



Policies & Procedures
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CONTACT INFORMATION

Headquarters:

Scout & Cellar
4531 Simonton Road
Farmers Branch, Texas 75244

Website: www.scoutandcellar.com

Consultant and Customer Support:

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

Scout School Online: <https://school.scoutandcellar.com/>
Consultant Knowledge Base: <https://scoutandcellar.zendesk.com/hc>
Email: <https://scoutandcellar.com/contact/>

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.

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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SECTION 1: THE COMPANY

- a. 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 Texas winery. “Scout & Cellar” or the “Company” includes any of its affiliated or subsidiary wineries.

b. Core Values

Independent Consultants should be guided by the Scout & Cellar Core Values. Those 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**.

SECTION 2: POLICIES AND PROCEDURES INCORPORATED INTO CONSULTANT AGREEMENT

- a. These Policies and Procedures in their current form and as amended from time to time in the sole discretion of the Company (the “Policies and Procedures”) are incorporated into and form a part of the Consultant Agreement (hereinafter, “Consultant Agreement”), which sets forth Scout & Cellar’s and the Independent Consultant’s legal rights and obligations regarding the Program. The Program is defined as:

1. Marketing, promoting, and educating consumers about Scout & Cellar products as described herein;
2. Participating in the Compensation Plan (receiving Commissions and Bonuses, when and if eligible);
3. Mentoring other Consultants into the Program;
4. Building a downline¹;
5. Advancing through the levels in the Compensation Plan;
6. Receiving information and communications from Scout & Cellar; and
7. Participating in Scout & Cellar’s support, service, education, recognition and incentive programs for Consultants, upon payment of any applicable charges.

- b. In the event of any conflict between the Scout & Cellar Independent Consultant Agreement, on the one hand, and these Policies and Procedures, on the other hand, these Policies and Procedures shall control. Each Consultant is responsible for reading, understanding and following the most current version of these Policies and Procedures. As used in these Policies and Procedures, the term “Mentor” refers to 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”. When mentoring a Consultant or potential Consultant, the Mentor shall provide access to the most current version of these Policies and Procedures (including the Compensation Plan).

¹ A Consultant’s “Downline” includes the group of Consultants directly mentored by that Consultant, along with any Consultants beneath the aforementioned group.

- c. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. However, due to the “live” nature of such items, social media posts, email addresses, and URLs that are non-compliant shall be considered ongoing conduct and must be updated to remain compliant with any Amendments on or before the Amendments’ effective date. Consultant’s continued participation in Scout & Cellar’s Program, including marketing of the Company’s products and receiving commission payments, shall constitute acceptance of any changes or additions to the Policies and Procedures.

SECTION 3: JOINING AS A CONSULTANT

a. To become a Consultant, you must:

- i. Be 21 years of age or older;
- ii. Be a legal resident of the United States or the District of Columbia;
- iii. Have a valid Social Security number;
- iv. Not be in jail or in another correctional institution;
- v. Not have ever been convicted of a felony;
- vi. Not be a current employee, officer, or director of Scout & Cellar and/or its affiliates;
- vii. Not be an owner of any interest in any entity that is also registered as a Consultant and whose Consultant account has been Active in the past 6 months;
- viii. Not have or be associated as an owner, officer, member, shareholder and/or affiliate with more than two accounts with the Company - 1) a single Consultant Account and 2) a single Customer Account;
- ix. Complete and submit a Consultant Agreement that is accepted by the Company;
- x. Purchase a Business Basics Kit (except for residents of North Dakota, where the purchase of a Business Basics Kit is optional); and
- xi. Have a valid email address that complies with these Policies & Procedures and a valid credit card.

Scout & Cellar reserves the right to accept or reject any Consultant Agreement for any reason in its sole discretion.

b. Term of Agreement and Renewal

- i. The Consultant Agreement is effective from the date of acceptance by Scout & Cellar and will automatically renew every twelve (12) months on the anniversary of the date Consultant entered into the Consultant Agreement pursuant to these terms, unless terminated earlier as provided in the Consultant Agreement. **One year after a person becomes an Independent Consultant, the Consultant will be billed an annual \$99.95 Renewal Fee (increasing to \$129.95 for renewals occurring on or after 1/1/2021) plus applicable sales tax, which includes the renewal of the Consultant’s Personal Scout & Cellar website and access to additional technology programs and initiatives which may be rolled out from time-to-time for Consultant best practice education and support. This Renewal Fee will be charged automatically to Consultant’s primary credit card on file, or any credit card designated for payment of Personal Website Membership by Consultant in The Cellar, and paid to Scout & Cellar unless you cancel your Consultant Agreement.**
- ii. The Consultant Agreement will thereafter automatically renew for successive one-year terms unless either party notifies the other in writing that it does not wish to renew the Consultant Agreement on the anniversary date. 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: contacts Customer Support to pay the Renewal Fee; informs the Company that Consultant wants to cancel the applicable Consultant Agreement; or the Consultant’s account has been suspended for 30 days. In the case of this last option, Scout & Cellar reserves the right to cancel any Consultant Agreement for which the Consultant account has been suspended for over 30 days due to failure to pay the Renewal Fee.

c. W-9s

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 W-9. Consultants can find a copy of the W-9 form in The Cellar.

d. Independent Contractor Status

- i. Consultant acknowledges and agrees that Company's usual course of business is selling wine. Consultant represents and warrants that Consultant is not in the business of selling wine. Consultant represents and warrants that Consultant is in the business of education, marketing and promotions. Consultant acknowledges and agrees that Company's usual course of business is not education, marketing and promotions.

Consultant represents and warrants that Consultant is customarily engaged in the business of education, marketing and promotions, that Consultant can and does have business relationships other than that which Consultant has with Company for which/whom Consultant can and does perform education, marketing and promotional services, and that Consultant can maintain Consultant's education, marketing and promotional business without reliance upon Company.

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

e. Joining and Becoming Active

Once an applicant ("Applicant") has submitted a signed Consultant Agreement, purchased a Business Basics Kit (except for residents of North Dakota), submitted any other documents that the Company may require, and Scout & Cellar has accepted and processed the Consultant Agreement, the Applicant will become a Consultant and will be assigned a Scout & Cellar Identification Number ("ID Number") and Password.

- i. 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.
- ii. Consultants shall use the Password to access The Cellar through which Consultant can order products, access performance records, and communicate with Customers and downline Consultants.

f. Spouses and Common Law Married Couples; Adult Children

- i. 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.
- ii. Spouses, registered domestic partners, and common law married couples may neither mentor each other directly or indirectly nor have different Mentors.
- iii. 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.

- iv. For information regarding the disposition of a Consultant Agreement and the independent Scout & Cellar business operated by a married couple upon divorce, see Section 12b.
- v. The above provision prohibiting spouses, registered domestic partners, or common law married couples from each having their own separate independent Scout & Cellar businesses 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.

g. 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 Section 3k. Without limitation of the foregoing, Business Entities that are 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.

h. Actions of Household Members, Employees or Agents

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

i. Handling Personal Information

If a Consultant receives Personal Information from or about 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 Independent Contractor Agreement is expressly incorporated into and made part of these Policies & Procedures.

j. Business Entities as Consultants

- i. A corporation, limited liability company, partnership or trust incorporated or organized in the United States and having its principal place of business in the same (hereinafter "Business Entity") may apply to be a Consultant. In addition to the Consultant Agreement, a Business Entity must submit a properly completed Business Entity Registration Form and at least one of the following: Certificate of Incorporation, Articles of Organization, Partnership Agreement or relevant Trust documents via the form at <https://scoutandcellar.com/contact/>. The Company must receive these documents within fourteen (14) 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 not received within such 14-day time period, the Company reserves the right to terminate the Consultant Agreement without notice.
- ii. All Owners of a Business Entity that enrolls 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.

- iii. 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.
- iv. A Business Entity Consultant that undergoes a change of Ownership must comply with Section 12d or it may have its Consultant Agreement terminated.
- v. 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 Brand Guidelines or these Policies & Procedures. When naming a business entity, Consultants may not use any words or phrases that are inconsistent with the Company's Core Values, Mission Statement, or these Policies & Procedures.
- vi. 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 Section 7d, or to assign or transfer a Consultant Agreement except as specified in Section 13d.
- vii. For purposes of compensation, incentives, recognition, or other perks and programs, Business Entities will be treated as one Consultant, regardless of the number of owners.

k. Restrictions on Interest in Multiple Consultant Accounts

Each person is limited to being affiliated with one single Consultant Account and one single Customer Account. Any person who is a Consultant or has any 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).

l. Consultant Accounts Associated with Multiple Individuals

- i. 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.
- ii. No informal Consultant teams will be recognized by Scout & Cellar, with the exception of married couples who joined as an informal team prior to March 15, 2019.
- iii. At Scout & Cellar's sole and exclusive discretion, married couples acting as a single Consultant may purchase access to one additional incentive slot or reward, but only if the incentive has already been earned by the Consultant.

SECTION 4: CONSULTANT REQUIREMENTS AND RESTRICTIONS

a. 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 the procedures and guidelines 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 via email to brandstandards@scoutandcellar.com.

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 independent business owners, each Consultant is advised to seek legal counsel in the Consultant's state to ensure compliance with all additional requirements unique to Consultant's state.

b. Labeling, Packaging and Display of Scout & Cellar Products

- i. 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 may violate federal and state law, which may result in criminal or civil penalties.
- ii. Consultants may not cause Scout & Cellar product or trade names to be sold or displayed in a retail establishment, including restaurants and trade shows, except upon the prior written approval from the Company.
- iii. Consultants are strictly prohibited from reselling wine to Customers or anyone else. All Customer purchases are directly fulfilled by Scout & Cellar.

c. Cash & Carry, Offers, Gifts & Charitable Donations

1. Cash & Carry

Consultants are not sellers, but rather marketers and promoters of Scout & Cellar products. 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. Local Pickup is an exception to the shipping requirement of this rule. 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 result in immediate suspension or termination as allowed under Section 11A.

2. Offers

Because Consultants are not licensed or authorized to sell directly to Customers, Consultants may not create their own offers outside of 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 of "free wine" must fully comply with the Gifts policy in Section 4d, item 3.

3. 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. As a result, wine cannot be considered a gift if it is being given away at a tasting.

If the gift is contingent on a behavior (including on social media) or purchase, it is considered an exchange of value and is not allowed. Giveaways of non-wine items via social media may 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.

4. Charitable Contributions

- i. Consultants are welcome to donate wine to a charitable organization, subject to the Consultant's local tax laws. Consultants may not, however, donate or otherwise assign a value to a wine tasting, as tastings have no value and are not a compensatory event. As a result, such donations would violate most state alcohol and beverage laws.
- ii. 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 where the Consultant lives.

d. Tasting & Pouring Policy

1. Approved In-Person Tasting Locations

- i. Consultants may hold in-person wine tastings in the following places if invitations are sent to specific individuals:
 - 1. Private residence;
 - 2. Private office;
 - 3. In a private room at a public venue if walkups are not allowed access to the private room; and
 - 4. 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.
- ii. For purposes of this provision, an invitation is an announcement sent to a specific group of individuals by mail, e-mail 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.
- iii. Use of sites such as Eventbrite, Event Bee, Facebook (including but not limited to Facebook Event pages or other groups, regardless of whether they are private) or other social media where the in-person event is being publicized at large to a social network, including any private pages or functionality of such networks, or the public is expressly disallowed. Under these Policies & Procedures, events publicized using these channels do not comply with the above Tasting & Pouring Policy and will constitute a Brand Standards violation. 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.
- iv. Opportunity events which include a tasting are not an exception to these rules. Consultants may hold Opportunity Tastings so as long as such events are free to attend, and the events comply with the guidelines stated above. Resources exist in The Cellar to ensure all messaging and visual assets for Opportunity Tastings comply with Brand Standards and are expected to be used.

2. 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. 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.

3. Tasting Guidelines

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

- i. Designated tasting hosts/hostesses should pour the wine using the Posi-Pour provided in the Business Basics Kit and should never serve more than 10 ounces total to any one tasting guest.
- ii. 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.
- iii. Attendees should never be allowed to drive if they do not appear to be able to do so safely.
- iv. Open but unfinished bottles of wine should be left with the host or hostess to avoid violation of open carry or other similar laws and to positively impact the hosting experience.

4. Virtual Tastings

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 4E.1.iii regarding public posts about virtual tastings, but are permitted to promote Scout & Cellar-generated Tasting Links² publicly via social media.

e. Territory

- i. 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, email address, 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 and applicable law.
- ii. Consultants may not market or promote 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.

f. Media Inquiries

- i. Consultants are not authorized to interact with the media, including but not limited to radio, podcasts, television, billboards, print, online publications, speaking engagements, mass mailings or through any other channel Scout & Cellar may deem to be unfair, regarding the Scout & Cellar business or products. All opportunities and inquiries from the media shall be directed to the Company at <https://scoutandcellar.com/contact> to ensure that accurate and consistent information regarding the Scout & Cellar brand is being presented to the public.
- ii. 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

² Scout & Cellar-generated Tasting Links are unique for each tasting set up in The Cellar and are generated at the time of creating the tasting in The Cellar.

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>.

SECTION 5: CONSULTANT RESPONSIBILITIES AND LEGAL CONSIDERATIONS

a. 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:

- i. Be forthcoming, transparent and professional and conduct business with integrity, understanding and respect;
- ii. 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;
- iii. Refrain from making disparaging or misleading statements about Scout & Cellar, including but not limited to its employees, Consultants, partners, products and Compensation Plan;
- iv. Refrain from making disparaging or misleading statements about Scout & Cellar's actual or perceived competitors; and
- v. 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.

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.

b. Reporting Policy

Consultants who become aware that another Consultant has violated the Consultant Agreement should notify Scout & Cellar. A link to submit a ticket to Brand Standards is located in The Cellar>Brand & Marketing>Submit a Ticket to Brand Standards. Details and screenshots of the occurrence should be included in the report if available.

c. Confidential Information, Non-Solicitation, and Competitive Businesses

- i. By completing and submitting the Consultant Agreement, the Consultant acknowledges that all product, Consultant and customer information and data that the Consultant may create or compile, 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.
- ii. 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, and agents with respect to such confidentiality obligations.

- iii. Consultant will not use or disclose Confidential Information to any person except in strict accordance with the Consultant Agreement and will take all reasonable precautions to prevent its unauthorized dissemination, both during and after the term of this Agreement. Consultant will not use Confidential Information to sell products or services other than Scout & Cellar products and services or in connection with any other business during the term of and after termination of this Agreement. Consultant understands that Consultant will be deemed to breach Consultant's obligations to Scout & Cellar with respect to Confidential Information or trade secrets if Consultant works or performs services (including consulting or advisory services) for a competitor of Scout & Cellar in any position in which Consultant is required to or does use, disclose or otherwise employ any Confidential Information obtained during Consultant's relationship with Scout & Cellar. Consultant understands and agrees that this provision does not prohibit Consultant from working for a competitor of Scout & Cellar during the term of the Consultant Agreement or after the termination of the Consultant Agreement, but requires Consultant not to use, share or otherwise communicate Confidential Information (including trade secrets) to such a competitor or to perform services for such a competitor.
- iv. During the term of the Consultant Agreement and for one year thereafter, a Consultant may not, using Company's trade secrets, 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 (i) communicating information or offering to provide information about any other direct selling or network marketing business opportunity to a Scout & Cellar Consultant or employee; (ii) posting or messaging information about another direct selling or network marketing business opportunity on any social media site utilized by the Consultant to promote Consultant's Scout & Cellar business; (iii) 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 (iv) 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. 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.
- v. If a Consultant is engaged in another non-Scout & Cellar business, it is the responsibility of the Consultant to ensure that the Consultant's independent Scout & Cellar business is operated entirely separate and apart from all other businesses and/or competitive businesses, including but not limited to: for-profit blogs (such as those receiving ad revenue), social media channels, Independent Websites, at all Scout & Cellar-related events and on any Scout & Cellar-related materials or displays.
- vi. Consultants may not directly or indirectly recruit other Scout & Cellar Consultants for any other earning opportunity. Consultants found to be in violation of this non-solicitation policy are subject to significant disciplinary actions, as outlined in Section 11A of these Policies and Procedures.
- vii. 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.

d. No International Sale or Marketing

Due to legal restrictions on the sale of alcohol, Scout & Cellar must limit the sale and marketing of the Scout & Cellar products and the presentation of the Program to potential Customers and Consultants located in an Active Market within the United States and the District of Columbia. Scout & Cellar products and Marketing Materials may not be shipped into or sold in any foreign countries, including Canada.

SECTION 6: TEAM BUILDING AND TRAINING

a. Mentoring Other Consultants

Consultants may mentor other persons to become Consultants. However, Consultants earn Commissions and Performance Bonuses in the Program only based on the marketing and promotion of products, 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. Instead, training and onboarding of new consultants is the responsibility of Mentors.

b. Responsibilities of Mentors

To ensure that Mentors³ are acting in accordance with the Scout & Cellar Core Values, Mentors should present the products and the Program to others in a manner that complies with the Consultant Agreement, including the requirements of these Policies and Procedures regarding business ethics. In addition, Mentors are responsible for helping, motivating, and training their Downlines. As such, Mentors should:

- Train and 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, motivate, and train their mentored Consultants by having ongoing contact and communication, which may include written correspondence, personal meetings, telephone contact, voicemail, e-mail, text messages and training sessions and/or accompanying their mentored Consultants to Scout & Cellar trainings; and
- Motivate and train 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.
- 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.

c. Applicant Rights

Because of mentoring ethics, Scout & Cellar encourages any new Consultant 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.

³ A Consultant becomes a Mentor when they have established a Downline containing one or more Consultants.

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 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.**

d. Change of Mentor

- i. Consultants changing from one Mentor to another is strictly prohibited absent extraordinary circumstances at the discretion of the Company as further described below.
- ii. 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.
- iii. The Company has sole discretion to 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. Additional documentation related to the extraordinary circumstances may be required.
- iv. The Company will not authorize such a change to support any placement exercises or compensation plan gaming. Examples of this include (but are not limited to):
 1. Genealogy Changes made to redistribute Downline Volume;
 2. 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);
 3. Any activity that results in higher commission payments for a Consultant without that Consultant engaging in business-building activity (such as adding new Downline Consultants, adding new Customers, or placing orders).
- v. 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.
- vi. In cases in which a Consultant has improperly changed Consultant's Mentor, 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 7: ORDERING AND SHIPMENTS

a. General Order Policies

- i. Federal law requires a signature be obtained from an individual over the age of 21 for all wine shipments. Notes with a signature left for the common carrier cannot be accepted as a replacement for an individual signing for the shipment. Orders should be shipped to a business address or a nearby holding facility for prompt, successful delivery and to protect the wine. Consultants are trained to advise their Customers of this important practice. The Company cannot guarantee the condition of any wine if delivery is not made on the first delivery attempt. Orders that are not delivered on the initial attempt may be held in a facility that is not temperature controlled.
- ii. A Consultant shall not use another Consultant's or Customer's credit card to join the Company or purchase product without the account holder's written permission. Such documentation must be kept by the Consultant indefinitely in the event the Company needs to refer to the same.
- iii. Regarding an order with an invalid or incorrect payment, the Company will attempt to contact the Consultant 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.
- iv. Prices are subject to change without notice.
- v. A Consultant or Customer who is the recipient of an incorrect order must notify the Company within 14 (fourteen) calendar days from receipt of the order.
- vi. 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 is immediately blocked, and all related services in the account are terminated.
- vii. If a chargeback was requested inadvertently, a Consultant or Customer must contact the credit card provider and issue a chargeback reversal. Reversing the chargeback is the only way to restore a blocked account.

b. Non-Deliverable Orders

In some cases, an order may be returned to the Company because the common carrier is unable to deliver it to the provided shipping address, which may happen because the Customer or Consultant did not accept the order; the Customer or Consultant was not available to accept delivery for the order, which requires an adult signature upon delivery; or the Customer or Consultant provided incorrect shipping information.

When this happens, the Company will, at its sole discretion, contact the Consultant and attempt to reship the order. If reshipment is not possible or desired, no later than five (5) days after the initial contact, the Company will refund the cost of the order less a twenty-five percent (25%) restocking fee and shipping and handling fees and neither the Consultant nor Consultant's Upline will receive credit for the order.

SECTION 8: ORDER CANCELLATIONS, RETURNS AND REFUNDS

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

a. Order Cancellations

A Consultant or Customer may cancel an order placed through a tasting within three (3) business days of placing the order. If the cancellation is timely, the Consultant or Customer will receive a 100% refund of the purchase price, applicable sales taxes, and shipping costs. Tasting orders are not cancellable following this three-business day time period and are then subject to the Company standard return policies as further described below. Orders placed outside of a tasting may be cancelled for a full refund any time before a shipping label has been printed for the order. After a shipping label has been printed for an order, the order is considered “shipped” and is subject to the Company standard return policies.

b. Returns of Damaged or Defective Products:

If a Consultant or Customer receives a broken or leaking bottle(s), they may contact Customer Service immediately at <https://scoutandcellar.com/contact/>. Scout & Cellar will (i) ship replacement(s) of equal value to the end consumer on the original order; or (ii) provide a credit of the amounts paid. To help the Company resolve the issue, photos may be requested to determine the best course of action. Consultants and Customers may be given the opportunity to keep bottles with damaged labels at exclusive pricing, at the discretion of the Company. All claims must be made within seven (7) days of receipt.

If a Consultant or Customer believes they have received a defective bottle of wine, the Consultant or Customer may contact the Customer Service Department within sixty (60) days from the date of the order. Scout & Cellar will (i) ship equal value replacement(s); or (ii) provide a credit of the amounts paid. Defective means that the wine is flawed or corked; not “I don’t like it.”

Defective or incorrectly-sized Merch items may be exchanged within sixty (60) days of the original purchase date by contacting Customer Service to obtain a return shipping label. Once the Merch item to be exchanged is received at Scout & Cellar, the Company will either (i) 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 (ii) 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 outside of this practice will not be eligible for replacement. All Merch purchased while on “sale and/or clearance” is final sale.

c. Returns Under the Satisfaction Guarantee Policy

If a customer is not satisfied with a Scout & Cellar wine, the customer or the corresponding Consultant may contact Customer Service within sixty (60) days from the date of the order for a credit to be used at Scout & Cellar for the amount paid (less applicable shipping charges and taxes.) 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 as further described in this item. If a Customer or Consultant would like to return any unused bottles, the Consultant or Customer may contact Customer Service 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.)

d. Consultant Abuse of Refund, Credit, and Order Placement Policies

Excessive and/or improper refund, credit, or order placement⁴ activity 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.

e. Out of Stock, Backorders, and Missing/Wrong Bottles

When wine is out of stock, is on backorder, or there are missing/incorrect bottles in an order, Scout & Cellar will abide by the following procedures to resolve the issue:

Backorders

If a wine is on backorder, Scout & Cellar will immediately split the order, ship the wines in stock right away and ship the backordered wines when they arrive in the warehouse at no additional cost. The packing slip for the first shipment will identify the wine missing from the box and provide details about when it will be received.

Out of Stock

If a wine is out of stock, Scout & Cellar will select a comparable substitute. The packing slip will identify the wine that sold out and the wine being substituted. In most substitution scenarios, the replacement wine will be of equal or greater value than the wine originally purchased at no additional cost. In rare circumstances where this is not the case, Scout & Cellar will extend a credit towards a future purchase for the difference.

Incorrect Bottles

In the event a shipment contains incorrect bottles, Customers or Consultants should submit an inquiry using the contact form at <https://scoutandcellar.com/contact/>. Scout & Cellar will ship the correct bottles right away and will make arrangements to pick up the bottles sent by mistake at no additional cost. Customers or Consultants who would like to keep any incorrect bottles from a shipment should submit an inquiry at <https://scoutandcellar.com/contact/> to purchase the bottles with special pricing.

Missing Bottles

In the event a shipment is missing bottles, Customers or Consultants should submit an inquiry using the contact form at <https://scoutandcellar.com/contact/>. Scout & Cellar will ship the missing bottles right away or extend a refund or store credit at the Customer or Consultant's choice.

f. Storage (Abandonment Policy)

Completed orders by Scout & Cellar that are not picked up from our warehouse located in Farmers Branch after thirty (30) calendar days are considered abandoned and will be returned to stock and refunded less a 25% restocking fee. The Company will notify the order owner via email that such order is still available for pickup at least five (5) days prior to the order being considered abandoned.

⁴ "Order Placement" is any activity where an order's commission owner is changed for purposes of gaining an advantage in the Scout & Cellar Compensation Plan.

SECTION 9: ADVERTISING POLICIES

a. Consultant-Created Education, Advertising and Marketing Tools

Consultants are permitted to create their own educational materials, training materials, advertising materials, 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.

To ensure that any Marketing Tools that a Consultant creates or uses a) are not deceptive, b) contain only substantiated claims, and c) properly identify Scout & Cellar's trademarks and copyrights, all Marketing Tools that a Consultant creates or has created on Consultant's behalf (with the exception of Marketing Tools that are only used in social media posts) must be submitted to the Company for review at <https://scoutandcellar.com/contact> at least two weeks prior to the date that the Consultant anticipates using the Marketing Tool(s). Such Marketing Tools may only be used or displayed to the public if the Consultant receives written approval from the Company. Consultants who receive written 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 Consulting Agreement. Scout & Cellar reserves the right to rescind approval for any previously approved Marketing Tool(s), **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.**

At Scout & Cellar's discretion, approved Marketing Tools will be made available for use by other Consultants, free of charge, by including the same in each Consultant's Cellar. **A Consultant who has created an approved Marketing Tool 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.**

b. Use of Company Names and Protected Materials

- i. 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.
- ii. 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.
- iii. 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.
- iv. Consultants' use of the name "Scout & Cellar" and/or "clean-crafted" and any of Scout & Cellar's other brands, marks, or tradenames is restricted to protect Scout & Cellar's proprietary rights so that the Company's protected names will not be compromised by unauthorized use. Use of "Scout & Cellar", "clean-crafted", or any of Scout & Cellar's other brands, marks, or tradenames or any derivative of any of these 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."

v. Further guidelines relating to the use of the Scout & Cellar name are as follows:

1. All stationery (e.g. thank-you cards, letterhead, envelopes, and business cards) must include the specific Scout & Cellar Independent Wine Consultant logo provided by the Company.
2. All emails related to Consultants' independent business must include the Scout & Cellar approved signature block which can be found in The Cellar.
3. Consultants may not use the name "Scout & Cellar" while answering the telephone, creating a voice message, using an answering service; or as a handle, login, or username on Zoom, GoToMeeting or any other similar online communication tool, but they may state, "Scout & Cellar Independent Consultant" or "Independent Scout & Cellar Consultant".
4. 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 contained in the Brand and Marketing section of The Cellar, publicly available on the Scout & Cellar website or official Scout & Cellar social media profiles.
5. 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.
6. 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.
7. Consultants shall not promote non-Scout & Cellar products or services in conjunction with Scout & Cellar products on the same websites, same advertisement, or same event without prior approval from the Company.
8. 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.

c. Income Claims

- i. When presenting or discussing the Scout & Cellar opportunity or Compensation Plan to a prospective Consultant, Consultants may not make income projections, income claims, 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. Nor may Consultants make "lifestyle" income claims.
- ii. A "lifestyle" income 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. Examples of prohibited lifestyle claims include, but are not limited to, representations (either through audio, visual or written medium) that a Consultant was able to quit a job, acquire expensive or luxury material possessions, travel to exotic or expensive destinations, get paid to drink wine, or earn free wine.
- iii. The Company has discretion to determine what does or does not constitute a prohibited income claim. Questions should be directed to brandstandards@scoutandcellar.com.

d. Compensation Plan Claims

- i. 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 misrepresentations in this area include, but are not limited to:
 - It's a turnkey system.
 - The system will do the work for you.
 - Just get in and your downline will build through spillover.

- Just join and I'll build your downline for you.
- The Company does all the work for you.
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan and the Scout & Cellar opportunity. It is important that Consultants do not make these, or any other representations, that could lead a prospect to believe that they can be successful as a Consultant without commitment, effort, and marketing skill.

- ii. Any time a Consultant is discussing the Compensation Plan or any other aspect of the business opportunity or income, Consultant should include the following Income Disclaimer and a link to the Income Disclosure Statement (<https://scoutandcellar.com/IDS> or Exhibit B in this document):

Scout & Cellar makes no representations or guarantees that Scout & Cellar Independent Consultants participating in the business opportunities described on the Scout & Cellar website, within the Compensation Plan, as re-stated by Independent Consultants during their team-building efforts ("Compensation Information"), or in any other way, will generate any income. Any representation or guarantee of earnings, whether made by Scout & Cellar or an Independent Consultant, would be misleading. As with any business, each Consultant's business results will vary, and will be based on, among other factors, the Consultant's individual capacity, business experience, diligence, network scope, expertise and motivation. Your success will depend upon how effectively you exercise these qualities. Interested people are cautioned not to place any reliance on any Compensation Information and are urged to perform their own due diligence prior to making any decision to participate.

e. Social Networking and Social Media

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 websites or to the Scout & Cellar website. Social media sites include such sites as Facebook, LinkedIn, Twitter, Instagram, etc. 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 offer or refer 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 (including without limitation, the prohibitions against 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). 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. If a link is provided, it must link to the posting Consultant's replicated website.

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 Consultants create or leave must be useful, unique, relevant, and specific to the blog's article.

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. Federal and state agencies have established guidelines and rules for what may and may not be communicated in relation to Scout & Cellar opportunities and even a Consultant's personal experience may not conform to these regulatory guidelines. 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.

In addition to the foregoing general provision, the Company's specific policies regarding Social Networking and Social Media are as follows:

i. Consultants Are Responsible for Postings

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 a blog or social media site, if a Consultant posts to any such site that relates to Scout & Cellar or which can be traced to the Company, the Consultant is responsible for the 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 conflict in information.

ii. Identification as a Scout & Cellar Consultant

1. Consultants may not use the words "Scout & Cellar", "clean-crafted wine" or any variation of either in their social media usernames and/or handles unless it is accompanied by the 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.
2. In addition to the foregoing, Consultants may use the Scout & Cellar Independent Consultant logo in social networking profiles. The Scout & Cellar Independent Consultant logo is available in The Cellar. Consultants may not use any other Scout & Cellar logo.
3. Anonymous postings or use of an alias is prohibited.

iii. 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.

iv. Privacy

Consultants must respect the privacy of others and be thoughtful and courteous in their postings.

v. Professionalism

Consultants must conduct themselves with professionalism on social media sites, including by compliance with the terms and conditions of the Consultant Agreement (including without limitation, the Professional Conduct terms). Consultants should also carefully check their postings for spelling, punctuation, and grammatical errors.

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.

vi. Deceptive and Prohibited Postings

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:
 - a. 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.
 - b. Making health related or medical claims including but not limited to claiming that Scout & Cellar wines are “headache free” or “hangover free” or do not cause headaches, hangovers, or other physical conditions. This includes but is not limited to referring to Scout & Cellar wines as “healthy” or “good for you.”
 - c. 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 “gluten-free,” “organic,” or “vegan”. Consultants may only use descriptors of this nature when speaking about specific wines that have such characteristics posted on the wine’s Product Listing page at <https://scoutandcellar.com>.
 - d. Making statements about the specific amount of calories, sugar, or other measurable characteristics of the Scout & Cellar wines whether using numbers or percentages, either directly or in comparison to other wines in general or specifically, except as otherwise expressly stated by Scout & Cellar.
 - e. Referring to Scout & Cellar Independent Consultants as “sellers” instead of “marketers,” or referring to Consultant business activities as “selling”.
 - f. Claiming that a Consultant or Scout & Cellar is “hiring” when referring to becoming an Independent Consultant.
2. Consultants also shall not make any posting, or link to any posting or other material, that:
 - a. Is sexually explicit, obscene or pornographic;
 - b. Is offensive, profane, hateful, threatening, abusive, defamatory, bullying, harassing, or discriminatory in violation of the Professional Conduct terms;
 - c. Is solicitous of any unlawful behavior;
 - d. Engages in personal attacks on any individual, group, or entity;
 - e. Is in violation of any intellectual property rights of the Company or any third party; or
 - f. Is not consistent with the standards set forth in these Policies and Procedures, including the Professional Conduct terms and Core Values.

vii. Social Media Sites with Website-like Features

Scout & Cellar reserves the sole and exclusive right to classify certain social media sites as websites and require that Consultants using, or who wish to use, such sites adhere to the Company’s policies relating to Independent Websites as stated in Section 9 (e) (viii)).

viii. Independent Websites

1. Scout & Cellar provides Consultants with their own replicated websites from which they can market Scout & Cellar products and the Program. Consultants may not have an independent website that redirects to their replicated Scout & Cellar website or exists solely or primarily to market the Consultant’s independent Scout & Cellar business.

2. However, if a Consultant has an independent website for other reasons and would like to promote their Scout & Cellar independent business on that site, they may install the Scout & Cellar approved Blog Button, which is available in The Cellar. By using the Blog Button, Consultants are 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.

ix. 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:

- a. the e-mail must clearly identify the Consultant as the sender of the e-mail and as a Scout & Cellar Independent Consultant;
- b. there must be a functioning return e-mail address to the sender;
- c. 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);
- d. the e-mail must include the Consultant’s physical mailing address;
- e. the e-mail must clearly and conspicuously disclose that the message is an advertisement or solicitation;
- f. the use of deceptive subject lines and/or false header information is prohibited; and
- g. 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.

x. 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 Rep 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.

xi. Exceptions to Telemarketing Regulations

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

- i. If the Consultant has an established business relationship with the prospect;
- ii. 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;
- iii. If the Consultant receives written and signed permission from the prospect authorizing the Consultant to call;
- iv. 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;
- v. 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.

xii. 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.

SECTION 10: COMPENSATION PLAN

a. Bonus and Commission Qualifications

A Consultant must be active and in compliance with the Consultant Agreement to qualify for bonuses and commissions. So long as a Consultant complies with the Consultant Agreement, the Company shall pay commissions to such Consultant in accordance with the Compensation Plan. For details regarding active status, please refer to Section 11 and the Compensation Plan Summary.

- i. 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.
- ii. Scout & Cellar reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$10.

b. Computation of Commissions and Discrepancies

- i. In order to qualify to receive commissions and bonuses, a Consultant must be in good standing and comply with the terms of the Consultant Agreement. Commissions, bonuses, overrides, and achievement levels are calculated each month.
- ii. A Consultant must review each monthly statement and bonus/commission report promptly and report any discrepancies in writing to the Company within thirty (30) days of receipt. 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. The thirty-day grace period for Fast Start or Consultant Tasting Rewards begins one business day after the qualifying tasting is closed by placing the Host Order.

- iii. For additional information on payment of commissions, please review the Compensation Plan Summary located in The Cellar and in exhibit A of this document.

c. 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:

- i. Monthly Platform Fee: \$1.75
- ii. Personal Check Fee: \$3.00
- iii. Debit Card Transaction Fee: \$1.50
- iv. Card Cost (if not loaded within 60 days): \$2.95
- v. ACH Returned Charge (Incorrect bank account or routing number): \$10.00

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

d. Refund Adjustments

When a refund is issued to a Customer or Consultant under Section 8 above, 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 sale 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 11: TERMINATION OF AGREEMENT

- a. Independent Consultants represent the Scout & Cellar brand any time they are working their Scout & Cellar independent business, wearing or displaying the Scout & Cellar logo, participating in a Scout & Cellar event, holding themselves out as Independent Consultants on social media or otherwise, or consuming Scout & Cellar wine. Independent Consultants should behave in such a way that is consistent with the Scout & Cellar Core Values, as described in Section 1 of these Policies and Procedures.
 - i. Disregard for or failure to behave in accordance with these Core Values 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.

- ii. Violation of the Consultant Agreement also includes the violation of any common law duty, including but not limited to any applicable duty of loyalty, 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).
- iii. Any violation of the Consultant Agreement may result, at Scout & Cellar's discretion, in one or more corrective measures. These include but are not limited to:
 - Issuance of a written warning or admonition;
 - Requiring the Consultant to take immediate corrective measures;
 - Withholding from a Consultant all or part of the Consultant's bonuses and commissions during the period that Scout & Cellar is investigating any conduct allegedly in violation of the Consultant Agreement. If a Consultant's independent Scout & Cellar business is canceled for disciplinary reasons, the Consultant will not be entitled to recover any commissions withheld during the investigation period;
 - Suspension of the individual's Consultant Agreement and independent Scout & Cellar business for one or more pay periods (without pay);
 - Involuntary termination of the offender's Consultant Agreement;
 - Suspension and/or termination of the Consultant's Scout & Cellar website or website access; or
 - 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.
- iv. In situations deemed appropriate by Scout & Cellar, the Company may institute legal proceedings for monetary and/or equitable relief.
- v. The Company has no obligation to share evidence of Policies and Procedures violations with any Consultant, including in cases of termination, except as required by law.

b. Involuntary Termination

Company may immediately terminate the Consultant Agreement in the event of any prohibited actual or attempted assignment of the Agreement, or Consultant's misrepresentation relating to Company or Consultant's Independent Business, or Consultant's failure to engage with and/or take corrective action at the request of the Company's Brand Standards department, or Consultant's breach of any provision of the Consultant Agreement. If Company terminates the Consultant Agreement due to a breach by Consultant, the Company may reject any future reapplications by Consultant as a Consultant and pursue all applicable legal remedies.

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.

Company may, in its sole discretion, and to protect its rights and avoid potential damage to itself or others, suspend a Consultant's ability to participate in the Program while Company investigates an alleged breach of the Consultant Agreement.

c. Voluntary Termination

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

If a Consultant who voluntarily terminates 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.

d. Cancellation for Inactivity

If a Consultant fails to market Scout & Cellar products resulting in at least \$600 in commissionable volume of Scout & Cellar product over any twelve-consecutive month period, such Consultant's Consultant Agreement and independent Scout & Cellar business will be cancelled for inactivity. If such a Consultant is also enrolled in a Scout & Cellar monthly wine purchasing program, the Consultant's participation in that program shall also be cancelled. Should the Consultant desire to maintain an active wine club, the Consultant should use the contact form at <https://scoutandcellar.com/contact/> to set up a new Customer account.

e. 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.

Consultant shall notify Company of termination of the Consulting agreement by written notice to the Company at its principal place of business 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 to be given will be deemed effective three (3) business days after mailing or immediately if sent by email.

f. Events upon Termination

Upon termination of the Consultant Agreement, Consultant will (i) within five (5) business days pay all amounts due and owing to Scout & Cellar; (ii) immediately cease representing the individual(s) or Business Entity as an Independent Consultant of Company; and (iii) be ineligible to receive any compensation as an Independent Consultant not earned as of the date of termination of the Consultant Agreement. Consultant hereby authorizes Company to withhold from any payments due to Consultant under the Compensation Plan any amounts due and owing to Company to the fullest extent allowed by applicable law.

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

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.

A Consultant whose Consultant Agreement is terminated for any reason will lose all Consultant rights, benefits and privileges. This includes the right to represent such individual as an Independent Scout & Cellar Consultant, to market Scout & Cellar products and services and the right to receive commissions, bonuses, or other income resulting from Consultant's own marketing efforts and the marketing efforts and other activities of the Consultant and the Consultant's former downline organization. There is no whole or partial refund for Business Basics Kits that are not currently marketable or for Back-Office, Replicated Website or renewal fees if a Consultant's Consultant Agreement is cancelled.

g. Indemnification

Each Consultant agrees to indemnify Scout & Cellar for any and all costs, expenses, consumer reimbursements, fines, sanctions, damages, settlements or payments of any other nature that Scout & Cellar incurs resulting from or relating to any act or omission by a Consultant that is illegal, fraudulent, deceptive, negligent, unethical, or in violation of the Consultant Agreement or any applicable Federal, state, or local law. Scout & Cellar may elect to exercise its indemnification rights through withholding any compensation due the Consultant. This right of setoff

shall not constitute Scout & Cellar's exclusive means of recovering or collecting funds due Scout & Cellar pursuant to its right to indemnification.

SECTION 12: TRANSFER AND DISTRIBUTION OF INDEPENDENT CONSULTANT BUSINESSES

a. 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, the 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.

b. 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 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 Section 7d above and may immediately enroll as a Consultant under any Mentor of choice.

c. 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 Section 12d 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.

d. Sale or Transfer of an Independent Business

Requests to sell or transfer an independent 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 approve or 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. 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. No business that is on disciplinary suspension or under investigation may be transferred unless and until the matter is resolved. Likewise, no Consultant who is on disciplinary suspension, or under investigation may be the beneficiary of a sale or transfer. A Consultant may not transfer or sell Consultant's business to a spouse, relative, or household member while working a competing direct selling company. Any Consultants with an active Consultant Agreement or whose Consultant Agreement was Active within the past 6 months are 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.

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 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.

SECTION 13: ADDITIONAL TERMS

If any provision of the Consultant Agreement is determined to be invalid or unenforceable, that determination will not affect any other provision of this Agreement and the provision in question will be modified by the reviewing arbitrator, court, agency, or other tribunal court so as to be rendered enforceable. The Consultant Agreement 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.

Exhibit A: Compensation Plan Summary

GETTING STARTED

FAST START 2 SUCCESS

A program by which new Consultants may receive Tasting Sets and Cash Bonuses based on their achievements within their enrollment month plus first 3 full months in the business. If you do not meet the requirements to earn during any given month of the Program, you are still eligible to earn in the following month.

FAST START TASTING REWARDS

Time Period	Tasting PV Goal	Reward Earned
Enrollment Month	\$600*	4-Bottle Tasting Set
1st Full Month	\$600*	4-Bottle Tasting Set
2nd Full Month	\$600*	4-Bottle Tasting Set
3rd Full Month	\$600*	4-Bottle Tasting Set

*Personal Volume must be submitted through a single Tasting.

FAST START COMMUNITY BUILDING REWARDS

\$50

CASH BONUS | For every person that joins your team during your Fast Start and reaches \$600 in PV during any month of their Fast Start, you'll earn a \$50 bonus! There is no limit to the number of bonuses you are eligible to earn.

PERSONAL VOLUME (PV)

The total Qualifying Volume from the Consultant's orders and those placed by their personally sponsored Customers. All personal purchases are counted towards PV for commission calculations. The Consultant must have \$600 in PV on a rolling 6-month basis to maintain Consultant status.

PERSONAL VOLUME COMMISSIONS

Total Personal Volume (of QV)	Personal Volume Commissions
\$1-599	15%
\$600-2,999	20%
\$3,000+	25%

QUALIFYING VOLUME (QV)

The retail price of a product, minus discounts.

COMMISSIONABLE VOLUME (CV)

70% of QV.

PERSONAL VOLUME COMMISSIONS

The percentage the Consultant receives on Personal Volume, calculated using QV and beginning at 15%.

PAID-AS TITLE

The title for which the Consultant qualifies to be paid 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, which is the highest title the Consultant has achieved. Career Title does not vary month-to-month like Paid-As Title. The Consultant must requalify for their Career Title once every 6 months.

RENEWAL

An annual fee of \$99.95, automatically charged on the anniversary of the Consultant Join Date, that is required to maintain Independent Consultant status. A Consultant who does not wish to renew may opt out by providing written notice.

TITLE QUALIFICATIONS

PAID-AS TITLE	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)
PERSONAL VOLUME	—	200	300	400	500	600	600	600	700	700	700
DOWNLINE VOLUME	—	500	800	1,500	3,000	6,000	12,000	25,000	60,000	150,000	500,000
MAX DOWNLINE/ PERSONAL VOLUME RULE	—	—	—	750	1,500	3,000	6,000	12,500	30,000	75,000	250,000
STRUCTURE REQUIREMENTS	—	—	—	1 Builder Leg	2 Builder Legs	3 Builder Legs	2 Builder Legs; 1 EM+ Leg	1 Builder Leg; 2 EM+ Legs	3 EM+ Legs	3 AD+ Legs; NewGenQ	3 D+ Legs; NewGenQ
LEVEL BONUSES (OF CV)	LEVEL 1 PAYOUT	3%	5%	6%	7%	8%	8%	8%	8%	8%	8%
	LEVEL 2 PAYOUT	—	—	3%	5%	6%	6%	6%	6%	6%	6%

QUALIFICATIONS

The benchmarks the Consultant must achieve to earn each of the titles within the Compensation Plan.

DOWNLINE

All the Consultants beneath a Consultant are considered to be that Consultant's downline.

DOWNLINE VOLUME

The Consultant's PV and that of their downline.

ACTIVE

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

LEVELS

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

STRUCTURE REQUIREMENT

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

BUILDER LEG

Any leg where at least one Consultant is considered to be Active and, within the leg, there is at least a total of \$600 QV.

EM+ LEG

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

MAX DOWNLINE/PERSONAL VOLUME RULE (MDVR)

For title qualifications only, a maximum DV amount has been established where no more than a specified amount will be counted towards the DV requirement from either the Consultant's total QV (including their customers) or the total QV from any single leg. (A leg begins with a Level One Consultant and includes all Consultants beneath them).

LEADERSHIP REWARDS

PAYOUTS (OF CV)

PAID-AS TITLE	EXECUTIVE MANAGER (EM)	ASSOCIATE DIRECTOR (AD)	DIRECTOR (D)	SENIOR DIRECTOR (SD)	EXECUTIVE DIRECTOR (ED)	MANAGING DIRECTOR (MD)
PERSONAL GROUP BONUS	1%	1%	1%	1%	1%	1%
GENERATION 1	1%	2%	2.5%	3%	3%	3%
GENERATION 2	—	—	2%	2.5%	3%	3%
GENERATION 3	—	—	—	2%	2.5%	3%
INFINITY BONUS	—	—	—	—	0.5%	1%

PERSONAL GROUP

The Consultant and everyone beneath them, up to, but not including, the next Executive Manager or higher in their downline. Personal Groups are determined in reference to Career Title.

GENERATION

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

NEWGENQ

An additional requirement for Executive Directors and higher for both promotion and to be paid as their title. Specifically, Executive Directors and higher must have at least one first-time Executive Manager promotion from their personal group every 12-month rolling period (current period and previous 11 months).

5%

PERSONAL VOLUME SAMPLE CREDITS

Earn 5% in PV Sample Credits each month when you:

- Achieve Paid-As Title of AD+
- Market \$3,500+ in Personal Volume

BONUSES

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

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 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 the CV from their downline, beginning with their 4th Downline Generation. This bonus is subject to a cap not to exceed 1% of total Company Commissionable Volume.

ADVANCEMENT REWARDS (UPON CAREER TITLE PROMOTION)

EM

\$500 One Time Cash Bonus
\$500 Upline Matching Bonus

MD

Invitation to a Benchmark
Tasting Hosted by the CEO

EM ADVANCEMENT BONUS

A one-time bonus that is awarded when a Consultant promotes to EM or higher for the first time. Their first upline Career EM or higher is eligible to receive a Matching Advancement Bonus, as long as they are Paid-As EM or higher at the time of the Consultant's promotion. If not, the bonus will roll up to the next EM or higher in the leg.

MD BENCHMARK WINE TASTING

A Benchmark Wine Tasting hosted by Founder & CEO Sarah Shadonix. The invitation is earned upon Career Title Promotion to Managing Director. The event takes place once annually, and the newly promoted MD is invited to the first annual Benchmark Tasting to take place after their promotion.

INCOME DISCLAIMER

Scout & Cellar makes no representations or guarantees that Scout & Cellar Independent Consultants participating in the business opportunities described on the Scout & Cellar website, within the Compensation Plan, as re-stated by Independent Consultants during their team-building efforts ("Compensation Information"), or in any other way, will generate any income or earn any other benefits offered under the Program, including but not limited to experiences, swag, luxury items, trips, or other rewards or incentives. Any representation or guarantee of earnings, incentives or rewards, whether made by Scout & Cellar or an Independent Consultant, would be misleading. As with any business, each Consultant's business results will vary, and will be based on, among other factors, the Consultant's individual capacity, business experience, diligence, network scope, expertise and motivation. Your success will depend upon how effectively you exercise these qualities. Interested people are cautioned not to place any reliance on any Compensation Information and are urged to perform their own due diligence prior to making any decision to participate.

Exhibit B: Income Disclosure Statement

INCOME DISCLOSURE

The average annual income for ALL Consultants at all ranks (which includes Active and Inactive Consultants) in 2019 was \$1,358.62 and the median annual income for ALL Consultants was \$161.81. The average monthly income for ALL Consultants at all ranks (which includes Active and Inactive Consultants) in 2019 was \$148.99 and the median monthly income for ALL Consultants was \$0.

28% of Consultants were not Active in 2019 and therefore did not earn any commissions. An "Active" Consultant is defined as a Consultant who has personal sales greater than \$0.

RANK	AVERAGE MONTHLY % OF CONSULTANTS AT THIS RANK IN 2019	HIGH MONTHLY GROSS EARNINGS	LOW MONTHLY GROSS EARNINGS	AVERAGE MONTHLY GROSS EARNINGS (ACTIVE CONSULTANTS ONLY)	MEDIAN MONTHLY GROSS EARNINGS (ACTIVE CONSULTANTS ONLY)	AVERAGE NO. OF MONTHS TO ACHIEVE RANK	MEDIAN NO. OF MONTHS TO ACHIEVE RANK
CONSULTANT	59.04%	\$99.68	\$0	\$25.24	\$20.78	0	0
SR. CONSULTANT	5.81%	\$307.96	\$0	\$75.18	\$45.93	3.31	2
EXEC. CONSULTANT	20.58%	\$3,494.10	\$0	\$175.93	\$107.89	1.98	1
ASSOC. MANAGER	5.95%	\$3,391.17	\$0	\$262.82	\$168.96	5.06	3
SR. MANAGER	2.43%	\$3,270.24	\$0	\$357.47	\$241.13	6.53	5
EXEC. MANAGER	3.43%	\$8,992.22	\$0	\$702.79	\$503.08	7.15	6
ASSOC. DIRECTOR	1.51%	\$5,850.91	\$3.24	\$1,054.69	\$840.72	9.25	9
DIRECTOR	0.78%	\$8,639.87	\$13.62	\$1,853.20	\$1,693.76	12.1	10
SR. DIRECTOR	0.22%	\$9,569.24	\$587.94	\$3,373.89	\$3,297.29	15.05	13
EXEC. DIRECTOR	0.18%	\$15,484.41	\$197.81	\$6,717.23	\$6,255.53	15.5	13.5
MNG. DIRECTOR	0.07%	\$22,967.31	\$3,480.91	\$10,629.76	\$11,142.63	20.22	21

These figures are not guarantees or projections of your actual earnings or profits. Scout & Cellar makes no guarantee of financial success. Success with Scout & Cellar results only from successful marketing efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Your success will depend upon how well you exercise these qualities.

Note that the above figures DO NOT represent a Consultant's profit, as they do not consider expenses incurred by a Consultant in operation or promotion of his/her business. The figures above refer only to gross income (total income before any expenses are deducted) received by Consultants from Scout & Cellar. The expenses a Consultant incurs in the operation of his or her Scout & Cellar business vary widely and can be several hundred or thousand dollars annually. You should factor in estimated expenses when projecting potential profits. Such operating expenses include the amount that you pay to become a Scout & Cellar Consultant and could include advertising and promotional expenses, product samples, training, travel, telephone and Internet costs, business equipment, and miscellaneous expenses.