



Compensation Plan

JULY 13, 2020

Compensation Plan



Compensation Eligibility Requirements

You must meet these two requirements to earn any compensation as an Independent Associate.

1. ACTIVE VS. INACTIVE

After your initial first year, you must maintain an Active position to be eligible to earn compensation. Maintain “Active” status by fulfilling one of the following requirements:

A. Subscribe to and pay for Kynect Pro

OR

B. Have 100 qualified Personal Customer Points (Kynect Pro can count as 20 Personal Customer Points)

OR

C. Have personally sponsored a new active Associate or enrolled an active customer within the last 120 days. Active customers are defined as being in “Active” or “Pending” status. Customers must be active during End of Month (EOM) qualification evaluations.

These requirements are monitored in line with current system evaluations on End of Month qualifications. The 120-day audit only occurs for Associates who aren’t subscribed to Kynect Pro or who don’t have 100 qualified Personal Customer Points. You must be Active and qualified within your specific position to earn compensation. If you fall into Inactive status, all pending compensation will be forfeited. To regain Active status, fulfill one of the three requirements above prior to the next EOM qualification date.

2. END OF MONTH QUALIFICATION REQUIREMENTS

Qualifications are met once each leadership position is obtained, then monthly based on qualified Personal Customer Point requirements for the qualification date. The qualification date is always the last day of each month.

Grace Period

You must remain qualified on a monthly basis to receive compensation. If you don’t qualify at month’s end, a 1-month “Grace Period” will apply. You’ll receive compensation for that month as if you were qualified. If you don’t get qualified during the grace period, you will move to non-qualified status at EOM Qualification. This Grace Period applies to all compensation.

Immediate Sales Equals Bonus Income

As an Independent Associate, you can earn 3 forms of Bonus Income¹: Personal Customer Bonuses, Team Customer Bonuses and Leadership Bonuses (all defined below). You can earn Personal Customer Bonuses by enrolling new customers in the services Kynect offers. As a Regional Director or above, you can earn Team Customer Bonuses by helping your personally-sponsored Associates enroll new customers. As a Managing Director or above, you can also earn Leadership Bonuses by helping your coded Associates enroll new customers.

Personal, Team, and Leadership Bonuses are triggered every Friday on pending or active customer service accounts and paid 1 week later on the following Friday. To be paid any of the 3 bonuses within your first 60 days as a new Associate, you must have the required pending or active, also known as “qualified,” Customer Points based on your current position on the qualification date, which is every Friday. Associates who are beyond their first 60 days will have their qualification status evaluated on the first of each month. All bonuses are subject to review and may be held.

As a new Associate, you can earn up to \$1,200 in Personal Customer Bonuses, Team Customer Bonuses and a Managing Director Rank Advancement Bonus by meeting certain requirements **within 120 days of your start date**:

PERSONAL CUSTOMER BONUSES (PCB)

All PCB requirements² must be completed within 60 days of your start date. Your personal service account may count toward your PCB requirements, unless another Associate has used it toward this same bonus. You may substitute a Kynect Pro subscription for 20 in-household Personal Customer Points.

TEAM CUSTOMER BONUSES (TCB)

As a Regional Director or above, you can earn a \$100 Team Customer Bonus when each of your personally-sponsored Associates enrolls a total of 40 qualified Personal Customer Points to trigger PCB 40 and promotes to Regional Director within 60 days of their start date.

MANAGING DIRECTOR RANK ADVANCEMENT BONUS

Promote to Managing Director within 120 days of your start date to earn a Rank Advancement Bonus of \$500. See Rank Advancement section for details.

1. See Bonus Income chart (Figure 1) for details.
2. See Customer Point Values (Figure 2) for details.

Bonus Income

LEVEL	BONUS TYPE	QUALIFICATION REQUIREMENTS	AMOUNT
YOU	Personal Customer Bonus 40	Enroll a total of 40 qualified Personal Customer Points in your first 60 days. (5 points outside household)	\$100
YOU	Personal Customer Bonus 70	Enroll a total of 70 qualified Personal Customer Points in your first 60 days. (20 points outside household)	\$100
YOU	Personal Customer Bonus 100	Enroll a total of 100 qualified Personal Customer Points in your first 60 days. (40 points outside household)	\$200
YOU	Managing Director Rank Advancement Bonus	Meet the requirements to promote to Managing Director within your first 120 days.	\$500
1	Team Customer Bonus 40	Your personally sponsored Associates enroll a total of 40 qualified Personal Customer Points each to promote to Regional Director within their first 60 days.	\$100

Figure 1

Customer Point Values

Personal Customer Points are earned when you enroll customers in the services Kynect offers. Point values vary per service and apply toward Bonus Income qualifications, Rank Advancement qualifications and End of Month qualifications.

SERVICE	CUSTOMER POINT VALUE
Texas Residential Electric (Single Family)	15
Texas Residential Electric (Multi-tenant)	10
Georgia Residential Gas (Single Family)	10
Georgia Residential Gas (Multi-tenant)	7
NE/MW Residential Electric (Single Family)	13
NE/MW Residential Electric (Multi-tenant)	7
NE Residential Gas (Single Family)	5
NE Residential Gas (Multi-tenant)	5
Stream for Business	10-40 (varies) ¹
Brinks Home Security™	15
Truvvi (annual)	10
Truvvi (monthly)	3
Truvvi (free)	1 ²
Wireless Services (porting existing number)	10
Wireless Services (new number)	5

Figure 2

1. Customer point values for Stream for Business accounts could change month-to-month based on a rolling 12 months of Historical Usage Data (HUD) for the premise. See Stream for Business section for details.

Leadership Bonuses

You can earn Leadership Bonuses by meeting sales requirements and reaching any of the 4 leadership positions: Managing Director, Senior Director, Executive Director and National Director. At each leadership position, as long as you're qualified at your leadership position, you can earn Leadership Bonuses based on the sales of your coded leadership organization. Leadership Bonuses are paid as new Associates enter your coded leadership organization on any level and enroll 40 qualified Personal Customer Points to promote to Regional Director within 60 days of their start date.

Leadership Bonus Amounts

You can earn these coded leadership bonuses when an Associate who is coded to you within your organization triggers their PCB 40. These Associates are considered coded Team Associates. All Associates in your downline, however, are "Team Associates."

MANAGING DIRECTOR	SENIOR DIRECTOR	EXECUTIVE DIRECTOR	NATIONAL DIRECTOR
\$100	\$100	\$50	\$50
↓	↓	↓	↓
TO UNLIMITED LEVELS			

Rank Advancement Requirements

Your Kynect Pro subscription can count as 20 Personal Customer Points toward rank advancements. Personal Customer Point requirements are cumulative throughout the rank advancement process. Kynect Pro does not count towards Team Customer Point requirements.

DIRECTOR

- Enroll as an Independent Associate for \$199.

REGIONAL DIRECTOR (RD)

- Have personally enrolled a total of 40 qualified Personal Customer Points, 5 of which must come from outside your household.

MANAGING DIRECTOR (MD)

- Be a Regional Director.
- Personally sponsor 3 new Directors.
- Have personally enrolled a total of 100 qualified Personal Customer Points, 40 of which must come from outside your household.
- Have a total of 8 Team Associates (this includes your 3 personally-sponsored Directors).
- Have a total of 160 qualified Team Customer Points.

1. Customer point values for Stream for Business accounts could change month-to-month based on a rolling 12 months of Historical Usage Data (HUD) for the premise. See Stream for Business section for details.

2. Customer will carry a 0 point value and display as pre-verified status until they spend \$25 within the Truvvi app.

SENIOR DIRECTOR (SD)

- Be a Managing Director.
- Personally sponsor a minimum of 3 (new or additional) Directors.
- Have personally enrolled a total of 150 qualified Personal Customer Points, 70 of which must come from outside your household.
- Have a total of 16 Team Associates in your coded Managing Director organization.
- Develop 2 Managing Directors in any level of your coded Managing Director organization. At least 1 must be active.
- Have a total of 400 qualified coded Team Customer Points.

EXECUTIVE DIRECTOR (ED)

- Be a Senior Director.
- Have personally enrolled a total of 200 qualified Personal Customer Points, 120 of which must come from outside your household.
- Develop 5 Senior Directors in any level of your coded SD organization. At least 1 must be active.
- Have 6,500 qualified coded Team Customer Points.*

NATIONAL DIRECTOR (ND)

- Be an Executive Director.
- Have personally enrolled a total of 200 qualified Personal Customer Points, 120 of which must come from outside your household.
- Develop 5 Executive Directors in your coded organization or personally-sponsored with at least 1 in your Executive Director code OR 3 Executive Directors in your Executive Director code. Of these 2 options, at least 1 Executive Director must be active.
- Have 25,000 qualified coded Team Customer Points.*

Rank Advancement Bonuses

By meeting the qualifications above, you'll receive the following one-time bonuses as you promote to each leadership position.

MANAGING DIRECTOR	SENIOR DIRECTOR	EXECUTIVE DIRECTOR	NATIONAL DIRECTOR
\$500 <small>(if requirements are met within 120 days)</small>	\$1,000	\$5,000	\$10,000

Growth Bonuses

"Growth Bonuses" can be earned once you reach the Senior Director leadership position and above. As you build each of these coded leadership organizations, you can earn bonuses and recognition stars when you develop other coded leaders. Senior Directors can earn Growth Bonuses for the first 4 coded Senior Directors they develop in their Senior Director organization. Executive Directors can earn Growth Bonuses for the first 4 coded Senior Directors and the first 2 coded Executive

Directors they develop in their Executive Director organization. National Directors can earn Growth Bonuses for the first 4 coded Senior Directors, the first 2 coded Executive Directors and the first 2 coded National Directors they develop in their National Director organization. Finally, as a Senior Director, you can be recognized up to as high as 4 stars, and up to as high as 2 stars for both Executive Director and National Director.

SENIOR DIRECTOR

1ST SD CODED SD IN SD CODE \$1,000 ★	3RD SD CODED SD IN SD CODE \$1,000 ★★★
2ND SD CODED SD IN SD CODE \$1,000 ★★	4TH SD CODED SD IN SD CODE \$1,000 ★★★★★

EXECUTIVE DIRECTOR

1ST SD CODED SD IN ED CODE \$1,000	1ST ED CODED ED IN ED CODE \$5,000 ★
2ND SD CODED SD IN ED CODE \$1,000	2ND ED CODED ED IN ED CODE \$5,000 ★★
3RD SD CODED SD IN ED CODE \$1,000	
4TH SD CODED SD IN ED CODE \$1,000	

NATIONAL DIRECTOR

1ST SD CODED SD IN ND CODE \$1,000	1ST ED CODED ED IN ND CODE \$5,000
2ND SD CODED SD IN ND CODE \$1,000	2ND ED CODED ED IN ND CODE \$5,000
3RD SD CODED SD IN ND CODE \$1,000	1ST ND CODED ND IN ND CODE \$10,000 ★
4TH SD CODED SD IN ND CODE \$1,000	2ND ND CODED ND IN ND CODE \$10,000 ★★

*Each downline Associate may only contribute a maximum of 33% coded Team Customer Points toward the rank required amount.

Monthly Earned Income (MEI)

You can earn Standard and Leadership MEI (defined to the right) on customer accounts enrolled by Associates in your downline organization. MEI is paid on or before the 15th of the month following the month the customer's payment is received. You must be active and meet both one-time and monthly qualification requirements (see chart below) to receive MEI.

STANDARD MEI

As a Regional Director or above, you're eligible to earn "Standard MEI" from the customer accounts enrolled by Associates in the first 5 levels of your organization.

LEADERSHIP MEI

In addition to Standard MEI, you are also eligible to earn "Leadership MEI" in your coded RD, MD, SD, ED and ND leadership organizations to unlimited levels.

Monthly Earned Income

ORGANIZATION LEVEL	STANDARD MEI ¹	EOM PERSONAL QUALIFICATION CUSTOMER POINTS				LEADERSHIP MEI				
		RD	MD	SD	ED/ND	LEADERSHIP POSITION				
1	\$0.25									
2	\$0.50									
3	\$0.75	40	100	150	200	RD	MD	SD	ED	ND
4	\$1.00	QUALIFIED CUSTOMER POINTS (5 OUTSIDE HOUSEHOLD)	QUALIFIED CUSTOMER POINTS (40 OUTSIDE HOUSEHOLD)	QUALIFIED CUSTOMER POINTS (70 OUTSIDE HOUSEHOLD)	QUALIFIED CUSTOMER POINTS (120 OUTSIDE HOUSEHOLD)	\$0.10	\$0.15	\$0.50	\$0.75	\$0.50
5	\$2.00					↓	↓	↓	↓	↓

MEI Multiplier Point Value

These point values are given to each customer to determine MEI payments and EnergyPLUS income. The Referral Income Guide describes referral income which is also part of Kynect's Compensation Plan. To learn more about EnergyPLUS and Kynect's Referral Income Program visit wekynect.com/referralincome for details.

SERVICE	MEI MULTIPLIER POINT VALUE
Texas Residential Electric (Single Family)	1
Texas Residential Electric (Multi-tenant)	1
Georgia Residential Gas (Single Family)	1
Georgia Residential Gas (Multi-tenant)	1
NE/MW Residential Electric (Single Family)	1
NE/MW Residential Electric (Multi-tenant)	1
NE Residential Gas (Single Family)	0.5
NE Residential Gas (Multi-tenant)	0.5

SERVICE	MEI MULTIPLIER POINT VALUE
Stream for Business (Electric)	1
Stream for Business (Gas)	1
Brinks Home Security™	1
Truvvi (annual)	1 ³
Truvvi (monthly)	1 ³
Truvvi (free)	0
Wireless Services (porting existing number)	1
Wireless Services (new number)	1

1. Effective 1/14/18, Standard MEI amounts apply to 1 point (full MEI value) or .5 point (half MEI value) services for all markets. The following conditions apply to customers enrolling after January 1, 2015:

- (a) MEI commissions are triggered on Georgia residential gas customers who bill at 10 therms or more per month.
- (b) MEI commissions are triggered on Northeast residential gas customers who bill at 25 therms per month.
- (c) MEI commissions are triggered on electricity customers who bill 250 kWh or more per month.
- (d) MEI commissions are triggered at 1.5x Standard MEI on Georgia customers who bill at 200 therms or more per month.

(e) MEI commissions are triggered at 1.5x Standard MEI on Texas and Northeast residential electricity customers who bill at 3,000 kWh or more per month.

(f) MEI commissions are triggered at 2x Standard MEI on Northeast residential gas customers who bill at 250 therms or more per month.

- 2. All Northeast residential gas customers Standard MEI multiplier will equate to 0.5 points and apply toward the MEI payout.
- 3. Paid Truvvi membership referrals will carry a 0.5 MEI multiplier.

Stream for Business Monthly Earned Income

Point values for Stream for Business accounts could change month-to-month based on a rolling 12 months of Historical Usage Data (HUD) for the premise. This affects point value for EOM qualifications and MEI payout.

LEVEL	TEXAS ELECTRICITY				NORTHEAST ELECTRICITY				NATURAL GAS			
	TIER A 12,001 - 60,000 kWh 10 POINT	TIER B 60,001 - 150,000 kWh 20 POINTS	TIER C 150,001 - 300,000 kWh 30 POINTS	TIER D 300,001 + kWh 40 POINTS	TIER A 12,001 - 60,000 kWh 10 POINT	TIER B 60,001 - 150,000 kWh 20 POINTS	TIER C 150,001 - 300,000 kWh 30 POINTS	TIER D 300,001 + kWh 40 POINTS	TIER A 300-1,499 Therms 10 POINT	TIER B 1,500-4,999 Therms 20 POINTS	TIER C 5,000-9,999 Therms 30 POINTS	TIER D 10,000 + Therms 40 POINTS
YOU	\$0.50	\$10.00	\$15.00	\$20.00	\$0.50	\$10.00	\$15.00	\$20.00	\$0.50	\$10.00	\$15.00	\$20.00
1	\$0.25	\$0.50	\$0.75	\$1.00	\$0.25	\$0.50	\$0.75	\$1.00	\$0.25	\$0.50	\$0.75	\$1.00
2	\$0.50	\$1.00	\$1.50	\$2.00	\$0.50	\$1.00	\$1.50	\$2.00	\$0.50	\$1.00	\$1.50	\$2.00
3	\$0.75	\$1.50	\$2.25	\$3.00	\$0.75	\$1.50	\$2.25	\$3.00	\$0.75	\$1.50	\$2.25	\$3.00
4	\$1.00	\$2.00	\$3.00	\$4.00	\$1.00	\$2.00	\$3.00	\$4.00	\$1.00	\$2.00	\$3.00	\$4.00
5	\$2.00	\$4.00	\$6.00	\$8.00	\$2.00	\$4.00	\$6.00	\$8.00	\$2.00	\$4.00	\$6.00	\$8.00
CODED LEADERSHIP MEI												
RD	\$0.10	\$0.20	\$0.30	\$0.40	\$0.10	\$0.20	\$0.30	\$0.40	\$0.10	\$0.20	\$0.30	\$0.40
MD	\$0.15	\$0.30	\$0.45	\$0.60	\$0.15	\$0.30	\$0.45	\$0.60	\$0.15	\$0.30	\$0.45	\$0.60
SD	\$0.50	\$1.00	\$1.50	\$2.00	\$0.50	\$1.00	\$1.50	\$2.00	\$0.50	\$1.00	\$1.50	\$2.00
ED	\$0.75	\$1.50	\$2.25	\$3.00	\$0.75	\$1.50	\$2.25	\$3.00	\$0.75	\$1.50	\$2.25	\$3.00
ND	\$0.50	\$1.00	\$1.50	\$2.00	\$0.50	\$1.00	\$1.50	\$2.00	\$0.50	\$1.00	\$1.50	\$2.00

Accounts that fall below Tier A will receive 10 points but will not pay MEI.