# CHALK COUTURE®

## COMPENSATION PLAN

Chalk Couture Designers have a unique opportunity to be rewarded for sharing something they love. This document walks you through our system of Designer qualifications and compensation.

### Earning Through Personal Sales

The foundational method for every Designer to earn compensation at Chalk Couture is through selling our gorgeous line of exclusive products.

When you buy products at the Designer price, direct from the company, and sell them at the advertised retail price, you instantly earn up to 40% commission! This pricing is offered on orders placed in your Designer Office. You pay for the product up front, then earn your commission when you resell the product to customers and collect their payment. This commission is termed Instant Commission because you recoup it immediately at the time of sale.

You may also sell to customers on your Chalk Site. Because these orders are managed and fulfilled by the company, and all inventory is managed by Chalk Couture, you earn a commission rate of 25% on all retail orders placed. This commission is called Deferred Commission because the customer pays retail price online, then you receive 25% commission after the close of the month, typically by the 15th of the following month.

Additionally, you may enroll Perks Members (who shop at 30% off regular retail pricing) and earn a 25% Deferred Commission on their product purchases as well.

« YOU MAY ALSO SELL TO CUSTOMERS ON YOUR CHALK SITE.

| ORDER TYPE | COMMISSION | PAID |
|---|---|---|
| DESIGNER PRICE (*DESIGNER OFFICE*) | 40% | *INSTANT COMMISSIONS* (EARNED WHEN SOLD) |
| RETAIL PRICE (*CHALK SITE*) | 25% | *DEFERRED COMMISSIONS* (PAID BY THE 15th OF THE FOLLOWING MONTH) |
| PERKS MEMBER PRICE (*CHALK SITE*) | 25% | *DEFERRED COMMISSIONS* (PAID BY THE 15th OF THE FOLLOWING MONTH) |

**For Example:**

One month, you sell a total of $1,500 retail value in products (within your own country).

- $1,000 in retail value was purchased through your Designer Office for $600.
- $400 in retail value purchased by your customers on your Chalk Site.
- $100 in Perks Member purchases on your Chalk Site.

## How much will you get paid?

*Designer Office Orders*

- You earn 40% commission when you resell the inventory you purchased through your Designer Office. For example: $1,000 (retail) - $600 (Designer price) = $400 (40% Instant Commission)

*Chalk Site Orders*

- You earn 25% commission on retail Chalk Site orders. $400 x 25% = $100

*Perks Member Orders*

- You earn 25% commission on Perks Member orders. $100 x 25% = $25.

Your total commission earned is $525.

## How are you paid?

Of that $525 commission you will earn, $400 of it is Instant Commissions received at the time you resell product to a customer; $125 of it is Deferred Commissions paid during the monthly commission run, to take place typically by the 15th of the following month. Deferred Commissions will be shown in both USD and CAD in your Designer Office and then settled at the time of payment in your country's currency (USD or CAD).

## How do I earn Personal Volume?

You earn Personal Volume (PV) on inventory and personal orders you purchase in your Designer Office and when a retail customer or Perks Member makes a purchase on your Chalk Site. PV is typically 60% of the USD retail value (see current Product List for PV value of items).

*Note that your PV levels also may qualify you for other compensation elements in the Compensation Plan, such as Design Dollars (DD) and the Savvy Seller Bonus.*

## Design Dollars

In addition to Sales Commissions, you also earn Design Dollars (DD) for all the PV you generate each month! Design Dollars are product credits. You can use them for items on your personal wish list, to fund personal customer promotions like gifts and giveaways, or as Team incentives. You earn 10DD for your first 100PV, 10DD for your second 100PV, and 20DD for every 200PV thereafter.

*For Example:*
You sold $1,500 retail value in products and earned 900PV

First 100PV = 10DD
Second 100PV = 10DD
200–400PV = 20DD
400–600PV = 20DD
600–800PV = 20DD
Total Design Dollars earned = 80DD

« WE WANT TO REWARD YOU FOR WORKING YOUR DESIGNERSHIP.

This product credit is paid monthly, with your Deferred Commissions, by the 15th of the following month. Design Dollars are added to your DD bank and can be used all at once or a little at a time. Commission-earned DD expire 60 days after they are deposited to your DD bank.

*Note: Perks members and Designers receive DD monthly when their Access Pass is processed. Chalk Couture also "gifts" Design Dollars as additional incentives for Designers and Perks Members. Expiration dates and redemption details on non-earned DD may vary.*

### Savvy Seller Bonus

While all Designers receive generous Instant or Deferred Commissions for personal sales, Chalk Couture offers an additional bonus to sellers. It's called the Savvy Seller Bonus, and it is paid on the PV of your personal sales when you have at least 2,000PV in a month. The percentage for which you qualify is based on your total PV for the current month, which includes Designer Office orders as well as retail customer orders and Perks Member orders placed via your Chalk Site. This bonus is paid as part of your Deferred Commissions by the 15th of the following month.

- When your PV is between 2,000 and 3,999 during any given calendar month, you receive a Savvy Seller Bonus of 10% cash on your monthly PV.
- When your PV is 4,000 or more in the month, you receive a Savvy Seller Bonus of 20% cash on your monthly PV.

| PERSONAL VOLUME | % BONUS | EXAMPLE | MATH | TOTAL BONUS |
|---|---|---|---|---|
| 2,000-3,999PV | 10% | 2,000PV | 2,000PV x 10% | $200 USD* |
| 4,000PV | 20% | 4,000PV | 4,000PV x 20% | $800 USD* |

**Bonus is calculated on PV, shown in USD, then paid in your country's currency (if CAD; paid at current exchange rate at the time of payment).*

### Build Income Through Leadership

Personal sales are the foundation of your Chalk Couture Designership and will give it stability. However, as you invite others to join your Team, you add greater income potential to your Designership. Chalk Couture's Compensation Plan is designed to help you succeed by walking you step-by-step along the path to becoming a top leader within the company, while rewarding you for doing the right things at the right times. When you sell, you'll be rewarded. When you Sponsor, teach, and train new Designers, you'll also be rewarded.

« THERE IS A DIRECT CONNECTION BETWEEN WHAT YOU DO AND WHAT YOU'LL RECEIVE.

### Paid-As Title

Advancement through the Leadership title ranks is based on three criteria: your personal sales (PV), personal Sponsoring, and the sales of your Team. To achieve a given Paid-As Title in a month, Sponsor new Designers who are selling Chalk products, remit the minimum PV required, and help your Team to meet the remaining Organizational Volume requirement.

| Paid-As Title | Designer | Qualified Designer | Master Designer | Mentor | Master Mentor | Couturier |
|---|---|---|---|---|---|---|
| Minimum Monthly Requirements (earn Paid-As Title and Team Commissions) | | | | | | |
| Personal Volume (PV) | | 100 | 300 | 600 | 600 | 600 |
| Organizational Volume (OV) | | | | 2,000 | 8,000 | 16,000 |
| Qualified Enrollments | | | 1 | 2 | 3 | 3 |

*Note: Organizational Volume (OV) includes your PV and the total of each Team member's PV, combined.*

### Maintaining your Title

Once you are promoted to a new title, you need to continually meet the monthly requirements in order to keep it. Your "Paid-As Title" is the title for which you have met commission qualifications for the month. Your Recognition Title is the highest leadership title ever achieved and is used for recognition purposes and other marketing programs as needed.

*For Example:*

Ashley achieves the monthly Paid-As Title requirements and is promoted to the title of Mentor in February. She is "Paid-As" Mentor for the February commission run. The following month, March, she does not meet all criteria for the Mentor title. This means she is paid for the lower title that she did qualify for, but she retains her Mentor title for recognition purposes.

### Qualified Enrollment

New Perks Members or Designers who join your Team are considered Qualified Enrollments the first calendar month they remit at least 100PV, either during their enrollment month, or the three months after it.

*For Example:*

Jenny enrolls as a Perks Member on February 13. She has until May 31 to become Qualified for her Sponsor.

February 13-28 Jenny remits a cumulative total of 56PV - not Qualified
March 1-31 Jenny remits a cumulative total of 90PV - not Qualified
April 1-30 Jenny remits a cumulative total of 125PV - Qualified Enrollee
May 1-30 Jenny remits a cumulative total of 125PV - not Qualified

### Team Commission

Once you achieve the Paid-As Title of Qualified Designer, you become eligible for commissions based on your Team sales. Team Commission is ongoing commission paid monthly, and is paid as a percentage of the combined sales and purchasing activity of every Designer on your Team! The Team Commission is paid on Commissionable Volume (CV). Percentages vary based on your Paid-As Title each month.

| Team Commission | | | | | | |
|---|---|---|---|---|---|---|
| Paid-As Title | Designer | Qualified Designer | Master Designer | Mentor | Master Mentor | Couturier |
| Team CV | | 3% | 6% | 12% | 16% | 18% |

*For Example:*

A Master Designer will receive a 6% Team Commission on the combined efforts of every Designer they sponsored. Likewise, a Mentor earns 12%, and Master Mentors earn 16% of combined CV!

The Team Commission is paid on CV, calculated at 75% of PV.

*For Example:*

If a Designer's Team accumulated a total of 100PV in a given month (50PV from Designer Office purchases, 25PV from retail purchases, and 25PV from Perks Member purchases), they would earn a Team Commission on 75CV according to their personal qualifications and Paid-As Title.

### Title Bonuses

In addition to Team Commission, Designers at premier Paid-As Titles also become eligible for Title Bonuses in recognition of their achievements not only in sales, but also in Leadership.

| Title Bonus | | | | | | |
|---|---|---|---|---|---|---|
| Paid-As Title | Designer | Qualified Designer | Master Designer | Mentor | Master Mentor | Couturier |
| Master Mentor Advancement Bonus (1-time) | | | | | $500 USD | |
| Couturier Leadership Bonus (12-times) | | | | | | $1000 USD |

*Master Mentor Advancement Bonus:*

When you advance to Master Mentor for the first time, you will receive a one-time Master Mentor Advancement Bonus of $500 USD.

*Couturier Leadership Bonus:*

When you help one of your Team members advance to Master Mentor and maintain Master Mentor+ qualifications, you earn a $1,000 USD Couturier Leadership Bonus. This bonus is paid to Couturiers for every qualifying Master Mentor and Couturier on your Team, up to 12 times each.

## Glossary

**Advance/Advancement:**
You advance to a new title the first time you meet all qualifications for a higher title.

**Chalk Site:**
A Designer's replicated, personalized e-commerce site (i.e. www.chalkcouture.com/Cora).
Perks Members and customers may place orders here, generating PV and 25% Deferred Commission.

**Compensation Plan:**
The earnings plan for all Designers that includes your personal sales commission, Design Dollars, and monthly bonuses.

**Commissionable Volume (CV):**
Calculated at 75% of the combined PV from a Designer's Team members' orders (Designer Office and Chalk Site, less the PV for return orders). CV is used to calculate the Team Commission paid monthly.

**Deferred Commission:**
Online orders placed by a customer on a Chalk Site generate 25% Deferred Commission of the retail price or Perks Member price paid by customers. Paid monthly after the close of the month, typically by the 15th of the following month.

**Design Dollars (DD):**
Product credit awarded to you when you reach certain monthly PV thresholds. These DD are non-transferable, expire 60 days after they are issued, and can only be used one time. Designers are also awarded DD for completing monthly Access Pass payments and occasionally as gifts from Chalk Couture. Redemption details on non-commission DD vary.

**Designer Office:**
Available for Designers to access with a personal login. The Designer Office includes Team reports, customer information, marketing collateral, and other Designership tools. This is where you place Designer-priced orders.

**Instant Commission:**
Only available on Designer-placed inventory orders from the Designer Office. Typically 40% of retail price, earned at the time of customer order and payment.

**Organization:**
A Designer and all the Designers they sponsored into Chalk Couture.

**Organizational Volume (OV):**
Your Personal Volume, plus the combined PV of all the Designers you sponsored into Chalk Couture.

**Paid-As Title:**
The title a Designer is paid-as based on the Compensation Plan qualifications for any given month.

**Personal Volume (PV):**
Calculated by combining the PV from all Designer orders (Designer Office) and online orders (Chalk Site) from customers in a given month (less the PV for return orders). PV is used to calculate monthly qualifications and to maintain title.

PV is a global measurement that does not vary between markets— regardless of currency paid. For example, item "A" will have the same PV in Canada as it does in the US. PV is anchored in US pricing and is typically 60% of USD retail value. PV is generated equally on product orders regardless of source (whether the Designer Office or Chalk Site). Some items do not qualify for PV, such as business materials. Design Dollars redeemed on an order reduces the amount of PV earned for that order.

**Qualified Enrollment:**
A newly-sponsored Designer or Perks Member who has remitted a minimum of 100 cumulative PV in a given month, net of returns, during their enrollment month or the three calendar months after it. Members are considered "newly-sponsored" if they have not been a Perks Member or Designer for a minimum of 6 months prior. The reactivation of paused accounts does not qualify.

For Paid-As Title requirements, Qualified Enrollments "count" the month a new Designer or Perks Member remits a cumulative total of 100PV. A new Designer or Perks Member "counts" only once, even if she continues to remit in excess of 100PV.

**Recognition Title:**
A Designer's highest title ever achieved, used for recognition purposes and other marketing programs as needed.

**Savvy Seller Bonus:**
A bonus that rewards Designers with additional Deferred Commission for reaching high personal sales levels in any given calendar month.

**Sponsor/Upline:**
The person who personally sponsored you as a Designer.

**Sales Commissions:**
Instant Commissions, Deferred Commissions, and the Savvy Seller Bonus paid to Designers based on their personal sales are considered Sales Commissions. These commission rates are consistent and do not vary based on Leadership Titles.

**Team:**
The Designers you have personally Sponsored.

**Team Commission:**
Monthly commissions Designers earn as a percentage, based on their Paid-As Title and the combined CV of their Team. Percentage value varies based on Paid-As Title.

**Titles:**
Titles are labels used for compensation and recognition.