



Policies & Procedures
Version Mar 2023 (Effective Mar 1, 2023)
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CONTACT INFORMATION

Website: www.scoutandcellar.com

Headquarters:

Scout & Cellar
4531 Simonton Road
Farmers Branch, Texas 75244

Consultant and Customer Support:

For questions concerning orders, shipping, payment methods and other issues affecting day-to-day business operations.

Email: <https://scoutandcellar.com/contact/>

Phone: (888) 577-2688 or (888-57-SCOUT)

Consultant Knowledge Base: <https://scoutandcellar.zendesk.com/hc>

Marketing & Communications:

For media inquiries and other issues surrounding the Scout & Cellar brand.

Email: <https://scoutandcellar.com/contact/>

Brand Standards:

For questions or concerns regarding approval of events, social media content, and field compliance.

Contact Form: https://scoutandcellar.zendesk.com/hc/en-us/requests/new?ticket_form_id=1500000915001

Email: brandstandards@scoutandcellar.com

Administration:

For submitting consultant paperwork such as business entity forms and addendums.

Contact: <https://scoutandcellar.com/contact/>

W9s:

For submitting consultant W9 forms.

Contact: w9form@scoutandcellar.com

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PART 1: PROCEDURAL INFORMATION AND GUIDELINES

SECTION 1: INTRODUCTION

1.1 The Company & Core Values

1.1.1 Wine Retriever LLC DBA Scout & Cellar LLC (“Scout & Cellar” or the “Company”), a Texas Limited Liability Company, and its successors and assigns, is a federally licensed and bonded winery. “Scout & Cellar” or the “Company” includes any of its affiliated or subsidiary wineries.

1.1.2 Core Values

Independent Consultants are expected to uphold the Scout & Cellar Core Values. The Core Values are:

1. We DO THE RIGHT THING, no matter what – It’s as simple as the golden rule and always has been.
2. We wear our purpose on our sleeve – Because we believe in Clean-Crafted, we’re committed to complete TRANSPARENCY.
3. We love what we do, fiercely – And honestly, even that’s an understatement. Our PASSION for wine, for the planet, and for those we love, is at our very core.
4. We are who we are – And that’s all we are. We’re here because we believe in making tomorrow better. Our AUTHENTICITY guides every decision we make.
5. We’re at our best when we’re together. – We empower each other through our collective energy, and we celebrate our victories, no matter how big or small. This isn’t a team, it’s a FAMILY.

1.1.3 Alcoholic vs. Non-Alcoholic Products

All alcohol regulatory guidelines contained in these Policies and Procedures are in effect for all Scout & Cellar Consultant business activities (including those dealing with non-alcoholic products) unless an exception is noted in Part 2, Section 1.7.9 for business activity that does not involve alcoholic products. Any Consultant business activity involving a combination of alcoholic and non-alcoholic products must comply with all regulatory guidelines for alcoholic products.

1.2 Policies and Procedures Incorporated into Consultant Agreement

These Policies and Procedures (“Policies”), in their present form and as amended from time to time, are incorporated into, and form an integral part of, the Scout & Cellar Consultant Agreement (hereafter “Consultant Agreement”). The term “Agreement” collectively refers to the Scout & Cellar Consultant Agreement, these Policies, and the Compensation Plan. It is the responsibility of each Consultant to read, understand, adhere to, and ensure that they are aware of and operating under the most current version of these Policies. If there is any conflict between the Policies and Procedures, the Consultant Agreement, and the Compensation Plan, the following order of precedence shall prevail: (a) the Policies and Procedures; then (b) the Consultant Agreement; and then (c) the Compensation Plan.

1.3 Purpose

The purposes of these Policies and Procedures are:

- To set forth Scout & Cellar's and the Independent Consultant's legal rights and obligations regarding the Program (defined in Glossary of these Policies and Procedures);
- To define the relationship between Scout & Cellar and its Consultants;
- To maintain order and integrity in Scout & Cellar programs and between our Consultants;
- To set standards of acceptable business behavior; and
- To assist Consultants in building and protecting their businesses.

Scout & Cellar reserves the right to reject an offer by any prospective Consultant to enter into an Agreement for any lawful reason.

1.3.1 Amendments

Due to periodic changes in federal, state, and local laws, as well as the business environment, Scout & Cellar may, at its discretion, amend the Agreement. Scout & Cellar will notify Consultants of any amendments via a posting on Scout & Cellar's website, in the Consultant's e-mail distribution, publication in Scout & Cellar Brand Standards Bulletin, product inserts, or any other commercially reasonable method. Unless Scout & Cellar notifies Consultants otherwise at the time of an amendment's announcement, all amendments shall be effective 30 days after the date of the notification or on the effective date indicated in the method of notification, whichever is later. The continuation of a Consultant's Scout & Cellar business or a Consultant's acceptance of bonuses or commissions constitutes acceptance of any and all amendments. The ability to modify the Agreement does not extend to the dispute resolution section of the Agreement, as those provisions can only be modified by way of mutual consent.

1.3.2 Delays

Scout & Cellar shall not be responsible for delays and failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riots, wars, fires, floods, deaths, pandemics, acts of God, curtailments of a party's source of supply, or government decrees or orders.

1.3.3 Severability

If any provision of the Agreement, in its current form or as amended, is found to be invalid, illegal, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed. The remaining terms and provisions shall remain in full force and effect and shall be construed as if such severed provision never comprised a part of the Agreement.

1.3.4 Waiver

Scout & Cellar requires full compliance with the Agreement and state and federal laws governing the conduct of a business. Failure of Scout & Cellar to exercise any right or power under the Agreement or to insist upon strict compliance by a Consultant with any obligation or provision of the Agreement, or any variance of Scout & Cellar's customs or practices or terms of the Agreement, shall not constitute a waiver of Scout & Cellar's right to demand full compliance with the Agreement. Waiver by Scout & Cellar can only be effectuated in writing by an authorized officer of the Company.

1.3.5 Retroactive Application of Amendments

Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment, with the exception of items listed as “ongoing conduct” in Part Two, Section 2.2.5.10 of these Policies and Procedures.

1.4 CONFIDENTIALITY

1.4.1 Confidential Information

By completing and submitting the Consultant Agreement, the Consultant acknowledges that all product information, Consultant and customer information, and any data that the Consultant may create or compile therefrom, including but not limited to Business Reports, Customer lists (including names, contact information, and other data), Consultant lists (including names, contact information and other data), information pertaining to Downline genealogy, and any other information which may contain financial or business information, product and purchasing information, customer and Consultant contact and profile details, Consultant lists, operating and production procedures, product development information, financial data and marketing materials are confidential and proprietary and constitute trade secrets belonging to Scout & Cellar (hereinafter “Confidential Information”). Consultants agree not to disclose any Confidential Information. A Consultant shall use the same level of care to protect Confidential Information that Consultant uses to protect Consultant’s own sensitive and proprietary information. A Consultant shall use Confidential Information only for the purposes of performing Consultant’s obligations or exercising rights under the respective Consultant Agreement.

1.4.2 Confidential Information Access Guidelines

A Consultant shall limit access to Confidential Information to only those persons who have a legitimate need to know such information in the performance of Consultant’s rights and obligations under the respective Consultant Agreement. Each person who is given access to Confidential Information shall be bound by this confidentiality obligation. A Consultant shall be responsible for the acts and omissions of Consultant’s respective employees, contractors, household members, and agents with respect to such confidentiality obligations.

SECTION 2: CONSULTANTS

2.1 BECOMING A CONSULTANT

2.1.1 Consultant Enrollment

An individual must complete and submit the Consultant Agreement to register with Scout & Cellar and to receive commissions. The Consultant Agreement is accessible online via the Scout & Cellar website. Scout & Cellar will accept an “electronic signature” whereby the individual agrees and accepts the terms and conditions of the Consultant Agreement. An electronic signature creates a legally binding agreement between the Consultant and Scout & Cellar.

2.1.2 Enrollment Restrictions

The following individuals are prohibited from joining Scout & Cellar as a Consultant:

- a. Employees, officers, or directors of Scout & Cellar and/or its affiliates;

- b. Any individual or entity who was, or owned an interest in, a Consultant whose relationship with Scout & Cellar terminated within the prior six months;
- c. An individual that is currently incarcerated or in another correctional institution;
- d. Any individual with a felony conviction; and
- e. Any individual who is ineligible to work in the United States.

2.1.3 Enrollment Requirements

At the time of joining, the new Consultant will be asked to:

- a. Purchase a Business Basics Kit (except for residents of North Dakota, where the purchase of a Business Basics Kit is optional); and
- b. Provide a valid email address and credit card that complies with these Policies & Procedures.

2.1.4 Consultant Information

Each Consultant is responsible for keeping all Consultant Information current and accurate, specifically including email and phone number contact information. Each Consultant may modify any Consultant Information, including address, email address and phone number at any time. Consultant must contact the Support department to update the email address on Consultant's profile. To change from a sole proprietorship to a business entity, or from one type of business entity to another, please refer to the steps in Part 1, Sect 2.2.2.5 of these Policies and Procedures. Without limitation of the foregoing, Business Entity Consultants must immediately report any changes in the Ownership of the Business Entity. A Consultant must submit relevant legal documentation in support of a name change request.

2.1.5 Handling Personal Information

If a Consultant receives Personal Information from or about Consultants, Customers, or prospective Consultants or Customers, it is the Consultant's responsibility to maintain the security of such information. A Consultant should shred or irreversibly delete the Personal Information of others as soon as the Consultant no longer needs it. Personal Information is information that identifies or permits a person or entity to contact an individual. It includes an individual's name, address, email address, phone number, credit card information, social security or tax identification number and other information associated with these details. The California Consumer Privacy Act Addendum to the Consultant Agreement is expressly incorporated into and made part of these Policies & Procedures. Sharing Consultant or Customer Personal Information in any circumstance is considered a violation of the Consultant Agreement, except when obtaining express written permission from a Consultant whose information is being shared. Customer Personal Information must remain private at all times.

2.1.6 Consultant Information Audits

Scout & Cellar will periodically conduct audits to ensure that all Consultant Information is consistent with the Consultant Agreement and these Policies and Procedures. These audits may include (but are not limited to) reviews of email addresses, Personalized URLs (PURL), and Company Names used for Scout & Cellar business purposes. If a Consultant's Information is found to be in violation of the Consultant Agreement or Policies and Procedures, Scout & Cellar is not responsible for any costs (financial or otherwise) that a Consultant incurs due to any required changes. If a Consultant's Personalized URL or email address is found to be in violation, Scout & Cellar will notify the Consultant of needed changes. The Consultant must provide a compliant PURL or email address within 30 days

and must switch to the compliant PURL or email address for all Scout & Cellar business purposes within 60 days of the initial notification. Failure to comply may be considered a breach of the Agreement and may result in the termination of the relationship.

2.1.7 Brand Standards Education

2.1.7.1 The Brand Standards Team will send out a Brand Standards Basics education video and quiz to each new Consultant during the first week after the Consultant enters into a Consultant Agreement with Scout & Cellar. This video and quiz cover regulatory information relevant to the operation of a Scout & Cellar Consultant's independent business. Completion of the quiz with a 9/10 score or higher (hereafter "passing score") is mandatory to qualify for recognition, incentives, rewards, prizes, and bonuses outside of the standard Compensation Plan and should occur within 30 days of receiving the education link.

2.1.7.2 If any Consultant fails to submit a passing score, the applicable Consultant account will be ineligible for inclusion in recognition (which may include but is not limited to Tuesday Tasting and other monthly recognition, AMP recognition and exclusive events, Incentive Trip qualification and recognition), until the Consultant achieves a passing score on the quiz. Pay will not be suspended and Consultants will not be terminated for failure to achieve a passing score on the quiz.

2.1.8 Business Basics Kit Refund Policy

The Company believes in its program and its products. If for any reason a Consultant enrolls and finds that the business is not for them, the company will provide a full refund of the BBK and any unopened wine, within 30 days of the join date. Any refunds requested after 30 but before 365 days will be subject to a 10% restocking fee. Business Basics Kit refunds are not available after a Consultant's first Anniversary Date, except where required by law.

2.1.9 Consultant Status

When an individual completes and submits a Consultant Agreement with Scout & Cellar, and the Agreement is accepted, the individual becomes a Scout & Cellar Independent Consultant who is a self-employed, independent contractor. A Consultant is not an agent of, employee of, or in partnership with the Company and may not represent themselves as such, including on Social Media. Consultants may not represent themselves as anything other than an "Independent Consultant" or a "Founder's Club Member" for those who qualified for such title. Consultants have no authority to bind Scout & Cellar to any obligation.

2.1.10 Usual Course of Consultant Business

The Consultant acknowledges and agrees that the Company's usual course of business is selling Scout & Cellar's products. Consultant represents and warrants that the Consultant is not in the business of selling wine or other Scout & Cellar products. The Consultant acknowledges and agrees that Company's usual course of business is not education, marketing, and promotions.

The Consultant represents and warrants that the Consultant is in the business of education, marketing, and promotions. The Consultant represents and warrants that the Consultant can and does have business relationships other than that which the Consultant has with Company for which/whom the Consultant can and does perform education, marketing, and promotional services, and that the

Consultant can maintain the Consultant's education, marketing, and promotional business without reliance upon the Company.

The Consultant acknowledges and agrees that these acknowledgments, representations, and warranties in this section are material inducements to the Company's willingness to enter into the Consultant Agreement with the Consultant, upon which the Company has relied when deciding whether to enter into the Consultant Agreement with Consultant.

2.1.11 Consultant ID Number

All Consultants are given a unique Consultant Identification Number when joining the Company. Consultant shall use Consultant's ID Number to identify the Consultant to the Company, place orders, structure organizations and track commissions and bonuses. A Consultant may provide the ID Number to Customers and potential Customers to assist the Company in identifying and linking the Customer or potential Customer to that Consultant. Consultant ID numbers may be required when a Consultant contacts Support.

2.1.12 Income Taxes

Consultants are responsible for paying their own self-employment taxes, federal income taxes and other taxes required by law. Consultants must adhere to any federal, state, and local laws, as well as Company rules and regulations pertaining to their independent Scout & Cellar business or the acquisition, receipt, holding, selling, distributing, or advertising of Scout & Cellar' services or opportunity.

2.1.12.1 1099 Procedures

Every year, Scout & Cellar will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident as required by the Internal Revenue Service. Each Consultant is responsible for paying local, state and federal taxes on any income generated as a Consultant. If a Scout & Cellar business is tax exempt, the Federal Tax Identification Number must be provided to Scout & Cellar. Any Consultant that does not provide a valid tax identification number is subject to the federal backup withholding laws.

2.1.12.2 Taxable Scout & Cellar Income

Taxable Income from Scout & Cellar includes (but is not limited to):

- Commissions paid as "cash" through HyperWallet/Scout Account;
- Any SkyWallet bonuses or funds other than those obtained for reasons of product damage or defect;
- The retail value of any prize, incentive reward, trip, or other experience earned by the Consultant

2.1.12.3 W9 Forms

W-9s are required for all Consultants and should be submitted via email to w9form@scoutandcellar.com immediately upon joining, or prior to the effective date of these Policies and Procedures if the Consultant has not previously submitted a W9. Consultants can find a copy of the W-9 form in The Cellar.

2.1.12.4 Non-receipt of W9 Form

All Consultants must provide their W9 by the end of their join month or they will be subject to disciplinary action, which may include Lockout, on the 1st of the following month unless they have not earned any compensation.

If a consultant has not earned any compensation in their join month, they will not be subject to disciplinary action for failure to submit a W9 form until the end of their first full month, pending receipt of their W9. TIN information provided by the consultant will be run through the IRS' TIN Matching system to confirm accuracy. If inaccurate information was provided by the consultant per the IRS, the consultant will be contacted and placed on Financial Hold pending receipt of correct information. Any Consultant placed on Hold for over 60 days may be subject to termination.

2.1.13 Residency and Age

An individual applying to become a Consultant must live in the USA and must be twenty-one (21) years of age or older, or the age of majority in the place of residency.

2.1.14 Social Security

Scout & Cellar requires a Social Security number of all Consultants for purposes of internal identification. Social Security numbers will be kept strictly confidential. Scout & Cellar requires either a Federal Tax Identification Number or an Employer Identification Number for individuals enrolling a business into a Consultant position; the individual will also be required to provide their Social Security number.

2.1.15 Fictitious Positions

A Consultant must be a real person. Any attempt by a Consultant to falsify documents, or enroll as a fictitious person, or enroll a fictitious Consultant, or use a Social Security number which is fictitious, or does not belong to the party indicated is grounds for disciplinary action, which may include suspension or termination of the Consultant position.

2.1.16 Consultant Benefits

Once Scout & Cellar accepts the Consultant Agreement, the Consultant will have access to several benefits. Benefits include the following:

- Ability to educate about, market, and promote Scout & Cellar products, services, and the Clean-Crafted™ Commitment;
- Participation in the Scout & Cellar Compensation Plan;
- Access to Scout & Cellar literature, marketing materials, industry news, and other communications;
- Participation in Scout & Cellar-sponsored support service training, motivational and recognition functions; and
- Participation in promotional and incentive contests and programs sponsored by Scout & Cellar.

2.1.17 Term of Agreement, Renewal, and Renewal Fee

Scout & Cellar reserves the right to not renew a Consultant Agreement in its sole discretion. Otherwise, the Consultant Agreement is initially effective for 12 months from the date of acceptance by Scout & Cellar and will automatically renew every month beginning in the Consultant's 13th month (or, as of April 1, 2023 the 1st month following the next anniversary of the date Consultant entered into the Consultant Agreement, whichever is later), unless either party notifies the other in writing that it does not wish to renew the Consultant Agreement prior to the next renewal date, or unless terminated earlier as provided in the Agreement.

Beginning in the 13th month of an Independent Consultant's Scout & Cellar business, the Consultant will be billed a monthly Consultant Fee of \$10.99 plus applicable sales tax, which covers the renewal of the Consultant's Personal Scout & Cellar website, access to additional technology programs and initiatives, and full access to the Consultant toolkit, for which updates may be rolled out from time-to-time for optional Consultant best practice education and support. This Consultant Fee will first be taken from any owed commissions at the time the Fee is due. Any remaining balance will be charged automatically to Consultant's primary credit card on file, or the credit card designated for payment of the Consultant Fee by the Consultant in The Cellar, and paid to Scout & Cellar unless the Consultant Agreement is cancelled or terminated.

2.2 OPERATING A CONSULTANT POSITION

2.2.1 Spouses and Common Law Married Couples; Adult Children

Except as described in this section, spouses, registered domestic partners, or common law married couples who wish to become Consultants must be jointly mentored as a single Consultant under a single Mentor using a single Social Security Number. Spouses, registered domestic partners, and common law married couples may neither mentor each other directly or indirectly nor have different Mentors.

Children over the age of twenty-one (21) residing with their parents who meet all of the eligibility requirements may have their own Scout & Cellar independent business.

This provision is not applicable where two existing Consultants marry each other (or enter into a registered domestic partnership or common law marriage) or where one spouse, registered domestic partner, or member of a common law married couple receives an independent Scout & Cellar business via inheritance.

2.2.2 Types of Consultant Entities

2.2.2.1 Individual Consultants

An Individual Scout & Cellar Consultant is someone who solely operates his or her own position or a married couple that operate their business together. Scout & Cellar will not recognize any informal team that joined as a single Consultant on or after 3/15/2019. Spouses who joined as an informal team prior to this date will continue to be recognized as such by Scout & Cellar.

2.2.2.2 Business Entities as Consultants

After applying, a Consultant may later convert their business to a corporation, LLC or partnership (hereinafter “Business Entity”) for commission purposes by making the election and sending in the following documentation to Customer Support: In addition to submitting a signed Consultant Agreement from each Owner of the Business Entity, a Business Entity must submit a properly completed Business Entity Registration Form, evidence of ownership, and at least one of the following: Certificate of Incorporation, Articles of Organization, Partnership Agreement or relevant documents via the form at <https://scoutandcellar.com/contact/>. If a Business Entity has only one owner and the owner has previously submitted a signed Consultant Agreement, the earlier Agreement satisfies the above Consultant Agreement requirement. The Company must receive these documents within thirty (30) days from the date the Consultant signed the Consultant Agreement and purchased a Business Basics Kit (except residents of North Dakota, where the purchase of Business Basics Kit is not required). If Company does not receive appropriate documents within the 30-day time period, Consultant shall remain active as an individual and Company shall disregard any election by Consultant of their intention to convert.

All Owners of a Business Entity that enroll as a Consultant (hereafter “Business Entity Consultant”) shall be jointly and severally liable for and shall indemnify and hold harmless Scout & Cellar from and against any breach of the Consultant Agreement by that Business Entity or any indebtedness or other obligation to Scout & Cellar of such Business Entity. Owners are responsible for complying with all applicable laws in any and all jurisdictions or localities in which the Business Entity conducts business and maintaining the Business Entity in good standing with all applicable jurisdictions. Owners of a Business Entity are responsible for any and all fees relating to the formation and maintenance of the Business Entity.

2.2.2.3 Actions by Non-Owners of a Business Entity

All education, marketing and mentoring activities of a Business Entity Consultant must be conducted only by the Owners of the Business Entity; these activities cannot be conducted by persons (including employees, agents, or contractors) who are not Owners of the Business Entity without the express written consent of the Company. An exception exists for employees, independent contractors, or agents of an Independent Consultant who are posting to social media on the Consultant’s behalf, only on pages or profiles where the Consultant conducts their Scout & Cellar business. Consultants are responsible for ensuring such content does not violate the Consultant Agreement and these Policies and Procedures.

2.2.2.4 Business Entity Consultants and Responsibility for Non-Owner-created Violations

Each Business Entity Consultant is responsible for the actions of its owners, officers, directors, members, shareholders, partners, employees, contractors, and agents, if any, and as otherwise allowed by these Policies & Procedures. If such individuals engage in any activity which, if performed by the Consultant, would violate the Consultant Agreement, such activity will be deemed a violation by the Consultant and the Company may take remedial action pursuant to the Consultant Agreement and seek other appropriate remedies against such Consultant.

2.2.2.5 Change of Status

Subject to the above requirements and restrictions, a Consultant may change status from a sole proprietorship to a corporation, limited liability company, partnership or trust, or from one type of Business Entity to another, by submitting a signed Consultant Agreement and, if applicable, a Business Entity Registration Form and, where applicable, at least one of the following: Certificate of Incorporation, Articles of Organization, Partnership Agreement or relevant Trust documents. In addition, a Consultant may add Consultant's spouse to a sole proprietorship as a co-applicant to the Consultant's existing independent Scout & Cellar business by submitting a new Consultant Agreement. In each such case, upon the Company's acceptance of the new Consultant Agreement and, if applicable, the Business Entity Registration Form (and applicable supporting document) and the Consultant's original Consultant Agreement will automatically terminate and be replaced and superseded by the newly formed Consultant Agreement. Note that none of the changes described above will permit a Consultant to change Mentors, except as specified in Part 1, Section 2.3.4, or to assign or transfer a Consultant Agreement except as specified in Part 1, Section 2.2.5.2.

2.2.3 Dissolution of a Business Entity

Scout & Cellar is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in the event a business entity that is enrolled as a Business Entity Consultant dissolves, the owners of the business entity must instruct the Company on the identity of the proper party who is to receive and operate the independent Scout & Cellar business of the Business Entity Consultant. Such an independent Scout & Cellar business shall be awarded to a single individual or entity that was previously recognized by the Company as an owner of the business entity; Scout & Cellar will not divide the business among multiple parties or issue separate commission or bonus payments. If the business entity wishes to sell or transfer its independent Scout & Cellar business, it must do so pursuant to Part 1, Section 2.2.5.2 below. In addition, the recipient of the independent Scout & Cellar business must also execute and submit a Consultant Agreement to the Company within thirty (30) days from the date of the dissolution of the business entity or the subject independent Scout & Cellar business will be cancelled.

2.2.4 Naming an Independent Scout & Cellar Business

No Consultant may use any trade name, business name or DBA that includes any Scout & Cellar trademark, trade name, brand name or that otherwise violates Scout & Cellar's Core Values, the Consultant Agreement, or these Policies & Procedures, including when naming or registering a Business Entity.

2.2.5 Succession or Transfer of Businesses

2.2.5.1 Transfer of Consultant Agreement Upon Death

A Consultant may leave Consultant's independent Scout & Cellar business to any heirs. Because Scout & Cellar cannot divide bonuses or commissions among multiple beneficiaries or transferees, in all cases where there are multiple beneficiaries or transferees, all beneficiaries or transferees must form a Business Entity (corporation, LLC, partnership, etc.), and Scout & Cellar will transfer the business and issue commissions to the Business Entity. In the case of a business transfer via testamentary instrument, the beneficiary of the business must provide Scout & Cellar with certified letters testamentary and written instructions of the trustee/personal representative of the estate, or an order of

the court, that provides direction on the proper disposition of the business. The beneficiary must also execute and submit to the Company a Scout & Cellar Consultant Agreement within thirty (30) days from the date on which the business is transferred by the estate to the beneficiary or the subject independent Scout & Cellar business will be cancelled.

2.2.5.2 Sale or Transfer of an Independent Business

Requests to sell, transfer, or change ownership within a Business Entity or individual Scout & Cellar business must be submitted in writing to the Company using the contact form at <https://scoutandcellar.com/contact/>. Such requests must be accompanied by the written approval of the transferor Consultant's Mentor and two Upline leaders with the career title of Director or higher. In the event there are not two Upline leaders at this career title, consent must be obtained from the two highest career ranking Consultants in the Upline. Regardless of a Consultant obtaining the needed consent from Consultant's Upline, Scout & Cellar may deny a business sale or transfer if, in the Company's sole discretion, the Company determines that the buyer or transferee does not meet the Company's terms and conditions as stated in the then-current Consultant Agreement and Policies & Procedures. Approval of transfers is not effective unless given in writing by the Company.

Approval of such requests is dependent on both the transferor Consultant and the transferee being in good standing with the Consultant Agreement and Policies & Procedures. No business associated with a suspended Consultant account or under investigation may be transferred unless and until the matter is resolved. Likewise, no Consultant who is suspended, or under investigation may be the beneficiary of a sale or transfer. Any individual or entity who was, or owned an interest in, a Consultant whose relationship with Scout & Cellar terminated within the prior six months is prohibited from purchasing a Scout & Cellar Independent Business.

In extreme cases involving family members who are Consultants within the same Downline, Scout & Cellar may authorize a position swap. Scenarios in which a position swap might be allowed include but are not limited to serious illness or accident, long-term disability, tragedy, or other circumstances involving significant life changes that impede the ability of one family member to continue running Consultant's independent Scout & Cellar business. Requests for a position swap must follow the same procedures outlined above and are subject to the same Upline consent requirements. Regardless of a Consultant obtaining the needed consent from Consultant's Upline, Scout & Cellar may approve or deny a position swap if, in the Company's sole discretion, the Company determines that the relevant parties do not meet the Company's terms and conditions as stated in the then-current Consultant Agreement and Policies & Procedures.

If a sale or transfer is approved under any circumstances, the buyer/transferee of the business must complete a Consultant Agreement before the transfer will be finalized by Scout & Cellar. Because Scout & Cellar cannot split commissions earned in the same month, Scout & Cellar will finalize the transfer after the end of the month in which the Consultant Agreement is submitted. At the end of the calendar year, Scout & Cellar will issue a 1099-MISC to the Consultant for any commissions paid for the months prior to the finalization of the transfer and to the buyer/transferee for any commissions paid for the months after the finalization of the transfer.

2.2.5.3 Business Distribution Upon Divorce

Scout & Cellar is not able to divide bonuses or commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in the event a Consultant divorces Consultant's spouse, any settlement or divorce decree must award the business in its entirety to one party. Scout & Cellar will recognize as the owner of the business the former spouse to whom the business is awarded pursuant to a legally binding settlement agreement or decree of the court. The former spouse who receives the Scout & Cellar business (if different than the individual who originally signed the applicable Consultant Agreement) must also execute and submit a Scout & Cellar Consultant Agreement within 30 days from the date on which the divorce becomes final or the business will be cancelled. The other spouse need not observe the six-month waiting period set forth in Part 1, Section 2.3.4 and may immediately enroll as a Consultant under any Mentor of choice.

2.2.6 Actions of Household Members, Employees or Agents

Each Consultant is responsible for the actions of Consultant's immediate household members (regardless of the household members' status as Scout & Cellar Consultant[s]), except for children over the age of twenty-one (21) that have their own Scout & Cellar independent businesses.

2.2.7 Multiple Consultant Accounts

Each person is limited to one single Consultant Account and one single Customer Account. A consultant who has an interest or ownership in any entity that is affiliated with a Consultant Account is prohibited from maintaining or being affiliated with an additional Consultant Account. A Consultant may, however, maintain or otherwise be associated with one Customer Account (e.g. A married couple may not have a Consultant account and more than one Customer account, regardless of whose name appears on the accounts).

2.2.8 Consultant Accounts Associated with Multiple Individuals

2.2.8.1 For purposes of compensation, incentives, recognition, or other perks and programs, each Consultant account will be treated as one Consultant, regardless of the number of individuals associated with a given Consultant account. As such, each Consultant account may earn one (1) of any bonus, incentive, or other reward. Multiple bonuses, incentives, or other rewards will not be paid out to each individual on the account.

2.2.8.2 At Scout & Cellar's sole and exclusive discretion, married couples acting as a single Consultant (who joined as a Consultant on or before 3/15/2019) may purchase access to one additional incentive slot or reward, but only if the incentive has already been earned by the Consultant.

2.3 MENTORING

2.3.1 Mentoring Other Consultants

Consultants may mentor other persons to become Consultants. However, Consultants earn Commissions and Performance Bonuses in the Program based solely on the marketing and promotion of products and the Clean-Crafted™ Commitment, and not based on the recruitment or enrollment (mentoring) of other Consultants.

It is not the responsibility of the Scout & Cellar Customer Support team to onboard and train new Consultants. Consultants are Independent Business owners and it is each Consultant's responsibility to equip themselves with the knowledge needed to conduct their Independent Scout & Cellar Business.

2.3.2 Responsibilities of Mentors

Mentors should present the products and the Program to others in a manner that complies with the Consultant Agreement and these Policies and Procedures. In addition, Mentors are responsible for helping, motivating, and training their Downlines about the products and the Program. As such, Mentors should:

- Communicate to their Downlines to ensure that their Downline Consultants do not make improper product or income claims, engage in illegal or inappropriate conduct or otherwise violate the Consultant Agreement;
- Assist and motivate their mentored Consultants by having ongoing contact and communication, which may include written correspondence, personal meetings, telephone contact, voicemail, e-mail, text messages and sessions and/or accompanying their mentored Consultants to Scout & Cellar educational offerings; and
- Motivate their mentored Consultants in subject matter regarding Scout & Cellar products, effective education and marketing techniques, the Compensation Plan, and compliance with these Policies and Procedures.
- Never charge a fee for coaching or mentoring directly related to the Downline's Independent Business. Charging fees may be acceptable only to recoup the cost associated with venue or equipment rental, and Consultants must not profit from such reimbursements.
- Always remember that Mentoring and educating a Downline Consultant is an essential part of ensuring your Downline is effectively communicating and abiding by the Core Values and requirements of these Policies and Procedures and as such is the responsibility of the Mentor.

2.3.3 Applicant Rights

Because of mentoring ethics, Scout & Cellar encourages any person in the process of enrolling as a new Consultant ("Applicant") to enroll in the Program under the Mentor who initially introduced the Applicant to the Program. Every Consultant, however, has the right to choose who Consultant's Mentor will be. As such, if an Applicant asks to be registered under another Mentor prior to submitting the Consultant Agreement, Scout & Cellar reserves the right to honor such a request.

Scout & Cellar does not endorse or condone any of its Consultants to recruit the Customers or Consultants of any other Consultant under any circumstances relating to the Scout & Cellar or other business opportunity. If such conduct is reported to the Company, the Company may deem such conduct to be a breach of the Consultant Agreement, resulting in termination of the Consultant Agreement.

If two Consultants both claim to be the Mentor of an Applicant, Scout & Cellar shall regard the first Consultant Agreement received as the controlling Consultant Agreement and shall designate the Consultant listed as the Mentor on such Consultant Agreement as the Applicant's Mentor.

Scout & Cellar reserves the sole and exclusive right to determine the final disposition between Consultants regarding claims of Mentorship of another Consultant. CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST THE COMPANY, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM THE COMPANY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT IS IMPLICATED IN A DISPUTE BETWEEN CONSULTANTS.

2.3.4 Change of Mentor

Consultants changing from one Mentor to another is strictly prohibited absent extraordinary circumstances at the discretion of the Company as further described below.

The only means by which a Consultant may legitimately change Consultant's Mentor is by voluntarily canceling Consultant's Consultant Agreement in writing and remaining inactive for at least six months. Following the period of inactivity, the former Consultant may reapply under a new Mentor. The Consultant will lose all rights to Consultant's former downline organization upon cancellation.

2.3.4.1 Extraordinary Circumstances

The Company, at its sole discretion, may authorize a change of Mentor in extraordinary circumstances such as a mistake in the enrollment process, serious illness, or a life-altering change in circumstance. In such instances, the Consultant requesting the transfer must submit a written request to the Company for the change of Mentor and also submit a written authorization from Consultant's current Mentor as well as the two (2) Consultants immediately above such Mentor, in addition to acknowledgement from the transferee's new Mentor. Additional documentation related to the extraordinary circumstances may be required.

2.3.4.2 Genealogy Changes and Compensation Plan Manipulation

The Company will not authorize such a change to support any placement exercises which would compromise the compensation plan. Examples of this include (but are not limited to):

- Genealogy Changes made to redistribute Downline Volume;
- Encouraging Consultants to cancel a Consultant Agreement for reasons related to Compensation (via verbal or written statements, offering to purchase a Consultant's business, or other means);
- Any activity that results in higher commission payments for a Consultant without that Consultant engaging in business-building activity (such as volume associated with adding new Downline Consultants, adding new Customers, or placing orders).

Further, the Company maintains a record of all genealogy change requests made under this provision so that it may take appropriate action with regard to Consultants who repeatedly make such requests or who share a common upline demonstrating a team trend with respect to these requests.

2.3.4.3 Improper Change of Mentor

In cases in which a Consultant has attempted to or managed to change Consultant's Mentor despite failing to comply with the Consultant Agreement and Policies & Procedures, Scout & Cellar reserves the sole and exclusive right to determine the final disposition of the Downline organization that was

developed by the Consultant in Consultant's second line of mentorship. CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST SCOUT & CELLAR, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM SCOUT & CELLAR'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A CONSULTANT WHO HAS IMPROPERLY CHANGED MENTORS.

SECTION 3: COMPENSATION PLAN

3.1 Bonus and Commission Qualifications

A Consultant must be in compliance with the Consultant Agreement and Policies & Procedures to qualify for bonuses and commissions. So long as a Consultant complies with the Consultant Agreement and Policies & Procedures, the Company shall pay commissions to such Consultant in accordance with the Compensation Plan.

3.1.1 Consultants shall not pay for downline orders or buy gift cards to help themselves or any downline consultants achieve a particular rank or bonus. All bonuses and commissions must be earned by the Consultant receiving them.

3.1.2 Scout & Cellar will not issue a payment to a Consultant without the receipt of all required paperwork, including, in the case of a business entity, a signed Business Entity Registration Form and supporting documentation.

3.1.3 Scout & Cellar reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$20.

3.2 Computation of Commissions and Discrepancies

3.2.1 A Consultant must review each financial statement and bonus/commission report promptly. If a Consultant believes any errors have been made regarding commissions, bonuses, rewards, financial reports, or charges, the Consultant must notify Scout & Cellar in writing within thirty (30) days of the date of the purported error or incident in question. After the thirty-day "grace period," no additional requests will be considered for commission, bonus, or other reward recalculations, except in the discretion of the Company.

Regardless of any weekly (or other more-frequent) compensation payouts, all discrepancies or recalculations will be handled on a monthly basis and recalculations will only affect Monthly Compensation.

3.2.1.1 Scout & Cellar will not be responsible for any errors, omissions, or problems regarding commissions, bonuses, financial reports, or charges not reported to Scout & Cellar within thirty (30) days.

3.3 Reports

- All information provided by Scout & Cellar including, but not limited to personal volume (or any part thereof) and downline mentoring activity is believed to be accurate and reliable. Nevertheless, due to various factors, (including, but not limited to the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit cards, and other related factors) reports provided in the Consultant's Cellar may be delayed from time to time. Scout & Cellar is committed to providing Consultants with accurate and reliable information so that a Consultant can successfully run their business. In the event a Consultant finds an error or experiences a delay in accessing timely information, the Consultant should contact Customer Support via the form at <https://scoutandcellar.com/contact>.

3.4 Payment Processing

Scout & Cellar uses an independent third-party payment processor ("Payment Processor") to pay Commissions and Performance Bonuses earned by Consultants through the Compensation Plan. The Payment Processor will set up an account for Consultants ("Scout Account") and will deposit monies owed to Consultants into their Scout Account. With the exception of certain Performance Bonus payments made on an exception basis, all Commissions or Performance Bonuses that Consultants may earn will be paid through this program. However, this payment processing service may be terminated or modified by the Company or the Payment Processor at any time upon notice as specified in these Policies and Procedures. CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST THE COMPANY, THE PAYMENT PROCESSOR, AND THEIR OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS IN THE EVENT THAT THE COMPANY AND/OR ITS PAYMENT PROCESSOR MAKE AN ERROR THAT RESULTS IN AN UNDERPAYMENT OR OVERPAYMENT TO A CONSULTANT, AND EACH CONSULTANT AUTHORIZES THE COMPANY, THROUGH THE PAYMENT PROCESSOR, TO DEBIT OR CREDIT CONSULTANT'S ACCOUNT AS NECESSARY TO CORRECT ERRORS.

Consultant expressly authorizes that the following payment processor fees may be deducted from Scout Account funds. These fees are subject to changes made by the Payment Processor and may change with as little as 30 days' notice:

3.4.1 Monthly Platform Fee: \$1.75

3.4.2 Personal Check Fee: \$3.00

3.4.3 Debit Card Transaction Fee: \$1.50

3.4.4 Card Cost (if not loaded within 60 days): \$2.95

3.4.5 ACH Returned Charge (Incorrect bank account or routing number): \$10.00

Note: There is not a Transaction Fee associated with ACH.

3.5 Refund Adjustments

When a refund is issued to a Customer or Consultant under Part 1, Section 4 of the Policies and Procedures, the qualifications, Commissions, and Performance Bonuses attributable to the returned product(s) upon which the refund(s) were issued will be deducted from the Consultant's current and future qualifications, Commissions, and Performance Bonuses. These deductions will be made as soon as the month in which the refund was given and will continue every Commission Period thereafter until the Commissions and Performance Bonuses are recovered from the Consultant who received the Commissions and Performance Bonus on the volume of the returned product. In the event any Consultant terminates the applicable Consultant Agreement and the amounts of the Commissions and Performance Bonuses attributable to the refunded product(s) have not yet been fully recovered by Scout & Cellar, the remainder of the outstanding balance may be set off against any earnings amounts owed to the terminated Consultant or against any refunds due the terminated Consultant.

SECTION 4: ORDERING AND SHIPMENTS

4.1 Terms & Conditions

The Scout & Cellar Terms & Conditions (T&C), which are binding on all customers and consultants, are incorporated into these Policies and Procedures (Appendix C). Where the T&C and the Consultant Policies and Procedures differ, the T&C controls all Customer activity and the Policies and Procedures control all Consultant activity.

4.1.1 General Order Policies

Notes with a signature left for the carrier are not a replacement for an adult signature. Consultants should advise their Customers of the importance of shipping to a location (such as a business address or local holding facility) where someone 21 or over is present to sign for deliveries of alcohol.

4.1.2 A Consultant shall not use another Consultant's or Customer's credit card to join the Company. A Consultant may not place orders (including but not limited to orders of Gift Cards) for Consultants or customers in their downline organization using their own credit card in order to qualify for any fast start bonuses, compensation, trips, promotions or other incentive programs. This is considered manipulation of the Compensation Plan. An individual engaging in such activity will be in breach of the Agreement and Scout & Cellar may immediately terminate the Agreement without notice and an opportunity to cure.

4.1.3 Regarding an order with an invalid or incorrect payment, the Company will attempt to contact the Consultant associated with the order by phone, mail, or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after ten (10) business days, the order will be canceled.

4.1.4 When a card processor forcibly reverses a credit card transaction resulting in a return of funds to the cardholder, this is known as a chargeback. When Scout & Cellar receives a chargeback notice, the account in which the service was purchased (and any other accounts held by the Consultant or a member of the Consultant's household) is immediately blocked, and all related services in the account are terminated (I.E. Scout Circle subscriptions). If a Consultant requests a chargeback and does not timely reply to correspondence from Scout & Cellar about said chargeback, the failure to communicate may be considered a breach of the Agreement and the Consultant's account may be subject to termination.

4.1.5 If a chargeback was requested inadvertently, a Consultant must contact the credit card provider and issue a chargeback reversal. Reversing the chargeback is the only way to restore a blocked account.

4.1.6 Subject to applicable state laws, customers/end consumers may ship orders to a Consultant's address for final delivery. Such orders must be paid for by the end consumer and shipped with the end consumer listed as the recipient on the shipping label and must not be opened by the Consultant. Consultants are responsible for knowing and abiding by any applicable state or local regulations which may restrict the Consultant's ability to receive orders for their customers. Consultants are not licensed or permitted to re-ship alcohol except for return to Scout & Cellar. Any other shipping of alcohol is not only in violation of these Policies and Procedures but often constitutes unlawful distribution of alcohol.

SECTION 5: ORDER CANCELLATIONS, RETURNS AND REFUNDS

The Company is confident that its Customers and Consultants will be completely satisfied with their purchases. However, if a Consultant is dissatisfied, they may return all or part of their order - the following policy is the exclusive method for Consultants to request or process returns or refunds, and any return or refund transaction shall be solely between the end-use Customer and Scout & Cellar.

The Satisfaction Guarantee is incorporated into this document (Appendix C) and remains in effect for all Customer purchases.

5.1 Defective "Cellar Store" Merchandise

Defective or incorrectly-sized items purchased through the Cellar Store (see glossary) may be exchanged within sixty (60) days of the original purchase date by contacting Customer Support to obtain a return shipping label. Once the item to be exchanged is received at Scout & Cellar, the Company will either:

- Create a new order without charging the Customer or Consultant to re-ship the item if exchanging for the same item or a different size of the same wearable item, or;
- Issue Company store credit in the original amount paid if exchanging for a different item.

For best results on entertaining-related merchandise, please hand wash only. Any wear and tear resulting from actions outside of this practice will not be eligible for replacement. All Merch purchased while on "sale and/or clearance" is final sale.

5.2 Consultant Returns Under the Satisfaction Guarantee

Consultants who are not satisfied with a Scout & Cellar wine ordered under the Consultant's Customer or Consultant account, in the absence of any damage or defect, may return unused bottles. If a Consultant would like to return any unused bottles, the Consultant may contact Customer Support for a return shipping label. Once the shipment has been received at our warehouse, the Company will issue a credit in the amount paid (less applicable shipping charges and a 25% restocking fee.)

5.3 Consultant Abuse of Refund, Credit, and Order Placement Policies

Excessive and/or improper refund, credit, or order placement activity (including the purchase of Gift Cards) may constitute a breach of the Consultant Agreement. Scout & Cellar reserves the right to review this activity and terminate the Consultant Agreement of any Consultant for excessive or improper refund, credit, or order placement activity.

6. LEGALITY

6.1 Privacy & Confidentiality

Information is collected on Scout & Cellar's websites by Scout & Cellar. Scout & Cellar is committed to protecting an individual's privacy and will use personal identifiable information responsibly. Please click <https://scoutandcellar.com/privacy> to view the Privacy Policy or login to your Cellar account for more information.

6.1.1 Information Collection and Use

We may collect information from several different points on our website or the Consultant Cellar when you make a purchase from Scout and Cellar or have other interactions where personal data is provided. Information includes, but is not limited to name, address, telephone number, and email address, as well as demographic personal information such as income level, gender, and other personal information that may be provided by the Scout & Cellar on an optional basis. Scout & Cellar is the owner of all information collected on its websites. We will not share or rent this personal information with or to anyone else in any way that is different from what is disclosed in the Privacy Policy

6.2 Entire Agreement

The Consultant Agreement and Policies & Procedures in its current form, and as may be amended by Scout & Cellar in the future, supersedes all prior communications, understandings and agreements between the parties and contains the entire agreement between the parties relating to its subject matter.

6.3 Intellectual Property

Scout & Cellar does not allow the use of its trade names, trademarks, designs, or symbols outside of corporate produced and approved sales aids by any person, including Scout & Cellar Consultants, without prior written authorization from Scout & Cellar. This consent must be on file with Scout & Cellar's Brand Standards department prior to any use. Questions about the approval process can be submitted through the Brand Standards Contact form in the Knowledge Center or otherwise sent to brandstandards@scoutandcellar.com.

6.4 Unsolicited Emails and Other Communications

A Consultant may not use or transmit unsolicited mass e-mail distribution, unsolicited e-mail or engage in "spamming" in connection with the advertising, promotion or sale of Scout & Cellar products or the Program, or the operation of Consultant's Independent Scout & Cellar Business. The term "unsolicited e-mail" means the transmission via electronic mail of any material or information to any person on an unsolicited basis. The exceptions to this prohibition are e-mail to: (i) any person who gave the Consultant prior consent to send such e-mail; or (ii) any person with whom the Consultant has an established business or personal relationship. Any e-mail sent by or for a Consultant advertising or promoting the Company's products, the Program or the Consultant's independent Scout & Cellar business must comply with requirements applicable to commercial e-mailers found in the Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM") and the related Federal Trade Commission ("FTC") regulations, and any other applicable laws and regulations. Without limiting the preceding paragraph, any e-mail sent by a Consultant advertising or promoting the Scout & Cellar products, the Program or the Consultant's independent Scout & Cellar business must meet all of the

following requirements:

- 6.4.1** The e-mail must clearly identify the Consultant as the sender of the e-mail and as a Scout & Cellar Independent Consultant;
- 6.4.2** There must be a functioning return e-mail address to the sender;
- 6.4.3** There must be a notice in the e-mail that advises that the recipient may reply to the e-mail via the functioning return e-mail address to request that future e-mail solicitations or correspondence not be sent to the recipient (a functioning “opt-out” notice);
- 6.4.4** The e-mail must include the Consultant’s physical mailing address;
- 6.4.5** The e-mail must clearly and conspicuously disclose that the message is an advertisement or solicitation;
- 6.4.6** The use of deceptive subject lines and/or false header information is prohibited; and
- 6.4.7** All “opt-out” requests, whether received by e-mail or regular mail, must be honored.

Scout & Cellar may periodically send commercial e-mails on behalf of Consultants and Consultants agree that Scout & Cellar may send such e-mails and that the Consultants’ physical and e-mail addresses may be included in such e-mails as outlined above.

6.5 Telemarketing Limitations

Consultants must not engage in telemarketing in relation to the operation of the Consultant's business. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of the Company's products, or to recruit them for the Company's Program.

The FTC and the Federal Communications Commission (“FCC”) 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.

While a Consultant may not be considered a “telemarketer” in the traditional sense, these regulations broadly define the term “telemarketer” and “telemarketing” so that the unintentional action of calling someone whose telephone number is listed on the federal “Do Not Call” registry could cause the Consultant to violate the law. These regulations must not be taken lightly, as they carry significant penalties.

“Cold calls” or “state-to-state calls” made to prospective Customers or Consultants that promote either Scout & Cellar products or the Scout & Cellar Program is considered telemarketing and is prohibited.

6.5.1 Exceptions to Telemarketing Regulations

A Consultant may place telephone calls to prospective Customers or Consultants under the following limited situations:

6.5.1.1 If the Consultant has an established business relationship with the prospect;

6.5.1.2 In response to a personal inquiry or application regarding the Scout & Cellar Program or Scout & Cellar's products, within three (3) months immediately before the date of such a call;

6.5.1.3 If the Consultant receives written and signed permission from the prospect authorizing the Consultant to call;

6.5.1.4 If the call is to family members, personal friends, and acquaintances. However, if a Consultant makes a habit of collecting business cards from everyone he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;

6.5.1.5 Consultants engaged in calling "acquaintances," must make such calls on an occasional basis only and not as a routine practice.

A Consultant shall not use automatic telephone dialing systems in the operation of Consultant's Independent Scout & Cellar Business. Failure to abide by these policies or regulations as set forth by the FTC and FCC regarding telemarketing may constitute a breach of the Consultant Agreement, resulting in the termination of the Consultant Agreement.

6.6 Robocalls

In all states or otherwise applicable areas where prohibited by law, a Consultant may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.

PART 2: CONSULTANT ACTIVITY GUIDELINES

SECTION 1: CONSULTANT RESPONSIBILITIES IN THE NORMAL COURSE OF BUSINESS

1.1 Professional Conduct

Consultants are expected to conduct themselves in a professional manner at all times and shall protect and promote the good reputation of Scout & Cellar through the following, including on social media or other online platforms:

- Be forthcoming, transparent, and professional and conduct business with integrity, understanding and respect;
- Not engage in illegal, deceptive, misleading, or unethical conduct or practices, including making statements, representations, guarantees or warranties, or publishing misleading or deceptive advertising materials about the Company, its products or the Program;
- Refrain from making disparaging or misleading statements about Scout & Cellar, including but not limited to its employees, Consultants, partners, products and Compensation Plan;
- Refrain from any advertising or marketing of alcohol to minors or in spaces where minors may total more than 30% of the advertisement's projected audience. Because applicable regulations can vary at a state or even local level, all Consultants are responsible for knowing and adhering to any alcohol advertising regulations of the jurisdiction where the advertisement is placed.
- Refrain from making disparaging or misleading statements about Scout & Cellar's actual or perceived competitors; and
- Not engaging in behaviors that fall outside the level of professional conduct, including, but not limited to, substance abuse; verbal abuse and bullying; harassment or discrimination because of race, gender, religion, sexual orientation, sex, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, gender identity, gender expression, age, or military and veteran status; hate or violence-inciting or driven activity; or fraudulent, misleading or deceptive conduct.
- Use the Scout & Cellar Core Values (Part 1, Section 1.1.2 of these Policies and Procedures) to guide your Scout & Cellar Independent Business and all related activity.

The determination of what violates the Professional Conduct terms is in Scout & Cellar's sole discretion. The Company may determine, in its sole discretion, that violation of the Professional Conduct terms constitutes a breach of the Consultant Agreement, resulting in the termination of the Consultant Agreement.

1.2 Marketing the Consultant Opportunity – Income and Compensation Claims

1.2.1 Income, Lifestyle, and Compensation Plan Claims

When presenting or discussing the Scout & Cellar opportunity or Compensation Plan to a prospective Consultant, Consultants should not make income projections, income claims (including in video format), income testimonials, or disclose their Scout & Cellar income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records), or the income of any other Scout & Cellar Consultant.

Consultants may not publish any Personal Volume or Downline Volume figures, as such figures imply a non-compliant income claim. Nor may Consultants make “lifestyle” claims. A “lifestyle” claim is a statement or depiction that implies or states that the Consultant is able to enjoy a luxurious or successful lifestyle due to the income earned from the Consultant’s Scout & Cellar business.

When presenting or discussing the Scout & Cellar Compensation Plan, Consultants must make it clear to prospects that financial success in Scout & Cellar requires commitment, effort, and marketing skill. Conversely, a Consultant must never represent that one can be successful without diligently applying themselves.

Examples of each type of claim and best practices for avoiding impermissible claims can be found in the Cellar under “Business Files” and in the Knowledge Center.

1.2.2 Income Disclosure Statement

In an effort to conduct best business practices, Scout & Cellar has developed the Income Disclosure Statement (“IDS”). The Scout & Cellar IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Scout & Cellar Consultants earn. A copy of the IDS must be presented to a prospective Consultant (anyone who is not a party to a current Scout & Cellar Consultant Agreement) anytime the Compensation Plan is presented or discussed, or any type of express or implied earnings representation is made. Additionally, a disclaimer which presents the “typical” income of a Scout & Cellar Consultant must be included when discussing or presenting the Compensation Plan or making any allowable Income Claim. Examples of compliant disclaimers are provided at the bottom of the 2023 Income Disclosure Statement document, available in the Cellar or at <https://bit.ly/ScoutCellarIDS>.

Consultants may discuss the Compensation Plan and income aspects of their Scout & Cellar business only through private, one-on-one conversations

1.3 Alcohol Consumption Policy

Scout & Cellar and the Winery Team are ambassadors for Responsible Consumption of alcohol because we care about people and value providing an opportunity for each of us to live a better life.

As an Independent Consultant, you are a brand ambassador, a leader, a host, and a teammate to those around you. As a result, we encourage you to consume responsibly in all situations, with this in mind.

1.3.1 The Risks of Overconsumption

Overconsumption can:

- Cause physical and/or emotional harm to you and those around you
- Set the wrong example that others may follow
- Damage or strain your important relationships with customers and Consultants
- Negatively impact the goodwill of the Scout & Cellar brand and its products

Additionally, drinking and driving is a serious violation of not only these Policies and Procedures, but the law and puts the safety of you and those around you at risk. Arrests and convictions related to alcohol consumption can have devastating consequences. In some states and under these Policies & Procedures, they will serve as a roadblock to future work in the alcohol industry. Consultants are responsible for knowing and abiding by safe behavior, their applicable state regulations, and these

Policies & Procedures, and Scout & Cellar reserves the right to immediately terminate its Consultant Agreement with any Consultant found to be in violation of them.

1.3.2 What is Responsible Consumption?

Responsible Consumption means that representatives of Scout & Cellar and any Consultants wishing to enjoy any Scout & Cellar product should consume in moderation and encourage others to do the same.

Exactly what constitutes Responsible Consumption may change based on context, including (but not limited to):

- Whether Consultants, customers, or Winery Team members are present
- Whether you or your guests will be driving after consuming
- Your physical size
- Length of time between drinks
- Whether drinks are being consumed with food

It is important to note that alcohol impacts each individual differently and every situation is unique, so you are encouraged to consider your unique context when making these decisions.

1.3.3 What can I do to encourage Responsible Consumption?

- Lead by example and limit your own consumption
- Limiting consumption (or responsible consumption) can mean different things for different people, as factors like weight and how your body metabolizes alcohol differ from person to person. Additionally, the recommended level of alcohol consumption is not standard.
Here are some resources you can use to determine what “responsible Consumption” means for you:
 - <https://www.cdc.gov/alcohol/fact-sheets/alcohol-use.htm>
 - <https://www.niaaa.nih.gov/alcohol-health/overview-alcohol-consumption/moderate-binge-drinking>
 - <https://www.recoveryanswers.org/resource/guide-drinking-levels/>
- Follow our Tasting Guidelines which prohibit pouring more than 10 ounces of alcohol per guest during a Tasting
- Offer food and water to your guests when you are hosting
- Plan ahead! Use a designated driver, public transportation, or a ride-sharing service if you'll be traveling after consuming alcohol.

1.3.4. What should I do if I am struggling with substance abuse related to alcohol?

- Share your struggle with someone you trust – a spouse, partner, friend or relative.
- Ask for help! There are many well-respected organizations that provide substance abuse support and counseling:
 - <https://www.aa.org/>
 - <https://www.samhsa.gov/find-help/national-helpline>
 - <https://womenforsobriety.org/>
- If working your Scout & Cellar business is creating a stumbling block for you during this time, please consider reaching out to our Brand Standards team for support.

1.3.5. What should I do if I suspect someone on my team is struggling with substance abuse related to alcohol?

- Do not avoid the situation. We understand it may be awkward, but we encourage you to lean into our Core Values of Family and Doing The Right Thing, share your concerns directly with the person and offer appropriate levels of support as a leader, mentor, or friend.
- Offer points of connection that do not include alcohol consumption so as to be thoughtful and inclusive, while at the same time, creating a safe place for those who may be struggling.
- Know your limits! You are a leader, mentor, or friend, not a substance abuse counselor. Setting appropriate boundaries and pointing someone to qualified resources is the right thing to do.
- Consult publicly available resources for additional support. Some well-respected organizations that provide substance abuse support and counseling are:
 - <https://www.aa.org/>
 - <https://www.samhsa.gov/find-help/national-helpline>
 - <https://womenforsobriety.org/>
- Alert our Brand Standards team if you are aware of a situation that is putting people at risk.

1.4 Reporting Policy

1.4.1 Consultants who become aware that another Consultant has violated the Consultant Agreement should notify Scout & Cellar. Consultants may submit a report through the contact form at <https://scoutandcellar.com/contact/> so Brand Standards can investigate the violation. Details and screenshots of the occurrence should be included in the report if available. Scout & Cellar is committed to maintaining anonymity of the reporting party.

1.4.2 Abuse of the Reporting Policy may be considered a violation of the Policies and Procedures. This includes, but is not limited to, situations which interfere with Scout & Cellar's ability to conduct a compliance investigation, such as over-reporting of the same potential violation.

1.5 PROHIBITED CONSULTANT PRACTICES

1.5.1 Non-Solicitation

During the term of the Consultant Agreement and for two years thereafter, a Consultant may not, using Scout & Cellar's trade secrets or other Confidential Information, directly or indirectly solicit any Scout & Cellar Consultant or any Scout & Cellar employee for engagement as an employee, or as an independent consultant, contractor or distributor of any direct selling or network marketing company, nor will Consultant solicit any Scout & Cellar employee to become a Consultant of Scout & Cellar during this period. "Solicit" includes:

- communicating information or offering to provide information about any other direct selling or network marketing business opportunity to a Scout & Cellar Consultant or employee;
- Posting or messaging information about another direct selling or network marketing business opportunity on any social media site. Consultant posts about such a business must contain no references to the business opportunity and instead contain only information (such as benefits and features) about the products of the non-Scout & Cellar business;
- Tagging any Scout & Cellar Consultant or employee with a post on any social media site that provides information or offers to provide information about another direct selling or network marketing business opportunity; and

- Enrolling or attempting to enroll a Scout & Cellar Consultant or employee as a consultant, independent contractor or distributor in another direct selling or network marketing company; and

This conduct constitutes soliciting even if the Consultant's actions are in response to an inquiry made by another person who is a Consultant or a Scout & Cellar employee.

If a former Consultant is in violation of this non-solicitation provision more than one year after the termination of their Consultant agreement, their Non-Solicitation Period extended to one year from the date of the Consultant's last solicitation of any other Scout & Cellar Consultant or Winery Team member.

"Solicit" does NOT include communicating or posting information about another direct selling company's product benefits and features using the same channels on which Consultants promote Scout & Cellar. Consultants may freely share the other company's product benefits and features, but may not discuss the other company's business opportunity in any space where Consultants are promoting Scout & Cellar.

1.5.1.1 Household Members and Non-Solicitation

A Consultant will be held in violation of the Non-Solicitation Policy if their spouse or Household Member engages in solicitation on behalf of the Consultant, regardless of the Household Member's or spouse's status as a Scout & Cellar Consultant. For example, if a Consultant's spouse enrolls with another Direct Selling company (or other business) and proceeds to use the Scout & Cellar Consultant's Confidential Information to grow the non-Scout & Cellar business, the Scout & Cellar Consultant will be held in violation of the Non-Solicitation policy.

1.5.2 Competitive Businesses and Comarketing

Consultants are permitted to market or otherwise take part in one or more non-Scout & Cellar businesses. If a Consultant is engaged in a non-Scout & Cellar business, it is the responsibility of the Consultant to ensure that the Consultant's independent Scout & Cellar business is operated and marketed entirely separate and apart from all other businesses in which they take part.

The purpose of this policy is twofold: to avoid potential confusion among customers about the relationship(s) between Scout & Cellar and the other business, and to ensure a Consultant is not unintentionally in violation of any applicable regulations – especially those related to alcohol – which may vary by state or municipality - and those related to direct selling as mandated by local, state, and federal regulatory agencies, including the Federal Trade Commission.

A Consultant that is marketing a non-Scout & Cellar business, product, or service must:

1. Ensure that any marketing materials (including but not limited to social media posts) about Scout & Cellar or the other business are posted separately and not in conjunction with any marketing material promoting any other business
2. Identify themselves as an Independent Scout & Cellar Consultant on each post related to Scout & Cellar

3. Include #IndependentConsultant, #ScoutAndCellar or similar identification on all social media posts so as not to create confusion about which company is being promoted.

Due to regulations on alcohol promotion and advertising, Consultants may not market another business involving the sale of alcohol on the same social media page as their Independent Scout & Cellar Business.

With respect to mentoring or coaching businesses, these are subject to scrutiny by the Federal Trade Commission and can create a high likelihood of confusion with Scout & Cellar. A Consultant that is promoting a mentoring or coaching business must comply with the following rules:

4. Consultants cannot use any Scout & Cellar contact lists (customers or consultants alike) to promote their mentoring or coaching business;
5. Consultants cannot use the same social media handles on which they promote their Scout & Cellar business to promote their mentoring or coaching business;
6. Consultants cannot charge any Scout & Cellar consultant (regardless of downline) for mentoring or coaching services;
7. Consultants cannot use their mentoring or coaching business as a recruiting tool for their Scout & Cellar business or the Scout & Cellar business of anyone in their downline

Advisory Note: Scout & Cellar does not encourage or endorse mentoring or coaching businesses owned or operated by its Independent Consultants. Among other things, these programs – which charge for services mentors in our Program should provide for free – are inconsistent with our Core Values and do not drive the sense of community and support that we are striving to create. Moreover, the Federal Trade Commission issued a Press Release in 2022 seeking public comment about whether to expand the Business Opportunity Rule (a rule which requires extensive disclosures to prospects) to mentoring and coaching programs. Because of the high risk of confusion between Scout & Cellar and any mentor or coaching program owned or operated by a Scout & Cellar Independent Consultant, to the extent the FTC expands the Business Opportunity Rule to cover mentoring or coaching businesses, Scout & Cellar will prohibit them, effective immediately.

1.5.2.1 Personal Social Media

A Consultant may market their Scout & Cellar business using a personal page on any social media platform besides TikTok. On such a profile, the Consultant may:

- Post personal information
- Market Scout & Cellar; and/or
- Market a separate business (including other Direct Selling businesses)

Posts about Scout & Cellar or a non-Scout & Cellar business must be separate. All posts related to Scout & Cellar must be identified with both “#IndependentConsultant” and “#ScoutAndCellar” or substantially similar identification to avoid confusion about which company or product is being promoted.

A Personal Social Media page or profile cannot include a banner or cover photo promoting any business.

1.5.2.2 Business Social Media

A Consultant may create a Scout & Cellar business page on any social media platform (other than TikTok); however, the Consultant may not market a non-Scout & Cellar business on this page, including cover or banner photos.

A Consultant may create a non-Scout & Cellar business page on any social media platform; however, the Consultant may not post about Scout & Cellar on this page, including cover or banner photos.

1.5.2.3 Business Conduct

Section 2.4.1 of Part 1 of the Policies and Procedures, about Non-Solicitation, is applicable when co-marketing two businesses.

Consultants may not hold tastings in conjunction with an event for their other non-Scout & Cellar business. For example, holding a Scout & Cellar tasting while promoting the same Consultant's jewelry business at the tasting is in violation of this policy.

Consultants may hold tastings with consultants that represent another company so long as all of the Tasting Guidelines are followed.

Consultants may not offer kickbacks for referrals. I.E., If you join my team, I will give you a free yoga session.

The Company has full discretion to determine if a post or other co-marketing effort is confusing, has the potential of causing confusion in the field, or creates risk as it relates to any applicable rules, laws or regulations that are applicable to the Company

1.5.3 Further Agreement to this Section

Consultant further agrees that the provisions contained in this Section are reasonable and necessary to protect the legitimate interests of the Company and that the Company would not have accepted the Consultant's Consultant Agreement in the absence of the Consultant's agreement to these provisions. Nevertheless, it is further agreed that such covenant shall be regarded as divisible and shall be operative as to time, area and scope to the extent that it may be so operative, and if any part of it is declared invalid or unenforceable as to time area, or scope, the validity and enforceability of the remainder shall not be affected, and the agreement shall be read to be restrictive to scope, area and duration to the fullest extent of applicable law. Consultant agrees that the Consultant's breach or threatened breach of such provisions would cause the Company irreparable harm and significant injury, the amount of which would be extremely difficult to estimate and ascertain, thus making any remedy at law or in damages inadequate. Each Consultant therefore agrees that the Company shall be entitled, without the necessity of posting a bond or security, to the issuance of injunctive relief by any court or arbitrator of competent jurisdiction, enjoining any breach or threatened breach of the above provisions and for any other relief such court deems appropriate. The rights granted to the Company in this Section are in addition to any other remedy available to the Company at law or in equity.

1.6 Territory

No Consultant shall claim or imply that Consultant has ownership of, or exclusivity in, any particular geographic area, territory, market, or region. This includes using a specific location (e.g. the name of a city, state, or uniquely-named region) as part of the Consultant's Personalized URL or social media profile if used for Scout & Cellar business purposes. There are no exclusive territories granted to any Consultant, and all Consultants have the full right to market, promote, and educate consumers about Scout & Cellar products and otherwise conduct Consultant's Scout & Cellar Independent Businesses in all geographic areas and territories in accordance with the terms of the Consultant Agreement, the Policies & Procedures, and applicable law.

1.6.1 Active Market

Consultants may not market or promote alcoholic Scout & Cellar products outside the Active Market and may not conduct Consultant's Scout & Cellar independent businesses in any geographic area or territory outside the United States. For purposes of this Section, the term "Active Market" means those municipalities, counties, and states within the United States in which wine may be sold and distributed by Scout & Cellar. Because the Active Market may change from time-to-time, please refer to The Cellar for the current Active Market.

1.7 REGULATORY CONSIDERATIONS

1.7.1 Regulatory Considerations

The sale and transportation of wine is carefully controlled in the United States on both the state and federal levels. As a result, the Company must obtain various approvals, permits and licenses and do business in certain prescribed ways. To facilitate the company's compliance with applicable laws and regulations pertaining to the sale and transportation of wine, the Company has developed procedures and guidelines, which must be followed by Consultants. Scout & Cellar, without exception, expects Consultants to adhere to these Policies and Procedures as well as any relevant supplemental materials provided in The Cellar, which will be updated from time to time as necessary. Scout & Cellar leadership works to stay informed of all legal and regulatory issues in the wine industry relating to its business. Any Consultant who fails to adhere to the procedures and guidelines that pertain to the Company's compliance with the sale and transportation of wine will have breached the Consultant Agreement, resulting in the Company's right to immediately terminate the Consultant Agreement pursuant to the terms of the Consultant Agreement. Any concerns related to alcohol regulation should be sent to the Brand Standards team through the Brand Standards contact form in the Knowledge Center (and linked at the top of these Policies and Procedures).

In addition, it is important for Consultants to note that each state has different laws, restrictions, and requirements to host or conduct a tasting and to own and operate an independent business. As an independent business owner, each Consultant is advised to seek legal counsel in the Consultant's state to ensure compliance with all additional requirements unique to the Consultant's state.

No marketing activity related to the sale or promotion of alcohol may be conducted by minors, regardless of their relationship with the Consultant whose business they are promoting. Visual depictions of minors interacting with alcoholic Scout & Cellar products qualifies as marketing activity under this policy.

All alcohol regulatory guidelines contained in these Policies and Procedures are in effect for all Scout & Cellar Consultant business activities (including those dealing with non-alcoholic products) unless an exception is noted in Part 2, Section 1.7.9 for business activity that does not involve alcoholic products. Any Consultant business activity involving a combination of alcoholic and non-alcoholic products must comply with all regulatory guidelines for alcoholic products.

1.7.2 Labeling, Packaging and Display of Scout & Cellar Products

1.7.2.1 Consultants may not re-label, re-package, refill or alter labels of any Scout & Cellar package or merchandise, information, materials, or program in any way. Any such repackaging or relabeling, including creating “sample sizes” for off-site tastings, may violate federal and state law, which may result in criminal or civil penalties.

Consultants may use gift tags, such as those available through Scout & Cellar, to personalize a gifted wine bottle provided the tag does not hide or otherwise alter the bottle’s label itself (i.e. stickers or other labels that cannot be separated from the bottle).

1.7.2.2 Consultants may not cause Scout & Cellar product or trade names to be sold or displayed in a retail establishment, including restaurants, trade shows, and digital storefronts or marketplaces outside of scoutandcellar.com, except upon the prior written approval from the Company.

1.7.2.3 Consultants are strictly prohibited from carrying inventory (outside of what is intended for personal use) or reselling any Scout & Cellar product to Customers or anyone else. All Customer purchases are directly fulfilled by Scout & Cellar.

1.7.3 Cash & Carry, Offers, Gifts & Charitable Donations

1.7.3.1 Cash & Carry

Consultants are not sellers, but rather educators, marketers and promoters of Scout & Cellar products and the Clean-Crafted Commitment. As a result, Consultants are not licensed or authorized to sell any product directly to Customers or among consultants.

In addition, as a result of laws limiting volume of wine shipped, which vary state to state, all orders must be placed through the Scout & Cellar website and wines must be shipped directly to the end-consumer from Scout & Cellar.

Bulk orders sent to one address and intended to be distributed to other Consultants or Customers are prohibited and transactions of this nature will be investigated for Cash & Carry activity.

All cash and carry activities or exchange of value for wine are prohibited. Due to the serious nature of Cash & Carry violations, any such violation may be considered a breach of the Consultant Agreement and result in immediate termination of the Consultant Agreement.

Local Pickup is an exception to the shipping requirement of this rule.

Examples of disallowed “Cash & Carry” can include (but are not limited to):

- Any time where one Customer/Consultant provides wine to another consultant/customer in exchange for payment via cash, check, PayPal, Venmo or other cash apps.
- Providing Customers with bottles during a tasting or event. An example: “Thanks for coming to my tasting, you can purchase online, or I have extra bottles here if you want to take one home and I will just replenish my stash.”
- Providing wine for Customers directly from your personal stash. Ex. “I’ve purchased 4 bottles for \$22 apiece, who wants one? Just pay me back!”

1.7.3.2 Cash & Carry and No-Ship States

A Consultant that lives in a state to which Scout & Cellar ships products may not deliver to and accept payment from a Consultant or Customer that lives in a no ship state .

1.7.3.3 Consultant-Created Team Incentives

Directors (D’s), Senior Directors (SD’s), Managing Directors (MD’s), and Executive Directors (ED’s) may create their own Team Incentives apart from any offers Scout & Cellar may have, provided the procedures in this Section are followed. This is a benefit extended only to our Consultants with Career Titles of Director and above and is therefore not applicable to Consultants at other Career Titles. Creating Incentives for customers is prohibited.

Because Consultants are not licensed or authorized to sell wine, no incentive may be tied to the purchase of wine. Scout & Cellar is unable to provide administrative support to consultants running a Team incentive.

For additional guidance on the Team Incentive submission and approval process, please see the Team Incentive Addendum available through Appendix C of this document and in the Knowledge Center.

1.7.3.3.1 Customer Offers

Because Consultants are not licensed or authorized to sell directly to Customers and Consultants, they may not create or advertise any Customer offers besides those that exist solely through the Scout & Cellar website. This includes, for example, offering a percentage discount, a free bottle of wine with a minimum purchase, free shipping, or any other offer if it requires that the Consultant and Customer exchange any funds.

Consultants may transfer Sky Wallet dollars to a customer account to help pay for all or part of a customer order or to cover the cost of shipping. Consultants may also transfer Sky Wallet dollars to other Consultants as allowed. Any offer involving “free wine” must fully comply with the Gifts policy below.

1.7.4 Gifts

Consultants are welcome to give free gifts to anyone. For a gift to be free, there cannot be a quid pro quo or exchange of value attached to it.

If the gift is contingent on any behavior (including on social media) or purchase, it is considered an exchange of value and is not allowed. As a result, wine (or a gift card) cannot be considered a gift if it is being given away at a tasting.

Wine and gift cards cannot be given away on social media. Giveaways of non-wine items via social media may only be allowed if there is no purchase requirement or other quid pro quo and the giveaway complies with the social media platform's Terms and Conditions and any applicable laws.

1.7.5 Charitable Contributions and Charitable Events

Consultants are welcome to donate wine to a charitable organization, subject to the Consultant's local tax laws. Consultants may not donate or otherwise cause a monetary value to be assigned to a wine tasting (such as through auctions or raffles), as tastings have no value and are not a compensatory event. As a result, such donations would violate most state alcohol and beverage laws.

As with all activities as a business owner, Consultants are responsible for ensuring that any gifts or charitable contributions – including marketing messages and promotions – comply with all applicable laws, regulations and codes governing advertising, promotions, competitions, and prize-draws.

Any Charitable Donation made through a Consultant's Scout & Cellar business which is advertised in advance of the donation actually being made is non-compliant under the Offers and Gifts policies.

A Consultant may advertise Charitable Donations made through the Consultant's Scout & Cellar business only:

- After the donation has already been made and;
- Using dollar amounts instead of percentages. Due to the variable nature of consultant compensation, any representation of a donation using percentage figures is inherently misleading.

Scout & Cellar Consultants may attend a charitable event (even if it includes Scout & Cellar wine pours) if the charitable event is not a Scout & Cellar tasting. Refer to Part 2, Section 1.7.6 for tasting guidelines. In this instance, the Consultant must not attend in the capacity of a Scout & Cellar Consultant and must not turn the event into an "impromptu" Scout & Cellar Tasting.

1.7.6 Tasting & Pouring Policy

For the purposes of this section, a "wine tasting" includes any event where alcoholic Scout & Cellar products are available for sampling in a traditional tasting format (digital or in-person), regardless of the presence of any non-alcoholic Scout & Cellar products. For guidelines on tasting events including only non-alcoholic Scout & Cellar products, please see Part 2, Section 1.7.9 of this document.

1.7.6.1 Approved In-Person Tasting Locations

Consultants may hold in-person wine tastings in the following places if invitations are sent to specific individuals:

- Private residence;
- Private office;
- In a private room at a public venue if walkups are not allowed access to the private room; and
- In a yoga studio, boutique, or other similar establishment if the tasting is held after hours and walkups are not allowed access to the establishment during the tasting.

1.7.6.2 For purposes of this provision, an invitation is an announcement sent to a specific group of individuals by mail, email, or other electronic means. It expressly allows the use of sites such as Evite, Paperless Post or Red Stamp, where Consultants are creating a distribution list of specific email addresses for a limited group of people. Tasting invitations consisting only of invite-only, private Facebook event pages are compliant with this policy.

1.7.6.3 Use of sites such as Eventbrite, Event Bee, Facebook (including but not limited to public Facebook Event pages or other public groups) or other social media where the in-person event is being publicized at large (to a social network or the public) is expressly disallowed. This includes posts by the Consultant, host, or venue holding the tasting. Virtual Tastings are not an exception to this policy – all tasting invitees (including those invited to Virtual Tastings) should be contacted through private means of communication, such as email, or a social media Event post which is viewable only to invitees and organizers.

1.7.6.4 Opportunity events which include a tasting are not an exception to these rules. Consultants may hold Opportunity Tastings as long as such events are free to attend and the events comply with the guidelines stated above. All Consultants should refer to and use the “Opportunity Assets” which exist in The Cellar (under “Shareable Assets”) to ensure all messaging and visual assets for Opportunity Tastings comply with Brand Standards.

1.7.6.5 Consultants may host private, virtual tastings via video chat platforms including (but not limited to) Facebook Live, Zoom, and Skype. Consultants are responsible for ensuring that attendees are of legal drinking age and should use Consultant’s best judgment in ensuring the tasting is carried out safely. Consultants must comply with the guidelines in Section 1.4.6.3 regarding public posts about virtual tastings but are permitted to promote Scout & Cellar- generated Tasting Links publicly via social media.

1.7.7 Tasting Guidelines

Consultants must adhere to the following guidelines when conducting in-person tastings:

1.7.7.1 For safety and regulatory reasons, designated tasting hosts should pour the wine using the Posi-Pour provided in the Business Basics Kit (or other similar portion control system) and should never serve more than 10 ounces total to any one tasting guest. The Consultant and hosts of a tasting are responsible for knowing and abiding by any state or local regulations which further restrict tasting pours by number, size, or other factors.

1.7.7.2 All tasting attendees must be of legal drinking age. If a Consultant is unsure of a guest's age, the Consultant should check the attendee's government issued ID.

1.7.7.3 Attendees should never be allowed to drive if they do not appear to be able to do so safely.

1.7.7.4 Open but unfinished bottles of wine should be left with the host to avoid violation of open container or other similar laws and to positively impact the hosting experience.

1.7.8 Prohibition Against Charging

Consultants may not charge a fee for admission to any venue where wine is being served, regardless of what the charge is for. Nor may Consultants pour wine at an event where a mandatory fee is being charged by someone else, regardless of what the charge is for. To further clarify, a ticketed event (whether for-profit or charitable) including "free" drinks is not really free. This also includes a free wine tasting occurring before or after an event (i.e. a yoga class) with a charge, if the event and tasting are represented as a single event (such as sending a single invitation for both events). Likewise, if a tip jar sits next to the wine expecting "donations," it is not free. An event which requires an individual to pay for food while having access to Scout & Cellar wines or at an otherwise compliant wine tasting constitutes an impermissible sale of alcohol and is not compliant with this policy.

1.7.9 Marketing Non-Alcoholic Products

Policies in this section only apply if there are no alcoholic Scout & Cellar products open, tasted, or purchased in conjunction (at the same time, event, order, etc.) with non-alcoholic Scout & Cellar products:

1.7.9.1 Consultants may distribute samples of non-alcoholic Scout & Cellar products at events which would not qualify as fully-compliant wine tastings, including events which include an admission fee or which are publicly announced or open to the public. If any alcoholic Scout & Cellar products are present at such an event, those products must:

- Be for display purposes only, AND
- Be unopened and sealed OR be empty and dry upon arrival at the event, AND
- Remain sealed or dry for the duration of the event.

1.7.9.2 Offers or gifts involving non-alcoholic products must not be used to entice sales of alcoholic products. Activities which constitute a violation of this policy are likely also unlawful given regulations restricting how alcoholic products may legally be marketed.

1.8 Manipulation of the Compensation Plan

Manipulation or gaming the compensation plan is strictly prohibited. This includes, but is not limited to, activity such as:

1.8.1 The enrollment of individuals or entities without the knowledge of and/or execution of a Consultant Agreement by such individuals or entities;

1.8.2 The fraudulent enrollment of an individual or entity (including but not limited to non-existent individuals or entities) as a Consultant or Customer. This includes but is not limited to:

1.8.2.1 Using another individual's social security number to enroll

1.8.2.2 Misrepresentation of an individual's age

1.8.2.3 Use of a pet's name

1.8.2.4 Using fake address or email address information

1.8.3 Purchasing Scout & Cellar products (including but not limited to gift cards) on behalf of another Consultant or Customer (with or without their knowledge), or under another Consultant's or Customer's ID number to qualify for commissions or bonuses;

1.8.4 "Gifting" new Consultants or Customers to another Consultant for the purpose of triggering bonuses;

1.8.5 Any Consultant purchasing a gift card for themselves, giving or selling a gift card to any other Consultant, or redeeming a Gift Card under any account associated with a Consultant, and/or;

1.8.6 Any other mechanism or means intended to create the illusion that someone has qualified for title/rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end user consumers. Such activity is considered a breach of the Consultant Agreement and may result in the immediate termination of the Consultant Agreement of any Consultant involved.

Any activity used to build a Consultant's Scout & Cellar business that is contradictory to the normal business building model may be considered 'manipulating the compensation plan'. Scout & Cellar has full discretion in determining whether any manipulative activity has taken place.

SECTION 2 SALES & MARKETING

Scout & Cellar's Marketing team has created a library of pre-approved marketing materials which are designed to help Consultants build and promote their Scout & Cellar business. These marketing materials include business cards, flyers, Scout & Cellar apparel and gear and more and can be found in the Cellar. Consultants may use the pre-approved marketing materials to market their Scout & Cellar business, but they are not required to do so. Consultants can request approval for independently created marketing materials that are not currently available by using the Brand Standards Contact Form located in the Cellar and the Scout & Cellar Knowledge Center. Scout & Cellar is not responsible for any costs incurred by a Consultant if the Consultant produces materials before seeking approval and the request is denied.

2.1 Consultant-Created Education, Advertising and Marketing Tools

2.1.1 Marketing Tool Approval

Consultants are permitted to create their own educational, training, advertising, and/or promotional materials, and marketing aids, including social media assets, videos, and other print materials (collectively "Marketing Tools") to promote the Scout & Cellar opportunity and products only as provided in this Section.

If a Consultant creates or uses any Marketing Tools outside of a Social Media platform, they are responsible for ensuring the Tools are a) are not deceptive, b) contain only substantiated claims, and c) properly identify Scout & Cellar's trademarks and copyrights. If Consultants have a regulatory or safety concern related to any assets they have created, Consultants are encouraged to submit any Consultant-created or Consultant-commissioned Marketing Tools to Brand Standards for approval. This can be done by completing the request form located in the Knowledge Center.

Consultants who receive authorization from Scout & Cellar to produce and publish Marketing Tools may make approved Marketing Tools available to other Consultants free of charge if they wish but may not sell the Marketing Tools to other Consultants. Any sale or attempt to sell Marketing Tools to another Consultant may constitute a breach of the Consultant Agreement.

A Consultant who has created a Scout & Cellar Marketing Tool (regardless of prior approval) grants Scout & Cellar and other Consultants an irrevocable and royalty-free license to use the Marketing Tools for Scout & Cellar business purposes, and waives all claims, including but not limited to, intellectual property rights claims, and/or claims for remuneration against Scout & Cellar, its officers, directors, owners, agents, and other Independent Consultants for the posting and/or use of the Marketing Tools. Scout & Cellar may make these Marketing Tools available for use by other Consultants, free of charge, by including the same in each Consultant's Cellar.

2.1.2 Scout & Cellar reserves the right to rescind approval for any previously approved Marketing Tool(s) (including those originally created by Scout & Cellar), and Consultants waive all claims against Scout & Cellar, its officers, directors, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such rescission.

2.1.2.2 A Consultant who uses unapproved marketing materials assumes all liability for any claims that may violate regulations imposed by the FTC, FDA, TTB, or any other applicable regulatory authority. Consultants who violate this policy can also be held responsible for any potential revenue loss, legal fees or other Company losses that may result from their violation. Scout & Cellar will not reimburse a Consultant for any expenses due to reprints or redesign of unapproved marketing materials. Use of unapproved marketing materials constitutes a breach of the Consultant Agreement and may result in termination of the Consultant Agreement.

2.2 Use of Company Names and Protected Materials

2.2.1 Consultants must protect and promote the good reputation of Scout & Cellar. The marketing and promotion of Scout & Cellar, the Scout & Cellar opportunity, the Compensation Plan, and Scout & Cellar products will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical, or immoral conduct and practices.

2.2.2 All promotional materials supplied or created by the Company must be used in their original form and cannot be changed, amended, or altered except upon prior written approval from Scout & Cellar.

2.2.3 The name of Scout & Cellar, each of its product offerings and other names that have been adopted by Scout & Cellar in connection with its business are proprietary trade names, trademarks and service marks of the Company. As such, these marks are of great value to Scout & Cellar and are supplied to Consultants for their use only in an expressly authorized manner.

2.2.4 Use of Scout & Cellar's Intellectual Property

Scout & Cellar prohibits unauthorized use of its trade names, trademarks, trade secrets, designs, copyrights, symbols, or other intellectual property outside of corporate produced and approved marketing materials by any person, including Scout & Cellar Consultants, without prior written authorization from Scout & Cellar. Unauthorized use of these items is a violation of these Policies and Procedures and may also constitute an Intellectual Property Infringement.

This includes, but is not limited to, use of the name "Scout & Cellar," "Clean-Crafted," and/or "Clean-Crafted Commitment" and any of Scout & Cellar's other brands, marks, or tradenames – including (but not limited to) "Scouting Grounds" and "Scout Wild". The use of "Scout & Cellar", "Clean-Crafted", "Clean-Crafted Commitment" or any of Scout & Cellar's other brands, marks, or tradenames or any derivative thereof, on any item not produced by the Company is prohibited, except when the Consultant is identified as a "Scout & Cellar Independent Consultant" or "S&C Independent Consultant."

2.2.4.1 Identification as a Scout & Cellar Consultant

In all cases where a Consultant would like to use the words "Scout & Cellar", "Clean-Crafted™ wine" or any variation of either in their social media usernames and/or handles it must be accompanied by the Consultant's name or business entity under which they conduct business and the words "Independent Consultant." In all social media posts related to Scout & Cellar, they must disclose their full names and conspicuously identify themselves as Scout & Cellar Independent Consultants. Use of "Scout" or "Cellar" independently in a social media handle or username is not a violation of this policy. Cases

where both terms (including variations) are used together will be considered in violation, at Scout & Cellar's discretion.

For example:

Scout with Annie - OK

Hannah's Scouting Cellar - NOT OK

Gabe's Clean-Crafted Wines – NOT OK

Chris' Clean Wine – NOT OK

2.2.4.2 In addition to the foregoing, Consultants who wish to use a Scout & Cellar logo may use only the Scout & Cellar Wine Consultant or Independent Consultant logos in social networking profiles or approved consultant-created Marketing Materials. The Scout & Cellar Wine Consultant and Independent Consultant logos are available in The Cellar. Consultants may not use or create any other versions of the Scout & Cellar logo. Consultants who wish to create a logo for their Independent Business may do so provided the logo adheres to all Policies and the Consultant Agreement.

2.2.4.3 Anonymous postings or use of an alias is prohibited.

2.2.5 Additional guidelines relating to the use of the Scout & Cellar name are as follows:

2.2.5.1 All stationery (e.g. thank-you cards, letterhead, envelopes, and business cards) must include the specific Scout & Cellar Wine Consultant or Independent Consultant logo provided by the Company.

2.2.5.2 All emails related to Consultants' independent business must include the Scout & Cellar approved signature block which can be found in The Cellar under "Brand & Marketing".

2.2.5.3 Consultants may not answer the telephone by saying "Scout & Cellar," "Scout & Cellar Incorporated," or by any other manner that would lead the caller to believe that they have reached Scout & Cellar' Corporate offices. A Consultant may only represent that he/she is a Scout & Cellar Independent Consultant.

2.2.5.4 All correspondence and business cards relating to or in connection with a Consultant's Scout & Cellar business shall contain the Consultant's name followed by the term "Consultant" or "Independent Consultant." Consultants who have qualified as "Founder's Club Members" may also identify themselves as such, but the identification must indicate that the Founder's Club Member is also a "Consultant" or "Independent Consultant". Consultants may not refer to themselves as "Founding Consultants" or any similar term other than "Founder's Club Member".

2.2.5.5 Particular photos and graphic images created or used by Scout & Cellar in its advertising, marketing packaging and websites are the result of paid contracts with outside vendors that do not extend to Consultants. Consultants must first receive written permission to use images published by Scout & Cellar which are not either: (a) contained in the Brand and Marketing section of The Cellar, (b) publicly available on the Scout & Cellar website or, (c) publicly available via an official Scout & Cellar social media profile.

2.2.5.6 Consultants may not produce for sale or distribution any Company event, webinar or speech, nor may a Consultant reproduce Scout & Cellar audio or video clips for sale or for personal use without prior written permission from the Company. This includes re-uploading Company-produced video content to video or audio sharing platforms such as YouTube, Vimeo, or SoundCloud.

2.2.5.7 Scout & Cellar reserves the right to rescind its prior approval of any marketing aid or promotional material to comply with changing laws and regulations or brand strategies and may request the removal from the marketplace of such materials without financial obligation to the impacted Consultant.

2.2.5.8 Consultants shall not promote non-Scout & Cellar products or services in conjunction with Scout & Cellar products on the same same advertisement, social media post, or same event without prior approval from the Company. Consultants may promote non-Scout & Cellar products or services on the same non-social media website that they promote their Scout & Cellar business given that the website has been approved by Brand Standards and features the Scout & Cellar “Blog Button” (See Part 2, Section 2.9 for Independent Website guidelines and approval process). The rules regarding solicitation apply to non-social media websites.

The Scout & Cellar “Blog Button” is the only form of promotion acceptable on any non-social media website which also markets another business, and must not be used in any situation that would imply a health claim or income claim related to Scout & Cellar. Consultants may participate in an event with Consultants from other companies, provided the Scout & Cellar consultant does not market or promote any other business in relation to the event. Refer to the Co-Marketing and Tastings Guideline policies (Part 2, Sections 1.5.2 and 1.7.6, respectively) for further guidelines.

2.2.5.9 Consultants shall not advertise their Scout & Cellar business through Google Ads, Facebook Ads, Craigslist, promote function within any social media platform, or any other paid platform online, nor may they use any Search Engine Optimization for their Company provided website. Paid advertising opportunities are available to consultants under Part 2, Section 2.3.1 of these Policies and Procedures.

2.2.5.10 Due to the “live” nature of such items, social media posts, email addresses, URLs, and other online content that may be non-compliant shall be considered “Ongoing Conduct” and must be updated to remain compliant with any Amendments on or before the Amendments’ effective date. In the event Scout & Cellar is unaware of such non-compliant material at the time of publication, it is still considered a violation of the Consultant Agreement, and the involved Consultant shall be subject to discipline in accordance with these Policies & Procedures, which may include termination.

2.3 Media Inquiries

Consultants must not initiate any interaction with the media (including but not limited to radio, podcasts, television, billboards, print, online publications, speaking engagements, mass mailings or any other channel Scout & Cellar may deem to be applicable) or attempt to respond to media inquiries regarding Scout & Cellar, its services, or their Independent Scout & Cellar business. All inquiries by any type of media must be immediately referred to the Scout & Cellar Marketing team through the contact form at

<https://scoutandcellar.com/press>. This policy is designed to ensure that accurate and consistent information is provided to the public, as well as a proper public image for the Scout & Cellar brand.

2.3.1 Media Circulation

Subject to the above, Consultants are permitted to advertise in Consultant's local newspaper, community newsletters, and local business directories, and through local opportunities, including Consultant's local Chamber of Commerce, provided that any publication containing such advertisement has a circulation no greater than 10,000. Consultants may also promote Consultant's independent businesses with social media influencers who have less than 10,000 total followers across platforms at the time of the promotion, as long as that influencer's platform is consistent with Scout & Cellar's Core Values. Scout & Cellar has the sole and exclusive right to determine whether an influencer's platform satisfies these requirements. Influencers who have over 10,000 total followers across all platforms and are interested in marketing Scout & Cellar products should be directed to contact the Company at <https://scoutandcellar.com/contact>.

2.4 Social Networking and Social Media

2.4.1 Consultants Are Responsible for Postings

It is the Consultant's obligation to ensure that online marketing activities are truthful, are not deceptive and do not mislead Consultants or Customers in any way.

Consultants are personally responsible for their postings (including hashtags) and all other online activity that relates to the Company. Even if a Consultant does not own or operate the blog or social media site, if a Consultant (or their immediate household member) posts to any such site about Scout & Cellar, the Consultant is responsible for that posting. Consultants are also responsible for postings which occur on any blog or social media site that the Consultant owns, operates or controls.

Consultants are further responsible for ensuring that any out-of-date materials or posts containing out-of-date or superseded materials are removed in order to avoid confusion or conflicting information.

2.4.2 Social Media Sites

Scout & Cellar encourages Consultants to join social media sites, online forums, discussion groups, blogs, and other forms of internet communication to leverage the power of the Scout & Cellar brand and to share the story of the Scout & Cellar products and the Program. Online social media sites may be used to drive traffic to Consultants' replicated or independent websites or to the Scout & Cellar website. Social media sites include (but are not limited to) such sites as Facebook, LinkedIn, Twitter, Instagram, etc.

As of February 2022, the Community Guidelines for TikTok specifically prohibit posts depicting or promoting "Multi-Level Marketing" companies. As a result, all Consultants must refrain from posting Scout & Cellar content to TikTok.

Consultants may not market or promote Scout & Cellar products or products bearing Scout & Cellar names, marks, and/or logos on retail sites including but not limited to Amazon, eBay, Etsy, or other similar sites or sites like wine-searcher.com.

Social media sites may be used to promote Scout & Cellar products and memberships. Profiles a Consultant generates in any social community where Scout & Cellar or the Program are discussed or mentioned must clearly identify the Consultant as an Independent Consultant, and when a Consultant participates in those communities, Consultants must comply with the terms and conditions of the Consultant Agreement, including without limitation, the Professional Conduct terms.

2.4.2.1 Allowable Uses of Private Social Media

Consultants are permitted to create and manage private groups and private event pages for their Scout & Cellar business on social media, including on Facebook. These private spaces should be used to communicate only with individuals who have a pre-existing relationship with the Consultant.

Consultants that set up or participate in these private spaces assume all risk related to Policy violations which occur in those spaces, as even private posts may be subject to regulatory review. Any violation which occurs on or through a private group or event page will be treated the same as those occurring on public pages. Public event pages may not be used to advertise or invite attendees to a tasting, and any use of a private social media profile, group, or event not covered in this section is considered a violation.

2.4.3 Consultants may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments relating to Scout & Cellar or its products. Comments that Consultants create or leave must be useful, unique, relevant, and specific to the blog's article.

2.4.4 Deceptive and Prohibited Postings

Posting statements that are prohibited by this section constitutes a breach of the Consultant Agreement and may result in the termination of the Consultant Agreement.

2.4.4.1 Consultants must ensure that their postings are truthful and accurate. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Scout & Cellar products, the Program, and/or Consultant biographical information and/or credentials. In particular, as it relates to Scout & Cellar products, the following are specifically prohibited:

2.4.4.2 Referencing Scout & Cellar or its products as “clean” instead of “clean-crafted”. Consultants may use “clean” to describe a lifestyle consistent with the goals of the Clean Crafted Commitment™, but may not use “clean” if it implies a health or medical claim as described below.

OK: Scout & Cellar is a great fit for my clean lifestyle!

Not OK: Scout & Cellar's clean wine (or clean coffee) is my favorite!

OK: S&C's products are a great fit for my clean lifestyle

Not OK: Drinking clean wine has improved my well being

2.4.4.3 Making health related or medical claims about Scout & Cellar products. This includes but is not limited to claiming that Scout & Cellar wines are “headache free” or “hangover free” or do not cause

headaches, hangovers, or other physical conditions, as well as referring to Scout & Cellar products as “healthy” or “good for you.”

2.4.4.4 Making generalizations about characteristics of specific Scout & Cellar products as though they apply to our entire product line, including but not limited to claiming that our wines are “organic,” or “biodynamic”. Consultants may only use descriptors of this nature when speaking about specific products that have such characteristics posted on the product’s Soil-to-Sip Report™ or product description page at <https://scoutandcellar.com>.

2.4.4.5 Making statements about the specific amount of calories, sugar, or other measurable characteristics of the Scout & Cellar products, except when such information is made publicly available by Scout & Cellar, such as through each product’s Soil-to-Sip Report™ or product description page. This is applicable whether using numbers or percentages, directly or in comparison to other products, and in general or specifically, except as otherwise expressly stated by Scout & Cellar.

2.4.4.6 Referring to Scout & Cellar Independent Consultants as “sellers” instead of “marketers,” “educators,” or “promoters” of the Company and the Clean-Crafted™ Commitment, or referring to Consultant business activities as “selling”.

2.4.4.7 Claiming that a Consultant or Scout & Cellar is “hiring” when referring to becoming an Independent Consultant.

2.4.4.8 Claiming that Scout & Cellar offers “free shipping”. Instead, consultants should communicate that any time there is no additional shipping charge, “Shipping Is Included” with the order.

2.4.4.9 Comparing Scout & Cellar’s products directly or indirectly with competitors’ products, including by (but not limited to) listing the specific amount of calories, sugar, or other measurable characteristics of the competitors’ product or by making any negative statement about the competitors’ product.

2.4.4.10 Consultants also shall not post, or link to any posts or other material, that would be in violation of Part 1, Section 2.3 of these Policies and Procedures (Professionalism).

2.4.4.11 Sharing a personal testimony relating to the features or benefits of Scout & Cellar products which contradicts Part 2, Section 2.4.4. Even if truthful, stating a personal experience that does not conform to these regulatory guidelines constitutes a breach of the Consultant Agreement.

2.5 Landing Page Services

Consultants may use “landing page” services such as LinkTree to link to their Scout & Cellar PURL in cases where only one link may be included in a social media profile (i.e. on Instagram).

2.6 Posting Private Information

Consultants must respect the privacy of others and be thoughtful and courteous in their postings. Consultants should seek authorization from the person for whom they’d like to post information, before using their name or picture or likeness thereof in a post.

2.7 Public Social Media Commenting

Consultants may not market their Personal URL in the comments of any Scout & Cellar social media posts. Nor may Consultants use social media outlets to comment on other brand products that are competitive to Scout & Cellar in order to drive marketing efforts and direct Customers to their Personal URL.

2.8 Hashtags

Consultants may use hashtags to market their Scout & Cellar business, provided that the hashtag does not represent inappropriate or deceptive advertising per Part 2, Section 2.4.4 or any other policies. Scout & Cellar has created a list of approved and prohibited hashtags. This list is not intended to be comprehensive but serves as a guideline for using hashtags. The Consultant should refer to this list before using a particular hashtag. If a Consultant prefers to use a hashtag that is not already approved, and is unsure that the use of the hashtag is appropriate, the Consultant should contact the Brand Standards Team at brandstandards@scoutandcellar.com.

2.9 Independent Websites

Scout & Cellar provides Consultants with their own replicated websites (also referred to as Personalized URLs or “PURLs”) from which they can market Scout & Cellar products and the Program.

Consultants may also create an independent website to market the Consultant’s Independent business, provided it is registered and approved by the Brand Standards Team. The request for approval must be made through the Knowledge Center by submitting the form for Independent Website approval. The website must be approved before it goes live. Consultants shall receive an approval/denial notice within 30 days from the date the request is submitted.

Review requirements for independent website URL, proper identification as a Consultant, website content, and approval process in Appendix C of this document and in the Knowledge Center.

Existing Non-Scout & Cellar website

If a Consultant has a non-Scout & Cellar website, the Consultant may link it to either their replicated Scout & Cellar site or an independently created Scout & Cellar site. The Consultant may use the Scout & Cellar approved “Blog Button” which is located in the Cellar to link to another site.

By using the Independent Consultant website button, the Consultant is representing and warranting that the content on their independent website is consistent with the Scout & Cellar Core Values and does not violate any laws, rules, regulations, or these Policies & Procedures in any way.

This link may be promoted with language which states “To learn more about Scout & Cellar and the Clean-Crafted Lifestyle please click here.”

2.10. Domain Names, Email Addresses and Online Aliases

2.10.1 Consultants cannot use or register domain names, email addresses, and/or online aliases that use Scout & Cellar or Scout & Cellar product names. Scout & Cellar and its products are registered trademarks and unauthorized use is an infringement of our rights. Further, doing so could cause confusion, or may be misleading or deceptive, and leads individuals to believe or assume the communication is from or is the property of Scout & Cellar. Scout & Cellar, at its sole discretion, will decide what could cause confusion, mislead, or be considered deceptive.

If you have a question whether your chosen name or address is acceptable, you may submit it to the Brand Standards team for review before using it. Scout & Cellar is not responsible for any loss a Consultant may incur should Scout & Cellar demand that the Consultant stop using any infringing information.

Examples of the improper use include but are not limited to: ScoutAndCellar@msn.com; www.ScoutCellarDirect.com; www.facebook.com/Cleanwine or derivatives as described herein.

Consultants who use social media sites must also comply with the rules associated with such websites or networks. For example, some sites prohibit users from advertising products or promoting financial opportunities. Consultants who provide testimonials on social networking sites and otherwise on the internet are responsible for ensuring that their testimonials comply with all applicable laws and regulations.

2.11 Use of Third-Party Intellectual Property

If Consultants use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any posting, it is solely their responsibility to ensure that they have received the proper license to use such intellectual property and pay the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third party, and Consultants must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

2.12 Promotion of Scout & Cellar Products at Retail

Consultants must not publicly interact with any individual retailer of Scout & Cellar products (except the scenarios described below in this section or with prior written permission from the Winery Team), to market Scout & Cellar products or the retailer of S&C products. This includes public social media posts, email or text “blasts” to more than one individual, and commenting about Scout & Cellar’s retail presence directly through the retailer’s social media.

If a customer asks a Consultant about Scout & Cellar products’ presence in a retail setting, the Consultant must not reply publicly, regardless of how or where the customer made the relevant inquiry. Failure to abide by this policy likely also indicates unlawful behavior under federal and state-level alcohol regulations.

Exceptions are as follows:

- Consultants may post about a Scout & Cellar-sponsored event held at a retailer of Scout & Cellar products only if:

- The post or ad does not include any “laudatory language” referring to a specific retailer of S&C products, AND
- All mentions of a retailer are inconspicuous and do not stand out from the rest of the ad or post, AND
- No prices are listed in the post, AND
- The post is framed squarely on the event rather than individual products associated with the event, AND
- The post includes the date, time, location (including retailer name and address), products being sampled (if any), and other relevant information about the event.
- Consultants may repost any retailer-related posts from the official Scout & Cellar or related brand social media pages, but may not add any content that did not exist in the original post.
- Consultants may discuss Scout & Cellar’s retail presence only as described above or orally, either in a one-on-one conversation or as part of a small private tasting.

SECTION 3: TERMINATION OF RELATIONSHIP AND ACCOUNT

3.1 Independent Consultants represent the Scout & Cellar brand any time they are working their Scout & Cellar independent business. Especially while representing the Scout & Cellar brand, Independent Consultants should conduct themselves in such a way that is consistent with the Scout & Cellar Core Values, as described in Part 1, Section 1.1.2 of these Policies and Procedures.

3.1.1 Disregard for or failure to behave in accordance with the Core Values or these Policies and Procedures constitutes a violation of the Consultant Agreement. Further, the failure to engage with and/or take corrective action at the request of Brand Standards also constitutes a violation of the Consultant Agreement.

3.1.2 Violation of the Agreement also includes the violation of any common law duty, including but not limited to any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Consultant that, in the sole discretion of the Company may damage its reputation or goodwill. (Such damaging act or omission need not be related to the Consultant’s independent Scout & Cellar business.)

3.2 Upon receipt of a report that a Consultant violated the Consultant Agreement or Policies & Procedures, Scout & Cellar will investigate the matter.

During the investigation period, Scout & Cellar may place the account of the Consultant under investigation on Hold (also referred to as “Suspended status”), without advance notice. Should the investigation results show that the Consultant was not in violation of the Agreement, Scout & Cellar will remove the Hold.

Following a review, if Scout & Cellar determines that a Consultant breached the Consultant Agreement or Policies & Procedures or engaged in any illegal, fraudulent, deceptive, or unethical business conduct, Scout & Cellar may immediately terminate the Consultant Agreement.

Examples of conduct that will result in immediate termination of the Consultant Agreement include, without limitation: a Consultant's misrepresentation relating to Company or Consultant's Independent Business; a Consultant's failure to engage with and/or take corrective action at the request of the Company's Brand Standards department; or a Consultant's breach of any provision of the Consultant Agreement.

In some instances, depending upon the nature of the conduct and in Scout & Cellar's discretion, Scout & Cellar may instead give written notice of the breach and an opportunity to cure the breach. In those instances, the Consultant's failure to timely cure the breach will result in termination of the Consultant Agreement.

Upon receipt of a report that a Consultant breached the Consultant Agreement or Policies & Procedures, Scout & Cellar may temporarily suspend the Consultant's Scout & Cellar website or Cellar access, without advance notice. Upon determining that a Consultant breached the Consultant Agreement or Policies & Procedures, Scout & Cellar may permanently terminate the Consultant's Scout & Cellar website or website access, without advance notice.

3.3 Scout & Cellar may take any other measure expressly allowed within any provision of the Consultant Agreement or which Scout & Cellar deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Consultant's policy violation or contractual breach.

3.4 If the Company terminates the Consultant Agreement due to a breach by a Consultant, the Company reserves the right to reject any future reapplications by Consultant as a Consultant and pursue all applicable legal and equitable remedies.

3.5 The Company has no obligation to share evidence of breaches of the Consultant Agreement or Policies and Procedures violations with any Consultant, including in cases of termination, except as required by law.

3.6 A Consultant's account can also be terminated for the following reasons:

3.6.1 Any Consultant whose account is on "Suspended" status for over 30 consecutive days for any reason - including but not limited to Policies and Procedures violations - may be subject to termination.

3.6.2.1 Termination of All Consultant Accounts

Scout & Cellar reserves the right to terminate all Consultant Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate marketing of its products utilizing independent consultants.

3.6.2.2 Lockout and Termination for Non-payment of the Annual Renewal Fee

If the Company does not receive a Consultant's Renewal Fee during the calendar month containing their anniversary date, the Consultant's account will be suspended until the Consultant does one of the following: 1) contacts Customer Support to pay the Renewal Fee; 2) informs the Company that

Consultant wants to cancel the applicable Consultant Agreement; or 3) the Consultant's account has been suspended for over 30 days, at which point it will be terminated.

3.6.2.3 Notice of Termination

Company shall notify Consultant of suspension or termination of the Consultant Agreement by written notice to the Consultant's last known mailing address or email address.

All written notices required by this Agreement will be deemed effective three (3) business days after mailing or immediately if sent by email.

3.7 Cancellation of a Consultant Account

A Scout & Cellar Independent Consultant has the right to cancel this Agreement at any time, for any reason.

If a Consultant who voluntarily cancels this Agreement is also enrolled in a Scout & Cellar monthly wine purchasing program, the Consultant's participation in that program shall also be cancelled unless the Consultant uses the contact form at <https://scoutandcellar.com/contact/> to set up a new Customer account and wine club at the time of their Consultant account's cancellation.

3.7.1 Notice of Consultant Cancellation

Consultant must notify Company of cancellation of the Consultant agreement by written notice to the Company at its principal place of business (see Contact Information above for this address) or via the contact form at <https://scoutandcellar.com/contact/>. Notice must include the Consultant's name, address, and Consultant ID Number.

All written notices required by this Agreement will be deemed effective three (3) business days after mailing or immediately if sent by email.

3.8 Effects of Termination or Cancellation

3.8.1 Upon termination or cancellation of the Consultant Agreement, a Consultant shall have no right, title, claims or interest to his or her downline or any bonus and/or commissions from the volume generated by them.

3.8.2 Any Consultant whose agreement has been terminated or cancelled (with the exceptions listed in Part 2, Section 3.8.2.1 below) is not eligible to reapply for a Scout & Cellar business for six (6) calendar months following the termination or cancellation of the Consultant Agreement, with the exception of Consultants terminated for Policy violations. These Consultants should refer to Part 2, Section 3.8.2.2 for reapplication guidelines. Former Consultants who reapply after the 6 month cooldown period will be treated as brand new Consultants.

3.8.2.1 Consultants whose Consultant Agreements were terminated solely for failure to pay the annual Renewal Fee may be re-activated within 60 days following the expiration of the agreement, provided the Renewal Fee is paid in full immediately upon reactivation. If the former Consultant re-activates within the 60-day time limit, the Consultant will resume the rank and position held immediately prior to

the termination of the Consultant Agreement. Consultant will need to enter into a new Consultant Agreement. However, said Consultant's paid-as level will not be restored unless they qualify at that payout level in the new month. The Consultant is not eligible to receive commissions for the period of time that the Consultant Agreement was terminated.

3.8.2.2 A Scout & Cellar Consultant whose Agreement is terminated for breach of the Consultant Agreement or other violation of the Policies & Procedures may reapply to become a Consultant, twelve (12) calendar months from the date of termination. Any such Consultant wishing to reapply must submit a letter to the Scout & Cellar Compliance department setting forth the reasons why he/she believes Scout & Cellar should allow him or her to operate a Scout & Cellar business. It is within Scout & Cellar's sole discretion whether to permit such an individual to re-enroll as a Scout & Cellar Consultant. Each case will be determined on its own merits. Upon approval of re-enrollment, the Consultant will be treated as a brand-new Consultant and there will not be a re-establishment of any former downline or customer lists. This provision does not apply to Consultants who are terminated for failure to pay Renewal Fee, failure to meet minimum personal volume to remain Active, failure to submit W9 form, or failure to submit the required Business Entity paperwork.

3.9 Consultant Responsibilities upon Termination or Cancellation

3.9.1 Consultants must, within five (5) business days, pay all amounts due and owing to Scout & Cellar;

3.9.2 Consultants must immediately cease representing the individual(s) or Business Entity as an Independent Consultant of Company and marketing Scout & Cellar products and services;

3.9.3 Consultants will be ineligible to receive any compensation as an Independent Consultant not earned as of the date of termination of the Consultant Agreement, including income resulting from Consultant's own marketing efforts and the marketing efforts and other activities of the Consultant's former downline organization. Consultant hereby authorizes Company to withhold any payments due to Consultant under the Compensation Plan for any amounts due and owing to Company to the fullest extent allowed by applicable law.

3.9.4 Consultant must immediately cease all use of Scout & Cellar Intellectual Property (as defined in the Consultant Agreement) and Confidential Information (as defined in the Consultant Agreement and these Policies and Procedures) and must cease holding classes, workshops, tastings, and presentations or otherwise displaying, offering for sale, or promoting Company products.

3.9.5 If the Consultant posts on any social media site on which the individual has previously self-identified as a Consultant, there must be a conspicuous disclosure accompanying such post that the individual is no longer a Scout & Cellar Independent Consultant.

3.9.6 A Consultant whose Consultant Agreement is terminated or cancelled for any reason will lose all Consultant rights, benefits, and privileges. There is no expectation of whole or partial refund for Business Basics Kits (BBK) or for Back-Office, Replicated Website, or renewal fees if a Consultant's Consultant Agreement is terminated. Refunds for Business Basics Kits and/or Renewal Fees may be approved on a case-by-case basis and depend on a variety of factors (including but not limited to the

amount of time elapsed since the BBK or renewal fee transaction and the amount of commission earned since the BBK or Renewal Fee's Order Date).

3.9.7 Any individual who has previously been a Scout & Cellar consultant and is not fully-compliant with the Consultant Responsibilities upon Termination or Cancellation is not eligible to rejoin as a Consultant, regardless of the reason for termination or time elapsed since termination.

GLOSSARY

ACTIVE MARKET: The area in which Scout & Cellar is licensed and permitted to do business. The Active Market is all US States and the District of Columbia EXCEPT those listed in the Cellar as “No-Ship States”. As of February 21, 2022, the No-Ship States list includes: Arkansas, Delaware, Mississippi, Rhode Island, and Utah along with any other US Territories and any localities or counties located within Active Market states but prohibit direct shipments of alcohol. Scout & Cellar is unable to ship to APO/FPO addresses or PO Boxes at this time.

AGREEMENT or CONSULTANT AGREEMENT: The contract between the Company and each Consultant; includes the Scout & Cellar Consultant Agreement, the Scout & Cellar Policies and Procedures, and the Scout & Cellar Compensation Plan, all in their current form and as amended by Scout & Cellar at its sole discretion. These documents are collectively referred to as the “Agreement.”

APPLICANT: Any individual who has started signing up to become a Scout & Cellar Consultant, regardless of whether they have completed the signup process by agreeing to the Consultant Agreement and setting up their Consultant account.

BRAND STANDARDS: Also referred to as Scout & Cellar’s Field Compliance team, these Winery Team members are responsible for ensuring all Consultants have proper education and knowledge of applicable regulations and the Policies and Procedures. Also responsible for Policy enforcement.

BUSINESS SOCIAL MEDIA PAGE: Any social media page which exists solely or primarily to market a business.

CONSULTANT: An individual or business entity that promotes, markets, and educates consumers about Scout & Cellar wines. and the Clean-Crafted™ Commitment.

CANCEL: The voluntary termination of the Consultant Agreement, initiated by the Consultant.

The CELLAR: Commonly referred to as the “back office” in many Direct Selling companies, this is the portion of the Scout & Cellar website that is accessible only with a Consultant or Customer account. The Consultant Cellar has more functionality than the Customer Cellar due to the privileges and responsibilities extended to and required of Consultants.

CELLAR STORE: The digital and physical storefront for Scout & Cellar-branded merchandise. Includes items such as apparel, branded wine and coffee gear, and items to support Consultants’ businesses, including at tastings.

COMPENSATION PLAN: The guidelines and referenced literature for describing how Scout & Cellars Consultants can generate commissions and bonuses.

COMPETITOR/COMPETITIVE BUSINESS: Any entity or business involved with the production, sale, or distribution of wine. Consultants who receive income from (or otherwise participate in) a Competitive

Business must not use any Scout & Cellar trade secrets or Confidential Information in the course of working any other business, included Competitive Businesses.

COMMINGLING: Commingling occurs when the promotion of two Consultant-owned or –operated businesses is intertwined with one another, and it becomes difficult for a consumer to know which business you are promoting.

COMARKETING: Co-marketing occurs when a Consultant markets two different businesses on the same social media platform. It is allowed under these Policies & Procedures when the businesses are promoted entirely separately from one another.

CONSULTANT INFORMATION: All personal information that is submitted to Scout & Cellar by and is either used by or to identify an Independent Consultant. Examples include (but are not limited to) Name, Addresses, Payment Info, Contact Info, Personalized URL, and Company Name.

CUSTOMER: An individual who purchases Scout & Cellar products and does not engage in building a business through the Scout & Cellar Consultant Opportunity.

Your DOWNLINE: You and all Independent Consultants below you in the organization chart, which consists of your personally-Mentored consultants, their personally-Mentored Consultants, etc.

E-SIGNATURE: For Scout & Cellar purposes, completing and submitting a Consultant Agreement application constitutes the Consultant’s E-Signature.

INTELLECTUAL PROPERTY: a work or invention that is the result of creativity, such as a manuscript or a design, to which one has rights and for which one may apply for a patent, copyright, trademark, etc. In the case of Scout & Cellar, this refers to all Company-provided assets intended for consumption by Consultants and/or our customers.

KNOWLEDGE CENTER: The Consultant-accessible location, linked in the Cellar, which houses answers for our Consultants’ most frequently asked questions.

MARKETING MATERIAL: Literature, audio or video tapes, social media posts, blogs, Independent Websites, any digital assets, or other materials developed, printed, published, or otherwise used to promote Scout & Cellar.

MENTOR: A Consultant who enrolls another Consultant into the Scout & Cellar program and is listed as the Mentor in the Company database. The act of enrolling others and training them to become Consultants is called “mentoring”.

ORDER PLACEMENT: The act of switching the Commission Owner of an order after it has been placed.

Your ORGANIZATION: The Customers and Scout & Cellar Consultants placed below you.

PERSONAL SOCIAL MEDIA PAGE: Any social media page which does not exist solely or primarily to market a business.

PLACEMENT: Your position inside your **MENTOR**'s organization.

PERSONALIZED URL (PURL): The unique identifier selected by a Consultant during the join process, which is appended to <https://scoutandcellar.com/>

The PROGRAM: The Marketing, promoting, and educating consumers about Scout & Cellar products and Clean-Crafted Commitment™ as described herein; including participating in the Compensation Plan (receiving Commissions and Bonuses, when and if eligible); Mentoring other Consultants into the Program; Building a downline; Advancing through the levels in the Compensation Plan; Receiving information and communications from Scout & Cellar; and Participating in Scout & Cellar's support, service, education, recognition and incentive programs for Consultants, upon payment of any applicable charges.

SCOUT & CELLAR CUSTOMER SUPPORT: The team that assists Scout & Cellar Independent Consultants with all aspects of their business and assists Customers with their orders.

SCOUT & CELLAR-GENERATED TASTING LINK: A link created through the Consultant Cellar for the purposes of logging any purchase related to a specific tasting event. Such links include the Consultant's PURL.

SCOUT & CELLAR INDEPENDENT CONSULTANT: An individual, who purchases product, generates volume, and business building commissions, and who may also build a team of Independent Consultants beneath them.

TERMINATION: The involuntary cancellation of an Independent Consultant's Consultant Agreement as a result of a violation of any of the terms and conditions of the Scout & Cellar Agreement, Policies & Procedures, or any illegal, fraudulent, deceptive, or unethical business conduct by a Consultant. Terminations are initiated by Scout & Cellar.

Your UPLINE: This term refers to all of the Consultants above you in Scout & Cellar genealogy. It is the line of Consultants between any particular Consultant and the Company.

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APPENDIX A: Compensation Plan Summary

SCOUT & CELLAR COMPENSATION PLAN SUMMARY

EFFECTIVE FEBRUARY 1 - 28, 2023

4 WAYS TO MAXIMIZE YOUR BUSINESS

- 1. PERSONAL VOLUME
- 2. TITLE QUALIFICATIONS
- 3. LEVEL BONUSES
- 4. LEADERSHIP REWARDS

1. PERSONAL VOLUME

\$0 - \$399	15%
\$400 - \$2,999	20%
\$3,000+	25%

2. TITLE QUALIFICATIONS

PAID-AS TITLE¹

PERSONAL VOLUME (PV)²

DOWNLINE VOLUME (DV)³

CONSULTANT (C)	SENIOR CONSULTANT (SC)	EXECUTIVE CONSULTANT (EC)	ASSOCIATE MANAGER (AM)	SENIOR MANAGER (SM)	EXECUTIVE MANAGER (EM)	ASSOCIATE DIRECTOR (AD)	DIRECTOR (D)	SENIOR DIRECTOR (SD)	EXECUTIVE DIRECTOR (ED)	MANAGING DIRECTOR (MD)
-	200	300	400	500	600	600	600	700	700	700
-	500	800	1,500	3,000	6,000	12,000	25,000	60,000	150,000	500,000

3. UNI-LEVEL BONUSES

MINIMUM STRUCTURE REQUIREMENTS

LEVEL 1

LEVEL 2

CONSULTANT (C)	SENIOR CONSULTANT (SC)	EXECUTIVE CONSULTANT (EC)	ASSOCIATE MANAGER (AM)	SENIOR MANAGER (SM)	EXECUTIVE MANAGER (EM)	ASSOCIATE DIRECTOR (AD)	DIRECTOR (D)	SENIOR DIRECTOR (SD)	EXECUTIVE DIRECTOR (ED)	MANAGING DIRECTOR (MD)
-	200	300	400	500	600	600	600	700	700	700
-	500	800	1,500	3,000	6,000	12,000	25,000	60,000	150,000	500,000

SCOUT & CELLAR



4. LEADERSHIP REWARDS (OF CV)

PERSONAL GROUP BONUS	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
GENERATION 1	1%	2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
GENERATION 2	-	-	-	-	-	-	-	-	-	-
GENERATION 3	-	-	-	-	-	-	-	-	-	-
INFINITY BONUS ⁴	-	-	-	-	-	-	-	-	-	-

¹ EM ADVANCEMENT BONUS: CONSULTANTS WILL RECEIVE A ONE-TIME \$500 BONUS AWARDED WHEN EM+ IS ACHIEVED FOR THE FIRST TIME. THE CONSULTANT'S FIRST UPLINE PAID-AS EM+ WILL ALSO RECEIVE \$500.

² AD+ TOP MARKETER REWARD: EACH MONTH CONSULTANTS ARE PAID-AS AD+ AND MARKET \$3500+ PV THEY WILL RECEIVE AN ADDITIONAL 5% OF PV IN SKY WALLET CREDITS.

³ SUBJECT TO MAXIMUM 50% DOWNLINE/PV RULE: NO LEG CAN CONTRIBUTE MORE THAN 50% PV TOWARD THE DV REQUIREMENT.

⁴ BONUS SUBJECT TO CAP: NOT TO EXCEED 1% OF TOTAL COMPANY COMMISSIONABLE VOLUME.

2023 COMPENSATION PLAN DEFINITIONS

EFFECTIVE FEBRUARY 1 - 28, 2023

1. PERSONAL VOLUME

PERSONAL VOLUME (PV)

The total qualifying volume for the Consultant's orders and those placed by their Customers. All personal purchases are counted towards PV for commission calculations.

QUALIFYING VOLUME (QV)

Qualifying volume is the retail price of a product, minus discounts for individual orders.

PERSONAL VOLUME COMMISSIONS

The percentage of commission a Consultant receives on their PV, beginning at 15%.

2. TITLE QUALIFICATIONS

QUALIFICATIONS

The benchmarks the Consultants must achieve to earn each of the titles within the compensation plan.

DOWNLINE

All the Consultants under a Consultant are the Consultant's downline.

DOWNLINE VOLUME (DV)

The Consultant's PV and that of their downline. DV is calculated at 100% for Title Qualification purposes. DV is paid out based on Commissionable Volume.

COMMISSIONABLE VOLUME (CV)

70% of PV. Used to calculate Downline Volume Commissions.

LEG

A leg begins with a Level One Consultant and includes all Consultants beneath them.

BUILDER LEG

Any leg where at least one Consultant is considered Active and, within the leg, there is a total of \$400 QV.

EM+ LEG

Any leg where at least one Consultant is Paid-As Executive Manager or higher. When more than one EM+ Leg is required for title promotion, each EM+ must come from a different leg.

AD+ LEG

Any leg where at least one Consultant is Paid-As Associate Director or higher. When more than one AD+ Leg is required for title promotion, each AD+ must come from a different leg.

D+ LEG

Any leg where at least one Consultant is Paid-As Director or higher. When more than one D+ Leg is required for title promotion, each D+ must come from a different leg.

MAX 50% DOWNLINE/PERSONAL VOLUME RULE (MDVR)

For title qualifications only, a maximum DV amount has been established where no more than 50% will be counted towards the DV requirement from either the Consultant's total QV or the total QV from any single leg.

PAID-AS TITLE

The title a Consultant qualifies to be paid as during any given period. It may vary month-to-month, depending on the Consultant's performance and that of their team.

CAREER TITLE

A recognition title representative of the highest title the Consultant has achieved. All Career Titles are held for 6 months, except MD is held for a 12-month period. The Consultant must requalify for their Career Title at least once during a rolling 6-month period to maintain (12 months for MD). Failure to maintain Career Title results in reclassification to the highest pay rank achieved in the required timeframe.

3. UNI-LEVEL BONUSES

ACTIVE

A Consultant who maintains a minimum \$200 PV for any given period and is, therefore, eligible to receive a Downline Bonus in accordance with their Paid-As Title.

BONUSES

Triggered by a Consultant's Active status and Paid-As Title. Calculated using CV.

MINIMUM STRUCTURE REQUIREMENT

The total number and types of legs required to reach certain Paid-As/Career Titles.

LEVELS

The position a Consultant has in a downline relative to another upline or downline Consultant. Consultants personally sponsored by you are your Level One. Those Consultants sponsored by your Level One are your Level Two, relative to you. Customers are not considered when counting levels and do not occupy a position in genealogy.

4. LEADERSHIP REWARDS

PERSONAL GROUP BONUS

A bonus to Paid-As Executive Managers and higher. Calculated as a percentage of the CV of the sales of their Personal Group, including their own PV.

GENERATION

The relationship between one EM or higher and another, based on Career Title. If a Career EM or higher is not paid as such, they are still considered the start of a generation for their upline.

GENERATION BONUS

A bonus to Paid-As Executive Managers and higher. Calculated as a percentage of the CV from their Downline Generations.

INFINITY BONUS

A bonus to Paid-As Executive Directors and higher. Calculated as a percentage of CV from their downline, beginning with their 4th Generation. This bonus is subject to a cap not to exceed 1% of total Company Commissionable Volume.

APPENDIX B: Income Disclosure Statement



2023 INCOME DISCLOSURE STATEMENT

2022 Income Data

Consultant Rank	% of Active Consultants	% of All Consultants (Active + Inactive + Cancelled)	Jan. 2022 - Dec. 2022 Annual Income for All Consultants			Jan. 2022 - Dec. 2022 Annual Income for Active Consultants			Months in Company* (Active Consultants)			Months to Rank** (Active Consultant)		
			High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Consultant	19.24%	31.92%	\$535	\$0	\$35	\$535	\$0	\$81	61	0	13.56	0	0	0.00
Senior Consultant	17.45%	17.30%	\$961	\$0	\$142	\$961	\$0	\$195	63	0	19.15	52	0	2.05
Executive Consultant	39.16%	32.48%	\$8,020	\$0	\$464	\$8,020	\$0	\$535	64	1	26.05	51	0	2.08
Assoc. Manager	11.99%	9.35%	\$10,552	\$0	\$879	\$10,552	\$0	\$952	64	1	30.97	51	0	6.12
Senior Manager	8.88%	6.58%	\$15,422	\$0	\$1,991	\$15,422	\$0	\$2,048	64	2	37.47	59	0	6.31
Executive Manager	1.83%	1.32%	\$28,328	\$288	\$8,171	\$28,328	\$288	\$8,171	64	7	40.52	48	0	7.93
Associate Director	0.68%	0.50%	\$44,260	\$0	\$12,833	\$44,260	\$104	\$12,957	64	12	46.26	55	0	10.84
Director	0.45%	0.32%	\$41,627	\$0	\$22,035	\$41,627	\$0	\$22,035	64	14	48.66	31	0	10.28
Senior Director	0.15%	0.11%	\$84,401	\$1,682	\$41,312	\$84,401	\$1,682	\$41,312	63	23	47.52	42	0	11.96
Executive Director	0.14%	0.10%	\$158,865	\$43,281	\$73,615	\$158,865	\$43,281	\$73,615	64	33	57.38	24	0	13.19
Managing Director	0.03%	0.02%	\$236,583	\$116,653	\$174,769	\$236,583	\$116,653	\$174,769	64	57	62.00	21	12	16.40
Cancelled	4,072	19%	*Months in company is length of time a Consultant has continuously been active with the company. **Months to rank is the average length of time to achieve each rank											
Inactive	5,926	28%												

The income statistics above are for all U.S. Scout & Cellar Consultants in 2022. In addition, the statistics above also show the income for active U.S. Scout & Cellar Consultants in 2022. An "Active Consultant" is defined as a consultant that has personal volume greater than \$0.00. An "Inactive Consultant" is defined as a consultant who does not have any personal volume within a consecutive 12-month period (which is calendar year 2022 for this document). A "Cancelled Consultant" is defined as a consultant who has either left Scout & Cellar voluntarily or was cancelled for breach of the Consultant Agreement. The average annual income for all consultants (active, inactive, cancels) in 2022 was \$800.89, and the average annual income for all Active Consultants in 2022 was \$1,111.71. Out of approximately 4,068 Consultants that joined since the beginning of the year 2022 approximately 3,931 had an active Consultant Agreement at the end of the year (97%).

In 2022, 28% of all consultants received no income at all. Note that these figures do not represent a consultant's profit. The figures above refer to gross income (total income before any expenses are deducted). The expenses a consultant incurs in the operation of his or her Scout & Cellar business vary widely. Expenses for consultants can be several hundred or several thousand dollars annually. Typical operating expenses for each consultant were \$378.95 which includes the Scout and Cellar join fee and the annual renewal fee after the first year as a consultant. Additional operating expenses may include advertising and promotional expenses, samples, training, travel, telephone and internet costs, business equipment, and miscellaneous expenses. Any estimated expenses should be factored in when projecting potential profits. The earnings of the Consultants in this chart are not necessarily representative of the income, if any, that a Scout & Cellar Consultant can or will earn through his or her participation in the Scout & Cellar Compensation Plan. These figures should not be considered as guarantees or projections of your actual earnings or profits. Any representation or guarantee of earnings would be misleading. Success with Scout & Cellar results only from successful marketing efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities.

WHEN SHARING THIS IDS OR SPEAKING ABOUT THE CONSULTANT OPPORTUNITY: As close to your discussion of the Consultant Opportunity as possible, please include a 1 sentence summary of what a “typical” Scout & Cellar Consultant’s income or experience may look like. The summary must be relevant to the content of your conversation or post. In 2022, the ‘typical’ Active Scout & Cellar Consultant earned approximately \$715 (calculated from the averages for consultants at or below the career title of Executive Manager).

Example 1: If speaking about an Incentive Trip, please include this IDS and a summary stating that “This is Scout & Cellar’s 3rd annual Incentive Trip. Approximately 1% of Active Consultants earned a spot for our 2022 Incentive Trip.”

Example 2: If speaking about the Consultant Opportunity as a whole, please include this IDS and a summary stating that “Over 70% of all Consultants received income in 2022. The 2022 average annual income for all Consultants, including those Inactive or Cancelled during the year, was \$800.

REVISION 1/26/2023

APPENDIX C: Links to Incorporated Policy Supplements

****Information at the following links will be updated periodically to remain in line with current practices and regulatory guidance**

[Coffee vs. Wine Cheat Sheet](#)

[Co-Marketing Supplement](#)

[Independent Websites Supplement](#)

[Team Incentives Supplement](#)

[Approved Hashtag List](#)

[Terms & Conditions](#)

[Satisfaction Guarantee](#)