



P!PHANY™

REWARDS PLAN

November 1, 2018



Nov. 1, 2018

TEAM COMMISSIONS (PAID MONTHLY)

REQUIREMENTS	Paid as Rank	STYLIST (S)	ADVANCED STYLIST (AS)	SENIOR STYLIST (SS)	FASHION LEADER (FL)	SENIOR FASHION LEADER (SFL)	FASHION DIRECTOR (FD)	SENIOR FASHION DIRECTOR (SFD)	EXECUTIVE FASHION DIRECTOR (EFD)
	Monthly Personal Volume (PV) * ₁	10 Articles * ₃	20 Articles	30 Articles	30 Articles	30 Articles	20 Articles	10 Articles	10 Articles
	Direct Active Stylists * ₂		1 Stylist	1 Stylist	2 Stylists	4 Stylists	8 Stylists	10 Stylists	12 Stylists
	Direct Active Legs Structure * ₄					Legs: (within 3 levels) 1 Fashion Leader * ₄	Legs: (within 4 levels) 1 Fashion Leader * ₄ 1 Sr Fashion Leader * ₄	Legs: (within 4 levels) 2 Sr Fashion Leaders * ₄ 1 Fashion Director * ₄	Legs: (within 4 levels) 4 Sr Fashion Leaders * ₄ 2 Fashion Directors * ₄ 1 Sr Fashion Director * ₄
	Total Team Volume		50 Team Articles (self & within 2 levels)	75 Team Articles (self & within 2 levels)	100 Team Articles (self & within 2 levels)	300 Team Articles (self & within 3 levels)	900 Team Articles (self & within 4 levels)	3,000 Team Articles (self & within 4 levels)	9,000 Team Articles (self & within 4 levels)
BONUSES	Team Level Bonus			L1 4% L2 2%	L1 5% L2 3%	L1 7% L2 4% L3 2%	L1 7% L2 5% L3 3% L4 3%	L1 7% L2 5% L3 5% L4 5%	L1 7% L2 7% L3 7% L4 7%
	Generational Bonus						G1 2%	G1 2.5% G2 2.5%	G1 3% G2 3% G3 3%
	North America Bonus Pool (2%)						1 Point in Pool (self + each FD & above within 4 levels)	2 Points in Pool (self + each FD & above within 4 levels)	3 Points in Pool (self + each FD & above within 4 levels)

1. Monthly personal volume (PV) requirement makes you an active Stylist at that rank for current month.
2. Direct Active Stylists are those you've personally enrolled directly in your team who have met the monthly PV requirement.
3. \$29 Stylist Service Fee. Waived with purchase or sell 10 articles monthly or any combination of 10 articles.
4. Only active separate frontline legs will be searched for required leaders.

RETAIL CAROUSEL COMMISSIONS (PAID DAILY AND MONTHLY)

Monthly Article Activity	Standard	Fashion Director		Senior Fashion Director & Above	
		Additional	Total	Additional	Total
1-20	25.0%	0.0%	25.0%	0.0%	25.0%
21-50	27.5%	0.0%	27.5%	0.0%	27.5%
51-100	30.0%	4.0%	34.0%	9.0%	39.0%
101-200	32.5%	5.0%	37.5%	12.0%	44.5%
201+	35.0%	6.0%	41.0%	15.0%	50.0%

1. 25% Retail commissions are paid within 48 business hours, when the CC transaction clears.
2. Any extra retail commissions are paid on the 15th of the following month.

GLOSSARY

Active

To be eligible to earn commissions each month you must be 'active.' This means, you have met the minimum Personal Volume (PV) requirements for your rank level. For example, the Senior Stylist active requirement is 30 articles.

Commissionable Volume (CV)

Each Piphany product or article is assigned commissionable volume, and the commissions you earn are based on this volume. Commissions are not earned on shipping, credits, replacements, sales tools, or clearance articles. CV is currently equal to 70% of sample prices and retail carousel prices (less discounts, shipping replacements, and clearance articles). See Note #16 for changes to this definition - effective December 1st, 2018.

Personal Volume (PV)

Items sold to Retail Customers and samples purchased during the commission month. Credits are non-commissionable and do NOT count towards PV.

Direct Active Stylists

The number of active stylists you have enrolled directly in your team. The compensation plan requires different numbers of Direct Active Stylists at different ranks in the plan to earn commissions.

Total Team Volume

The sum of your entire group's purchased articles that count toward your monthly commissions' requirement at each rank. All active and inactive articles will be counted at eligible levels. Credits are non-commissionable and do NOT count towards PV and so will not be counted in Total Team Volume.

Clawbacks

When a Customer returns items previously purchased, or new Stylist returns sample articles purchased within 30 days of their first order date, the commissions earned through these transactions are charged back against the next month's commissions. This clawback will apply at each level where commissions were paid as a result of these transactions.

Team Level Bonus

This bonus rewards creating a strong team of Stylists and team builders throughout your organization and is available at the rank of Senior Stylist (SS) through Executive Fashion Director (EFD). Once requirements are met, this bonus is calculated based on your paid as rank and current month of CV from both your active Stylists and Stylists who do not fully meet activity requirements (inactive Stylists). Depending on your paid as rank during the current month, you have the possibility of earning this bonus on your Level 1–Level 4.

Generational Bonus

This bonus rewards building a team of leaders and is available at the rank of Fashion Director (FD) through Executive Fashion Director (EFD). Once requirements are met, this bonus is calculated based on your paid as rank and current month of CV from both your active Stylists and inactive Stylists. Depending on your paid as rank, you can earn this bonus generationally on your G1—G3 downline. For example, if you're being paid on one generation, this bonus begins paying on your first Director down to next Director rank in your organization. If you're paid on two generations, the system will pay you down through two Director ranks until a third Director is reached, and so on.

North America Bonus Pool

Up to 2% of the monthly North American Net Revenue is available to reward building a team of leaders at the Director rank and above. This is paid through the North American Bonus Pool. This bonus is available at the rank of Fashion Director and above, and each Director can earn between 1 and 3 points (depending on paid as rank) for themselves and for each Fashion Director and above in their legs through their first four levels.

Payout

Payout is based on Commissionable Volume (CV), which currently equals 70% of sample prices and retail carousel prices (less discounts, shipping, replacements, and clearance articles). See Note # 16 for changes, effective December 1st, 2018.

Grace Period

Stylists, regardless of rank, may elect one grace month per calendar year in which PV does not need to be met in order to qualify for compensation bonuses. (Note: on a case-by-case basis due to pregnancy or health issues, etc. an additional leave of absence may be granted.) Election must be made by the 5th of the month where election is being made.

NOTES

- 1.** Active = Eligible to earn commissions in the current month based on meeting the PV requirement at each rank.
- 2.** Monthly team and extra retail commission payouts occur on the 15th of every month.
- 3.** Payout is based on Commissionable Volume (CV), which equals 70% of samples and retail carousel sales until November 30th, 2018 at 11:59:59PM MST, (see Note #16)
- 4.** Active Leg Requirements are met through active legs or lines of sponsorship. Highest rank per leg is used to determine team structure, paid as rank and rank advancement.
- 5.** Total Team Volume requirement (Total Articles) will include all article volume through eligible levels ("Active" and "Inactive" volume)
- 6.** There is one grace month per calendar year that may be elected where PV does not need to be met to qualify for compensation bonuses (on a case by case basis, a leave of absence may be granted for health and pregnancy considerations). Must be elected by the 5th of the month in which the election is being made.
- 7.** Team Level Bonuses ARE paid on "Actives" and "Inactive" (individuals that have not met their respective Personal Volume requirement).
- 8.** Bonus Pool is based on 2% of North America Net Revenue for given commission month.
- 9.** "Special Sales" articles Commissionable Volume (CV) is reduced by 50%. "Last Chance" articles carry no Commissionable Volume (CV). Both "Special Sales" and "Last Chance" retail carousel commissions are a flat 20% commission. "Special Sales" and "Last Chance" articles count fully for personal volume and team articles.
- 10.** Credits are non-commissionable and do count towards Personal Volume or Team Volume.
- 11.** Commissions are on Articles only (not shipping, credits, replacements, clearance articles, or sale stools).
- 12.** Clawbacks for returns are charged against next commissions (including Upline Commissions).
- 13.** Stylist Annual Fee – each stylist is required to pay annual Stylist Fee in amount of \$199.00 (waived for 2018 for Stylist on record as of 03.31.2018).
- 14.** Stylist Service Fee – Each stylist is required to pay monthly stylist service fee in amount of \$29.00. The monthly fee is waived for active Stylist and above.
- 15.** Stylist that achieve the rank of Senior Fashion Leader (or above) in their first 90 days are paid a one-time Senior Fashion Leader Bonus of \$500.00.
- 16.** Effective December 1st, 2018, CV will be a stated value per articles. Additionally, Senior Fashion Leaders (and above) will receive a 120% premium on the Commissionable Volume (CV) on other Senior Fashion Leaders (or above) personal volume. The Senior Fashion Leader (or above) ranks are based on your current month Pay Rank.