



CM Compensation Policies — USA Amended September 7, 2023

DEFINITIONS

All capitalized terms shall have the meanings given to them at the end of this document.

ADVISOR COMPENSATION CHANGES

CM Group Holdings Inc. (“CM”) reserves the right to implement changes to these Policies. Changes will be effective 30 days following the date notice of such change is posted on the CM Website.

PURCHASING CM PRODUCTS

CM Products may be purchased either directly from CM through the CM Website or through an Advisor.

BECOMING AN ADVISOR

Anyone may become an Advisor by following the steps on the CM Website, which include agreeing to be bound by the provisions in the Advisor Agreement and completing the process to sign up and pay the Annual Fee.

BUILDING YOUR GROUP

You can encourage others to sign up under you as direct Downline Advisors. All of the Advisors who sign directly under you will form your Group.

WAYS YOU CAN EARN INCOME

Upon becoming an Advisor, you will be able to earn income the following ways:

1. By receiving Retail Profits (at your Retail Profit Rate) on Retail Sales through your Account;
2. By receiving Group Commissions (at your Commission Rate) on sales by your Downline Advisor Accounts (Group Sales);
3. By receiving CM Credits of \$100 for each \$2,000 in Retail Sales through your Account in a particular calendar month;
4. By receiving CM Credits of \$100 for each \$2,000 in Group Sales in a calendar month.

RETAIL PROFITS

All CM Products will be purchased at full retail prices, as determined by CM from time to time. All of your own retail purchases on your Account and all retail purchases by your Customers on your Account will be added together to form your Account Balance. Your Account Balance for the last Rolling 12 Months will determine what your Retail Profit Rate and your Commission Rate will be, as follows:



<u>Retail Profit Rate</u>	<u>Account Balance</u>	<u>Commission Rate</u>
10%	\$0-550	2%
25%	\$551-2,500	5%
30%	\$2,501-7,500	6%
35%	\$7,501-15,000	7%
40%	\$15,001+	8%

If you have submitted the particulars of the bank account you wish your Retail Profit and Group Commission payments to be deposited into (“Banking Information”) then each week, CM will by Direct Deposit pay you your Retail Profit, at your Retail Profit Rate, on all Retail Sales through your Account in the previous week. A week is Sunday 12 a.m. through Saturday 11:59 p.m. CT.

If you have not submitted your Banking Information by the end of the relevant tax year, your Retail Profit will be paid to you by check annually in December and will be subject to a \$100 processing fee.

GROUP COMMISSIONS

If you have submitted your Banking Information, then each week, CM will by Direct Deposit pay you a Commission, at your Commission Rate, on your total Group Sales in the previous week.

If you have not submitted your Banking Information by the end of the relevant tax year, your Commission will be paid to you by check annually in December and will be subject to a \$100 processing fee.

CM CREDITS

For each \$2,000 in Retail Sales on your Advisor Account in a calendar month, CM will, upon achieving, issue you \$100 of CM Credits you can use as a form of payment to buy CM Products.

For each \$2,000 in Group Sales in a calendar month, CM will, upon achieving, issue you a \$100 of CM Credits you can use as a form of payment to buy CM Products.

These CM Credits are valid for one year from the date of issue and may be used only to purchase CM Products. Purchases made using CM Credits will not be added to Account Balances or qualify for Retail Profits or Group Commissions.



COMMISSIONS POLICIES

1. If you have submitted your Banking Information, then Retail Profits and Commissions are paid weekly via Direct Deposit.
2. If you have not submitted your Banking Information by the end of the relevant tax year, Retail Profits and Commissions are paid to you by check annually in December and will be subject to a \$100 processing fee.
3. \$100 of CM Credits, if earned, are applied to your Account upon achieving.
4. Payments are issued to Advisors in their name only.
5. When Advisors or customers cancel orders or return CM Products for restocking or credit, or when CM Products are exchanged, adjustments to Retail Profits and Commissions will be made. For exchanges, an adjustment may, at the discretion of CM, be made on the difference between the retail price of the original CM Product and the retail price of the CM Product exchanged.
6. Earnings must be claimed as income with your tax filing each year. Advisors, as independent contractors, are responsible for payment of their own income taxes and costs associated with operating their CM business. The IRS requires that CM issue a 1099-NEC ("1099") in January to each Advisor who has earned Income of \$600 or more or has purchased more than \$5,000 in CM Products in that previous year. If you reach either of those thresholds and you have not provided your Social Security number or Federal I.D. number to CM, CM will withhold all Retail Profit and Commission payments due to you until you provide your Social Security number or Federal I.D. number.
7. Annually, CM will post a 1099 to qualifying Advisors' accounts on their My Account page. By signing into their account after January 13, 2021, each Advisor is consenting to indefinitely receive their 1099 electronically via their CM Account. Prior to January 31 of each year, CM will post a notice in the Advisor Weekly Newsletter, reminding Advisors of their option to receive a paper copy of their 1099 via USPS by contacting CustomerService@CreativeMemories.com.

ADVISOR TERM AUTOMATIC RENEWAL

THE ADVISOR AGREEMENT IS EFFECTIVE FROM THE DATE OF ADVISOR SIGN UP (AND ANNUAL FEE PAYMENT) AND CONTINUES FOR A PERIOD OF ONE YEAR. THE ADVISOR AGREEMENT SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE TERMS OF ONE YEAR UNLESS EITHER PARTY PROVIDES WRITTEN NOTICE TO THE OTHER OF ITS INTENT TO TERMINATE THE ADVISOR AGREEMENT OR IF THE ADVISOR DECIDES NOT TO RENEW AT THE DATE OF EXPIRATION (ONE YEAR FROM THE DATE OF ADVISOR SIGN UP OR RENEWAL, AS APPLICABLE). THE ANNUAL FEE (CURRENTLY USD \$49.00), DUE UPON RENEWAL SHALL BE AUTOMATICALLY CHARGED TO THE CREDIT CARD THE ADVISOR HAS DESIGNATED FOR RENEWAL.



If an Advisor Agreement is not renewed or is terminated, any Advisors who signed up under the non-renewing or terminating Advisor will move to become direct to the Home Office. Advisors in that situation may contact the Home Office and request a new Upline Advisor.

Advisors who do not renew, or who terminate their Agreement will lose the Advisors in their Group. They can sign up again at any time, in which event they will retain any remaining Account Balance that has not rolled off. Acceptance of any reapplication of an Advisor terminated by CM will be made at the sole discretion of CM. A newly re-signed Advisor can begin welcoming other Advisors to his or her Group immediately after re-joining.

CM may immediately terminate an Advisor Agreement with notice in the event of death, insolvency, assignment for the benefit of creditors, or misrepresentation in or breach of any provision of the Advisor Agreement. If the Advisor Agreement is terminated with cause, CM will not be obligated to refund any portion of the Annual Fee.

Either party may terminate the Advisor Agreement without cause on 30 days written notice. If the Advisor Agreement is terminated without cause, CM will not be obligated to refund any portion of the Annual Fee.

If the Advisor Agreement is terminated or if the Advisor does not renew his or her annual term, CM will, in the time and manner set forth herein for payments, pay any outstanding Retail Profits or Commissions earned before the date of termination.

CM reserves the right to amend or assign the Advisor Agreement at any time as it deems appropriate. Amendments or assignments will be communicated to Advisors through official CM publications, including posting on the website or by e-mail. Amendments or assignments are effective and binding on all Advisors 30 days after such communication or publication. An Advisor's continued purchasing of products or accepting of commissions thereafter shall be deemed acceptance of the amendments or agreement to the assignment. In the event of any conflict between the original documents or policies and any such amendment, the amendment will control.

DEFINITIONS

In these Policies, the following capitalized words shall have the meaning ascribed to each:

- **(Advisor) Account** is where all Retail Sales to that Advisor and all Retail Sales to that Advisor's customers accumulate. Advisors may access their Account by signing into their website using their Advisor login.



- **Account Balance** means a running total for the Rolling 12 Months of all Retail Sales through the Advisor's Account and it includes purchases by an Advisor and his or her customers.
- **CM Credits** means each \$100 credit earned for every \$2,000 of Retail Sales in a calendar month through the Advisor's Account or each \$100 credit earned for every \$2,000 of new Group Sales in a calendar month by an Advisor's Group.
- **Advisor Agreement or Agreement** means the terms and conditions which must be agreed to prior to becoming an Advisor including these Policies, the Policies and Procedures, the CM Advisor Agreement, the Website Legal Notice and the Privacy Policy all of which I have read, and which I understand and which I understand may be altered or amended from time to time.
- **Annual Fee** means the fee which Advisors must pay when signing up as an Advisor, and annually thereafter, to cover the ongoing cost of producing and maintaining the Sales Tools
- **CM Advisor or Advisor** means the name for everyone who signs up for the CM Advisor opportunity, agrees to the terms of the Advisor Agreement and pays his or her Annual Fee. He or she then may sell CM Products and/or sign Advisors under them.
- **CM Products** means the suite of memory keeping products offered by CM.
- **Commission (on your Group) or Group Commission** means the payment calculated and paid weekly, or as provided in these Policies, to Upline Advisors at their Commission Rate, on the previous week's Group Retail Sales.
- **Commission Rate** means the percentage an Upline Advisor earns on his or her Group's Retail Sales. The Commission Rate is determined by the Upline Advisor's Account Balance
- **Earnings** means the sum of Retail Profit, Group Commissions and CM Credits received by an Advisor.
- **Group** means all Advisors signed up directly under one Advisor and may also be referred to as "Downline Advisors."



- **Group Sales** means all Retail Sales through the Accounts of all direct Downline Advisors in a Group.
- **Retail Profit** means that portion of Retail Sales paid out to Advisors weekly, or as provided in these Policies, calculated using the Retail Profit Rate.
- **Retail Profit Rate** means the percentage used to calculate an Advisor's Retail Profit at time of order based on the Advisor's Account Balance.
- **Retail Sales** means sales of CM Products to an Advisor and to the Advisor's customers, at retail prices paid.
- **Rolling 12 Months Account Balance** means, once an Advisor has been active for more than 12 months, the Account Balance will be calculated based on the Retail Sales activity in the immediately preceding 12-month period.
- **Sales Tools.** Include the following things received for the Annual Fee:
 1. Your own personal link (URL). For example:
CreativeMemories.com/user/SusanJones or
CreativeMemories.com/cm/SusanJones. This is what you'll share with customers so they can order products from you. All sales coming through your link will be credited to your Advisor Account.
 2. Electronic sales tools (including Penny App), like promotional banners/product offers to post on social media, a blog or website, or to send to customers via email.
 3. Access to the Advisor HQ, which includes marketing tools for Advisors like product and promotional flyers, an electronic catalog, memes, order forms and more.
 4. Advisor Exclusive products which includes business enhancers and customer gifts.
 5. Telephone and email support from the CM Home Office.
 6. Weekly e-newsletters and access to Advisor-only groups to share and promote best practices.
 7. Advisor-only events attended by Home Office.
- **Upline Advisor** means the Advisor under whom another Advisor has signed.