual only. As a partnership, business entity, or married couple acting as a single Consultant, the primary Consultant whose tax identification is entered during enrollment will be the named pay card representative and will be responsible for use of the pay card, the receipt of payments through the pay card system, and distribution of those funds to the other members or participants of the partnership or business entity acting as a single Consultant. Any disputes including but not limited to pay card funds, access, distribution or otherwise, between parties to the partnership or business entity acting as a single Consultant shall be settled by the parties to that partnership or entity and that in no case will Scentsy, Inc., its officers, employees, agents, or affiliates be party to such a dispute. Scentsy has no obligation to pay anyone other than the designated pay card bearer. In the event of a dissolution of the partnership, business entity, or marriage acting as a single Consultant, any disputes that may arise concerning pay card funds, access, or distribution shall be settled between the members or participants of the partnership or entity without Scentsy's involvement and you agree to hold Scentsy harmless from any and all claims about commission funds paid through the pay card system.

### **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 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 included but not limited to returning calls, emails, and requests from your downline organization; and in 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 – Adjustment to Bonuses and Commissions for Returned Products**

As a Consultant, you receive bonuses and commissions based on the actual sales of products to customers sold by your downline organization. If a product sold by someone 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 terminate 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 termination as described in Section 9.2.

### **10.4 – Unclaimed Commissions and Product Credits**

Your pay card will remain active as long as you receive a commission. If you fail to receive a commission for a period of 180 days, your pay card will become inactive. Inactive pay cards will maintain their balances, but are subject to a \$2.95 monthly fee charged by Money Network until you cancel the card.



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

### **10.5 – 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 non-infringement.

**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 enrollment or attempted enrollment of an individual or entity as a Consultant without their knowledge or consent.
- b) The enrollment or attempted enrollment of non-existent individuals or entities as Consultants (this means you may not enroll a deceased or fictitious person or a fictitious business entity as a Consultant).

As an Independent Scentsy Consultant:

- a) You may not use your credit card to enroll another Scentsy Consultant under you or anyone else. If a potential recruit does not have a credit card, one solution is to have them purchase a Visa Gift Card ([usa.visa.com/personal/cards/prepaid/visa\\_gift\\_card.html](http://usa.visa.com/personal/cards/prepaid/visa_gift_card.html); available online or at most department stores). 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.
- b) You may not offer to pay for all or any portion of a recruit's enrollment, 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 enroll. Furthermore, you may not advertise on your Personal Website, external website, blog or any other location or media that you will discount the price or reimburse all or any portion of the price of the New Consultant Starter Kit, or offer any kind of gift or incentive, if they enroll under you in Scentsy.  
**Working with a Host to enroll, and then transferring the benefits they receive from the party to start-up Consultant benefits, is acceptable.**
- c) You may not purchase Scentsy products, either directly or by placing orders or purchasing product from another Consultant (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. 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 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**

Scentsy Consultants and the Hosts you work with are obligated to deal fairly and honestly with your customers. If a Scentsy 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, they will be immediately suspended. In such situations, Scentsy's top priority is to work promptly with the suspended Consultant's upline Director, the Host involved, and/or the customer directly, to quickly fulfill 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 suspended Consultant's Agreement with Scentsy will be permanently cancelled and all pending compensation checks will be held and the value of the replaced product(s), as well as applicable shipping and service charges will be deducted. Where appropriate, these individuals will be turned over to legal authorities. If you become aware of fraudulent behavior, please contact Scentsy at [support@scentsy.com](mailto:support@scentsy.com).

### **11.3 – Inventory Purchases**

The Scentsy program is designed so that you do not need to invest in and stock inventory for resale purposes. As such, you are prohibited from purchasing more than \$1,000 per month in products, unless you can certify to Scentsy that you have pending retail orders in excess of \$1,000 or provide Scentsy with other business reasons why such a purchase is necessary.

### **11.4 – Using Income Claims in Recruiting Efforts**

In your recruiting and sponsoring efforts, you may not make specific claims to demonstrate the earning potential of Scentsy or party plan/direct selling opportunities by sharing your own earning information or sharing the earning information or testimonials of other Consultants. Not only can this activity be counterproductive, there are both federal and state laws that regulate, and even prohibit certain types of income claims and testimonials made by people engaged in direct selling.

When you are discussing the Scentsy opportunity or Compensation Plan with a prospective Consultant, you may not make income projections or income claims or disclose information about your personal Scentsy income. You may use hypothetical income examples to help her understand how the Compensation Plan operates as long as 1) you make clear to the prospective Consultant(s) that the earnings example is purely hypothetical; and 2) you provide each prospective Consultant a copy of Scentsy's official income disclosure statement. If Scentsy has not published or made available an official income disclosure statement, you may not use hypothetical income examples.

#### **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**

You may not participate in other direct selling ventures (including party plan, network marketing, and multilevel marketing) whose primary product line/offering compete with Scentsy, including but not limited to candles, scented wax, home fragrance, or ceramic warmers. If you have questions about a specific company and whether or not there is a conflict, please contact [support@scentsy.com](mailto:support@scentsy.com). Continued participation in other ventures may result in disciplinary action according to Section 12.1.

### **11.5.2 – Consultants Selling to Other Consultants**

As a Scentsy Consultant you, or members of your immediate household, are not allowed to sell any non-authentic products or services to other Scentsy 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 (Scentsy warmers, Scentsy Bars, Room Sprays, hanging freshener, etc.). Additionally, you are not allowed to use Scentsy information, events, websites, or assets to sell non-Scentsy products to Scentsy Consultants.

If you have a business idea that is related to Scentsy, you have a choice of four options:

- a) Voluntarily sever or cancel your Scentsy Agreement to pursue the opportunity;
- b) Submit the idea to Scentsy for consideration, development, and sourcing at Scentsy's sole discretion;
- c) Give or sell the idea to someone outside your household to develop and promote the opportunity; or
- d) Become a provider to Scentsy or Scentsy Success, again at Scentsy's sole discretion (please note that if Scentsy pursues a non-patented, non-trademarked idea, there is no guarantee that you will be selected as a provider. You will be included in Scentsy's standard procurement vendor selection process).

### **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 months following the cancellation of your Consultant Agreement, you may not attempt to recruit or enroll 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, /CDs/DVDs, or promotional materials for another direct selling business to Scentsy customers or Consultants, nor may you allow any third party 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 his or her 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 October 1, 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.

#### **11.6 – 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 another direct sales company in ways that would cause these representatives to violate the terms of their contracts with their companies. 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 indemnify you for any judgment, award, or settlement.

#### **11.7 – Cross Sponsoring**

Cross sponsoring occurs when a Consultant knowingly enrolls (or attempts to enroll) another Consultant or a former Consultant under 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 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 will not be tolerated.

Additionally, you are not allowed to 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 [support@scentsy.com](mailto:support@scentsy.com). When cross sponsoring occurs, it is Scentsy’s right to take disciplinary 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 Compensation Plan, however, 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 disciplinary action. See Section 12.1.

#### **11.9 – Making Claims Regarding Government Approval or Endorsement**

Neither federal nor state 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 termination 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 termination 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 Termination**

If a Consultant has been terminated 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 termination, during the period of suspension or termination. Once the suspension has expired, or the terminated Consultant has been reinstated, they may resume all selling activities. If you are terminated 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 these Policies and Procedures), or any other claim or grievance against Scentsy in any form whatsoever, including but not limited to, economic losses, personal injury, 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.

The arbitration will take place before a panel of three arbitrators to be selected as follows: the Independent Consultant shall select one arbitrator, Scentsy shall select one 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 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 unless the laws of the state in which you reside expressly require the application of its laws, in which case that state's law shall govern all issues related to jurisdiction and venue. The Federal Arbitration Act shall govern all matters relating to arbitration. The laws of the State of Idaho shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Consultant resides expressly require the application of its laws.

## **SECTION 13 – INACTIVITY AND 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 and nurturing your downline organization.

If you fail to renew your Consultant Agreement due to inactivity or failure to meet minimum sales requirements, or 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 – Cancellation Due to Inactivity**

In order for your account to remain in active status, 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 or more, your account will remain active for the next three months; June, July, and August. If your PRV totals are 150 or more in July, your account will remain active for August, September, and October. If the required 150 in PRV is not met in any one of the months within the three-month period, your account will be cancelled for inactivity.

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

### **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 calendar months by contacting Account Services at [accountservices@scentsy.com](mailto:accountservices@scentsy.com) to begin the 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 reengage sooner by contacting Scentsy Account Services. 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 position with Scentsy will be held until your service is complete.

### **13.4 – Involuntary Cancellation**

Your violation of any of the terms of the Agreement, including any amendments that may be made by Scentsy at 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.

### **13.5 – Voluntary Cancellation**

You have a right to cancel your Consultant Agreement at any time, regardless of reason. Cancellation must be submitted in writing to Scentsy Account Services. Your notice must include your name, address, Consultant ID number, and signature.

### **13.6 – Director (Q)**

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

#### **13.6.1 – 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.

#### **13.6.2 – 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.

#### **13.6.3 – Duration of Director (Q) Status**

By meeting the monthly qualifications, you may re-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 earn 150 points or more in Personal Retail Volume (PRV) in a given month. Scentsy Consultants begin every month being inactive. They become active each month when they earn 150 points in PRV. Three consecutive months of inactivity (less than 150 points in PRV in at least one month within each three-month period) will result in cancellation of that Consultant’s Agreement with Scentsy (see Section 13.2).

**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 as a result of 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 and receive commissions. A Consultant can be considered current even during months when he or she is not “active” (see above).

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

**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 enrollment activity of each Consultant’s downline organization. This report contains confidential and trade secret information that is proprietary to Scentsy.

**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 spouses or significant others, 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 labeling 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 must be included in the current version of the Scentsy catalog (Warmer-of-the-Month warmers are not considered resalable).

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

**Roll-Up** – The method by which a vacancy in a downline organization left by a Consultant whose Consultant Agreement has been cancelled 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.