



ELEGANCE  
INC.

## POLICIES & PROCEDURES MANUAL

Effective August 31, 2017

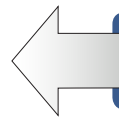
As a **Boutique Owner of Elegance Inc.**, you are required to understand and comply with all rules, regulations, policies, and procedures contained in this Boutique Owners Policies & Procedures Manual.

Elegance Inc. honors all federal, state, and local regulations governing network marketing, and requires every Boutique Owner to do the same. It is, therefore, very important that you read and understand the information contained in this Policy and Procedures Manual, hereinafter known as Policies and Procedures. If you have any questions regarding any rule or policy, seek an answer from your Mentor, Personal Business Concierge assigned to you by the Company, or Boutique Owner Support.

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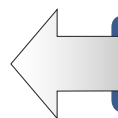
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## OUR MISSION

Every woman is born to succeed. Elegance Inc.'s mission is to help women claim their birth right.

## SECTION 1 – INTRODUCTION TO ELEGANCE INC.

### 1.1 – What Constitutes the Independent Boutique Owner Agreement:

This Policies & Procedures Manual, in its present form and as amended at the sole discretion of Elegance Inc., Incorporated (hereafter “Elegance Inc.” or the “Company”), are incorporated into, and form an integral part of the Boutique Owner Agreement. Throughout the Policies and Procedures Manual (“Policies & Procedures”), when the term “Boutique Owner Agreement” or “Agreement” is used, it collectively refers to the Boutique Owner Application and Agreement, the Policies & Procedures, the Elegance Inc. Compensation Plan (Success Path), the Business Entity Registration (if applicable) and the Non Profit Organization/501(c)(3) Registration form (if applicable).

It is the responsibility of each Boutique Owner to read, understand, and adhere to the most current version of the Agreement and all components that make up the Agreement. Also, when you Mentor a new Boutique Owner, you must ensure that the applicant is provided with, or has online access to the most current version of the Policies & Procedures, and they have read and understand the entire Agreement and especially the most current version of the Policies & Procedures before they accept the terms online.

### 1.2 – Purpose of the Policies & Procedures:

Elegance Inc. is a direct sales company that markets its products through independent contractor sales representatives called “Boutique Owners.” It is important to understand that your success and the success of other Boutique Owners is dependent upon the integrity and conduct of those who market these products. The purpose of the Policies & Procedures is to clearly articulate a standard for what Elegance Inc. expects the integrity and conduct of its Boutique Owners to be. By electronically accepting the Agreement, you are required to comply with all of its Terms and Conditions, with the Policies & Procedures, and with all federal, state, and local laws governing your Elegance Inc. business and conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. If you have questions regarding anything in the Agreement, do not hesitate to ask your Mentor or contact Elegance Inc. Boutique Owner Support by emailing: [support@EleganceInc.com](mailto:support@EleganceInc.com) or calling Elegance Inc.

### 1.3 – Updates or Changes to the Agreement:

Because federal, state, provincial, territorial and local laws, as well as the business environment, periodically change, Elegance Inc. reserves the right to amend the Agreement and its prices in its sole and absolute discretion. As a Boutique Owner it is your responsibility to read and review the most current Policies & Procedures. Elegance Inc. reserves the right to update or change the Agreement or any or all of its components. However, if we make changes or revisions, you will be notified through a newsletter, email, or through your Boutique Owner's Back Office. By electronically accepting this Agreement, continuing as an Independent Boutique Owner, or by accepting any future commissions, royalties, bonuses, residuals or awards, you give your acceptance of any changes that are made.

## 1.4 – Invalid or Unenforceable Policies:

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only that invalid or unenforceable portion(s) may be removed and the remainder of the Agreement shall remain intact and in force and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

## 1.5 – Compliance Enforcement

Elegance Inc. never gives up its right to insist on strict compliance with the Agreement including the Policies & Procedures and the applicable laws governing the conduct of a Boutique Owner. Even if Elegance Inc. chooses, for any reason, not to enforce strict compliance, this does not make any portion of the Agreement including the Policies & Procedures invalid, and it does not constitute a waiver of Elegance Inc.'s right to enforce strict compliance with any term of the Agreement.

If Elegance Inc. ever gives an exception, for any reason, it needs to be in writing by an authorized representative of the Company and applies only to the specific instance or occurrence at hand. This exception does not limit or impair Elegance Inc.'s right to insist on future strict compliance with the Boutique Owner requesting an exception, nor does it affect or impact in any way the compliance required of other Boutique Owners, even in similar cases.



## SECTION 2 – BECOMING AN ELEGANCE INC. BOUTIQUE OWNER

### 2.1 – Requirements to Become a Boutique Owner:

To become an Elegance Inc. Boutique Owner you must first submit a properly completed Boutique Owner Agreement that is received and accepted by the Company and its Home Office. The other requirements are:

- a) Reside in the United States;
- b) Be of legal age in the state of residency and/or the age of 13 or older to enroll in the Teenage Dream program, and have parental consent to be a Boutique Owner under the supervision of parent(s) or guardian (Any applicants under the state legal age must submit a signed Minor Co-Applicant Agreement & Legal Authorization form no later than seven (7) business days following enrollment.);
- c) Have a valid Social Security Number, Green Card or Federal Tax ID number;
- d) Purchase an Elegance Inc. Boutique in a Box (not applicable for a 501(c)(3). The Boutique in a Box contains Boutique Owner Forms (including but not limited to Customer Order Forms), company information and brochures, which are sales materials (not for resale) or participate in the Work Hard, Play Hard Program. See the Back Office for more information.
- e) Read and agree to abide by these Policies & Procedures;
- f) The Company reserves the right to decline to accept any Boutique Owner Agreement for any reason at its sole discretion.



g) A Boutique Owner and spouse and dependents may not have simultaneous beneficial interests in more than one Boutique Owner position entity. For example, a shareholder of a corporation that is a Boutique Owner may not become an individual Boutique Owner.

### 2.1.1 – Online Agreement:

New independent Boutique Owners must submit an online Agreement at the Corporate website or on the replicated website of an Independent Boutique Owner. The purchase of a Boutique in a Box requires the reading and acceptance in full of the Agreement including these Policies & Procedures. We do not accept checks for the purchase of a Boutique in a Box . A Boutique in a Box must be purchased online with a valid credit card.

If a friend has asked you to check out Elegance Inc. and to join their team, please make sure you put their Boutique Owner ID number in the Mentor box or enter their full name, this will ensure that you are properly placed on the correct team, otherwise you will be automatically assigned a Mentor.

You must complete the online Independent Boutique Agreement yourself and agree to all terms and related documents yourself. An existing Elegance Inc. Boutique Owner and/or your Mentor must not fill out, sign, or accept the agreement on your behalf. (See [Section 5.4](#) or [Section 7](#) for more information on Mentoring.)

### 2.1.2 – Country of Residence:

You must be a legal permanent resident of the United States in order to become an Elegance Inc. Boutique Owner. We currently operate only in the United States. To maintain your status as a Boutique Owner you must remain a permanent resident in the United States. If you relocate outside the United States, you will become Inactive. We currently do not allow international or cross-border business or permit our Boutique Owners to solicit this business.

If it is discovered that an individual has provided Elegance Inc. with false residency information or false tax ID information on their Application, their Elegance Inc. business will be terminated and will forfeit any unpaid commissions.

## 2.2 – Who Can Become A Boutique Owner:

### 2.2.1 – Minors as Boutique Owners:

Minors 13 years or older enrolling in the Teenage Dream program must have parental consent to be a Boutique Owner and be under the supervision of parent(s) or guardian. Any applicants under the state legal age must submit a signed Legal Guardian Authorization form no later than seven (7) business days following enrollment.

### 2.2.2 – Corporations, Partnerships, Limited Liability Companies, and Trusts:

Corporations, Partnerships, Limited Liability Companies, or other forms of business organizations and/or trusts may become Boutique Owners upon submission and acceptance of a completed Business Entity Registration Form.

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

The Business Entity Registration Form must be accompanied by notarized copies of the following documents at the time the application is submitted. For the Business Entity Registration Form to be accepted the following must be submitted:

- a) Articles of incorporation, partnership agreement, trust documents and/or other governing documents, as applicable;
- b) A complete list of all directors, officers, and shareholders of the corporation; all general and limited partners of a partnership, members of a limited liability company or trustee(s) and beneficiaries of a trust, as applicable;
- c) A Federal ID number;
- d) Such other documents and information as may be reasonably requested from time to time. Shareholders, directors, officers, partners, members, beneficiaries, and trustees, as applicable, of a Boutique Owner entity shall agree to be and the Company will hold each personally liable to the Company and bound by the Agreement and the Policies & Procedures.

When “you”, “your”, and “Independent Boutique Owner” are used in the Policies & Procedures, they refer to individuals, business entities, minor co- applicant, and 501(c)(3)s.

If you joined Elegance Inc. as an individual, but wish to change your status to a business entity you may do so by following the steps outlined in ([Section 5.3](#))

### 2.2.3 – 501(c)(3), Non-Profit Organization:

A Non-Profit Organization may become a Boutique Owner of Elegance Inc. when the 501(c)(3) Agreement is completed and accepted by Elegance Inc. There is no fee requirement. A Non Profit-Organization is required to read and understand the entire Agreement including the Policies & Procedures and the Elegance Inc. Success Path. The Agreement must be submitted to the Home Office accompanied by notarized copies of the following documents:

- a) Articles of incorporation, trust documents and/or other governing documents, as applicable;
- b) A complete list of all directors and officers involved in the Non-Profit Organization and who is authorized to enter into a contract on behalf of the organization as applicable;
- c) A Federal ID number;
- d) Verification of 501(c)(3) status. You must have already received a determination letter from the Internal Revenue Service (the IRS);
- e) Such other documents and information as may be reasonably requested from time to time. Directors, officers, and members, as applicable, of a Boutique Owner 501(c)(3) shall agree to be, and the Company will hold each personally liable to the Company and bound by the Boutique Owner Agreement and the Policies & Procedures.

f) The 501(c)(3) may not be Sponsored by any person or its Board of Directors without written approval from the Company. The 501(c)(3) can Mentor any person on its Board of Directors. This includes all officers.

### 2.3 – Qualifications Required to Mentor a 501(c)(3):

All Elegance Inc. Boutique Owners may Mentor a 501(c)(3) if they have achieved the Title of President or higher and must be at the Paid As Title of President or higher and be in good standing with Elegance Inc.

#### 2.3.1 – Boutique Owners Mentoring a 501(c)(3):

- a) Must assist the 501(c)(3) Supporters and Member as they lead their Socials.
- b) Mentors may not charge a “commission” for assisting 501(c)(3) members or supporters at Socials.
- c) Must be available to train Supporters and Members wishing to hold a Social.
- d) Must assist Supporters and Members in Mentoring new Boutique Owners under the 501(c)(3) at events.
- e) Must not attempt to personally Mentor Supporters’ and Members’ prospects.
- f) The Mentor of the 501(c)(3) is responsible for coaching new Boutique Owners sponsored by the 501(c)(3).
- g) Must not sell, give away, or use for any other purpose than other than gaining prospects for the 501(c)(3) and fund raising, any lists of Members or Supporters that you receive for promotional purposes.
- h) Must provide 100 Customer Order Forms to the 501(c)(3) to get them started.

#### 2.3.2 – 501(c)(3) Benefits:

Raising money for your organization has never been easier for a 501(c)(3) Boutique Owner. A 501(c)(3) is eligible for all the commissions, royalties, bonuses, residuals and awards that Elegance Inc. awards, except the 401e program. A 501(c)(3) may have many Supporters and Members holding and or Hosting Socials under the 501(c)(3)’s ID number. Other Benefits are:

- a) All costs and fees are waived for the 501(c)(3) Online Boutique and Boutique Owner Renewal fees as long as the 501(c)(3) or it’s Supporters and Members sell a minimum of one thousand dollars (\$1,000) per year either through Socials or through its Online Boutique.
- b) 501(c)(3)s are not required to purchase a Boutique Startup.
- c) 501(c)(3) Boutique Owners are provided with 100 Customer Order Forms. Additional order forms may be ordered by Supporters and Members.

#### 2.4 – Boutique Owner Benefits:

Once your Boutique Owner Application and Agreement has been accepted by Elegance Inc., you may:

- a) Sell Elegance Inc. products;
- b) Participate in the Elegance Inc. Success Path and participate in Elegance Inc. promotional and incentive contests and programs.

- c) Mentor other Boutique Owners;
- e) Access Elegance Inc. support, training, motivational, and recognition functions;
- f) Receive discounts on personal purchases.
- h) Receive sample prices on new items.

## 2.5 – Identification:

An individual must provide their legal name and SSN as they appear on your Social Security card. If you are applying as a business entity you must provide a Federal Employer Identification Number (EIN). Elegance Inc. is required by law to provide this information to the IRS for 1099 reporting purposes. Failure to comply will result in your application being declined or your Boutique Owner position being suspended or terminated by Elegance Inc.

Once your application is submitted and accepted, Elegance Inc. will assign you a unique identification number, known as a Boutique Owner ID that will be used by you and the Company to place orders and track commissions, royalties, bonuses, residuals and awards. This number must appear on all orders and correspondence with the Company. These unique numbers cannot be changed.

## 2.6 – Annual Renewal of Your Elegance Inc. Business:

Renewal dates will be the last day of the 12th month following the month of a new Boutique Owner's start date. For example, if a Boutique Owner has a start date of November 2017, the renewal date and renewal payment due date is the last day of November 2018; i.e. November 30. Boutique Owners can renew by placing a Personal Product or Business Supply Order and adding the SKU, "RENEW" to the cart and proceeding to checkout.

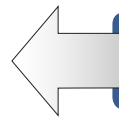
The current annual renewal fee for all Elegance Inc. Boutique Owners is \$128, with Boutique Owners receiving the full amount of the fee in retail product credit. This fee is subject to change in the future without prior written notice. The renewal fee may be subject to taxes in accordance to state law and must be paid in currency (business or sample credits may not be applied). No advance notices of renewal dates are guaranteed by the Home Office. It is the responsibility of the Boutique Owner to track their upcoming renewal date.

A Boutique Owner will get their renewal fee waived once \$1,000 in Personal Retail Sales has been submitted to Elegance Inc. within their 12 month renewal time frame. Should the renewal be waived, no product credits are applicable.

Boutique Owners must pay their renewal fee online, and in doing so, agree to the latest terms in the Boutique Owner Agreement and the latest Policies & Procedures. Payment of this fee will allow the Boutique Owner to remain an Elegance Inc. Boutique Owner for an additional 12 months. If you do not renew by the due date, there will be a \$50 late fee for an additional 30 days. The late fee of \$50 will not apply towards product credit.

A Boutique Owner not renewing by 30 days after the renewal shall be deemed to have voluntarily deactivated their Boutique Owner business with Elegance Inc. and will thereby lose their Boutique Owner position on the first day of the second month following the renewal month as well as, all

# BOUTIQUE OWNER RELATIONSHIP



## SECTION 2 & 3

mentoring rights, their position in the Success Path, all rights to commissions, royalties, residuals, bonuses and awards, and the ability to purchase products from the Company at wholesale prices. A Boutique Owner who fails to renew his/her Boutique Owner status may not reapply under a new Mentor for six (6) months after non-renewal.

### 2.7 – Boutique Owner Release:

By entering into the Boutique Owner Agreement, you authorize Elegance Inc. to use your name, testimonials, and/or likeness in Elegance Inc. 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 Elegance Inc., and further consent to the use and reproduction of any quotes, testimonials, stories, conversations on social networking media and/or forums, for any print or electronic publicity, marketing, or promotional purposes, without remuneration.



## SECTION 3 – BOUTIQUE OWNER RELATIONSHIP WITH ELEGANCE INC.

### 3.1 – Independent Contractor Status:

Pursuant to the terms of the Boutique Owner's Agreement Elegance Inc. hereby retains the Boutique Owner's services to market and sell Company's products to the public subject to Company's approval and Boutique Owner's adherence to these Policies & Procedures. When you join Elegance Inc. as a Boutique Owner you are an independent contractor. You fully understand that you are not purchasing a franchise or a business opportunity and the Agreement between you and the Company does not create an employer/employee relationship, partnership, or joint venture. The Boutique Owner is prohibited from ever stating or implying this, whether orally or in writing. You also agree that you are not an agent, partner, or legal representative for Elegance Inc. As a result, you are solely responsible for paying all local, state, and federal taxes owed from any compensation earned. In addition you are responsible for any license requirements. Additionally, Elegance Inc. will not treat you as an employee for federal tax purposes. This means that Elegance Inc. will not withhold FICA or taxes of any kind from your commissions, royalties, residuals, bonuses and awards. Elegance Inc. shall not be required to make contributions for employment insurance, Workers' Compensation and the similar levels in respect of payments to be made. As an independent contractor you completely decide how you operate your Elegance Inc. business within the parameters of these Policies & Procedures. Boutique Owners shall be solely responsible for control of her/his activities, manner and methods of performance of work, conduct and control of work. This means you will establish your own goals, make your own hours, and determine the methods of sale subject to compliance with the Agreement and applicable laws. You are solely responsible for paying all expenses incurred in developing your business including but not limited to travel, food, lodging, secretarial, office, long-distance telephone and other expenses. You are not authorized to incur any debt or obligation on behalf of or in the name of Elegance Inc. or other Boutique Owners or to open up any checking account on behalf of, for, or in the name of Elegance Inc.

### 3.2 – Non-Solicitation of Elegance Inc. Employees and Consultants:

Elegance Inc. works hard to vet and train its employees and consultants for the benefit of all its Boutique Owners to provide the best experience every time an employee and Boutique Owner engage

with one another. For the purpose of this paragraph, “employee” also means consultants and hired professional that the company works with. Because it is expensive and time consuming to recruit and train employees and critical for these employees to remain loyal to Elegance Inc. and to you, you are expressly prohibited, without Elegance Inc.’s prior written permission, from soliciting, hiring, offering employment or compensation of any kind, or otherwise using any services of any Elegance Inc.’s employee outside of the scope of his/her employment during the term of said employment, and for a period of three years after the employee leaves or finishes consulting or doing any further business with Elegance Inc.

### **3.2.1 – Contacts With, Suppliers, Consultants or Hired Professionals:**

The Company’s business relationships with its vendors, manufacturers, suppliers, and researchers are confidential. Boutique Owners are to limit all corporate communication to the office and staff of Elegance Inc. Boutique Owners shall not contact, directly or indirectly, speak to, or communicate with any Company’s partners, suppliers, factories, designers, researchers, manufacturers, factories, consultants, or hired professionals without the express written approval of the Company.

### **3.2.2 – Boutique Owners in Relationships with Employees:**

Boutique Owners may not reside in the same household nor be the spouse or domestic partner of an Elegance Inc. employee. For purposes of this Section, “same household” means people residing in the same dwelling, regardless of relationship, and includes spouses or domestic partners even if the spouse/domestic partner resides at a different dwelling.

### **3.2.3 – Submission of Unsolicited Business or Other Ideas to Elegance Inc.:**

Elegance Inc. does not want unsolicited submissions and does not compensate Boutique Owners or others for unsolicited submissions of business, product, or creative ideas or materials in any stage or form. By accepting these Policies & Procedures, you acknowledge and agree that Elegance Inc. 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 agree that if you submit any creative suggestions, ideas, notes, drawings, concepts, designs, original artwork, or other information that is an unsolicited submission, you assign to Elegance Inc. all of your rights in and to them without compensation or payment of any kind. This Unsolicited Submissions policy also applies to submissions made as part of any and all Elegance Inc. contests, promotions, or incentives.

### **3.3 – Territory Restrictions or Franchises:**

No franchise is EVER granted and there are no exclusive territories granted to anyone for selling, recruiting, or marketing. No franchise fees are required.

### **3.4 – Income Taxes:**

Elegance Inc. will issue a Tax Form 1099 (Non-Employee Compensation) for the previous year. The 1099 will be sent to every Boutique Owner electronically who has earned commission checks, incentives, prizes, etc., of \$600 or more in the previous calendar year. Commissions and other earnings must be claimed as income in your tax filings each year.

### **3.5 – Reporting Errors:**

If at any time a Boutique Owner feels that an error has been made regarding commissions, royalties, residuals, bonuses and awards, charges, or the placement of Boutique Owners in your Team organiza-

tion, Boutique Owner must notify Elegance Inc. in writing within thirty (30) days of when the purported error or incident occurred.

### **3.6 – You Agree to Hold Elegance Inc. Harmless:**

By signing the Boutique Owner Agreement, you agree to release, discharge, indemnify and hold harmless Elegance Inc., its owners, and anyone directly affiliated with Elegance Inc. including but not limited to employees, consultants, hired professionals, board of directors, officers, etc. from any losses or damages, including costs and fees, incurred or suffered by you as a result of:

- a) The Boutique Owner breach of the Agreement including all components, especially these Policies & Procedures;
- b) The improper operation, promotion, or marketing of your Elegance Inc. business and any related activities;
- c) Any incorrect data or information provided by Boutique Owner to Elegance Inc.; or
- d) Your failure to provide any information or data necessary for Elegance Inc. to operate its business.

### **3.7 – Requests for Hard Copies of Records:**

Boutique Owner requests for copies of invoices, applications, Team reports, or other records will require a fee of \$1.00 per page per copy. Please allow 14 days to receive your hard copies.

### **3.8 – 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.

### **3.9 – Sale, Transfer, or Assignment of an Elegance Inc. Business:**

Although an Elegance Inc. business is an independently operated business, the sale, transfer or assignment of an Elegance Inc. business is subject to certain limitations. A Boutique Owner is allowed to sell or transfer their Elegance Inc. business if they wish to retire from direct selling as defined below. The Boutique Owner may not sell, assign, merge or transfer Boutique Owner position (or rights thereto) without first obtaining written authorization from Elegance Inc. Such authorization is at Elegance Inc.'s discretion, and will only be granted if, in Elegance Inc.'s opinion, the following criteria are met:

- a) The Company possesses the right of first refusal with respect to any sale, assignment, transfer or merger of any Boutique Owner position. A Boutique Owner wishing to sell, assign, transfer or merge the Boutique Owner position shall first provide Elegance Inc. with the right and option to make such a purchase or receive such transfer in writing on the same terms and conditions as any outstanding offer. The Company will advise Boutique Owner within ten (10) business days after receipt of such notice of its decision to accept or reject the offer. If the Company fails to respond within the ten (10) day period or declines such offer, Boutique Owner may make the same offer or accept any outstanding offer which is on the same terms and conditions as the offer to the Company.

- b) The selling Boutique Owner shall provide the Company an executed and notarized “Sale of Elegance Inc. Boutique Owner Position” form and with a copy of all documents which detail the transfer, including without limitation, the name of the purchaser, the purchase price and terms of purchase and payment;
- c) A transfer fee of \$100.00 shall accompany the transfer documents;
- d) The documents shall contain a covenant made by the selling Boutique Owner for the benefit of the proposed purchaser not to compete with the purchaser or attempt to divert or Mentor any existing Boutique Owners of the Company for a period of six (6) months from the date of the sale or transfer; and
- e) Upon a sale, transfer or assignment being approved in writing by the Company, the buying party shall assume the position of the selling Boutique Owner and shall execute a current Agreement and all such other documents as may be reasonably required by the Company.
- f) Protection of the existing line of Sponsorship must always be maintained so that the Elegance Inc. business continues to be operated in that line of Sponsorship. The buyer must, in the opinion of Elegance Inc., be qualified and have the skills, resources, and experience to appropriately carry on the seller’s business and to manage the seller’s Team.
- g) If the buyer is a current Elegance Inc. Boutique Owner, the newly acquired business will be treated as a separate entity . All qualifications required to be Paid-at-Title must be maintained independently of the other Elegance Inc. Boutique Owner’s business.
- h) The seller agrees not to compete by joining another direct selling company for a period of twelve (12) months following the effective date of the transfer. Both buyer and seller must agree in writing to this provision.
- i) The selling Boutique Owner 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 an Elegance Inc. business.
- j) Elegance Inc. will, at its sole and absolute discretion, approve or deny the sale, transfer, or assignment. If you fail to obtain Elegance Inc.’s approval for the transaction, the transfer shall be voidable at Elegance Inc.’s option. The purchaser of the existing Elegance Inc. business will assume the obligations and position of the selling Boutique Owner. Additionally, once sold, seller will not be eligible to re-apply as an Elegance Inc. Boutique Owner for at least six (6) months after the date of the sale.
- k) The Company reserves the right, in its sole discretion, to stipulate additional terms and conditions prior to approval of any proposed sale or transfer. The Company reserves the right to disapprove any sale or transfer.

**Note: The Millionaire Maker and the 401e Retirement programs are not transferable.**

### **3.9.1 – Circumvention of Policies:**

If it is determined, in the Company’s sole discretion, that a Boutique Owner position was transferred in an effort to circumvent compliance with the Agreement, the Policies & Procedures, or the Success Path, the transfer will be declared null and void and the Boutique Owner position will revert back to the transferring Boutique Owner who will be treated as if the transfer had never occurred from the reversion day forward. If necessary, and in the Company’s sole discretion, appropriate action, includ-



ing without limitation, termination, may be taken against the transferring Boutique Owner to ensure compliance with the Agreement and these Policies & Procedures.

### **3.10 – Dissolution of a Boutique Owner Business due to Divorce or Business Break-Up:**

When an Boutique Owner business is involved in a divorce, separation or dissolution of the business entity, it must be handled so it does not adversely affect other Boutique Owners up or the downline of Sponsorship. The Company will continue to pay commission checks in the same manner as before the divorce, separation or dissolution of the business entity, until it receives written notice, signed by both parties or issued by a court decree that specifies to whom future commission checks should be paid. If a disruptive relationship occurs that affects other Boutique Owners or if there's a dispute over the disposition of commissions and ownership of the business and it is unable to be resolved, the Company will give the parties ten (10) days to resolve this situation, if there is still no resolution the Boutique Owner position will be terminated.

### **3.11 – Succession:**

Upon the death or incapacitation of a Boutique Owner, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Whenever a Boutique Owner business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all commissions, royalties, bonuses, residuals and awards of the deceased Boutique Owner organization (excluding the 401e Program and the Millionaire Maker Program) provided the following qualifications are met and meet all the qualifications required in the Success Path. The successor(s) must:

- a) Execute a new Boutique Owner Agreement;
- b) Comply with terms and provisions of the Agreement;
- c) Meet all of the qualifications for the deceased Boutique Owner's current Title;
- d) Commissions, royalties, residuals, and bonuses are payed in a single transaction jointly to the beneficiaries. The beneficiaries must provide Elegance Inc. with a bank account to which all commissions, royalties, residuals, and bonus will be deposited; and,
- e) If the Boutique Owner business is bequeathed to joint beneficiaries, they must form a business entity and acquire a Federal Taxpayer Identification Number. Elegance Inc. will issue all commissions, royalties, residuals, and bonus on one Form 1099 to the business entity.

**The Millionaire Maker and the 401e Retirement programs are not transferable.**

#### **3.11.1 – Transfer Upon Death of a Boutique Owner:**

To effect a testamentary transfer of a Boutique Owner business, the successor must provide the following to Elegance Inc.:

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

The Boutique Owner Agreement and position with the Deceased will become Deactivated or Pending deactivation upon death and the position will be Re-activated upon the acceptance of the successor's executed Boutique Owner Agreement.

### 3.11.2 – Transfer Upon Incapacitation of a Boutique Owner:

To effect a transfer of a Boutique Owner business because of incapacity, the successor must provide the following to Elegance Inc.:

- a) A notarized copy of an appointment as trustee;
- b) A notarized copy of the trust document or other documentation establishing the trustee's right to administer the Boutique Owner business; and
- c) A completed Boutique Owner Agreement executed by the trustee.



## SECTION 4 – ADVERTISING/MARKETING AND PROMOTING YOUR ELEGANCE INC. BUSINESS

### 4.1 – Elegance Inc. Advertising and Marketing Plan:

As a Boutique Owner it is your responsibility to make sure you market and promote your Boutique Owner business, the Elegance Inc. opportunity, and Success Path only as set forth in official Company literature and in a manner consistent with the Policies & Procedures. You may not offer the Elegance Inc. opportunity through, or in conjunction with, any other system, program, or offering.

Boutique Owners shall make sure they protect and promote the good reputation of Elegance Inc. Advertising and marketing efforts should contribute to the public interest; and avoid discourteous, deceptive, misleading, unethical, or immoral conduct or practices.

To promote both the products and services, and the tremendous opportunity Elegance Inc. offers, Boutique Owners are encouraged to use the sales aids and support materials produced by the Company. The rationale behind this requirement is simple. Elegance Inc. has carefully designed its products, product labels, Boutique Owner Success Path, and promotional materials to ensure that each aspect of Elegance Inc. is uniform, fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws.

#### 4.1.1 – Use of Elegance Inc. Name Logo/Identity/Trademarks and Copyrights:

Boutique Owners may not use the Elegance Inc. name and or any of its trade names, registered trademarks, designs, images, symbols, copyrighted materials, product names, names of promotions, services, or products, without prior written permission, except as set forth in this paragraph. 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 *Elegance Inc.* is a registered trademark of Elegance Inc., is of great value to the Company, and is supplied to you for your use only in an authorized manner. Use of the Elegance Inc. name on any item not produced or authorized by the company without specific written permission from the company is prohibited.

As a Boutique Owner you may use the Elegance Inc. name as follows:

[Boutique Owner's Name] Independent Elegance Inc. Boutique Owner

Boutique Owners are granted a limited license to use the Independent Boutique Owner logo. This license allows you to use the Independent Boutique Owner logo in communications, including on approved websites, and on approved items you make for yourself or your team to conduct your Elegance Inc. business only. This license may not be assigned to third parties to produce items for you or your teams.

If you wish to design your own ad or marketing materials of any kind, or If you would like a third party to produce items that have an Elegance Inc. logo on them your designs must be submitted to the Elegance Inc. advertising department ([Compliance@EleganceInc.com](mailto:Compliance@EleganceInc.com)) for consideration and inclusion in the template/image library. Unless you receive specific written approval from Elegance Inc. to use such self-developed tools, the request shall be deemed denied. No other use of the Elegance Inc. logo is permitted and no license for the use of any other Elegance Inc. mark, name, or logo is permitted.

You may not to use the name Elegance Inc. or the Elegance Inc. marks in any form in any way for any reason whether in your team name, a tagline, an external website name, your personal website address or extension, in an email address, as a personal name, etc.

Within the Elegance Inc. community, there are many names, words, sayings, images, catchphrases, taglines, titles, symbols, and ideas that have been developed and are being developed and used by Boutique Owners to promote Elegance Inc. and their Elegance Inc. business. By electronically accepting this agreement, you agree that you will not seek to register any such names, words, images, phrases, taglines, symbols, titles, as a trademark, copyright, or domain name. If you do, you agree to immediately assign to Elegance Inc., Inc any such trademark application or registration, or copyright or domain registration. In addition, Elegance Inc. may elect to take disciplinary action against you as provided in (Section 13). By entering into the Boutique Owner Agreement and/or renewing your Boutique Owner Agreement, you hereby assign any rights that you may have to or in any such intellectual property to Elegance Inc. and you further agree that Elegance Inc. may, at its discretion, seek to register any such words, sayings, symbols, images, phrases, taglines, names, or phrases as trademarks, copyrights, or domain names, as the case may be. There will be no monies or compensation for any assignment.

#### 4.1.2 – Imprinted Business Cards or Letterheads:

Boutique Owner is not permitted to “create” Boutique Owner’s own stationary, business cards or letter-head graphics if the Company’s trade name and/or trademarks are used. Only the approved Company graphics version and wording are permitted and letterhead shall be ordered either from the Company directly or from the Company-licensed independent contractor.

#### 4.1.3 – Imprinted Checks:

Boutique Owner is not permitted to use the Company trade name or any of its trademarks or service marks on their business or personal checking accounts; however, if the Boutique Owner first gets approval by the Company, Boutique Owner may imprint Boutique Owner’s business checks as being an “Elegance Inc.” Independent Boutique Owner.”

#### 4.1.4 – Media and Media Inquiries:

Boutique Owners must not attempt to respond to media inquiries regarding Elegance Inc., its products or services, or their independent Elegance Inc. business. All inquiries by any type of media must be immediately referred to [Compliance@EleganceInc.com](mailto:Compliance@EleganceInc.com). You agree that you will not respond or release any information to the media without the written permission of Elegance Inc. This policy is designed to assure that accurate and consistent information is provided to the public, as well as a proper public image.

#### 4.1.5 – Altering Packaging, Labels, and Products:

All Elegance Inc. products must be sold in their original packaging. You may not repackage, re-label, or alter Elegance Inc. 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.

#### 4.1.6 – Making False, Medical or Exaggerated Product Claims:

Boutique Owners may not make medical claims (expressed or implied) or claims about the therapeutic or curative properties of any products offered by Elegance Inc., except those contained in official Elegance Inc. literature. The Company encourages all Company customers to seek the advice and counsel of nutritional and healthcare professionals.

#### 4.1.7 – Indemnification:

For all verbal and written statements made regarding Elegance Inc. products and/or the Success Path that are not expressly contained in official Elegance Inc. materials, you agree to hold Elegance Inc., its directors, officers, owners, consultants, 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 Boutique Owner Agreement.

#### 4.2 – Cold Calls – No Telemarketing:

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have “do not call” regulations as part of their telemarketing laws. Although Elegance Inc. does not consider Boutique Owners to be “telemarketers” in the traditional sense of the word, these government regulations broadly define the term “telemarketer” and “telemarketing” so that your inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties. Therefore, it is the Boutique Owners responsibility to comply with the regulations surrounding the “do not call” registry. The “do not call” registry is available by contacting your state regulating agency and Elegance Inc. encourages you do obtain a copy prior to calling anyone who you have not previously done business with or been in contact with (e.g. “cold-calling”).

#### 4.3 – Marketing Online:

It is your obligation to ensure your online marketing activities are not deceptive. Websites and Web promotion activities and tactics that mislead or are deceptive, regardless of intent, will not be allowed. Elegance Inc. will be the sole determinant of truthfulness and whether specific activities are misleading or deceptive.

## 4.3.1 – Misleading Web Traffic:

When directing readers to your registered external site or Online Boutique it must be evident to a reasonable reader that the link will be resolving to the site of an Independent Boutique Owner. Attempts to mislead Web traffic into believing they are going to an Elegance Inc. corporate site, will not be allowed. The determination as to what is misleading or what constitutes a reasonable reader will be at Elegance Inc.'s sole discretion. Redirecting a reader from another Boutique Owner's external website or Online Boutique to any other website other than the Boutique Owner's Online Boutique is prohibited by Elegance Inc. policy.

## 4.3.2 – Online Classifieds:

You may not use online classifieds to list, sell, or retail Elegance Inc. products. You may use online classifieds for prospecting, recruiting, Mentoring, and informing the public about the Elegance Inc. business opportunity and/or your Elegance Inc. events, provided Elegance Inc. approved templates/images are used. If a link or URL is provided, it must link to your personal Online Boutique or your registered external website.

## 4.3.3 – eBay/Etsy Online Auctions or Online Retailing:

You may not list or sell Elegance Inc. products on eBay or Etsy or other online auctions or any online retail store or e-commerce site, nor may you enlist or knowingly allow a third party to do the same.

## 4.3.4 – Social Networking Sites:

You may use, and we encourage you to use social networking sites such as: Facebook, Twitter, LinkedIn, blogs, forums, and other social shared interest sites to share information about any Elegance Inc. product or the business opportunity and for recruiting, prospecting, and Mentoring. You may also create a social presence dedicated to growing your business. Your use of these sites must comply with the following guidelines:

- a) If the term “Elegance Inc.” is used, it must state in full “Independent Boutique Owner.”
- b) These sites may not be used for e-commerce. All transaction must take place through your Online Boutique.
- c) In addition 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 Boutique Owner.
- d) Unprofessional or disrespectful online conduct toward Elegance Inc. competitors is strictly prohibited. You may not disparage any Elegance Inc. competitor, their customers, or their products on a social media platform such as Facebook or Twitter.
- e) If a link is provided, it must link to your Online Boutique or a registered external website.

## 4.3.5 – Uploading Digital Media:

You are allowed to upload any Elegance Inc. related video, audio, or photo content that you create as long as you have prior written permission from Elegance Inc., it aligns with Elegance Inc.'s values, contributes favorably to the Elegance Inc.'s community, and is in compliance with the Elegance Inc.'s Policies & Procedures. You also agree that if Elegance Inc. asks you to remove such content, you will do it immediately.

These submissions must clearly identify you as an Independent Boutique Owner (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 Elegance Inc. You may not upload, submit, or publish any content (video, audio, presentations, or any computer files) received from Elegance Inc (see [Section 4.1.1](#)).

#### 4.4 – Boutique Owners - Online Boutique:

##### 4.4.1 – Online Boutique:

The term Online Boutique refers to the external-facing Boutique Owner's Online Boutique and the Back Office Portal offered by the Company to you for a monthly fee. (See [Section 4.4.2](#) for details) The term registered Online Boutique refers to your own Company approved Online Boutique. You are not allowed to monetize your Online Boutique or your registered external website through affiliate programs, such as adSense, or similar programs.

##### 4.4.2 – Elegance Inc. Boutique Owners Online Boutique:

A Boutique Owner will be offered the option of subscribing to an online website when they become a Boutique Owner. The first thirty (30) day subscription is free. If you do not cancel the subscription by the 31st day, the credit card on file will be charged a monthly fee of \$14.95. This fee will be charged without notice. If you choose to cancel the subscription, you may subscribe again at any time via the Boutique Owner's Back Office, but you will lose the name of your Online Boutique.

If you are subscribed to an Online Boutique, provided you have submitted at least \$1.00 in PRS or have a paid in full subscription to your Online Boutique, your account will stay active each month.

You are solely responsible and liable for the content that you add to your Elegance Inc. Online Boutique. You may not alter the branding of your Online Boutique, and you may not use your Online Boutique, including links to other websites, to promote, market or sell non-Elegance Inc. products, services or business opportunities. Specifically, you may not alter the look (placement, sizing etc.) or functionality of the following:

- a) The Independent Boutique Owner logo
- b) Your Name
- c) Elegance Inc. corporate website redirect button.

##### 4.5 – External Websites:

You are allowed one external website to promote your Elegance Inc. business and the Elegance Inc. opportunity. This website is not a personal website for personal use. Subdomains are not permitted. If you wish to develop an external website you must do the following:

- a) Subscribe to an Elegance Inc. Online Boutique;
- b) Register your external website with Elegance Inc. by going to [Compliance@EleganceInc.com](mailto:Compliance@EleganceInc.com);
- c) Adhere to the branding and image using the most current Policies & Procedures.
- d) Agree to modify your website to comply with current or future Elegance Inc. policies;

- e) Agree to redirect or forward your external website to Elegance Inc.'s corporate home page [www.EleganceInc.com](http://www.EleganceInc.com) in the event of the voluntary or involuntary cancellation of your Boutique Owner Agreement within 10 days.
- f) Agree to exclusively advertise Elegance Inc. products, services or the Elegance Inc. opportunity and only have Elegance Inc. content and information on this website.
- g) Agree that your external website can only link to pages within your approved external site, your Elegance Inc. Online Boutique, or to your social networking sites that you use to promote your Elegance Inc. business.
- h) Agree that your messaging, claims, and information must represent and enhance the Elegance Inc. brand.
- i) Agree to never sell or never attempt to sell products on this site. All orders must be placed through your official Online Boutique.

We have a no-tolerance policy for online sales outside of your Online Boutique. If you violate this policy, we will terminate your Boutique Owner Agreement immediately!

A blog or website developed on a blogging platform that is developed for the primary purpose of marketing or promoting Elegance Inc. products and/or the Elegance Inc. opportunity is considered an external website and must be registered with Elegance Inc. Blogs, created by you or others, that are developed primarily for other purposes that mention Elegance Inc. and direct traffic to your Online Boutique or external registered website do not need to be registered.

You are allowed to voluntarily help other Boutique Owners with their websites, but you are not allowed to receive any compensation from any Boutique Owner to build, Socialite, or maintain their websites, nor are you allowed to manage nor have ready access to the database or site administration of any sites you build for any Boutique Owner. All assets, video, pictures, graphics, plug-ins, etc., used on a site you build for your Team or any other Boutique Owner must be housed on the domain owned by that Boutique Owner. You may not have any kind of tracking information or links on any site you build for other Boutique Owners that link to either your Online Boutique or external authorized site. Also, you cannot use their site to promote, market, or link to your web development business website.

#### 4.5.1 – External Website Naming:

Your external website cannot identify a state/province name, country names, or abbreviations of these geographical names when used on their own. In addition, you must choose a uniquely identifiable website name/URL that cannot:

- a) Use the word “Elegance Inc.” in any form;
- b) Be confused with any Elegance Inc. corporate or any team name;
- c) Identify or be confused with a geographical location, region, state name, or country.

#### 4.5.2 – External Team Website:

As a Mentor, you are allowed to have one approved team website for the purposes of connecting, communicating, training and educating your team. Your team website cannot be used to promote your team and cannot have links to your Online Boutique or your external site. The team website must be password-protected. All team websites must be registered with Elegance Inc. by going to

**Compliance@EleganceInc.com.** Please be sure to provide a user name and password so that Elegance Inc. may review the site. The following is a list of steps that you or your site builder need to take in order to prevent your team website from showing up in search engine results:

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

### 4.6 – Commercial Outlets:

Elegance Inc. strongly encourages the retailing and selling of its products through home Socials.

Elegance Inc. products are not allowed to be sold in any permanent retail establishments. However, a Boutique Owner may conduct a Social in a service establishment provided the Social is set up for no more than five (5) days at any one place during any one month, except December, at which time a Social can run for fifteen (15) days. Boutique Owners conducting a Social at a service establishment must set up and remain at the Social during Social hours. Customers must recognize this is a special event and not a permanent retail space at in a service establishment

A promotional display may be exhibited for the generation of leads or the collection of orders in conjunction with a fashion, lifestyle or accessory event. Cash-and-carry sales from a retail establishment are strictly prohibited. You cannot knowingly sell to anyone who is going to resell Elegance Inc. products in any form.

Boutique Owners can set up Socials in the following service establishments:

- a) Hair Salons
- b) Nail Salons
- c) Eyelash/Eyebrow Salon
- d) Med Spas
- e) Massage/body spas

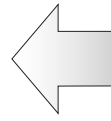
### 4.6.1 – Trade Shows, Expositions and Other Temporary Sales Forums:

As a Boutique Owner, Elegance Inc. allows you to display and sell products on a cash-and-carry basis only at temporary sales forums such as fairs, expositions or events which meet the following criteria:

- a) The event does not last longer than thirty (30) consecutive days.
- b) The event does not occur more than once during any given eight-week period.
- c) The event does not take place in an established retail environment or gives the appearance of being an ongoing retail sales environment.

Permanent swap meets, flea markets or farmers markets are not temporary sales forums.





### 4.6.2 – Rules for Participation in Temporary Sales Forums:

Elegance Inc. requires you to adhere to the following policies relative to participation in temporary sales forums:

- a) You must be a current Elegance Inc. Boutique Owner.
- b) You must be the first Boutique Owner to apply and pay for the booth. Only one Boutique Owner per show or event is allowed. It is your responsibility to check with the show manager/promoter prior to contracting the event to make sure no other Boutique Owner has contracted the event. After receiving this confirmation, you should inform the show promoter in writing of the policy concerning one-booth-per-show so they do not allow another Boutique Owner to also book the event.
- c) The contract is between you as an independent Boutique Owner, and the event Mentor. Elegance Inc. is not, and may not be made a party to a contract between you and an event organizer.
- d) In the contact, you must use both the Elegance Inc. name and generic descriptions of the products to be represented at the event.
- e) You may only exhibit Elegance Inc. products and the business opportunity for Elegance Inc. in the booth. If you represent other companies you must have an additional booth at the same event to sell other products that are not Elegance Inc.

### 4.6.3 – Double Bookings at a Temporary Sales Forum:

In the event there is a double booking, and both parties made the event manager aware in writing of Elegance Inc.'s policy to only have one vendor per show, and were unaware of the other Boutique Owners, there are five options:

- a) Both Boutique Owners will participate at a separate booth at the same show.
- b) One of the Boutique Owners buys the booth from the other and has their Team run it.
- c) Meet with the event promoter to have the second contracted Boutique Owner's contact canceled.
- d) Request that the event manager refund your money.
- e) Work with the other Boutique Owner to come up with an agreement to participate in the show together in a single booth and request a refund from the event manager for one of the booths.

At no time will Elegance Inc. be liable for incurred expenses of any kind arising from a disputed situation. If the dispute cannot be resolved, the Boutique Owner who contracted and paid for the booth first will be permitted to remain at the event.

If multiple Boutique Owners are sharing one booth, all Boutique Owners must agree to the terms of the booth in writing. If a dispute arises, Elegance Inc. will not participate in the attempted resolution.

If Elegance Inc. discovers at any time, that Boutique Owners contracted or participated in shows against our policy regarding this, they may be subject disciplinary action (see [Section 13](#))

## SECTION 5 – RESPONSIBILITIES OF BOUTIQUE OWNERS

### 5.1 – Changes to Your Elegance Inc. Business:

If information within your Boutique Owner Agreement, or Profile changes, it is your responsibility to update the information in your Boutique Owner's Back Office or to notify Elegance Inc. of the changes.

### 5.2 – Change of Address or Telephone Number:

To ensure timely delivery of products, support materials, and commission and royalty checks, it is critically important that Company files contain current Boutique Owner information. Elegance Inc. allows P.O. Box addresses for your mailing address, but not for your shipping address. UPS does not deliver to P.O. Boxes. Boutique Owners planning to move should update their mailing and shipping information in their Boutique Owner's Back Office and submit a Change of Address Form with the U.S. Postal Service.

### 5.3 – Transferring Your Account From an Individual to Business Entity:

Elegance Inc. Allows you to change your Boutique Owner Agreement from an individual to a business entity by changing your existing Boutique Owner Agreement by submitting a written request, a properly completed and executed Business Entity Registration Form, and a \$49.00 change fee, along with all the notarized documents required (see [Section 5.3](#)). If approved, the effective date becomes the first of the following month in which the form is received.

### 5.4 – Mentor Obligations:

When you Mentor a new Boutique Owner, you must provide leadership support, which includes assistance and training and be the first point of contact for your first level. A Mentor must also ensure that new Boutique Owners read, understand, and comply with the Agreement, including the most current Policies & Procedures and the Success Path before the new Boutique Owner completes and accepts the online Boutique Owner Agreement. If you are assigned a new Boutique Owner through a corporate assignment, you must still make sure that they read and understand the Agreement as if you were their solicited Mentor.

Sponsorship, team mentoring and leadership are critical to the success of every Boutique Owner. As such, the Mentoring Boutique Owner must be proactive in: written correspondence, goal setting, personal training and meetings, telephone contact, emails, and accompanying new Boutique Owners to Elegance Inc. meetings, and other functions. You are also required to train and motivate Boutique Owners in your first level and in your Team, in accordance with the training and tools provided by the Company. This training includes, but is not limited to, product knowledge, selling, Mentoring, customer service, ethical behavior, goal setting and the Success Path.

#### 5.4.1 – Maternity Leave

Elegance Inc. will waive the monthly Personal Retail Sales requirements for up to three (3) months for maternity leave. All Mentoring and coaching requirements during this maternity leave period are also waived. A Maternity Leave Form must be submitted via email and approved by the Company 30 day prior to taking the requested leave.

# RESPONSIBILITIES OF BOUTIQUE OWNERS

## SECTION 5 & 6

### 5.4.2 – Family Emergency Leave

Elegance Inc. will waive the monthly Personal Retail Sales requirements for up to three (3) months for a bona fide family emergency leave. All Mentoring and coaching requirements during this emergency leave period are also waived. A Family Emergency Leave Form must be submitted via email and approved by the Company prior to taking the requested leave. Family emergency means death in your immediate family or diagnosis of terminal illness in immediate family (parents, children, spouse), or a natural disaster that destroys your home.

### 5.5 – Adherence to Local and Federal Laws and Ordinances

#### 5.5.1 – Local Ordinances:

Call your local Small Business Administration (SBA) office to determine if you are required to apply for any business licenses. Many cities and counties have laws regulating home-based businesses. Most of these laws will not apply to Boutique Owners. 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@EleganceInc.com](mailto:support@EleganceInc.com). The Company will work with you to understand and resolve the situation.

#### 5.5.2 – Federal, State, and Local Laws:

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

#### 5.5.3 – Compliance with Federal Regulations:

Certain federal regulations govern the sales of Company 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 Boutique Owner; and
- d) The signature of the purchaser, regardless of whether a credit card was used in the transaction.

## SECTION 6 – CONDUCTING YOUR ELEGANCE INC. BUSINESS

### 6.1 – Personal and Team Product Sales:

The key to having a successful business is retail product sales. To be eligible for commissions, royalties, bonuses, residuals, awards, and promotions, you must meet the Personal Retail Sales (PRS), Team Retail Sales (TRS) requirements associated with your Paid as Title in the Success Path.

### 6.2 – Customer Sales Receipts:

You must give your retail customers two copies of an official Elegance Inc. sales receipt at the time of the sale. You must retain the remaining copy and make it available to Elegance Inc. for a period of two years. You also must have the customer's signature on the receipt, regardless if they pay with a credit card or not.

### 6.3 – Ordering and Shipping

#### 6.3.1 – Boutique Owners and Customers Orders:

You must place orders through your Boutique Owner's Back Office. Customers may also place orders through your Online Boutique.

Customers who do not have a Socialite or Mentor are allowed to place orders directly through the corporate website. In this case Elegance Inc., will assign that customer to an active Boutique Owner for future follow up. This assignment is considered a lead and it is up to you to cultivate it in a professional manner. Boutique Owner must have an Elegance Inc. Online Boutique to qualify for any assignments.

##### 6.3.1.1 – Social Orders:

Customer orders gathered at a Social must be placed through your Boutique Owner's Back Office or through your Online Boutique. All Social orders will be direct shipped to the customer. It is the policy of Elegance Inc to submit all orders received at a Social to be submitted to the company within five (5) days.

##### 6.3.1.2 – Elegant Rewards (Socialite Rewards):

All Elegant Rewards must be redeemed when the Social is submitted to Elegance Inc. when the Social is closed. No exceptions.

#### 6.3.2 – Shipping 6.3.2.1 –

##### Shipping Costs:

Shipping costs are posted on the Company website and in your Boutique Owner's Back Office and may be subject to change.

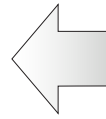
##### 6.3.2.2 – Shipping Times and Backorders - Product Availability:

Elegance Inc. will make every effort to ship products within ten (10) business days from the date an order is received. We do our best to keep all of our products in stock for quick shipment, but sometimes the demand for a popular item will exceed our supply. When this happens, we will update our inventory list, which is posted in the Boutique Owner's Back Office. Also Sold Out items will appear as Sold Out on your Online Boutique. Check these lists prior to each Social, to ensure you don't sell products that are no longer available. Inform your customers on backordered products.

On the occasion where a back order occurs, check your Back Office for details or contact Boutique Owner Support. Backordered items may be processed and you will receive PRS 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 or credit on your account is requested, your PRS will be decreased by that amount in the same month the refund or credit is issued.

##### 6.3.2.3 – Business Delays Beyond Elegance Inc.'s Control:

Elegance Inc. is not responsible for business delays due to circumstances beyond its reasonable control, such as labor strikes, riots, war, fire, natural disasters, death, curtailment of a Social's source of supply, or government decrees or orders.



### 6.3.2.4 – Ordering Methods. Use Your Boutique ID Number:

All orders submitted to the Company shall have the Boutique Owner Identification number placed thereon to assist the Company in processing and shipping the order properly. Failure to provide this information may result in a delay in processing the order and proper credit for the sale.

### 6.3.3 – Holding or Manipulating the Timing of Orders:

You may not hold or manipulate the timing of product purchases. All home Socials must be submitted to the Company within five (5) days from the date the order was given to the Boutique Owner.

### 6.3.4 – Boutique Owner Substitutions at Socials:

A Boutique Owner must conduct their own Socials in order to earn personal commissions, royalties, bonuses and awards and accumulate PRS (see Success Path). You may not ask another Boutique Owner, friend, or Socialite to conduct a Social on your behalf. If you cannot attend your booked Social, you may ask another Boutique Owner to hold it in your place. However, the Social must be re-booked and recorded on the replacing Boutique Owner's account so that the associated commissions and PRS are accurately reflected. You may work out a deal between yourselves to split the commissions if you both agree. Elegance Inc. will not be part of these negotiations nor will the Company split PRS.

### 6.3.5 – Ethical Conduct and Negativity:

As a Boutique Owner, you agree to conduct your business with the highest standards of honesty and integrity. Negative or disparaging remarks towards the Company, its products, Success Path or other Boutique Owners will not be tolerated. It constitutes a material breach of your Boutique Owner Agreement and you will be subject to disciplinary action. (See **Section 13**)

### 6.3.6 – Fraudulent Behavior:

Boutique Owners are obligated to deal fairly and honestly with their customers and their downline. Dishonest or fraudulent Boutique Owner actions including but not limited to accepting customer payment but failing to place or deliver orders, will be subject to immediate suspension or termination. Any pending commissions, royalties, bonuses, residuals and/or awards will be forfeited and the value of the replaced product(s), as well as applicable shipping and service charges will be deducted. Where appropriate, the offending Boutique Owner will be reported to legal authorities. If you become aware of fraudulent behavior, please contact the Company at [support@EleganceInc.com](mailto:support@EleganceInc.com).

### 6.3.7 – 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 Elegance Inc.'s or its Success Path have been approved, endorsed, or otherwise sanctioned by any government agency or official.

### 6.4 – Customer Information:

Your customer database is to be used solely for the purpose of running your Boutique Owner business. It may not be sold, copied, and/or distributed to any person, Boutique Owner, or company for any reason. The Company may use your customer database in connection with marketing and sales promotions related to your Boutique Owner business, the Elegance Inc. opportunity, or other Company promotions.

## SECTION 7 – MENTORING OTHER BOUTIQUE OWNERS

### 7.1 – Mentoring is Your Right and Your Choice:

Boutique Owners have the right to Mentor other Boutique Owners into Elegance Inc. In order to become and remain a Mentor you must be active as a Mentor (also see [Section 5.4](#) for Mentor requirements). A Boutique Owner will be compensated only for the generation of sales volumes, not for Mentoring new Boutique Owners into the Company.

### 7.2 – Changes to Your Mentor

#### 7.2.1 – Mentor Reassignment:

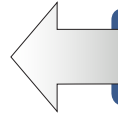
Elegance Inc. does not allow voluntary changes in sponsorship except under exceptional circumstances. Elegance Inc. will not honor requests from Boutique Owners to have other Boutique Owners' Team transferred to them. Nor will we make transfers if there is any concern that active solicitation of another Boutique Owner's Team has occurred. The Company reserves the right to reject transfers in order to maintain a NO POACHING culture and environment. Elegance Inc. prohibits the transfer of a Boutique Owner from one Mentor to another, except under the following conditions:

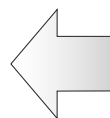
#### 7.2.2 – Providing Support

The Mentor must actively engage in goal setting and mentoring with a New Boutique Owner. New Boutique Owner training, following the agenda presented in the Boutique Owner's Back Office must be offered to the New Boutique Owner by phone or in person within one (1) week of the new Boutique Owner becoming a Boutique Owner.

The Mentor must offer several reasonable time slots, be prepared for the training, and execute the following:

- a) **Social Observation:** Mentor must allow new Boutique Owner to attend a Social that they are leading or that someone else on their team is leading within fourteen (14) days of the New Boutique Owner's activation. Remote Mentors who live 50 miles or more away from the Boutique Owner should be supported by phone.
- b) Mentor must return phone calls or emails within three (3) business days unless a Boutique Owner has pre-notified their Team of vacation during which they will be unavailable.
- c) Mentor must attend all planned meetings and trainings for which the Mentor did not call in advance to reschedule or cancel.
- d) Mentor must have monthly communication with the Team by e-mail, phone or in-person meetings to assist with business goals and progress.
- e) Mentor must provide timely dissemination of information from the Home Office.





### 7.2.3 – Multiple Applications:

If an applicant submits multiple Applications that list different Mentors, only the first completed Application received by the Company will be accepted. The decision of the Company is final.

### 7.2.4 – Cross-Mentoring:

Cross-Mentoring is when a Boutique Owner Mentors (or attempts to Mentor) another Boutique owner who is already a Boutique Owner in a different line of sponsorship, or was a former Boutique Owner in a different line of sponsorship within the past six (6) months. This 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 result in suspension or termination.

### 7.3 – Corporate Marketing, Leads, and Assignments:

Elegance Inc. makes a considerable investment in building our general brand and driving awareness that will fuel all of our Boutique Owners' businesses. Our corporate marketing and public relations efforts are intended to attract new potential customers and Boutique Owners, which ultimately benefit every Boutique Owner.

For building a great social selling business, there is no substitute for leveraging YOUR social network. Home Office leads should not be expected and are not a way to build your personal boutique. We do general marketing like press and events because we know that you can then show this media coverage to your network of people and build excitement.

Our lead and assignment program has been designed to provide customers with the best possible local experience. By honoring the customer, we believe we build the best business for all Boutique Owners. The Home Office will allocate Leads and Assignments with the utmost integrity to Boutique Owners who we deem to be exemplary members of the Elegance Inc. team and who we believe will provide the best support and leadership to our customers and new Boutique Owners.

Leads refer to requests made by our customers for more information about Elegance Inc., interest in hosting a Social or learning more about the opportunity to become a Boutique Owner. Assignments refer to new Boutique Owners who have signed the Independent Boutique Owner Agreement and have not indicated a Mentor. Assigned Boutique Owners are considered Inherited Boutique Owners. Inherited Boutique Owners, as opposed to personally sponsored Boutique Owners, count toward volume, but do not count towards promotion requirements of personally sponsored Boutique Owners.

The Company is under no obligation to provide history or explanations for our Lead and Assignment allocations.

The corporate marketing and public relations efforts will primarily direct potential customers/ Boutique Owners to our official corporate website, [www.EleganceInc.com](http://www.EleganceInc.com). While on the official corporate website, the potential customer or Boutique Owner may learn more about products and Boutique Owner opportunities. Leads and Assignments for the most part will be given to a Boutique Owner who:



- a) Embodies the core values of Elegance Inc. and is an exemplary member of the Elegance Inc. community.
- b) Has an Elegance Inc. Online Boutique.
- c) Has earned the Paid As Title of Boutique Owner+ or above in the previous month.
- d) Has mentored at least one new Boutique Owner and met the minimum leadership support requirements. (see [Section 5.4](#))

Elegance Inc. has the right to transfer any Boutique Owner who was a Corporate Lead to another team if the Home Office determines the Boutique Owner is receiving inadequate coaching as per the minimum leadership support requirements.

The company encourages a Boutique Owner to advertise their Online Boutique in online blogs, social media sites, and other commercial websites as much as possible to drive online sales. However, please note that we have specific rules around online advertising (see [Section 4](#))

### 7.4 – Roll-Ups:

Roll-Ups occur when a Boutique Owner who has sponsored a team:

- a) Terminates their Independent Boutique Owner Agreement as a result of resignation, deactivation, or Company termination,
- b) Fails to meet the minimum leadership support requirements (See [Sections 7.2.2](#) and [Section 5.4](#)).

At the time of a Boutique Owner's roll-up, every Boutique Owner below him or her will immediately be compressed up to the next qualified active Boutique Owner. Additionally, a qualified active Boutique Owner is someone who has the willingness and capacity to actively coach the team rolling up to them as per the minimum leadership support requirements.

The Home Office reserves the right to reassign the compressed team to a different leader on a different team if these qualifications are not adequately satisfied. Roll-ups can occur immediately and without prior notification. However the Home Office has up to thirty days to process roll-ups, they are effective in the month executed and will not be retroactive to the date of the original request.

## 7.4.1. – Minimum Monthly PRS:

The Mentor must exemplify the cornerstone of Elegance Inc. leadership by maintaining an active and consistent home Social schedule. As such, a Mentor who sells less than \$500 PRS in any given month will not be paid any royalties. Exceptions, (See [Section 5.4.1](#), [Section 5.4.2](#), [Section 10.6](#))

## 7.4.2 – Inherited Boutique Owner Policy:

Transferred Boutique Owners are considered Inherited Boutique Owners. Inherited Boutique Owners, as opposed to personally sponsored Boutique Owners, count toward team volume, and Team royal-ties but do not count towards promotion requirements of personally sponsored Boutique Owners. For example, if three Presidential Boutique Owners roll up to an upline, the upline may not qualify for or promote to Diamond President based on having those three President Boutique Owners on their first line. They must personally Mentor people on their first line to qualify for any promotion (See Success Path).

## 7.5 – Qualification to be Assigned a Transferring Boutique Owner:

For a Boutique Owner to be eligible to inherit another Boutique Owner you must:

- a) Have an Elegance Inc. Online Boutique;
- b) Have earned the Paid as Title of Executive Boutique Owner or higher in the previous month;
- c) Have sponsored at least two qualified Boutique Owners and met the minimum leadership support requirements (see [Section 5.4](#)).
- d) Are not participating in other direct selling- party plan companies.

## 7.6 – Remote Mentors:

When Mentoring long-distance, Mentors must still provide training support and recognition to their Boutique Owners. Notes, handouts, and audio or videos from their meetings can be sent to the remote Boutique Owner in place of live local meeting attendance. The Mentor must also provide all training and support via phone and email communications. The upline may arrange with a Boutique Owner in his or her remote area to have the remote Boutique Owner attend a training session, if available.

## 7.7 – Marketing the Business Opportunity: Limitation on Mentoring Efforts:

### 7.7.1 – Monetary Inducement:

You may not offer any monetary inducement to encourage others to join your team. The initial transaction to become a Boutique Owner must be a stand-alone transaction between the Company and the prospective Boutique Owner and cannot be linked to any future performance, milestones, or promises.

# MENTORING OTHER BOUTIQUE OWNERS

## SECTION 7

### 7.7.2 – Using Income Claims in Mentoring Efforts:

Commission or royalty checks may not be used as marketing materials. Boutique Owners shall not guarantee or estimate compensation, draws, expenses, or deductions attributable to the business to prospects. Boutique Owner shall truthfully and fairly describe and present the Success Path. No past, potential or actual income claims may be made to demonstrate the earning potential of Elegance Inc. or party plan/direct selling opportunities by sharing your own earning information or sharing the earning information or testimonials of other Boutique Owners as an indication of the success assured to others, since income success depends upon many variables.

No income projections, including those based solely on mathematical projections or “ideal projections” of the Company Success Path may be made to prospective Boutique Owners. Federal and state laws regulate, and even prohibit certain types of income claims and testimonials made by people engaged in direct selling. When you are discussing the Elegance Inc. opportunity or Success Path with a prospective Boutique Owner, You may use hypothetical income examples to help her/him understand how the Success Path operates as long as:

- a) you make clear to the prospective Boutique Owner(s) that the earnings example is purely hypothetical; and
- b) you provide each prospective Boutique Owner a copy of the Company’s official income disclosure statement. If the Company has not published or made available an official income disclosure statement, you may not use hypothetical income examples.

### 7.8 – One Boutique Owner Business Per Household:

As a Boutique Owner you are allowed to operate, own, have an interest in, or receive compensation from only one Boutique Owner business with the exception of a Boutique Owner purchasing another Boutique Owners Business. (see **Section 3.9 (g)**). Furthermore, individuals from the same family unit (hus-bands 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 Boutique Owner business with the exception of a parent mentoring a child or Dependant into the Teenage Dream Program.

If a spouse chooses to participate in a Boutique Owner business, they must be jointly sponsored as one Boutique Owner business. Spouses, regardless of whether one or both sign the Application and Agreement, may not own, operate or participate in (either directly or indirectly) any other Boutique Owner business. Spouses may jointly operate one Boutique Owner business without submitting a Business Entity Form. All other business partnerships or corporations must submit a Business Entity Form (see **Section 2.2.2** and **Section 5.3**). The Company will consider exceptions to this policy if:

- a) two existing Elegance Inc. Boutique Owners marry, or
- b) in the case of a Boutique Owner receiving an interest in another Boutique Owner business through inheritance. Exception requests must be submitted in writing to [BoutiqueOwnerSupport@EleganceInc.com](mailto:BoutiqueOwnerSupport@EleganceInc.com).

## SECTION 8 – PAYMENT

### 8.1 – Insufficient Funds or No Credit Available on Card:

It is your responsibility to ensure there are sufficient funds in your checking account or credit available on your credit card to cover orders you submit. If funds or credit are not available, the system will

not accept your order or your order will be held as pending payment. If your order is held and substitute payment is not received within five (5) days, the order will be canceled and you will not receive PRS credit for the order.

## **8.2 – Checks:**

We do not accept checks from customers at any time for any reason. We suggest that you accept checks to make it easier for people to pay you. Be cautious when you accept checks at a Social we advise you to write the customers phone number on the check and make a copy of that check for your records. Deposit the check in your account immediately and make sure it clears before you order their products. Advise your customer in a friendly way that you will have to wait until the check clears before you place their order, this might encourage them use a credit card instead.

### **8.2.1 – Customer Disputes:**

Boutique Owners are responsible for resolving disputed charges, insufficient funds checks, and stop-payment checks from customers. All disputed charges are the responsibility of the Boutique Owner.

## **8.3 – Customer Payments and Protecting Customer Information:**

We will process credit card payments from customers. However, you are responsible for collecting customers' payments. If a customer's credit card is declined, you can remove that customer's items from the Social Order or you can collect another form of payment from the customer before submitting the Social order.

Elegance Inc. is not responsible for declined credit cards or fraudulently used credit cards.

### **8.3.1 – Customer Credit Card Payment Rules:**

To accept the credit card you must have the following:

- a) Exact name as it appears on credit card.
- b) The expiration date
- c) CVC- 3 digit code on back of card
- d) Phone number of cardholder
- e) Customer address on the order form must match the credit card billing address
- f) Email address of cardholder
- g) Order Form credit card authorization signed and dated by cardholder.

You must actually see the credit card to personally verify the information on the credit card. Process credit cards carefully, making sure the proper amount is charged only once, avoiding multiple authorizations.

Process orders as close as possible to the time you will close and submit your Social, because the credit card company may not honor “old” authorizations.

The order form is the only place where a customer’s credit card number should be written or kept. Once you have submitted the order through your Boutique Owner’s Back Office. You need to black out all but the last four digits of the credit card number on the order form.

### **8.3.2 - Boutique Owner’s Merchant Account**

Boutique Owner’s have the option of obtaining and owning their own merchant account. Each Boutique Owner is responsible for all fees and responsibilities associated with their merchant account.

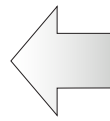
### **8.3.3 – Protecting Customer’s Personally Identifiable Information:**

Boutique Owner is responsible for protecting customers’ credit card information and other nonpublic “personally identifiable information” including any of the following:

- a) Social Security or government identification number
- b) Driver’s license number or state-issued identification card number
- c) Bank account number, or credit or debit card number, with or without any required security code, access code, personal identification number (PIN) or password, that would permit access to a person’s financial account.

Boutique Owner is responsible for:

- a) Taking steps to protect Personally Identifiable Information from unauthorized access and ensuring it’s not shared with anyone.
- b) Covering all but the last four digits of credit card numbers on order forms with a black marker after submitting orders through your Boutique Owner’s Back Office.
- c) Safely and promptly discarding all nonpublic personally identifiable information.
- d) Destroying order forms and any other document that has personally identifiable information after two years.
- e) Making sure the computer you use to access your Boutique Owner’s Back Office or any secured Elegance Inc. website is password protected.
- f) Keeping your Boutique Owner ID and passwords confidential.
- g) Having a secure connection to your Boutique Owner’s Back Office and any secured Elegance Inc. website. You should not connect to your Boutique Owner’s Back Office from any “public” Wi-Fi connections such as restaurants and Internet cafes.
- h) Using an Internet security tool that includes antivirus, antispysware, antirootkit, antiphishing, smart firewall, and network mapping & monitoring technology.
- i) Not accessing your Boutique Owner’s Back Office or any secured Elegance Inc. website through any type of mechanical, scripted, automated or robotic means.



Boutique Owner is solely responsible for ensuring the security and privacy of customer information and indemnify and hold harmless Company for such.

### 8.4 – Sales Taxes:

Elegance Inc. The Company gives support to it's Boutique Owners every way we can. We believe that a Boutique Owner should be able to run their business without all the administrative and operational duties that most business owners need to tend to. Elegance Inc. has developed our program so we handle the burden of remitting the sales tax that you collect from your customers. What does this exactly mean?

Boutique Owner will charge sales tax to customers' orders. Elegance Inc. will remit the sales tax as a service to its Boutique Owners on all purchases, including Elegant Rewards (Socialite Rewards). All submitted orders must include the correct sales tax. Sales tax is calculated on the full retail sales price of the ordered product and in many states shipping also needs to be taxed. The back of the order form lists states exempt from tax. Tax rates apply to the state, county and/or municipality the order is SHIPPED TO, not the location at which the product is purchased. Products and sales tax rates differ by state. Local taxes (county, municipality, and other tax districts) further complicate the sales tax situation. This could result in a difference between what Elegance Inc. charges you, and what you in turn charge your customer. It is your responsibility to contact Elegance Inc. at

[BoutiqueOwnerSupport@EleganceInc.com](mailto:BoutiqueOwnerSupport@EleganceInc.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 shipping charges taxed if applicable and the amount of the additional tax or credit due. It is Boutique Owner's responsibility to know what products are taxed 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.

Boutique Owners need to be aware that any fundraising event performed by a non-profit organization requires sales tax to be collected just as you would for any other customer. Boutique Owners should communicate this 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 Boutique Owner directly for the products. Boutique Owners should email [BoutiqueOwnerSupport@EleganceInc.com](mailto:BoutiqueOwnerSupport@EleganceInc.com) both the non-profit's sales tax permit/resale certificate and a photocopy of the check demonstrating the organization paid the Boutique Owner directly.



## SECTION 9 – WARRANTIES, GUARANTEES AND RETURNS

### 9.1 – Thirty-Day Guaranteed to Love it Policy for Your Retail Customer:

Your retail customers will enjoy free exchanges and returns! Elegance Inc. offers a thirty (30) day “Guaranteed to Love it, so you will never have a dissatisfied customer.” Boutique Owners are bound to honor the Retail Customer Guarantee. If for any reason, a customer is dissatisfied with any Elegance Inc. product, the retail customer may return the product to the Boutique Owner from whom it was purchased, within thirty (30) days, for a replacement, exchange or a full refund of the purchase price (less shipping). If your retail customer chooses store credit within thirty (30) days, they will receive a

shipping and handling incentive to apply to a future order. That incentive will be the shipping price of the item at the time of shipping.

Returns or exchanges are accepted on unworn, unopened products, items in resalable condition (excludes sale items, food products, Social specials, and display items and business supplies, which are Final Sale). Items must be returned in the original packaging and accompanied with original proof of purchase. Gift cards and Final Sale items cannot be returned.

### **9.1.1 – Returns by Boutique owners (Purchased for Personal Use):**

If a Boutique Owner is dissatisfied with any Elegance Inc. product purchased for personal use, the Boutique Owner may return the product to the Company for exchange or replacement (no refund will be given). A Product Return Form must be filled out and returned along with the product to Company within thirty (30) days of the date of purchase and must be returned postage/freight prepaid.

### **9.1.2 – Returns by Boutique Owners’ Personal Retail Customers:**

If a retail customer returns a product to the Boutique Owner from whom it was purchased, the Boutique Owner may return it to the Company for an exchange or replacement. All products returned by Boutique Owner’s retail customers must be returned to the Company within ten (10) days from the date on which it was returned to the Boutique Owner along with the sales receipt that the Boutique Owner gave to the customer. The Company will not replace or exchange such products that are returned to the Boutique Owner more than thirty (30) days after the date of sale to the Customer. **9.2**

### **– Damaged Goods:**

The shipping company is responsible for any damage that occurs after it takes physical custody of the products. Therefore, it is important that the damage is reported promptly in order to allow Elegance Inc. to file a claim with the shipper. The purchaser of Company products who receives damaged goods shall comply with the following procedures:

- a) Accept delivery.
- b) Before the driver leaves, note on the delivery receipt the number of boxes that appear to be damaged and require the driver to acknowledge the damage in writing.
- c) Save the damaged products or boxes for inspection by the shipping agent.
- d) Contact Elegance Inc. Support Department to arrange for a replacement order to be shipped and a damaged goods claim to be filed.

### **9.2.1 – Refused Shipments:**

Should Boutique Owner refuse delivery on any order placed with the Company, the Company shall have the right to place Boutique Owner on suspension pending resolution of the refusal of delivery. Neither Boutique Owner nor a retail customer shall refuse any shipment from the Company unless prior approval of the Company has been obtained. Should the receiving party of any order shipped from the Company refuse to accept delivery and the shipment is returned to the Company, the ordering Boutique Owner’s status may be suspended pending resolution of the delivery refusal. Non-accepted delivery charges will be debited to Boutique Owner’s account. If the Company determines

that a valid reason exists for refusing shipment, it will instruct the Boutique Owner or retail customer on the proper procedure for a return.

### 9.2.2 – Altering Elegance Inc. Products:

Altering Elegance Inc. products is prohibited and automatically voids the Replacement Warranty and/or Customer Satisfaction Guarantee.

### 9.2 – Buyer’s Right to Cancel:

Federal law grants the retail customer who makes a purchase of \$25.00 or more that occur away from the seller’s main office, three (3) business days (72 hours) after the sale or execution of a contract to cancel the order and receive a full refund, consistent with the cancellation notice on the order form. In addition, the Boutique Owner shall orally inform the buyer of the three-day right to cancel at the time the buyer purchases the goods. When a Boutique Owner makes a sale or takes an order from a retail customer who cancels or requests a refund within the 72-hour period, the Boutique Owner must promptly refund the customer’s money as long as the products are returned to Boutique Owner in unused or unworn condition as when received. All retail customers must be provided with two (2) of an official Elegance Inc. sales receipt at the time of the sale. A BUYER AGED 65 OR OLDER IN NORTH DAKOTA MAY CANCEL THIS TRANSACTION WITHOUT CAUSE OR PENALTY WITHIN 15 DAYS OF THE DATE OF SALE ON THE REVERSE SIDE.

### 9.3 – Return of Boutique in a Box:

The Boutique Owner Boutique in a Box may be returned within one year from the Boutique Owner Agreement Date, and is eligible for a refund of up to 90% of the purchase price. The Boutique in a Box must be returned in its entirety, along with all pieces of jewelry and product awarded with the Boutique in a Box. All contents of the Boutique in a Box must be unopened and the jewelry and any other product must be unworn, unused and in resalable condition in order to receive a refund. The Boutique in a Box must be returned to the Home Office via registered mail. A trackable and/or insured shipping method should be used. Elegance Inc. will not be responsible for lost shipments. The original shipping and handling fees are not eligible for refund. Opened Boutique in a Box will be prorated to the resalable value. Jewelry or product that was awarded with the Boutique in a Box that is damaged or in otherwise poor condition will not be refunded. Damaged or used items (includes jewelry that was used for display purposes) may not be returned. The refund will be issued within four weeks from receipt of the returned product.

#### 9.3.1 – Business Supplies, Jewelry, 50% Product samples separate from the Boutique in a Box:

For your convenience Elegance Inc. offers business supplies, promotional materials, and New Boutique Owner 50% off Starter Samples for the first 30 days of your business. However, these items are not required to conduct business, and are therefore not refundable under the terms of the Boutique Owner return policy.

#### 9.3.2 – Return/Refund:

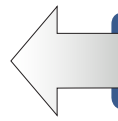
If you are a new Boutique Owner from Montana, you may cancel your Boutique Owner Agreement within fifteen (15) days from your Application date, and may return your Boutique Startup for a full refund.

### 9.4 – Definitions – Exchanges and Replacements:

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.



# WARRANTIES AND RETURNS



## SECTION 9

### 9.4.1 – Customer Exchanges or Replacements:

Elegance Inc. would prefer customers work through their Boutique Owners to handle all customer exchanges and/or replacements. Customers who do not have, or cannot locate, their Boutique Owner should contact Customer Care at [support@EleganceInc.com](mailto:support@EleganceInc.com).

### 9.4.2 – Boutique Owner Returns/Exchanges Product:

Product being returned for an exchange must be in resalable condition. THIS DOES NOT APPLY TO FOOD PRODUCTS.

- a) All merchandise must be returned by the Boutique Owner who sold it to their Retail customer.
- b) All products returned must be accompanied by a completed Product Exchange Form. Product received without a completed Product Exchange Form may be delayed or be refused and returned to the Boutique Owner.
- c) Product must be packed in original carton(s) and packing materials.
- d) Boutique Owner or the customer are responsible for the shipping cost to return product.
- e) Each exchange must include the Boutique Owner ID; order number; name of the customer who ordered the product; a copy of the original, dated sales receipt; the ship to address; and what you are exchanging the product for. If you need additional assistance please contact [boutiqueownersupport@EleganceInc.com](mailto:boutiqueownersupport@EleganceInc.com).
- f) Packages lost or damaged in transit shall be the responsibility of Boutique Owner.
- g) If you are returning merchandise to the Company that was returned to you by a customer, Elegance Inc. must receive the product within ten (10) days from when you received the merchandise from your customer. A copy of the original sales receipt must be included.
- h) Once Elegance Inc. receives the product, the exchange or replacement product will be shipped.

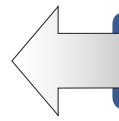
For defective product replacement, please notify [support@EleganceInc.com](mailto:support@EleganceInc.com) within thirty (30) days. The Company will pay shipping costs both ways for defective product replacement.



## SECTION 10 – COMMISSIONS, ROYALTIES, BONUS, RESIDUALS AND AWARDS

### 10.1 – Commission, Royalty and Bonus Qualifications:

You must be a Boutique Owner with a Boutique Owner ID and be in compliance with the Agreement to qualify for commissions, royalties, bonuses, residuals and awards. Elegance Inc. pays a commission (the retail profit) on your personal sales activity in accordance with the Success Path. There is no minimum sales requirement to receive commissions on your sales. Processing fees vary based on payment option and may be deducted from all commissions, royalties, bonuses, residuals and awards payments.



If you choose to Mentor other Boutique Owners you will also be eligible for royalties. Royalties are earned from what your Team sells in wholesale sales. Your royalty rate depends on your Paid As Title. You are entitled to royalties for being a leader/coach and helping your Team succeed. Read the Success Path found in the Boutique Owner's Back Office and review any questions with your Mentor. Commissions will be paid weekly through direct deposit; Royalties will be paid monthly as will most cash bonuses.

### 10.1.1 – Weekly and Monthly Payout:

Commissions from personal sales that are received by Elegance Inc. by midnight Pacific time on Sunday will be processed and paid on Friday. Royalties, residuals, cash bonuses will be paid monthly and are processed on the second Friday of the month following the last calendar day of the month. Please refer to your Back Office for payment details.

Career Promotions occur after the first of the month following the month when all qualifications are met.

If you have any issues or discrepancies with your commission or royalty statement, they must be reported by the end of the calendar month following the month for which the commissions and royalties were paid. For example, if you have a concern about April's commission or royalty, which you would have received in May, you must report that issue to the Company by the end of May of that same year. Issues reported after that timeline will not be researched or adjusted. Send your requests via email to: [boutiqueownersupport@EleganceInc.com](mailto:boutiqueownersupport@EleganceInc.com). Online royalty statements can be found in your Back Office. You will receive royalties only for the Paid As Title for which you Qualify.

### 10.1.2 – Commissions, Royalties, Bonuses, Residuals And Awards Paid to Legal Name of Boutique Owner:

Commissions, royalties, bonuses, residuals and awards are issued to Boutique Owners in the legal name that is on the Boutique Owner Agreement, whether it is an individual, LLC, Corporation or other entity. The payee name cannot be changed without a notarized request stating the reason from the authorized party or parties requesting a legal name change. Any legal name changes must be approved by Elegance Inc.

### 10.1.3 – Overpayments:

If overpayments are made, amounts will be deducted from future payouts.

Account Holds - Elegance Inc. may, at its option, place a Boutique Owners account on hold for money owed to Elegance Inc.

### 10.2 – Royalty Qualifications:

Elegance Inc. pays royalties in accordance with the Success Path on the wholesale volume. For you to qualify for royalties, you are required to meet all qualifications within the Success Path. See Success Path for details.

## 10.2.1 – Elegant Rewards- Samples, Half Price Items:

It's important to understand that you don't receive commissions on discounted purchases or Elegant Rewards (Socialite Rewards), which includes all Elegance Rewards; (Socialite, Elegant Reward half-price items, Socialite Exclusive items, business supplies, sales tax and shipping & handling fees, and these amounts don't count toward your Personal Retail Sales totals.

You also do not receive commissions on the actual Mentoring of Boutique Owner or their Boutique in a Box, or any samples or personal orders your Boutique Owners may make. Personal items that you order do not qualify for commissions, but you will receive a discount on these purchases and they will count toward your PRS excluding the Boutique in a Box.

## 10.3 – Adjustment to Commissions and Royalties for Returned Products:

As a Boutique Owner, you receive commissions and royalties based on the actual sales of products to customers sold by you and your Team. If a product sold by someone in your Team is returned to Elegance Inc. for a refund, the royalties 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 royalties are recovered). If you terminate your Boutique Owner Agreement with a balance still being owed to Elegance Inc., that outstanding balance will be deducted from any monies owed to you upon your termination or Boutique Owner will be expected to send the funds to Elegance Inc. to make up for the outstanding debt.

### 10.3.1 – Direct Purchase:

A Boutique Owner will normally purchase product directly from the Company. Should a Boutique Owner obtain product from Boutique Owner's Mentor or upline and a replacement product order is not placed and processed through the Company, no commissions or royalties will be paid by the Company on such transactions.

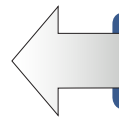
## 10.4 – Unclaimed Product Credits:

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

## 10.5 – Online Activity Reports:

While Elegance Inc. 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 Elegance Inc.'s control, Elegance Inc., 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, Elegance Inc. and/or other persons creating or transmitting the information will in no event be liable to any Boutique Owner 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, commissions, royalties, bonuses, residuals and awards, loss of opportunity, and damages that may result from inaccuracy, incompleteness, inconvenience, delay, or loss of the use of the information), even if Elegance Inc. 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, Elegance Inc. or other persons creating or trans-



mitting 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.

### 10.6 — 401e 5 Year Retirement Plan

The Elegance Inc. 401e Plan is a plan that allows you to retire from your Boutique Owner business and still receive a monthly check under the following conditions below. This Plan is available ONLY to the Boutique Owner listed on the original application and is NOT transferable under any circumstances.

- a) You must be the original Boutique Owner.
- b) You must qualify for and maintain the Paid As Title of Presidential or above in the Elegance Inc. Success Path for a minimum of sixty (60) consecutive months.
- c) If you sell or will your business, your 401e plan does not transfer to the new Boutique Owner. The new Boutique Owner may not participate in this 401e plan.
- d) You will remain responsible for your annual renewal fee.

The benefits are:

- a) You will no longer have monthly PRS requirements or the 1st Level Personally Signed Qualified Talent Requirement.
- b) You will receive a monthly royalty check from your qualifying downline activity.

### 10.7 — The Millionaire Maker

To be eligible you need to be the original Boutique Owner that signed the Boutique Owner Agreement and be at the Paid as title of Diamond Chairwoman for 12 consecutive months. (see The Millionaire Maker Program in the Back Office for complete details)

The guarantee: That in the first 12 months of qualifying, you will make a minimum of 1 million dollars with Elegance Inc., though a combination of commissions, royalties, residuals, and cash bonuses, if you do not make a million dollars over that 12 month period, Elegance Inc. will give you a check for the difference.

If you sell or will your business this program is non transferable.

## SECTION 11 – PROHIBITED BOUTIQUE OWNER ACTIVITIES

### 11.1 – Bonus Buying and Improper Mentoring of Boutique Owners:

It's important that you always act with honesty and integrity in conducting your Elegance Inc. business. You won't be successful if you buy products or engage in any other scheme just to qualify for Paid As Title advancement, commissions, royalties, bonuses, residuals and awards, sales contests, promotions, or PRS requirements. Please purchase only the amount of products you reasonably expect to use or sell to your customers during a single month. The beauty of this business is you don't need to stock inventory. You must NEVER engage in the following activities:

- a) Represent that there is any obligation to buy products or business supplies (other than the Boutique in a Box).

# PROHIBITED ACTIVITIES

- b) Represent that commissions, royalties or other earnings can be obtained solely from purchasing inventory rather than selling products to customers.
- c) The Mentoring or attempted Mentoring of an individual or entity as a Boutique Owner without their knowledge or consent or the Mentoring or attempted Mentoring of non-existent individuals or entities as Boutique Owners (this means you may not Mentor a deceased or fictitious person or a fictitious business entity as a Boutique Owner).
- d) Use your credit card to Mentor another Elegance Inc. Boutique Owner under you or anyone else without prior written permission from the Company at [boutiqueownersupport@EleganceInc.com](mailto:boutiqueownersupport@EleganceInc.com). You must be able to prove that anyone mentored by you did so with full knowledge and understanding of the terms of the Boutique Owner Agreement.
- e) Mentor an individual who resides at the same address as a current Boutique Owner.
- f) Purchase Elegance Inc. products by placing orders on another Boutique Owner account (regardless of who ends up with the product), in a manner that results in you qualifying for a Title advancement or achieving an incentive trip, reward, recognition, commissions, royalties, bonuses, residuals and awards.

You must be able to demonstrate at least seventy per cent (70%) of your total monthly Personal Retail Sales (PRS) is sold to customers outside your household, and/or have at least three (3) 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 Elegance Inc. evidence of the show/event upon request.

Elegance Inc. regularly audits Title advancements, promotions, and incentive trips to identify instances of “bonus buying” (See [Definitions](#)). Elegance Inc. must be vigilant in ensuring that orders are placed on behalf of Elegance Inc. customers through their Independent Boutique Owners. Failure to comply with any of the Bonus Buying policies listed above jeopardizes Elegance Inc. under federal regulations prohibiting pyramid schemes. If you participate in any of these activities, you are putting both your own Elegance Inc. business and others at risk!

## 11.2 – Use of Nonpublic Information:

No Elegance Inc. Boutique Owner may act on, or benefit in any way from, any information about Elegance Inc., or its future plans, to pursue any aspect of the Boutique Owner’s business prior to the public announcement of such information by Elegance Inc. Such information may include, but is not limited to, any information gained through relationship, conversation, or communication with Elegance Inc. 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 Boutique Owner Agreement and subject to disciplinary proceedings as defined in ([Section 13](#)) of this Agreement, including termination of your Boutique Owner business.

## 11.3 – Confidential Information:

The Company deems all Company printed, web-based, audio and video marketing materials, training manuals, training video and/or audio, newsletters, agreements, business forms, names and address lists of other Boutique Owners, customer lists, trade secrets, pricing information, knowledge as to sources, and customer purchasing histories, to be confidential and/or proprietary to the Company whether these items are specifically marked “confidential” or not. Boutique Owners may not use the names and address lists of other Elegance Inc. Boutique Owners or Customers to solicit, promote, mar-

ket, or sell non-Elegance Inc. products and services. The parties acknowledge and agree that Company has legally protectable interests in, among other things, maintaining confidential its business and commercial information, including but not limited to all confidential and proprietary information itemized above. Boutique Owner covenants and agrees that at no time will Boutique Owner directly or indirectly divulge, disclose or communicate to any person, firm or corporation in any manner whatsoever any information of any kind, nature or type concerning any matters affecting or relating to the business of Company including, without limitation, Company marketing and training materials, manuals and guides, agreements or business forms, the names and addresses of its other Elegance Inc. Boutique Owners, customers, the prices it obtains or has obtained or for which it sells or has sold its services or products, cost information, knowledge as to sources of business, the purchasing history of its other Elegance Inc. Boutique Owner or customers, computer data with respect to its Boutique Owners, customers and suppliers, goods and services purchased by Company, goods and services sold by Company to its customers, including the type and value thereof and quantity of items, credit history of its Boutique Owners or customers or any other information of, about or concerning the business of Company, its manner of operation, its plans, processes or other data of any kind, nature or description without regard to whether any or all of the foregoing matters would be deemed confidential material or important. Boutique Owner acknowledges and agrees that all such information is confidential and gravely affects the successful conduct of Company's business, its goodwill and that any breach of the terms of this Agreement shall be deemed a material breach hereof. Boutique Owner will not use or describe such confidential information except as authorized by Elegance Inc. The Boutique Owner agrees that while under contract with the Company and for a period of 24 months thereafter, whether termination of Agreement is occasioned by Company, Boutique Owner or by mutual agreement, or whether Agreement is terminated with or without cause, to directly or indirectly, for herself/himself or in or on behalf of any other party or entity, solicit or recruit or cause any other person or entity to solicit or recruit any employee of Company or any Elegance Inc. Boutique Owner either under contract with Company (or who has been under contract with the Company in the six months prior to termination of this Agreement) to any such business.

#### **11.4 – Team Activity Reports/ Royalty Statements:**

All Team Activity Reports/Royalty Statements, and the information contained therein, are confidential and constitute proprietary information and business trade secrets belonging to Elegance Inc.

Team Activity Reports/Royalty Statements are provided to Boutique Owners in strictest confidence and are made available to Boutique Owners for the sole purpose of assisting Boutique Owners in working with their respective Team in the development of their Boutique Owner business. Boutique Owners should use their Team Activity Reports to assist, motivate, and train their Team of Boutique Owners. The Boutique Owner and Elegance Inc. agree that, but for this agreement of confidentiality and nondisclosure, Elegance Inc. would not provide Team Activity Reports to the Boutique Owner. During any term of the Boutique Owner Agreement and for a period of five (5) years after the termination or expiration of the Boutique Owner Agreement between Boutique Owners and Elegance Inc., for any reason whatsoever, Boutique Owners shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a) Directly or indirectly disclose any information contained in any online Elegance Inc. report to any individual, partnership, association, corporation, or other entity;**

# PARTICIPATION IN OTHER COMPANIES

- b) Use the information to compete with Elegance Inc. or for any purpose other than promoting his or her Boutique Owner business;
- c) Directly or indirectly disclose, to any individual, partnership, association, corporation, or other entity, the password or other access code to your Boutique Owner's Back Office;
- d) Use the information contained within your Boutique Owner's Back Office or on a report to compete with Elegance Inc. or for any purpose other than promoting or supporting your Elegance Inc. business.

## SECTION 12 – PARTICIPATION IN OTHER PARTY PLAN AND DIRECT SELLING COMPANIES

### 12.1 – Your Participation in Other Direct Selling Companies:

We believe you are smart enough to know how many companies that you can represent and how you should spend your time. So as far as we are concerned, you may participate in other direct selling ventures (including party plan, network marketing, and multilevel marketing). We have very limited rules in regard to this.

You may perform a Social with another company as long as you write official Elegance Inc. product orders on the official Elegance Inc. Customer Order Form. You may not offer the Elegance Inc. business opportunity at the same time you offer other company's opportunity. We ask that you separate Elegance Inc. products and give them their own section with signage at Socials if you are going to represent another Company. We also ask that you make sure that the other products that you represent are in good taste and we prefer that you do not represent Elegance Inc. products with any products of a sexual nature.

You may NOT have Elegance Inc. dedicated social networking accounts or web pages that advertise both Elegance Inc. and a non-Elegance Inc. brand. If you have a personal social networking account that is not dedicated to the promotion of your Elegance Inc. business, it is within policy for you to mention Elegance Inc. alongside your other business ventures.

In order to promote to Presidential, you or a member of your immediate household, may not participate in or be a representative of another direct selling company that sells competing products or that offers Socialite rewards, or can be viewed as a party plan company, without prior written approval from Elegance Inc. If you choose to participate in another party plan company and/or for a company that offers competing products, your title will not advance beyond the Title of Executive Boutique Owner without prior written approval from the Company (see Success Path). No other restrictions apply to your ability to grow your Elegance Inc. business. If your affiliation with another direct selling company ceases, there will be no limitations on your advancement.

# PARTICIPATION IN OTHER COMPANIES

## SECTION 12

### 12.2 – No Solicitation is Allowed with Elegance Inc. Boutique Owners:

Subject to compliance with (Section 12.1) 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 or Mentoring as described below:

- a) While you are an Elegance Inc. Boutique Owner, and for a period of one year following the termination of your Boutique Owner Agreement, you may not attempt to recruit or Mentor Elegance Inc. customers or Boutique Owners for other direct selling business ventures directly or through third parties. This includes presenting or assisting in the presentation of other business opportunities, or implicitly or explicitly encouraging any Elegance Inc. customer or Boutique Owner to join other business ventures.
- b) You may not offer literature, CDs, DVDs, or promotional materials for another direct selling business to Elegance Inc. customers or Boutique Owners, nor may you allow any third party to recruit Elegance Inc. customers or Boutique Owners for another business venture.

#### 12.2.1 – Policy Violations by Members of Boutique Owner Household:

Boutique Owners who have family members or other individuals living in their immediate household who are engaged in other network marketing/ party plan opportunities will be held liable for the activities of these individuals should those individuals violate these Policies & Procedures. The resulting disciplinary action may include the suspension and/or termination of the Boutique Owner's Business.

### 12.3 – Benefits of Being Exclusive to Elegance Inc.:

Individuals or business entities who opt to maintain Elegance Inc. as their exclusive network marketing – party plan opportunity are provided with a number of benefits which may enhance their Boutique Owner role and dedication. A key benefit includes Boutique Owners may be given leads or assigned new Boutique Owners through the Company. Individuals or business entities who choose to participate in another network marketing/party plan opportunity in addition to your role as an Elegance Inc. Boutique Owner will no longer be eligible to receive any leads or assignments.

### 12.4 – Principles in Other Direct Selling Company:

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

### 12.5 – Recruiting Other Direct Sellers:

Elegance Inc. does not condone targeting the sales force of another direct sales company for recruiting purposes, nor does Elegance Inc. 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, Elegance Inc. will



not pay any of your defense costs or legal fees, nor will Elegance Inc. indemnify you for any judgment, award, or settlement.



## SECTION 13 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 13.1 – Disciplinary Sanctions:

If you are found in violation of your Boutique Owner Agreement or these Policies & Procedures, or if Elegance Inc. determines that you have engaged in or are engaging in any illegal, fraudulent, deceptive, or unethical business conduct, you may be subject, at Elegance Inc.'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 commissions, royalties, bonuses, residuals and awards payments;
- d) Loss of rights to one or more commissions, royalties, bonuses, residuals and/or awards payments;
- e) Suspension of your Boutique Owner Agreement for one or more pay periods; (See [Section 13.3](#));
- f) The removal of a first level Boutique Owner and their Team;
- g) Involuntary termination of your Boutique Owner Agreement; or
- h) Any other measure allowed within any portion of the Agreement, or which Elegance Inc. deems appropriate, to equitably resolve injuries caused wholly or in part by your policy violation or contractual breach. Elegance Inc. may withhold from you all or part of your commissions, royalties, bonuses, residuals and awards while the Company is investigating any potential or alleged misconduct. If your Elegance Inc. business is terminated for disciplinary reasons, you will not be entitled to any commissions, royalties, bonuses, residuals or awards withheld during the investigation period. Elegance Inc. may institute legal proceedings for monetary and/or equitable relief at its sole discretion. The violator may also be liable for damages resulting from unauthorized use of the Company copyrights, trademarks, and materials. The violator may also be liable for damages resulting from unauthorized use of the Company copyrights, trademarks, and materials. Boutique Owner would be responsible for legal fees and attorney costs if such are required.

### 13.2 – Deactivation:

Deactivation means a loss of Boutique Owner status and all Boutique Owner benefits including product discounts, Company mailings, eligibility for Boutique Owners contests, Online Boutique, events and incentives, as well as the loss of all Team and related commissions. All deactivated Boutique Owners' Teams and related commissions will roll-up to the next Qualified Boutique Owner, in accordance with our policy on "Roll-Ups", during the following calendar month. The Independent Boutique Owner Agreement may be deactivated:

- a) As a result of the Boutique Owner's resignation or voluntary termination.

- b)** At the conclusion of the initial term or any renewal term if the Boutique Owner did not renew. This can be done with or without notice.
- c)** At the death of a Boutique Owner whether the Boutique Owner is doing business individually or in the form of an approved corporation, or limited liability company.
- d)** Immediately upon relocation and change of the Boutique Owner's permanent residence to one outside the United States.
- e)** For any reason, provided the Boutique Owner is given thirty (30) days written notice. The Company will notify the Boutique Owner by email and postal mail at the latest address listed with the Company for the Boutique Owner. A prorated refund of the current year's renewal fee will be issued by the Company to the Boutique Owner (prorating will be calculated based on 365 days per year).

If your Independent Boutique Owner Agreement was terminated as a result of Deactivation, You must wait six (6) months before you can reapply to become a Boutique Owner. This six-month period will begin on the date your account was deactivated. The Company may accept or reject your application for any reason at its sole discretion. If your application is accepted, you must start at the Title of Boutique Owner, unless the Company agrees in writing to allow you enter at a higher position. Only in extreme circumstances will the Company ever consider this option.

### **13.3 – Suspension:**

A Boutique Owner may be suspended for violating the terms of the Agreement, which includes the Policies & Procedures, the Success Path and other documents produced by the Company. When a decision is made to suspend the Boutique Owner, the Company will inform Boutique Owner in writing that the suspension has occurred effective as of the date of the written notification, the reason for the suspension and the steps necessary to remove such suspension, if any. The suspension notice will be sent to Boutique Owner's email address and postal address on file with the Company pursuant to the notice provisions contained in the Policies & Procedures. Such suspension may or may not lead to termination of Boutique Owner's position as so determined by the Company in its sole discretion.

If Boutique Owner wishes to appeal, the Company shall receive such appeal in writing within fifteen (15) days from the date of the suspension notice. The Company will review and consider the suspension and notify Boutique Owner in writing of its decision within thirty (30) days from the date of the suspension notice. The decision of the Company will be final and subject to no further review. The Company may take certain action during the suspension period, including, but not limited to, the following:

- a)** Prohibiting Boutique Owner from holding meetings or Socials as a Boutique Owner or using any of the Company's proprietary marks and/or materials;
- b)** Withholding commissions, royalties, bonuses, residuals and awards due Boutique Owner during the suspension period;
- c)** Suspension of your Boutique Owner Agreement for one or more pay periods;
- d)** Prohibiting Boutique Owner from purchasing products from the Company;
- e)** Prohibiting Boutique Owner from Mentoring new Boutique Owners, contacting current Boutique Owners or attending meetings of Boutique Owners;

f) If the Company, in its sole discretion, determines that the violation that caused the suspension is continuing, has not been satisfactorily resolved, or a new violation involving the suspended Boutique Owner has occurred, the suspended Boutique Owner may be terminated.

### 13.4 – Involuntary Termination- Company Termination:

The Company may terminate the Independent Boutique Owner Agreement with any Boutique Owner at any time and for cause by notifying you in writing of our election to terminate. Elegance Inc. may immediately terminate this Agreement without notice in the event of misrepresentation in or breach of any provision of the Agreement, violations of policies as herein defined.

Your violation of any of the terms of the Agreement, including any amendments that may be made by Elegance Inc. at its sole discretion, may result in any of the sanctions listed in (Section 13) including the involuntary suspension/termination of your Boutique Owner Agreement.

Termination shall be effective on the date on which written notice is emailed to email address on record or mailed, return receipt requested, to your last known address, or when you receive actual notice of termination, whichever occurs first. Elegance Inc. expressly reserves the right to terminate all Boutique Owner Agreements upon thirty (30) days written notice in the event that it elects to:

- a) cease business operations;
- b) dissolve as a corporate entity; or
- c) terminate distribution of its products via direct selling. The Company may terminate a violating Boutique Owner without placing Boutique Owner on suspension, in the Company's sole discretion, whereupon the current year's fee will not be refunded to the Boutique Owner.

Boutique Owner will be given notice of the opportunity to be heard by a panel comprised of two Company representatives, two Boutique Owners, and one impartial outside party to consider the issues relating to the grounds for termination. When the decision is made to terminate Boutique Owner, the Company will inform Boutique Owner in writing at the email address and mailing address in Boutique owner's file that the termination has occurred effective thirty (30) days from the date of the written notification.

### 13.5 – Appeal:

If Boutique Owner wishes to appeal the deactivation or termination after the panel makes its decision, the Company must receive the appeal in writing within fifteen (15) days from the date of notice of deactivation or termination. If no appeal is received within the fifteen (15) day period, the deactivation or termination will automatically be deemed final. If Boutique owner files a timely notice of appeal, the Company will review the appeal and notify Boutique Owner of its decision within ten (10) days after receipt of the appeal. The decision of the Company will be final and subject to no further review. In the event the deactivation or termination is not rescinded, the termination will remain effective as of the date stated in the original termination notice.

### 13.6 – Results of Suspension or Deactivation or Termination:

If a Boutique Owner has been suspended, deactivated or terminated, they must cease to sell Elegance Inc. products, including stock on hand. The Boutique Owner may not participate in any Socials, fairs, or shows, including those scheduled prior to suspension, deactivation or termination until and unless the Boutique Owner can regain good standing with the Company.

Deactivated or terminated Boutique Owner may return unused goods subject to (Section 9.3) of this agreement.

If the Boutique Owner has been terminated involuntarily by the Company, immediately upon termination, the terminated Boutique Owner:

- a) Shall remove and permanently discontinue the use of the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any Company product, plan or program;
- b) Shall cease representing themselves as a Boutique Owner with the Company;
- c) Shall lose all rights to Boutique Owner's position and position in the Success Path and to all future commissions, royalties, bonuses, residuals and awards resulting there from; and
- d) Shall take all action reasonably required by the Company relating to protection of its confidential information. The Company has the right to offset any amounts owed by Boutique Owner to the Company from commissions, royalties, bonuses, residuals and awards due to Boutique Owner.
- e) Boutique Owner will cease all use of Elegance Inc. intellectual property and confidential information and will cease holding Socials, trade shows, presentations or otherwise displaying, offering for sale or selling Elegance Inc. products. If Boutique Owner offers for sale or sell Elegance Inc. products in violation of the foregoing sentence, Elegance Inc. will be entitled to recover from you \$2,500 as liquidated damages without having to prove actual harm.

### 13.7 – State Laws:

Where these provisions on involuntary termination violate the public policy of state laws, the applicable state law shall apply.

### 13.8 – Alternative Dispute Resolution:

Any dispute or claim arising from or relating to the Agreement (including these Policies & Procedures), or any other claim or grievance against Boutique Owner in any form whatsoever, including but not limited to, economic losses, personal injury, property damage, will be subject to mediation at Elegance Inc.'s corporate address using a neutral mediator of Elegance Inc.'s choosing. In the event that Elegance Inc. and the Boutique Owner are unable to resolve their dispute through mediation, Elegance Inc. and the Boutique Owner will be subject to final and binding arbitration to be held in Las Vegas, Nevada.

- a) Except as expressly set forth herein, all disputes, claims and controversies between Boutique Owner and the Company relating to or arising out of the Agreement, the Success Path, these Policies & Procedures, other documents produced by the Company, or the Company's products, the rights and obligations of Boutique Owner and the Company or any other claims or causes of action relating to the performance of any Boutique Owner under the Agreement and these Policies & Procedures shall be settled totally, finally and exclusively by arbitration through the Company's Alternative Dispute Resolution Procedure ("ADR Procedure"). A copy of the Company's ADR Procedure has been delivered to Boutique Owner and can be obtained from the Company by written request. No legal action can be filed in any court concerning a Dispute as defined in the ADR Procedure. The Disputes subject to arbitration include claims that Boutique Owner's termination was illegal or unlawful.

- b)** Arbitration is a commonly used and accepted technique for resolving Disputes in a timely, cost-efficient manner. Any Boutique Owner who feels that his or her termination was unlawful or any other dispute or claim arising from or relating to the Agreement (including the Policies & Procedures), or any other claim or grievance against Boutique Owner in any form whatsoever, including but not limited to, economic losses, personal injury, property damage, may file a claim and initiate the arbitration process directly, or through an attorney, within six (6) months of the termination decision if the Boutique owner termination is the dispute.
- c)** Notwithstanding the foregoing, the arbitrator shall have no jurisdiction over disputes relating to the ownership, validity or registration of any mark or other intellectual property or proprietary or confidential information of the Company without the Company's prior written consent. The Company may seek any applicable remedy in any applicable forum with respect to these disputes and with respect to money owing to the Company. In addition to monetary damages, the Company may obtain injunctive relief against Boutique Owner for any violation of the Agreement or misuse of the Company's trademark, copyright or confidential information policies.
- d)** Nothing in this rule shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other injunctive or emergency relief available to safeguard and protect the Company's interests prior to the filing of or during or following any arbitration or other proceeding or pending the handing down of a decision or award in connection with any arbitration or other proceeding.
- e)** Nothing contained herein shall be deemed to give the arbitrator any authority, power or right to alter, change, amend, modify, add to, or to subtract from any of the provisions of this Agreement.
- f)** The Arbitration will take place before a panel of three (3) arbitrators to be selected as follows: the Boutique Owner shall select one arbitrator, Elegance Inc. 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. Elegance Inc. shall pay the fees of its selected arbitrator, the Boutique Owner shall pay the fees of his/her selected arbitrator, and Elegance Inc. and the Boutique Owner shall pay equal shares of the third arbitrator's fees.
- g)** 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.
- h)** 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.
- i)** Additionally, any dispute you have with Elegance Inc. for any act or omission relating to or arising from this Agreement, must be brought within one (1) year from the date of the alleged misconduct and by accepting this Agreement, you waive all claims that any other statute of limitation applies

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

### **13.9 – Governing Law, Jurisdiction, and Venue:**

Jurisdiction and venue of any matter not subject to arbitration shall reside in Clark County, in the state of Nevada 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 Nevada shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Boutique Owner resides expressly require the application of its laws.

### **13.10 – Notice:**

Any communication, notice or demand of any kind whatsoever, which either Boutique Owner or the Company may be required or may desire to give or to serve upon the other shall be in writing and delivered by electronic communication. Please email to: [legal@EleganceInc.com](mailto:legal@EleganceInc.com) and Company can email to the email on file. (if confirmed in writing sent by registered or certified mail, postage prepaid, return receipt requested or by personal service). Any party may change its address for notice by giving written notice to the other in the manner provided in this Section 13. Any such communication, notice or demand shall be deemed to have been given or served on the date personally served by personal service, on the date of confirmed dispatch if by electronic communication, or on the date shown on the return receipt or other evidence if delivery is by mail.

### **13.11 – Indemnity Agreement:**

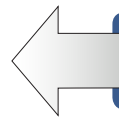
Boutique Owner agrees to indemnify and hold harmless the Company, its shareholders, officers, directors, employees, agents and successors in interest from and against any claim, demand, liability, loss, cost or expense including, but not limited to, court costs and attorneys’ fees, asserted against or suffered or incurred by any of them, directly or indirectly, arising out of or in any way related to or connected with allegedly or otherwise, that Boutique Owner’s

- a) activities as Boutique Owner;
- b) breach of the terms of the Agreement; and/or
- c) violation of or failure to comply with any applicable federal, state or local law or regulation.

### **13.12 – Limit on Liability:**

To the extent permitted by law, the Company shall not be liable for and Boutique Owner releases the Company from, and waives all claims for any loss of profits, indirect, direct, special or consequential damages or any other loss incurred or suffered by Boutique Owner as a result of:

- a) the breach by Boutique Owner of the Agreement and/or the terms and conditions of the Policies & Procedures;
- b) the operation of Boutique Owners business;
- c) any incorrect or wrong data or information provided by Boutique Owner;
- d) any copyright violation in connection with materials provided by Boutique Owner; or



e) the failure to provide any information or data necessary for the Company to operate its business, including, without limitation, the application and acceptance of Boutique Owner into the Success Path or the payment of commissions, royalties, bonuses, residuals and awards.

### 13.13 – Limitation of Damages:

TO THE EXTENT PERMITTED BY LAW, THE COMPANY AND ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES AND OTHER REPRESENTATIVES SHALL NOT BE LIABLE FOR, AND BOUTIQUE OWNER HEREBY RELEASES THE FOREGOING FROM, AND WAIVE ANY CLAIM FOR LOSS OF PROFIT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES WHICH MAY ARISE OUT OF ANY CLAIM WHATSOEVER RELATING TO THE COMPANY'S PERFORMANCE, NON-PERFORMANCE, ACT OR OMISSION WITH RESPECT TO THE BUSINESS RELATIONSHIP OR OTHER MATTERS BETWEEN ANY BOUTIQUE OWNER AND THE COMPANY, WHETHER SOUNDING IN CONTRACT, TORT OR STRICT LIABILITY. Furthermore, it is agreed that any damages to Boutique Owner shall not exceed and is hereby expressly limited to, the amount of unsold Company programs, services and/or products of the Company owned by Boutique Owner and any commissions owed to Boutique Owner.

### 13.14 – Non-Waiver Provision:

No failure of the Company to exercise any power under the Policies & Procedures or to insist upon strict compliance by Boutique Owner with any obligation or provision herein, and no custom or practice of the parties at variance with the Policies & Procedures, shall constitute a waiver of the Company's right to demand exact compliance with the Policies & Procedures. The Company's waiver of any particular default by Boutique Owner shall not affect or impair the Company's rights with respect to any subsequent default, nor shall it affect in any way the rights or obligations of any other Boutique Owner. Nor shall any delay or omissions by the Company to exercise any right arising from a default affect or impair the Company's rights as to that or any subsequent default. Waiver by the Company can be affected only in writing by an authorized officer of the Company.

### 13.15 – Actions of Household Members or Affiliated Individuals:

If a member of Boutique Owner's immediate household engages in activities that violate the Agreement (including these Policies & Procedures) Boutique Owner will be considered to be in violation of the Agreement, and Elegance Inc. may take disciplinary action against Boutique Owner. Similarly, in the case of an Elegance Inc. Business Entity, if any individual associated with that entity violates the Agreement, these actions will be deemed a violation by the entity and Elegance Inc. may take disciplinary action against the entity.



## SECTION 14 – TEAM LOSS, RESTORATION AND CANCELLATIONS

### 14.1 – Effects of Self-Termination or Involuntary Termination:

As long as you remain current and comply with the terms of the Boutique Owner Agreement and these Policies & Procedures, Elegance Inc. will pay you commissions, royalties, bonuses, residuals and awards in accordance with the Success Path. Your commissions, royalties, bonuses, residuals and awards constitute the entire reward for your efforts in generating sales and all activities related to

generating sales—including building and nurturing your Team organization. If your Boutique Owner Agreement is voluntarily or involuntarily terminated, you will receive commissions, royalties, bonuses, residuals and awards only for the last full pay period prior to the termination (less any amounts withheld during an investigation preceding an involuntary termination). Upon the termination of your Boutique Owner Agreement, you shall be deemed to have waived all of your rights, title, claim, or interest to the Team organization that you operated, and to any commissions, royalties, bonuses, residuals and awards from the sales generated by that organization. Additionally, you will lose the right to represent Elegance Inc., the right to sell Elegance Inc. products, and the right to receive future commissions, royalties, bonuses, residuals and awards, or other income resulting from Elegance Inc. activities.

## 14.2 – Annual Boutique Owner Terminations:

Annual Boutique Owner terminations will occur if you do not pay your annual renewal fee of \$128.00 which you will receive the full amount back in product credit. This may be subject to tax.

### 14.2.2 – Self-Termination:

You have a right to terminate your Boutique Owner Agreement at any time, regardless of reason.

- a) A Boutique Owner may voluntarily terminate Boutique Owner status by failing to renew or by submitting your resignation in writing to the Home Office or scanning it and emailing it to: [BoutiqueOwnerSupport@EleganceInc.com](mailto:BoutiqueOwnerSupport@EleganceInc.com). Self-termination is effective upon receipt of such notice to the Company.
- b) A Boutique Owner who resigns or terminates his or her Boutique Owner's business may reapply as a Boutique Owner at an entry-level position six (6) months after resignation.



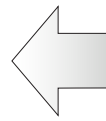
## SECTION 15 – CODE OF PROFESSIONAL ETHICS

ELEGANCE INC, INC, BELIEVES THAT ITS BOUTIQUE OWNERS SHOULD SUBSCRIBE TO THE PRINCIPLES OF FAIRNESS, HONESTY, INTEGRITY, AND SERVICE. THE RELATIONSHIP OF THE COMPANY TO BOUTIQUE OWNER, BOUTIQUE OWNER TO CUSTOMER, AND BOUTIQUE OWNER TO OTHERS SHOULD BE PRESERVED, PROTECTED, AND PROMOTED IN ACCORDANCE WITH THE HIGHEST STANDARDS OF CONDUCT. THEREFORE, BOUTIQUE OWNER AGREES TO ABIDE BY AND SUBSCRIBE TO THE CODE OF PROFESSIONAL ETHICS (THE “CODE OF ETHICS”) CONTAINED IN THIS SECTION FOURTEEN. AS A BOUTIQUE OWNER, I AGREE THAT:

- a) I will be honest and fair in all my dealings while acting as a Boutique Owner of the Company. I will respect the time and privacy of the people I contact to become retail customers or Boutique Owners of the Company.
- b) I will be courteous and respectful to every person contacted in the course of my Company business.
- c) I will perform all my professional activities in a manner that will enhance my reputation and the reputation of the Company.



# CODE OF ETHICS DEFINITIONS



- d) I will fulfill my leadership responsibilities as a Mentor, including training and otherwise supporting Boutique Owners in my sales organization.
- e) I will not engage in any deceptive or illegal practice, or any practice prohibited by the Agreement or the Policies & Procedures.

I understand and agree that I am solely responsible for all financial and/or legal obligations incurred by me in the course of my business as a Boutique Owner of Elegance Inc., including self-employment taxes, income taxes, sales taxes, license fees, and related personal fees.

I will provide helpful customer service in the spirit of developing long-term customer relationships. I will refrain from making disparaging comments or gossiping about others.



## SECTION 16 – DEFINITIONS

**1st Generation Graduate:** A 1st Generation Graduate starts with the 1st Diamond Executive and their team in any Chapter of your downline (Leg) regardless of how many Levels down they are. Your 1st Generation Graduate will continue all the way down to the next Diamond Executive and their team. This pattern is repeated for your 2nd, 3rd, 4th and 5th Generation Graduates.

**1st Level, 2nd Level, 3rd Level Talent:** The layers of Boutique Owners within your Team relative to their place in the genealogy.

**Active Boutique Owner:** An Active Boutique Owner is defined by selling at least one dollar (\$1) in retail sales in one month or a Boutique Owner who has an Active Online Boutique.

**Assigned Boutique Owner:** This is a brand new Boutique Owner that has signed with the Company but does not yet have a Mentor. In this case the Company chooses the best Mentor to assign the new Boutique Owner by location, experience and success. The assigned Boutique Owner will be known as an Inherited Boutique Owner. You will still make the same amount of Royalties on them, the only difference would be their Paid as Title would not help you qualify for your Paid as Title requirements or Success Bonuses.

**Bonus Buying:** This is a term used when you buy your minimum PRS requirement so you can qualify for a Pay as Title, This is strictly PROHIBITED.

**Bonus:** A payment for an achievement that is above and beyond your normal Commissions and Royalties.

**Boutique Owner:** An independent contractor who has signed up with Elegance Inc. and has their own business, regardless of their Career Title and Paid as Title.

**Boutique Owner's Back Office:** This is where you will find forms, training, and where you will place your orders.

**Boutique Owner+:** A Boutique Owner who has mentored another Boutique Owner and the 3rd level in the Success Path.

**Boutique in a Box:** This is the first purchase of Samples you will make from Elegance Inc. for your new Business. There are different levels you can choose from to start your new Boutique.

**Business Concierge:** A Company person assigned to you that is knowledgeable and can answer questions that you might have about running your Elegance Inc. business.

**Career Title:** Once you achieve a Career Title you will retain that Career Title always. You will always remain at the highest Career Title you have ever achieved.

**Commissionable Product:** Full priced jewelry and other core products sold to customers or purchased by Boutique Owner with a base 25% discount. NON-Commissionable items include, Boutique in a Box, business supplies, Elegant Rewards, display items and jewelry samples purchases at greater than the regular discount or purchased with Product Credits, and closeout items.

**Commissionable Volume (CV):** A value assigned to a product CV that equals 65% of the retail amount of commissionable products. Business supplies, sample jewelry purchases, order forms, display items, Boutique in a Box, items purchased with Product Credits etc., are non-commissionable and have a zero CV. Monthly CV is reduced by any returns. Returns from a previous month impact the CV of the month in which they were returned and can impact Paid as Title. Take this into consideration and try to attain higher sales than required for your PRS and TRS and teach this concept to your Downline.

**Commissions:** The amount of money that you, as a Boutique Owner receives based on the amount of retail sales you have submitted. You are paid commissions on every dollar you sell in retail sales. There is no minimum monthly sales requirement to earn commissions.

**Company:** Elegance Inc. Corporate

**Corporate Lead:** This is someone who is a customer of Elegance Inc. and is given you by the Company or a Person who is interested in becoming a Boutique Owner who has not signed the Boutique Owner's Agreement yet and the Company gives you their contact information.

**Deactivated:** Boutique Owner whose Boutique Owner business has been closed through non-renewal of annual agreement or other cause (see Section 13.2) for complete details.

**Diamond Executive:** The 6th Level in the Success Path and 1st Level of the Leaders Levels.

***Diamond President Boutique Owner:*** The 10th Level in the Success Path.

***Downline:*** Your Downline is every Boutique Owner you Mentor on your 1st Level, everyone your 1st Level Mentors is your 2nd Level, everyone your 2nd Level Mentors is your 3rd Level, everyone your 3rd Level Mentors is your 4th Level, and the same continues on and on, regardless whether you are paid on them or not.

***Elegance Inc. Business Opportunity:*** This is the Opportunity to become a Boutique Owner and sell Elegance Inc. products. This is for the Boutique Owner who wishes to build a Team.

***Elegant Reward:*** The free and discounted products a Socialite receives.

***Entrepreneur Boutique Owner:*** The 1st Level in the Success Path.

***Executive Boutique Owner:*** The 4th Level in the Success Path.

***Gold Executive:*** The 5th Level in the Success Path.

***Gold Presidential Boutique Owner:*** The 8th Level in the Success Path.

***Graduates Success Bonus:*** A one-time Bonus paid to a Diamond Executive or above once they achieve and maintain their Paid as Rank for three consecutive months. Graduate Success Bonuses and Mentor Bonuses are paid out in the same month.

***Inactive:*** Boutique Owner that has PRS equal to 0 for the current month. All Boutique Owners are classified as “Inactive” at the start of each month unless they have an Online Boutique, at which time they are classified as “Active” at the beginning of each month. Boutique Owners do not receive commissions or PRS from their subscription or their Team subscriptions.

***Independent Contractor:*** An individual is an independent contractor when that person controls or directs the hours they work and how their work will be done. Independent contractors are subject to Self-Employment tax.

***Inherited Boutique Owners:*** This is a Boutique Owner that is given to you by the Company that is already signed either through direct placement or through Roll-ups. You will still earn Royalties and Team Sales on an Inherited Boutique Owner, but you cannot use their Title for promotion.

***Leader:*** A Boutique Owner with a Career Rank of Executive Rank or above.

***Leading a Social:*** The Boutique Owner who booked and sets up the Social with their Socialite. On the day of the Social they will set up and sell. They will be the Boutique Owner who receives Commission on the retail sales of that Social unless the Social is done for a charity.

***Mentor:*** A Boutique owner who introduces a new person to the Elegance Inc. opportunity and enrolls and signs her as a new Boutique Owner.

***Mentors Royalty Bonus:*** A 5% Bonus Paid to the Mentor on the first \$2,500 in Personal Retail Sales of a newly enrolled Entrepreneur.

***Entrepreneur:*** The Entry Level in the Success Path for the Boutique Owner's Program. Online Boutique Owners are not eligible for this level without converting to a Boutique Owner.

***Paid As Title:*** Although you will retain your Career Title, you must meet the monthly requirement to be paid at your Career Title. The first month you meet these requirements you receive the Career Title, but you will not be at the Paid As Title until the following month in which you are Qualified. Thereafter, for each month in which you are Qualified, you will be paid at the Royalty Rate of the Paid As Title that you currently hold.

***Pending Deactivation:*** Boutique Owner whose annual renewal fee is due but has not yet been paid or a Boutique Owner's Business is being transferred due to death or retirement and paperwork is in process.

***Personal Commissionable Volume (PCV):*** The Commissionable Volume of a Boutique Owner's personal retail sales. This is 65% of the retail selling price.

***Personal Retail Sales (PRS):*** These retail sales are the sales of products to the end user, not for resale but for use by the purchaser. These sales must be sold to a guest at a Social, or through your Online Boutique or a personal customer.

***Personally Mentored:*** Personally mentored must be on your 1st Level, and you must personally sign them. They cannot be an Inherited Boutique Owner.

***Personally Signed Qualified Talent:*** Anyone you have personally mentored with \$500 in retail sales.

***Platinum Presidential:*** The 9th Level in the Success Path.

***Poaching:*** Poaching– the true definition is to trespass. We do not condone taking people from another company and switching them to Elegance Inc. In our Policies and Procedures distributors from other companies are allowed to stay with their company and also sell Elegance Inc. products. We do not desire to take people from other companies because someone sponsored that person and they have put time and energy into them. We really need to think about doing unto others as we would like done to us. If a distributor from another company would like to join Elegance Inc. and feels they have enough time to promote both companies that is the best of best worlds, but do not try and take them away from their original company. Another form of poaching is stealing another Boutique Owner from another's Downline. This is prohibited.

***Presidential Boutique Owner:*** The 7th Level in the Success Path.

***Presidential Branch:*** To have a Presidential Branch in your Organization you must be at the Paid as Title of Gold Presidential or Higher- In other words you are more than Awesome!!!

# SECTION TITLE PLACED HERE



**Presidential vs. Presidential Branch:** A Presidential is a Boutique Owner that has accomplished the Paid as Title in the Success Path. A Presidential Branch is a Boutique Owner that has attained the Paid at Title of Presidential and is under a Gold Presidential or above.

**Presidential Boutique Owner:** It is the 4th promotion in the Success Path.

**Qualified Boutique Owner:** A Qualified Boutique Owner means that you have sold a minimum of \$500 in Personal Retail Sales (PRS) in one month. This is less than just one average Social.

**Qualified:** Boutique Owner that has earned \$500 PRS or more in a current month.

**Residuals:** In Elegance Inc. residuals are earned from our Professional Candidate Program. Residual income is income that continues to be generated after the initial effort has been expended. Once a Professional Candidate starts their own Elegance Inc. business and builds their Team you will start earning money, you do not need to Mentor, coach, or train. You will receive a monthly income for a one-time effort and a one time result. To Qualify you must have a minimum of \$500 in monthly PRS.

**Resignation or Self-Termination:** Any Boutique Owner who officially resigned with the Company.

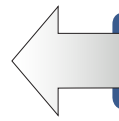
**Retail Profit:** The money received by the Boutique Owner for selling Elegance Inc. commissionable Products.

**Roll-up:** When a Boutique Owner does not renew their Boutique Owner Agreement their downline will roll up to the next Qualified Boutique Owner.

**Royalty:** The monthly residual income you receive from your Team and Group. Royalties are always paid on Commissionable Volume (CV) whether it's Team or Group.

**Sign:** When we use the term "sign" a new Boutique Owner, it refers to helping your new Boutique Owner actually fill out the Boutique Owner Agreement. When they electronically agree to the Policies and Procedures and the Terms and Conditions they have signed up to become a Boutique Owner for Elegance Inc. It is up to you if you are Mentoring this Boutique Owner to have your name as their Mentor on their original application. This is the first step in the Mentoring Process.

# SECTION TITLE PLACED HERE



## SECTION 1

**Social:** An event where a Socialite invites their friends and colleagues to their home or office so the Boutique Owner can present their fabulous merchandise that she does not make available to the public directly to them. For opening up her home or office the Socialite receives a percentage of the total retail sales in free product paid for by the company. This free product is called Elegant Rewards. The Socialite will also receive ½ off items depending on the total sales from their Social.

**Socialite:** The heart to your business. This is the person who opens up their home or office to you and invites their friends over for you to hold a Social. For this they receive Elegance Rewards, free and discounted product depending on the total amount of retail sales.

**Society:** Your entire organization regardless of whether you are being paid on them.

**Success Path:** The Success Path is what we call our Compensation Plan. It lays out the benefits and requirements of building a Downline. See Success Path graph or the complete Success Path for full details.

**Suspension:** A Boutique Owner who is suspended for violating the terms of the Agreement, which includes the Policies & Procedures, the Success Path and other documents produced by the Company.

**Talent:** Anyone on any level who has not promoted to a Diamond Executive or higher is considered your Team Talent.

**Team:** All Boutique Owners enrolled under another Boutique Owner down to the first Diamond Executive in any Chapter (leg) are referred to as your Talent and members of your Team. The first Diamond Executive in each Chapter (leg) and their downline Boutique Owners are not considered part of a Boutique Owner's Team.

**Team Retail Sales (TRS):** The total amount of ALL your Retail Sales, plus ALL your Qualified and Active Boutique Owners on the Levels for which you are Qualified. The further you advance in the Success Path, the more Levels are added to your Team and the more Levels of sales will count towards your Team Retail Sales.

**Terminated:** Boutique Owner whose agreement has been terminated by the Company

**Title:** There are two types of Titles: Career Title and Paid As Title

**Total Society Commissionable Volume (TSCV):** The Group volume on which Infinity Group Bonus Royalties will be paid. Group Commissionable Volume is paid at 65% of the retail price (unless otherwise speci-fied) on all retail product (all products with a CV value).

**Total Society Sales:** Combined qualifying volume from all orders placed by every Boutique Owner in a Boutique Owner's entire downline, including the Boutique Owner's qualifying volume.

**Upline:** Your Mentor, your Mentor's Mentor, etc.