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Please note: Schooley Mitchell Head Office, Head Office, 1073355 Ontario Limited, Schooley Mitchell, HO, and SM are used interchangeably throughout this manual.

Schooley Mitchell Head Office Contact Information

1030 Erie Street
 Stratford, Ontario, Canada
 N4Z 0A1

Switchboard (519) 271-6477
 Toll-free (888) 311-6477

Please refer to the Company Directory in The Warehouse for an up-to-date Head Office directory.



Section A - Ethics and Mission

A1 SCOPE OF OPERATIONS MANUAL

The information contained in this Operations Manual, for the operation of a Schooley Mitchell Franchise (SM), is subject to change at the sole discretion of the Franchisor.

A2 CONFIDENTIALITY

The information contained in this Operations Manual and all other manuals, materials, computer information and other information supplied by Head Office or other Franchisees, their employees, or their subcontractors, for the operation of a Schooley Mitchell Franchise, is to be held in the strictest confidence.

Specific knowledge of the affairs of the company, customer information, customer lists, company procedures, passwords and other identifying items or marks, specific strategies and tactics, whether introduced by Head Office or another SM Franchisee, and other information provided are all the confidential property of 1073355 Ontario Limited.

Without limiting the generality of the foregoing, all passwords, identifying items or marks, used to access any information, website, system, or other information that is the property of 1073355 Ontario Limited, is to be held in the strictest confidence. This information is not to be shared with any other person, whether a person outside of Schooley Mitchell or within Schooley Mitchell.

A3 INDEPENDENCE AND OBJECTIVITY

To ensure the principles of independence and objectivity are maintained for Schooley Mitchell, Schooley Mitchell Franchisees, partners, shareholders, or persons with any ownership or employment interest in any Schooley Mitchell Franchise, and their employees and subcontractors, shall decline the acceptance of any commission, residual, referral fee or any such payment or consideration whatsoever from any supplier of services to which SM consults.

A4 CODE OF CONDUCT FOR FRANCHISEES, EMPLOYEES & SUBCONTRACTORS

1. I will deal fairly with Clients, suppliers, fellow Franchisees, employees, subcontractors, and Head Office adhering to standards of professional courtesy and forthright conduct. I will disseminate accurate information and never intentionally disseminate false or misleading information.
2. I will uphold the professional reputation of the Schooley Mitchell (SM) network, never intentionally injuring the stature or practice of another Franchise or Head Office. If I have evidence that another Franchisee or staff member has acted unethically, illegally, or unfairly according to this code of conduct or the Franchise Agreement, I am obligated to present the information to the Compliance Office of SM for appropriate action.
3. I will not attempt to transfer my Franchise, or any part of my Franchise, or offer employment or subcontract opportunities, to any Franchise Candidate that is a Candidate of Head Office.
4. I will not attempt to offer my services, collaborate, or to partner with a Franchise Candidate that is a candidate of Head Office.
5. I will not attempt to hire any employee of another Franchise, or Head Office, without the approval of that Franchise or Head Office.
6. I will accept only those assignments that I, in concert with the SM network of Franchisees, staff, and qualified suppliers, am qualified to undertake. I will ensure that the individuals allocated to assignments are competent, trained, and effectively managed.
7. I will confirm the objectives, scope of work, responsibilities, and fees payable for each assignment in writing, through the Service Agreement or Engagement Letter and attachments, if necessary, or other appropriate contractual documentation.
8. I will regularly review and respect the Permanent and Temporary Client Registries of Clients and prospective Clients and will never intentionally prospect another SM Franchisee's Clients without their permission.
9. I will utilize the Temporary Client Registry only for prospective Clients that I am committed to pursue. If I decide not to continue to pursue a prospective Client, I will be courteous and release the prospective Client from the Temporary Client Registry.
10. I will respect the confidentiality of all Client information and other SM Franchisees' insights before, during, and after Client engagements.
11. I will put the interests of Clients first at all times within the confines of ethical behavior as defined by this Operations Manual.
12. I will always act impartially, objectively, and with integrity.
13. I will refuse any form of inducement, commission, or payment from suppliers and will instruct the supplier to pass the value on to the Client.
14. I will take responsibility for the quality of all aspects of the consulting services I provide and will comply with this Professional Code of Conduct.

A5 TRANSFER OF INTEREST – OFFER OF EMPLOYMENT

1. Any purported assignment or transfer of an interest in an existing Franchise License, by operation of law or otherwise, to an existing Franchise Candidate of the Licensor, or to an existing Franchise Candidate of any of the Licensor's Franchise Development staff or subcontractors, will be null and void and will constitute a material breach of The Franchise License Agreement for which the Licensor may terminate the Franchise License Agreement without opportunity to cure.
2. Any purported offer of employment or offer of subcontract employment to an existing or former Franchise Candidate of the Licensor, or to an existing or former Franchise Candidate of any of the Licensor's Franchise Development staff or subcontractors, will be null and void and will constitute a material breach of The Franchise License Agreement for which the Licensor may terminate the Franchise License Agreement without opportunity to cure.
3. An existing Franchise Candidate includes, without restricting the generality of the foregoing, a person or persons, which has made contact with an existing Schooley Mitchell Franchisee, or their employee or subcontractor, or other related source, with the intent to learn about the Franchise system at Schooley Mitchell as part of their due diligence process in determining their suitability and/or desirability to become a Schooley Mitchell Franchisee or Licensee. An existing or former Candidate also includes, without restricting the generality of the foregoing, any person that has contacted SM with the purpose of exploring the opportunity to become a Licensee of SM.
4. Sources of an Existing Franchise Candidate include, without restricting the generality of the foregoing, any person or persons, who makes contact in person, via telephone, email, or other means, whereby they learned about Schooley Mitchell from:
 - A Schooley Mitchell, or related, website
 - A Broker or Consultant
 - A referral to Schooley Mitchell
 - A Franchise Promotion source
 - An advertisement

 - Another promotion source for the purpose of creating interest in a Schooley Mitchell Franchise opportunity

A6 FRANCHISE CANDIDATE CALLS

From time to time you may receive a call from a Franchise Candidate to discuss your experiences with Schooley Mitchell. In order to limit the time you will need to spend speaking to Candidates, we will issue a password to each Candidate that has reached the appropriate stage of the qualification and due diligence process. If they do not have the password it means they have not reached that stage yet and you should explain to them that there is a password required. Ask them to please call Head Office (they will have a contact there) and talk about the procedure for validation calls.

The reason for this process is so they are more knowledgeable and can have more meaningful and effective calls with you.



You will not have to spend time with people that are not properly prepared.

If they do not have a contact at Head Office, then they are not going through the proper channels, and you should not waste your time speaking with them. If they are interested, please refer them to the Franchise Development team instead.

A7 OUR MISSION

To be known as the cost reduction experts, optimizing our Clients' businesses by delivering independent, objective, and professional consulting experiences.

A8 CORE VALUES

We believe in and are committed to:

- Disciplined and Profitable Growth
- The Evolving System
- Our People
- Fostering an Environment of Optimism, Passion, and Enthusiasm



Section B – Setting Up Your Franchise

B1 IDENTIFICATION

Your business operates under the name of Schooley Mitchell. With the exception of the instructions indicated below, you always refer to your business as Schooley Mitchell. There are no embellishments attached to your name, such as “of Chicago”.

Pre-printed information on checks/cheques is the only place where embellishments appear and this is for legal reasons. All other correspondence, whether verbal, written, or electronic, will refer to your business only as Schooley Mitchell.

For legal reasons, you are required to identify yourself to the public by your proper legal name on all contracts and invoices (See Section B2 Registration). In the case of an individual (sole proprietorship), the proper legal name will be the legal name of that individual. In the case of a partnership or corporation, the legal name will be the legal name of the corporation or partnership. Schooley Mitchell is not the legal name of any Franchisee, but it is the way you identify yourself to the public.

A business, that from time to time identifies itself to the public by a name other than its proper legal name (except on contracts or invoices, where its full legal name is required), must register that assumed or dba (doing business as) name with the appropriate Government Agency (See Section B2 Registration). This registration must be completed within 30 days of completing initial training. Failure to do so will result in a service fee of \$100.00 per month until registration is completed.

Urban Center Identification

The location of your Franchise can be identified in one of two ways to facilitate searches by prospective Clients on the Internet site or by colleagues in The Warehouse.

a) The actual town or city is listed as the location of your consulting office. This is the default identification unless Head Office is specifically requested to change the listing.

For example, Crystal Lake, Illinois would be listed as such.

b) The name of a major, highly recognized, urban center within your footprint is used to identify the location of your consulting office. Your actual address is used in the listing. For example, Crystal Lake, Illinois could be listed under Chicago.

CRYSTAL LAKE, ILLINOIS
Joe Smith
123 Any Street
Crystal Lake, Illinois
12345

or

CHICAGO, ILLINOIS
Joe Smith
123 Any Street
Crystal Lake, Illinois
12345

Business Cards

To maintain a high level of consistency within the Franchise system, the standard business card title will be one of the following:

- **Strategic-Partner**
- **Optimization Specialist**
- **Business Optimization Specialist**

The title “Strategic-Partner” is for Franchisees only. Employees or subcontractors must select one of the other two titles. The term Strategic-Partner must be hyphenated to indicate a relationship that is not one of actual Partnership.

If a Schooley Mitchell subcontractor elects not to list the Franchisee’s business number on their business card, they must list a dedicated business phone number, separate from their home or cell phone, for Schooley Mitchell business. This phone number must have a voice mailbox capable of accepting messages when the line is in use.

A virtual phone number that can be set up via a web interface to ring on any voice device (ie. cell phone) is an acceptable alternative to an actual business landline.

Email

Email addresses will be in the format firstname.lastname@schooleymitchell.com unless it is not unique within our system, in which case Head Office will assign another variation. Head Office may also assign an alternate email address at its sole discretion. Head Office will not issue any email address that could be reasonably applied to multiple SM Franchisees. For example, chicago@schooleymitchell.com.

All Schooley Mitchell business must be transacted exclusively via your assigned Schooley Mitchell email address. Email correspondence with any Schooley Mitchell Client or prospect via any other email address is strictly prohibited.

B2 REGISTRATION

Legal Name

Your business will be structured as a Sole Proprietorship, Partnership, or an Incorporated entity. This name will appear on your checks/cheques and contracts– in small print. For example,

- The legal name for Franchisee Judy Jones as a sole proprietor is Judy Jones
- The legal name for Franchisee Judy Jones and Steve Smith as partners could be Jones and Smith
- The legal name for Franchisee Judy Jones as an incorporated entity could be Jones Cost Reduction Consulting Inc.

Incorporation

A decision to incorporate should be made in consultation with your lawyer and/or accountant. If a corporation is to be used as the legal entity, it is required to be set up to operate only the Schooley Mitchell business. If an existing corporation is being used, it can be used after the letters patent have been amended to reflect the ability to operate only the Schooley Mitchell business.

“Doing Business As” Name

Your business must be registered with the appropriate state or provincial body to do business under a ‘doing business as’, ‘assumed’ or ‘operating as’ name. The format is standardized on the following:

Schooley Mitchell of “Your City” – “Your Last Name”

This format allows you to register Schooley Mitchell as the name under which you do business in public, yet also provides for your registration to be unique rather than the same as another Schooley Mitchell Franchise. However, as stated in Section B1, you only identify yourself to the public as Schooley Mitchell.

Registration

The state and provincial registries can be found by performing an Internet search for your state or province. Register your business with corporate tax, sales tax, and payroll deduction agencies, where applicable.

Proof of Registration

Proof of registration must be provided to Head Office of legal name, dba, and, if an existing corporation is being used, proof that it is set up to only operate the Schooley Mitchell business.

B3 BANKING

Bank Account

A bank account must be opened in the name of the corporation or the legal name. It will further record that it is “doing business as/DBA Schooley Mitchell of “Your City” – “Your Last Name””. This account must be opened within 30 days of completing initial training and meet all prior stated criteria. An ACH form must be provided with the new account details for Head Office to process pre-authorized debits. Failure to do so will result in a service fee of \$100.00 per month until the account has been opened. All Schooley Mitchell banking transactions must be conducted from this account.

e.g. Don Smith LLC dba Schooley Mitchell of Chicago – Smith



Checks/Cheques

The following information and format should be displayed on checks/cheques. Please follow the requirements of your bank (who may not require this much detail) since they are ultimately responsible for the transactions involving your checks/cheques.

Upper portion of the check/cheque:

“Your Corporate Name” dba Schooley Mitchell of “Your City” – “Your Last Name”

For a sole proprietorship or partnership:

“Your Legal Name” (i.e. Judy Jones Consulting or Judy Jones and Steve Smith Consulting) dba Schooley Mitchell of “Your City” – “Your Last Name(s)”

B4 MULTIPLE LOCATIONS

Minimum Revenue Requirements for Multiple Franchise Licensees.

In circumstances where a Franchisee has two or more Franchise locations, there are minimum revenue requirements to be met. In all such cases, minimum revenue of \$25,000.00 per Franchise location, per calendar quarter is required. This requirement will not be in effect until the calendar quarter immediately following the one-year anniversary of the granting of the second Franchise License, etc.

Example:	Requirement
One Franchise	as per Franchise License Agreement
Two Franchises	\$50,000.00 per quarter beginning in the first calendar quarter following the first anniversary of the granting of the second Franchise
Three Franchises	\$75,000.00 per calendar quarter beginning with the calendar quarter following the first anniversary of the granting of the third Franchise License, etc.

If minimum criteria is not met, Head Office may award another Franchise in the area in question to ensure that all areas are serviced adequately.



B6 EQUIPMENT AND SERVICES

1. A desktop or laptop computer (PC or Mac) with a current version of their respective operating systems.
2. The latest Microsoft Office package. This should include Word, Excel, Outlook, and Power Point. Microsoft Outlook is the only email Client we support. Outlook interfaces with custom software developed specifically for Schooley Mitchell.
3. The latest version of Mozilla Firefox. We develop software to interface with this web browser only.
4. Anti-virus software.
5. A good quality laser printer. A color laser printer is recommended.
6. A scanner for electronic transfer of signed documents. Electronic documents should be submitted in PDF format.
7. A subscription to QuickBooks Online. All future development in the Warehouse related to invoicing will be designed to integrate with QuickBooks Online only.
8. A dedicated business phone number, separate from your home or cell phone, for Schooley Mitchell business. This phone number must have a voice mailbox capable of accepting messages when the line is in use.

A virtual phone number that can be set-up via a web interface to ring on any voice device (ie. cell phone) is an acceptable alternative to an actual business landline.

The phone number that is used for the landline or virtual line must be used for Schooley Mitchell business only. It will be the public phone number used in any business, internet, or any other listings or directory, where the general public may come across the number. Each office should have one main line.

It is not acceptable to have only a single wireless phone number to operate the Franchise.

9. High speed internet access.

B7 TELEPHONE ANSWERING AND EMAIL SIGNATURE

Telephone Answering

Your Schooley Mitchell business line must be answered using the following salutation: Schooley Mitchell.

The business line must have voice messaging by which callers can leave a message when the line is unavailable.

A sample message would be:

“Hello, you have reached the office of Schooley Mitchell. We are currently on another call or out of the office, but please leave a detailed message and we will return your call as soon as possible.

Thank you and have a great day.”

Schooley Mitchell must be used in this message; you must not use any other business name.



Email Signature

Franchisees/employees/subcontractors are required to use the Schooley Mitchell email template provided by Head Office for business-related email correspondence. Any additions to the email signature (eg. association logos, links) must be approved by Head Office prior to use.

Section C – Accounting and Reporting

C1 ACCOUNTING POLICIES

Franchise Audit Procedures

Audit procedures to track billings and collections apply to all Franchisees and are implemented to ensure that royalty and production income is reported properly on Head Office financial statements. The procedure follows the filing requirements in Sections C2 & C3 of the Franchise Operations Manual. In addition, basic audit procedures will confirm amounts and transactions.

1. Confirmation of balances from your Permanent Clients. This includes past transactions, billings and payments made to Schooley Mitchell, each Franchisee and/or their Corporation for all services rendered.
2. Confirmation of bank account balances and transactions for all bank accounts for the business including accounts in the name of Schooley Mitchell and the corporation that operates the Franchise.
3. Customized Legal Representation Letter from each Franchisee confirming:
 - a) that all transactions are recorded
 - b) the name(s) of financial institution(s) for all bank accounts
 - c) that all income related to expense reduction consulting and/or Franchise activities has been reported to the IRS or CRA
 - d) the actual amount reported to the IRS or CRA
 - e) that all income related to SM business has been reported to Head Office.
4. Other audit procedures deemed necessary and/or recommended by our Auditors. From time to time, some procedures will be performed by our appointed auditors, rather than by Head Office directly. In these situations, Head Office will advise the name of both the company and the individual and will provide signed documentation authorizing them as our agent. These procedures are normal in daily business, expected and accepted by your Clients and financial institutions. They provide a better control system for us to grow in the manner that we expect with a minimum of wasted resources.

C2 SCHEDULE FOR SUBMITTING REPORTS AND FINANCIAL INFORMATION

Monthly Reporting

Any time during the reporting month, or by the 10th of the following month:

- a. Copy of your business bank statement for the reporting period
- b. Collections and billing spreadsheet for the reporting period
- c. Copies of all invoices issued for the reporting period
- d. Any unfiled Value Reports for the reporting period
- e. The Executive Summary/Savings Options Matrix page of any value reports that have been accepted by the Client during the reporting period.
- f. Client Reporting for the reporting period must be completed to reflect all Client billings and collections for which Head Office did the production and issued a post audit.

A \$50.00 late filing fee will be charged if Monthly Reporting is not filed and finalized by the 10th of the month. This includes providing the bank statement, the billings and collections spreadsheet, Value Reports, invoices issued to Clients, accepted Value Report signoffs, and the completion of Client Reporting.

Quarterly

Profit and loss statement for the quarters ending March 31, June 30, September 30 and December 31. These statements are due three months after quarter end.

Annual

Year-End Financial Statement. Your financial statement must be prepared by a public accountant and is due six months following year-end.

B5 FRANCHISE FOOTPRINT

The footprint of each franchise location defines the area in which the Franchisee, any employees, and any subcontract employees, must reside. In addition, the location of an SM office must be within the footprint. The Franchise footprint may be discussed during the due diligence process prior to the award of the Franchise. In all cases, the footprint is to be set at the sole discretion of the Franchisor.

From time to time, Head Office will adjust or clarify a footprint.

SM Franchisees are not restricted from obtaining Clients outside their footprint. However, certain activities must be kept within the Franchise footprint, including sales and marketing strategies that include telemarketing, networking via business referral organizations, public advertising, mailing programs – whether by email, courier, or regular mail –

and other large volume strategies. It is required that these types of strategies be kept within the footprint of the Franchise and not used to solicit business on a large scale in another footprint.

The intention of the open marketplace is to allow for the development of Client opportunities regardless of geography because a Franchisee receives a referral to an opportunity in another footprint, or has contacts in another footprint, or deals with an association or buying group that includes members in other footprints, or has a specific vertical specialty that would make common sense to pursue in other geographical areas.

However, it is not intended to allow for mass sales and marketing strategies in other footprints.

The Franchisor at its sole discretion will determine whether a specific activity is restricted under this section or whether it will be allowed.

C3 MONTHLY PAYMENTS

Pre-Authorized Debit (PAD) System

Royalties, Annual Conference fees, advertising fees, Head Office production fees, supplies and clothing purchases, training fees, and other payments due to Head Office will be electronically transferred from Franchisees' business bank accounts, including applicable taxes. Royalties and similar regular fees will be withdrawn on a once-monthly basis on or around the 21st of each month. Supplies, clothing and materials charges, may be withdrawn as they are incurred. Supplies, clothing and materials will be invoiced at the time of shipping.

Franchisees will be provided with a minimum of two days' notice to review all invoices prior to withdrawal from their bank account. Any discrepancies should be reported to Head Office so the correct withdrawal can be made at the scheduled time.

Monthly Reporting is required from all Franchisees by the 10th of each month to determine the amount of royalties, marketing and ad fund fees and production fees to be drawn, as well as to provide appropriate information to Head Office for the preparation of company reports. Upon receipt, Head Office will verify the amount due from each Franchisee and instruct the bank to process the appropriate debit.

Franchisees will be charged a \$50.00 late filing fee when their Monthly Reporting is not filed and finalized by the 10th of the month.

All Franchise Employees and Subcontractors will have a Schooley Mitchell email address. The cost to the Franchise for each Franchise Employee and Subcontractor, which includes access to The Warehouse and an email address will be \$10.00 per month.

Franchisees will be charged a \$50.00 fee due to insufficient funds or other late payments. Overdue amounts will be charged interest at the Franchisor's Prime Rate of interest plus two percent (2%).

An ACH form must be provided with your registered business bank account details for Head Office to process pre-authorized debits (PAD). Failure to do so will result in a service fee of \$100.00 per month until the appropriate ACH form has been

submitted.

Royalties and Marketing and Ad Fund Fee

All royalties and marketing and ad fund fees are remitted by the Franchisee in the month following the receipt of the funds from the Client. When Client work is executed by more than one Franchisee, each Franchisee reports their gross amounts billed and collected and remits their share of the royalty and marketing and ad fund fee according to the following procedures.

The Franchisee who owns the account and has registered the Client in the Permanent Client Registry will pay all royalties and ad fund fees to Head Office. Accordingly, they will report all gross fees received from the Client. Any Franchisees who are doing work for another Franchisee's Client will also report their gross fees received but will report those fees in the Royalty Exempt input area in the Billings and Collections Report. It should be clear to both parties that fees earned by the subcontracting Franchisee are net of royalties and ad fund fees.

Royalties are not assessed on third-party outsourced service fees, where the value is delivered directly to the Client. Supporting invoices are required to be submitted to Head Office for these claims.

Any net fees of any kind, including but not all-inclusive, any referral fees, share of revenues, consulting fees, retainer fees, contingency fees, hourly fees, or any similar or like fees earned by a Schooley Mitchell Franchisee as a result of third-party consulting, referral from or to a third party, cost reduction services of any kind whether delivered directly or through a third party, or other professional engagement of any kind, are to be included in gross revenues for the purposes of reporting income of the Franchisee, and for calculating royalties and ad fund fees.

For details about minimum royalties, please refer to the Franchise Agreement.

C4 INVOICING CLIENTS

Guidelines for creating an invoice are as follows.

- Each invoice should appear in Schooley Mitchell format:
 - Approved Schooley Mitchell logo
 - Invoice number
 - Invoice date
 - Invoice must include proper business registration information in accordance with our legal obligations (see Section B1 Identification).
 - The word 'invoice' is to be prominently displayed at the top of the page.
 - Correct Franchise address & phone number
 - Detailed description of what is being invoiced



- A note indicating that all payments received from Clients should be made payable to Schooley Mitchell. Your bank account will be registered as Schooley Mitchell of “Your City” – “Your Last Name”.
- See appendix 1 for an example of an approved Schooley Mitchell invoice template

Section D – Initial Training

D1 INITIAL TRAINING PROGRAM

Each Franchisee is required to attend the initial training program virtually, the cost of which is included in the Franchise Fee.

It is the responsibility of the Franchisee to notify Head Office of all employees/subcontractors within their employ or control. All employees/subcontractors must be approved by Head Office.

Head Office requires all employees/subcontractors to be approved and boarded a minimum of **two weeks** (10 business days) prior to the training course the employee/subcontractor is to attend. Registrations received after the deadline will automatically be considered for the next training date. A request to register for a training session should be sent to fdinternal@schooleymitchell.com along with all required documents.

Employees/subcontractors must live and have their office within the Franchise Footprint. See Section B5, Franchise Footprint. A move of an employee/subcontractor home or office must be approved by Head Office before continuing work on behalf of a Franchisee.

D2 EMPLOYEE/SUBCONTRACTOR HIRING AND TRAINING GUIDELINES

All employees/subcontractors involved in sales, marketing or production activities must complete the initial mandatory virtual training program and applicable testing before commencing work. There are subsequent training webinars and testing that must be completed within the first three months of commencing work.

1. It must be clear to the prospective employee/subcontractor that Head Office approval is required before any assumptions can be made that they are hired.
2. Head Office requires a copy of a current resume for all prospective employees and subcontractors.
3. Head Office requires a description of the interview(s) with each prospect, including opinions on their aptitude, attitude, sales or marketing history, their confidence, their suitability, your documentation of responses from references, and any other pertinent information.
4. A Non-Disclosure Non-Competition Agreement and Subcontractor Acknowledgement Statement, both downloadable from The Warehouse, are to be signed and submitted to Head Office prior to an employee/subcontractor commencing training and work.
5. A copy of the Agreement between the Franchisee and the employee/subcontractor including all conditions and remuneration details is to be submitted to Head Office.

6. Attend and complete initial training virtually prior to commencing work in a Franchise at a cost of \$600.00 per employee/subcontractor.

Within the first 12 months of operating your SM Franchise, the charge will be nil for training employees/subcontractors (up to 3).

Telemarketing Employee/Subcontractor

- A telemarketing employee/subcontractor will not be required to attend the initial virtual training program unless requested by a Franchisee.
- The telemarketing role cannot include any function beyond cold calling and appointment setting. The telemarketer cannot solicit any business outside of the franchise footprint.
- A telemarketing employee/subcontractor will be given access to the Prospecting section within the warehouse.
- It is the franchisee's responsibility to train a telemarketer.
- If a franchisee or telemarketer need scripts or warehouse support, they can reach out to RAMP@schooleymitchell.com.

Admin Employee/Subcontractor

- An Admin employee/subcontractor will not be required to attend the initial virtual training program unless requested by a Franchisee.
- The admin role cannot include any sales or telecom production work. It is limited to administrative functions only such as invoicing, answering phones etc.
 - Accounting/Reporting Training can be provided.
 - Warehouse Training or Support can also be provided.

D3 WAREHOUSE AND EMAIL ADDRESS FEE

All Franchise employees/subcontractors will have a Schooley Mitchell email address. The cost to the Franchise for each Franchise employee/subcontractor is \$10.00 per month and includes full access to The Warehouse and an email address. The only exception to this is telemarketing employees/subcontractors unless they have completed the full initial training.

Section E – RAMP Program

E1 RAPID ACCELERATED MENTORSHIP PROGRAM (RAMP)

In order to ensure the basic concepts of our professional business have been delivered effectively in our training course, it is required that all Franchisees are enrolled in Schooley Mitchell's Rapid Accelerated Mentorship Program (RAMP). RAMP is designed to help new Franchisees understand and execute the Schooley Mitchell system. It is also designed to help new Franchisees get to the implementation and billing stage of assignments with Clients as quickly as possible.

Enrollment and participation in RAMP will be for the first year of operation/employment. Participation in RAMP may be shortened at the discretion of Head Office based on careful consideration of the following:

- Mastery of Client acquisition and following the Schooley Mitchell sales process.
- Demonstrated ability presenting Value Reports and successfully obtaining Client signoffs of our recommendations.
- Demonstrated understanding of sales resources available in Warehouse.

If a Franchisee has not sufficiently demonstrated the above, Head Office reserves the right to extend the program beyond the first year of business at their sole discretion.

General support is available on a continuing basis for all Franchisees, but RAMP is designed as a focused program for new Franchisees.

Employees/subcontractors may be enrolled in the RAMP program at the request of the Franchisee.

E2 REQUIREMENTS

Franchisees are required to participate in scheduled calls with a dedicated RAMP coach.

The Franchisee's Outlook calendar must also be shared with the dedicated RAMP coach. Franchisees are required to respond to any email or phone call from RAMP within a 24-hour period.

Franchisees must complete assigned activities in a timely manner.

Upon completion of the Value Report in each expense category, the Franchisee is required to review the Value Report with the analyst prior to the Client presentation. It is recommended that a RAMP coach and/or analyst are present virtually for all Client Value Report presentations.

Section F – Annual Conference

F1 CONSULTANT DEVELOPMENT CONFERENCE

Each Franchise is required to be represented for the duration of the Consultant Development Conference. At least one representative from each Franchise must be in full-time attendance at Conference and must be either an Owner or full-time employee/subcontractor who has completed initial training. The location of the Conference will be determined by Head Office each year.

The Conference is a required component of each Franchise on an annual basis as stated in this Manual as well as the Franchise License Agreement. The time spent at Conference will provide for training updates, procedural updates, the trading of ideas among Franchisees, and the transfer of information that is deemed necessary on at least an annual, and in-person, basis.

The Conference has been traditionally held in a tropical locale for several reasons:

1. The facilities for training and networking are appropriate and facilitate value for the Conference.
2. The Conference has been hosted in Canada and in the United States but in all cases, was not as effective as the tropical locale Conferences. There are more distractions and alternatives for activities in off-site locales in Canada and the United States, which defeats the purpose of the Conference in terms of networking and trading of ideas with SM attendees.
3. There have been several attempts to obtain packages that include all the benefits of the tropical locales but in all cases the costs were significantly higher in both Canada and the United States.
4. The tropical facilities that have been used for Conference have been built with the specific purpose of providing the services and facilities required for an event like the SM Conference.

The Conference is held for a period of up to five full days in the Conference location. The programs that are required to be delivered, in the opinion of, and in the sole discretion of, Head Office, need up to five full days to be delivered effectively.

There is no cost for the training component of the Conference, including instructors, speakers, research and development. However, arrangements for board, facilities, materials, and lodging are coordinated and determined by Head Office, the cost of which is the responsibility of the Franchisee.

The Conference costs for each attendee will not be the same cost as the resort will charge for a vacation-type trip. The facility charges additional fees for each person as services and facilities are enhanced for our attendance at Conference.

For example, specific hotel and travel staff is assigned to our group for the entire duration of the event to ensure everything that is required is available when needed and that all individual events run smoothly.

The training rooms are also cleaned and replenished several times each day, special food and refreshments are delivered several times each day, special events and dinners with unique menus and staffing are hosted on our behalf, and several inclusions are also added to the value of the stay.

The following policies apply concerning Conference attendance, payment, and refunds:

1. Payment of facilities, board, materials, and lodging costs is facilitated through the PAD system, in advance of the Conference. A monthly withdrawal of USD \$190.00 is made to facilitate payment of deposits for reservation of facilities and lodging prior to the Conference. Please advise Head Office if you wish to increase the monthly withdrawal amount to cover multiple attendees or a single room. In any case where monthly withdrawals have not been in place, Head Office will determine the payment schedule.
2. Franchisees, employees/subcontractors, and spouses/partners registered for the Conference are considered to be confirmed to attend 90 days prior to the first day of the Conference. Final payment will be based on these registrants. There are no refunds for cancellations within 90 days of the first day of the Conference. The facility requires final room bookings by that time.
3. In the event of a documented medical condition related to the attendee or an immediate family member, a full refund (facilities, board, materials, and lodging) will be granted up to 90 days prior to the first day of the Conference on notification of the medical condition to the extent that costs can be recovered by Head Office. No refund will be granted within 90 days of the first day of the Conference. Medical reasons for withdrawal must be disclosed to a Head Office designee and will be held in strictest confidence. A note from your primary care physician may be required.
4. Any reason, other than a medical reason, for requesting absence from the Conference, must be fully documented in writing, and approved by Head Office. No refund will be granted within 90 days of the first day of the Conference.
5. No refund of monthly withdrawals will be granted within 150 days of the first day of the Conference due to termination of the Franchise Agreement.
6. While the Consultant Development Conference is enjoyable, it is specifically designed to be an avenue for training and procedural updates and the trading of critical ideas and information among Franchisees and Head Office support staff. Conference is an adult only event, and not a vacation.



7. All rooms must be booked through Head Office. You must not contact the resort hosting the conference to make your own arrangements.

8. Out of country medical insurance must be purchased for the full duration of the conference, including travel. Proof of coverage must be provided to Head Office. Failure to do so will result in the cancellation of the Franchisee's, employee/subcontractor's, or spouse/partner's room, and no refunds will be provided.

Section G – Client Registry and Rules

G1 TEMPORARY CLIENT REGISTRY

The Temporary Client Registry identifies and protects your prospective Clients within the Franchise System. Prospective Clients that are listed in the Temporary Client Registry cannot be approached or solicited in any way by an SM Franchise except by the one who registers the prospective Client. It is each Franchisee’s responsibility to review the Temporary Client Registry. Failure to consult the list will not be accepted as a legitimate excuse if another Franchisee’s prospective Client is approached. Soliciting another Franchisee’s prospective Clients is considered to be a breach of the Franchise License Agreement.

The Temporary Client Registry operates under a “protected months” concept. A prospective Client is entered in the Temporary Registry via the Warehouse with a number of “protected months” specified. Each Franchise location has a total of 180 “protected months” available at any given time. Franchisees can protect as many Clients as they wish, provided the total “protected months” for the Franchise does not exceed 180 months. The following rules apply:

1. The minimum protection period is two months.
2. Initial listings can’t be protected or extended for more than 12 months without Head Office’s approval. Approval will be based on a marketing plan submitted by the Franchise.
3. Extensions must be entered in the Warehouse at least 30 days prior to the expiry date.
4. If a prospect has been removed from the list, it must remain off the list for three months before the original Franchise is allowed to re-protect the prospect.
5. Temporary Client information is maintained in the Warehouse. The Franchise is responsible for managing the limit of 180 “protected months”.
6. The “protected months” count starts from the addition date and concludes on the date corresponding to the number of months for which the Client is protected. Extending the number of “protected months” increases the total number of “protected months” calculated from the original addition date.
7. All Clients submitted to the Client Registry go through a Head Office verification process. A Client is not considered protected until this process has been completed.

G2 PERMANENT CLIENT REGISTRY

The Permanent Client Registry identifies and protects your Clients within the Franchise System. Clients that are listed in the Permanent Client Registry cannot be approached or solicited in any way by an SM Franchise except by the one who registers the Client. SM Franchisees wishing to use another SM Franchisee’s Client as a reference must first seek permission before using the Client as a reference.

SM Franchisees acting in contravention to this operational regulation will be in breach of the Franchise License Agreement. SM Franchisees record Client registry information through the Warehouse.

The documents required are:

1. A Service Agreement signed by the Client for consulting services on a contingency fee basis.

or

2. An Engagement Letter signed by the Client for consulting services on a fixed fee or quote basis.

Adding permanent Clients to the Client Registry that were previously classed as temporary is accomplished by changing the status in the Warehouse and uploading the Service Agreement or Engagement Letter.

It is each Franchisee's responsibility to review the Client Registry. Failure to consult the list will not be accepted as a legitimate excuse if another Franchisee's Client is approached.

All Clients submitted to the Client Registry go through a Head Office verification process. A Client is not considered protected until this process has been completed.

Expiry of Permanent Client

A permanent Client ceases to be protected on the registry when the Service Agreement has expired and is not replaced with a new agreement signed by the Client.

You may also continue to protect the Client if you provide invoices issued by you to the Client and proof of payment to Head Office. If a period of 12 months lapses without any billing and collection activity beyond the expiration of the Service Agreement, the Client will be placed in expired status on the Client Registry.

G3 TELEMARKETING, COLD CALLING AND/OR EMAIL LISTS

All Franchisees are responsible for comparing any telemarketing, cold calling and email lists against the Client Registry to ensure protected entities are eliminated from the lists before making contact in any manner, including in person, by phone or via email, etc.

Failure to consult the Client Registry will not be accepted as a legitimate excuse if another Franchisee's prospective or permanent Client is approached. Soliciting another Franchisee's prospective or permanent Client is considered to be a breach of the Franchise License Agreement.

Section H – Basic Services, Referrals, and Fee Structures

H1 BASIC SERVICES

Within the Schooley Mitchell Franchise System, there are several basic services to offer a Client:

1. Existing Systems Review on a Contingency Basis.
2. Our expertise on an hourly fee or set quote basis to help with changes to Client systems. Changes can include such things as new systems, new technology, moves, expansions, downsizing etc.
3. Provision of expense reduction services in other cost categories either directly using agreements, methods, and reports approved by Head Office in writing, or through third parties using their Client agreement which must be submitted to Head Office.

H2 JOINT VENTURE WITH ANOTHER FRANCHISE

When a Franchisee contracts another Franchisee to perform all or a portion of the consulting engagement, they enter into a Joint Venture Agreement. The entire engagement or a portion of the engagement is performed by another Franchisee under the following conditions:

- i. A joint venture fee is paid based on an agreed amount or a predetermined percentage of the revenue from the Client.
- ii. Hours are purchased to perform predefined work based on an agreed number of hours and predetermined hourly rate.
- iii. The engagement is split between two Franchisees based upon a description of the work to be performed by each Franchisee and a predetermined percentage of the revenue to be received by each Franchisee.

It is always the choice of the partner Franchisee to accept the assignment or not. When hours are purchased or revenue splits negotiated, the scope and specific arrangements are to be defined and agreed between the two parties using the Joint Venture Form so that there are no disputes concerning the scope or fee. The Joint Venture Form can be found within the Admin Library in the Warehouse.

H3 REFERRAL FEES PAID AND RECEIVED

Referral Fees Paid and Received

Paying and receiving referral fees as a method of increasing business, increasing revenues, and building stronger beneficial reciprocal relationships with third parties, is an acceptable and encouraged method of doing business in Schooley Mitchell.

Referral fees, commissions, or agency fees cannot be accepted from any person or business engaged in selling or providing services or products in any Schooley Mitchell cost reduction category.

Referral fees may be paid to third parties as an inducement to refer Clients or additional business to a Franchisee. These referral fees are considered to be a selling expense of the business like any other selling expense such as advertising, networking costs, telemarketing fees, sales commissions, etc., and are not to be deducted from gross revenues for the purposes of reporting income for the Franchisee or for calculating royalties and marketing fund fees.

The Franchisee may earn referral fees or commissions for providing referrals or recommendations to third parties to help those third parties obtain revenues. All referral fees, commissions, or like income earned, is to be included in gross revenues for the purposes of reporting income of the Franchisee, and for calculating royalties and marketing fund fees.

H4 OTHER FEES EARNED

Any net fees of any kind, including but not all-inclusive, any referral fees, share of revenues, consulting fees, retainer fees, contingency fees, hourly fees, or any similar or like fees earned by a Schooley Mitchell Franchise as a result of third-party consulting, referral from or to a third party, cost reduction services of any kind whether delivered directly or through a third party, or other professional engagement of any kind, are to be included in gross revenues for the purposes of reporting income of the Franchisee, and for calculating royalties and marketing fund fees.

H5 REFERRAL FEES PAID TO ORGANIZATIONS

Referral fees may be paid to organizations such as a chamber of commerce, an association, or a buying group, etc. These fees may be paid to the organization as an inducement to refer members to Schooley Mitchell.

Section I – Service Agreement and Fee-Based Engagements

II CLIENT ENGAGEMENT DOCUMENTS

Client engagements are only performed after receiving either a signed Service Agreement for contingency-based assignments or an Engagement Letter for fee-based assignments.

Service Agreement

The Service Agreement is the document used to define the scope of an optimization-based assignment. These assignments are typically billed on a contingency basis.

Each office is required to use the standard Service Agreement format generated via the Warehouse. This document has been created, reviewed and approved by Head Office and its lawyers, and must be the standard format used by all offices in order to maintain appropriate standardization, consistency, and to provide the level of legal protection required for Schooley Mitchell Franchisees on a consistent basis.

Each office will have the right to negotiate terms that are appropriate for an individual Client if minimum standards are maintained. The required use of the template is not designed to hamper opportunities. In the rare circumstance where adjustments are required beyond the flexibility provided in the Warehouse templates, terms may be changed as long as the minimum standards are maintained and the new terms are approved by Head Office. This allowance is for one-off circumstances and does not provide approval to use a standard format for agreements that is different from the standard Service Agreement format.

In no circumstance will auto-renewal provisions be allowed. That is not our method of doing business at Schooley Mitchell and any agreement drafted with auto-renewal language will be rejected by Head Office, and the Client will be notified that it is not a valid agreement. We have very strong customer relationship-building strategies, techniques, tactics, and capabilities. As such, renewals should be obtained via appropriate relationship-building activities and not through auto-renewal provisions.

If any joint agreement, where services are provided in conjunction with a third party, is to be used to provide service to an individual Client, that agreement must be approved by Head Office in writing prior to proceeding with any such engagement.

Engagement Letter

The Engagement Letter is a document that allows you to outline the scope, responsibilities and payment terms of an hourly or project fee assignment. An Engagement Letter must be customized on a case-by-case basis according to the Client and the project at hand. Templates and examples are available through the Warehouse.



I2 MINIMUM STANDARDS AND INCLUSIONS

- 1) The legal business name of the Schooley Mitchell Office must be used in the Service Agreement (contract) with the clear indication that the entity listed, whether a proprietorship, partnership, or corporation, is Doing Business As (DBA) Schooley Mitchell.
- 2) The legal name of the Client as the party to the agreement must be listed, as well as the appropriate address of the company, phone number of the company, printed name of the individual signing on behalf of the company, the signature of that person, and the statement that the individual has signing authority for the company.
- 3) The current logo and marks.
- 4) A clear indication of the term of the Service Agreement during which time the Schooley Mitchell Office may make recommendations.
- 5) A clear indication of the life of any recommendations made.
- 6) A clear indication of the payment terms, including duration and frequency.
- 7) A clear indication that the Client will provide appropriate access to the appropriate records required by Schooley Mitchell for the entire term of the Service Agreement and continuing until the end of the payment period.
- 8) A clear indication that the Client will provide a Letter of Authorization that would provide access to appropriate vendors.
- 9) A clear indication that any recommendations for changes made by Schooley Mitchell are subject to the approval of the Client.
- 10) A clear indication of how savings are to be calculated in order to avoid any disputes in the future related to that calculation.
- 11) A clear statement that Schooley Mitchell agrees to keep all Client records and information confidential.

I3 ELECTRONIC SIGNATURE STANDARDS

Every document required by Schooley Mitchell that is electronically signed requires an electronic audit trail. Schooley Mitchell has selected Signable as its preferred eSignature platform, and has created integration in the Warehouse for Client documents requiring signatures. A Service Agreement and Letter of Authorization will not be approved and accepted by Head Office unless the full digital audit trail is included with the signed documents. Many eSignature alternatives do not automatically provide an electronic audit trail and will not be considered as valid signatures.

Section J - Production

J1 VALUE REPORTS, POST AUDITS, RECOMMENDATIONS OR WORK PRODUCTS

All Value Reports, Post Audits, work product, and/or recommendations that are submitted to a Client for consideration must be prepared by a certified Schooley Mitchell Head Office analyst. Franchisees are permitted to do their own Telecom analysis including Electronic Logging Devices (ELD) and Unified Communications as a Service (UCaaS) if they are properly trained and certified, or use another properly trained and certified Franchisee.

All analysis, production, recommendations, implementations, Post Audits, work product, and other submissions for Clients regarding savings, adjustments, redundancies, recoveries, refunds, and/or set up, must be completed through Head Office, and cannot be completed in any form directly by a Franchisee, or any other designated party, for any cost categories, with the exception of Telecom, ELD, and UCaaS.

Telecom, UCaaS and ELD Production

Telecom, UCaaS and ELD production must only be completed by properly trained Franchisees, Head Office staff, or approved employees/subcontractors of Schooley Mitchell. No outside third party is allowed to execute any production, analysis, input, or related service or function, for any Schooley Mitchell Franchisee. All analysis and input must be performed and maintained in the analysis tools provided in The Warehouse. No other means of analysis will be accepted at any time unless specific written exception has been provided by Head Office. Head Office reserves the right to review and approve all Value Reports to ensure they conform with Schooley Mitchell standards.

Value Reports

All Value Reports must contain and be presented to a Client with all of the following elements:

1. Cover Page
2. Executive Overview
3. Executive Summary
4. Detailed Current Configuration
5. Detailed Proposed Configuration (Minimum two options). We acknowledge there are circumstances that may prevent a 2nd option; however, this is not the norm and every effort should be made to include more than one option.
6. Multiple Year Table of Savings (3 Years for 2-Year Service Agreement; 5 Years for 3-Year Service Agreement)
7. Line Graph illustrating net Client savings for five years for a 36-Month Service Agreement and for three years for a 24-Month Service Agreement

The Value Report is the work product created from the effort put forth. The Client will see it as a document of great importance and therefore, the more valuable information it contains, the higher value the Client will perceive. This is true even if the Client only wants to review the Executive Summary. They will still want to ‘feel’ the report represents a valuable effort in relation to the fees to be paid to you. All Value Reports must be generated using the tools provided in The Warehouse unless specific written exception has been provided by Head Office.

Post Audit

All Post Audits must contain and be presented to a Client with all of the following elements:

1. Cover Page
2. Executive Overview
3. Summary of Audit
4. Savings Comparison
5. Detailed Benchmark Table
6. Detailed Current Table

Post Audits must be created based on actual savings and not estimates based on the Value Report. The exception to this is when a Client does not cooperate and provide invoices required to complete the Post Audit. Estimated Savings Post Audits will be created in order to invoice the Client to create a receivable that can be pursued for collection.

All Post Audits must be generated using the tools provided in The Warehouse unless specific written exception has been provided by Head Office.

Requirements to Provide Client Access to Another Franchise Office

Before Head Office provides another Franchise office access to your account(s) to complete Telecom, UCaaS or ELD Production, you must complete the following action items and upload all supporting documentation to the Warehouse in the “Docs” section of your Client in the Registry:

- Sent Welcome Letter to your Client through the Warehouse
- Sent First Recommendation Letter to your Client through the Warehouse
- Upload all Client invoices for each service and vendor to be analyzed
- Completion of the Fact Finding Checklist

Once these action items are complete, please submit a support request via the Support Portal requesting that access be given pending a review of the requirements being completed.

Source Documents

Copies of all vendor invoices, contracts, quotes, etc. used during the initial audit and subsequent Post Audits must be kept for the life of the Client engagement plus three years. Copies can be kept in digital format if preferred.

J2 CLIENT DOCUMENTS TO BE SUBMITTED TO HEAD OFFICE

The following documents are to be filed at Head Office for all Client engagements.

1. The Service Agreement, Engagement Letter, or similar agreement for all engagements, properly signed and executed by the Client, whether electronically or physically
2. The Authorization Letter signed by the Client, properly signed and executed by the Client, whether electronically or physically
3. The Value Report or fee-based equivalent resulting from the engagement.
4. The Executive Summary page or Savings Options Matrix of any Value Reports or recommendation letters that have been accepted by the Client for implementation. This page must include the Client's initials and signature.

J3 SUPPLIER CONTRACTS/AGREEMENTS

When implementing recommendations on behalf of Clients, or in any other circumstance where vendor correspondence or agreements are involved, all such contracts, correspondence, agreements, and/or instructions to the supplier are made under the signature of the Client.

Supplier contracts and agreements are between the Client and service provider. Therefore, as Franchisees/employees/subcontractors and an impartial third party, we cannot legally sign contracts or agreements of any type, on behalf of the Client, with or without their permission. Signing a document on behalf of a Client could also expose Franchisees/employees/subcontractors directly to a significant liability, and/or a challenge from an Errors and Omissions Insurance Carrier if something goes wrong.

From time to time, suppliers will offer a commission to Franchisees/employees/subcontractors in return for recommending a Client. Schooley Mitchell Franchisees/employees/subcontractors are strictly forbidden from accepting commissions, agency fees, or finder's fees directly from suppliers. Suppliers can however deliver the entire value of the commission to the Client so that the Client understands what it is and that it represents part of the savings. It is then included as part of the savings calculation. Any form of direct payment or sub-agency agreement between Schooley Mitchell and a supplier is not acceptable or permitted.

J4 SUPPLIERS/PROVIDERS AND INSTALLATIONS/IMPLEMENTATIONS

There are certain types of suppliers and solutions that Schooley Mitchell Franchisees/employees/subcontractors should not be recommending and implementing for Clients as they are geared towards the residential consumer and are not business class solutions.



Schooley Mitchell Franchisees/employees/subcontractors should **never** perform installations on their own for any Client. There is significant risk for Franchisees/employees/subcontractors to be considered liable for any incorrect installations, damage to equipment, loss of service and lost revenues as a result of Franchisees/employees/subcontractors conducting an improper installation. Schooley Mitchell Franchisees/employees/subcontractors are not insured to cover issues that can arise from improper installations and both Schooley Mitchell Head Office and the Franchisees/employees/subcontractors can be considered liable for damages.

Our roles as Franchisees/employees/subcontractors should extend only to being a single point of contact for the Client, not a direct support role for the provider. Your Client should relay any issues they're having to you and then you can pass those on to the provider to then support the issue.

J5 PRODUCTION SERVICES OF THIRD PARTIES

No vendor of any service or product that Schooley Mitchell consults to shall provide production/analysis services to any Schooley Mitchell Franchisees/employees/subcontractors without the prior written approval of Head Office.

J6 TELECOM PRODUCTION

Franchisees who are enrolled in RAMP are required to submit their first 10 Telecom/ELD/UCaaS Value Reports for review by the RAMP department if the Value Reports were not prepared by Head Office. The Value Reports must be submitted for review and approval prior to being presented to a Client. Value Reports completed by Head Office do not have to be submitted as they are reviewed internally.

If a Franchisee decides to have Telecom, UCaaS or ELD production completed by another Franchise office, the Franchisee is required to upload to production tracking in the Warehouse all required documents for production including but not limited to:

- Service Agreement/Engagement Letter
- Letters of Authorization
- Invoices or online access credentials
- Fact finding Form including Client Fact Finding Form
- Vendor quotes
- Existing vendor contracts

J7 RULES, REGULATIONS, AND PROCESSES SURROUNDING HEAD OFFICE PRODUCTION SERVICES

Head Office Responsibilities

Head Office provides production services for a fee of 12.5% of Client savings. There are minimum Client spending thresholds in each cost category to qualify for production services. These minimums have been established based on years of experience and recognizing that Franchisees and Head Office need to be profitable. **A table of the minimums can be found in Appendix 2.**

If a Client's monthly spend is below the minimum thresholds then the Franchisee will be charged \$50.00 per hour for analysis. If you submit an account below the minimum thresholds and we find savings where the HO share will be more than the hourly fees charged to you, then the hourly fees will be credited back. In other words, you will pay \$50.00 per hour or the normal HO share, whichever is greater, for those accounts submitted below the thresholds.

Head Office will perform the following services for the Franchisee's Client unless instructed otherwise in writing:

1. Coordinate a Discovery call with Franchisee, if required.
2. Participate in the Fact Finding discussion, if required.
3. Negotiate with vendors.
4. Send Vendor Letter(s) to vendors when appropriate.
5. Prepare the Value Report, Future Savings Report, and/or No Savings Report, based on results of the completed analysis in accordance with HO standards.

Please Note: Head Office will endeavor to complete the Value Report within four to six weeks of receiving all the required information. Completion time may vary/extend beyond six weeks based on elements out of Head Office's control.

6. HO will be available for any required pre-scheduled conference calls with the Client and the Franchisee to explain and discuss recommendations.
7. Coordinate with vendors to facilitate implementation of accepted recommendations.
8. Initial requests to Franchisees for follow-up information from Client to fulfill the initial analysis, as well as the Post Audit.
9. Post Audits based on terms of the Service Agreement, including the evaluation of opportunities for further optimization of existing services such as better plans and pricing.

Please Note: Any changes to Post Audit frequency must be discussed and approved by HO. There is a fee associated with this change if HO is not notified prior to commencement of the Post Audit cycle.

10. Provide the Franchisee with requests for additional information to complete the initial analysis or Post Audits.

Franchisee Responsibilities

Please Note: Items 1-6 must be completed and sent with this agreement to [hoprod@schooleymitchell.com](mailto:hoproduct@schooleymitchell.com) before production work can begin. If any of these items are not completed within 30 days from the date of submission, HO will archive the account. It can be re-submitted once the outstanding items are addressed.

The Franchisee agrees to provide the following services and documents:

1. Signed Production Agreement
2. Signed Service Agreement (including an initialed Exhibit 1 with applicable cost categories).
3. Signed Letter(s) of Authorization and/or verbal authorization.
 - a. The Franchisee will be responsible for ensuring a HO staff member is fully authorized on all vendor accounts in all cost categories. Contact a HO staff member in the File Prep department at file.prep@schooleymitchell.com to determine which analysts should be authorized for a specific cost category, or if you require information on how to get authorized for any vendor.
4. Completed Client Fact Finding and completed Fact Finding Checklist for each cost category submitted for production.
5. All Client invoices, contracts, agreements and other information required to complete the analysis. If information is missing with the initial submission, it will be the Franchisee's responsibility to gather missing documents.
6. The Franchisee will obtain online access to electronic invoices and vendor information. All usernames, passwords, PIN numbers and/or security questions/answers need to be supplied in order to access this information.
7. Sending the Welcome and First Recommendation letters to the Client.
8. Complete review of the Value Report with the analyst prior to presenting the Value Report to the Client. The Franchisee and analyst will determine presentation details.
9. Presentation of the Value Report to the Client and obtaining signed Client approval to proceed with implementation of the recommendation(s).
10. If a physical presence is required during implementation, the Franchisee may be responsible for representing Schooley Mitchell on the premise and will be required to liaise with and assist Head Office staff with any implementation needs.

HO will make all the necessary arrangements to implement a solution with the vendors. HO will also provide guidance to both the Franchisee and Client during the implementation process.
11. The Franchisee will provide HO with weekly updates on the status of the acceptance of the Value Report that has been presented. HO, at its discretion, may follow up directly with any Client where the implementation of the recommendations has not been approved within 60 days of presentation of the Value Report.



12. For any Client where the Value Report has been presented but the recommendations have not been accepted within 60 days by the Client, HO will request that the Franchisee obtain all relevant vendor invoices since the date of the Value Report. All such records shall be submitted to HO for review and to determine if changes have been made to the Client's accounts. All such records will be submitted monthly thereafter. After 90 days if the records are not received, a second request will be sent by HO directly to the Client, and then a third request will be sent after 120 days if required. If the Client does not comply with the requests, a demand under paragraph 7 of the Service Agreement shall be made by HO directly to the Client after 150 days. If the Client does not comply with the demand, all means available will be pursued to obtain such records as required by the Service Agreement.
13. The Franchisee will not communicate with any vendor regarding active HO production accounts without prior written consent from HO management. This is to ensure there is no disruption, undermining or duplication of work. The Franchisee may discuss any referral relationship so long as it does not pertain to an account in active production.

Head Office Rights

HO reserves the rights listed below as part of this Production Agreement. HO staff will attempt to discuss these circumstances to reach a mutual understanding of best practices in each case. HO reserves the right to make the final decision about each circumstance described below.

1. If HO completes a vendor authorization on behalf of the Franchisee, then the Franchisee will be charged \$50.00 per hour, as detailed in the "Other Fees" section.
2. If HO acquires Client invoices, contracts, agreements, and other information required to complete the analysis, on behalf of the Franchisee, the Franchisee will be charged \$50.00 per hour, as detailed in the "Other Fees" section.
3. If HO completes a Fact Finding Form, the Franchisee will be charged \$50.00 per hour, as detailed in the "Other Fees" section.
4. If the Client Post Audit is not reported as invoiced within 60 days of sending the Post Audit to the Franchisee, HO will have the option of invoicing the Client directly. The Franchisee will be charged a flat fee of \$50.00, not to exceed the amount of the Client fee collected, or 10% of the Client fee, whichever is greater.
5. If the Franchisee decides not to invoice the Client without agreement from HO in writing, HO will have the option of invoicing the Client directly. HO will keep all collected fees forfeited by the Franchisee.
6. If the Franchisee chooses not to pursue collection of fees invoiced to Clients, HO reserves the right to pursue collection directly from the Client. HO will keep all collected fees forfeited by the Franchisee.
7. If the Franchisee chooses not to pursue collection of vendor invoices from Clients where a recommendation is not accepted by the Client, HO reserves the right to pursue collection of invoices and other required information directly from the Client. HO will keep all collected fees forfeited by the Franchisee.
8. If the Franchisee chooses not to pursue collection of vendor invoices, or current login and password information providing access directly to vendor invoices from Clients for the purposes of completing Post Audits within 60 days of being requested by HO, HO reserves the right to pursue collection of vendor invoices and other required information directly from the Client. The Franchisee will be charged a flat fee of \$75.00, not to exceed the amount of the Client fee collected, or 50% of the Client fee, whichever is greater.



9. If the Franchisee does not present the Value Report, or Supplementary Value Report, within 30 days of receipt from HO, or when vendor quotes expire, whichever is earlier, regardless of the amount of savings indicated in the Value Report or Supplementary Value Report, HO reserves the right to present the Value Report or Supplementary Value Report directly to the Client. The Franchisee will be charged a flat fee of \$150.00, not to exceed the amount of the Client fee collected, or 50% of the Client fee, whichever is greater.
10. If the Franchisee does not present the Value Report or Supplementary Value Report, within 30 days of receipt from HO or prior to vendor quotes expiry, whichever is earlier, and a new Value Report or Supplementary Value Report is required, regardless of the amount of savings indicated in the Value Report or Supplementary Value Report, HO reserves the right to present the Value Report or Supplementary Value Report directly to the Client. The Franchisee will be charged a flat fee of \$250.00, not to exceed the amount of the Client fee collected, or 75% of the Client fee, whichever is greater.
11. The Franchisee will not have the right to release the Client from its obligations under the Service Agreement without approval in writing from HO. If the Franchisee does release the Client without approval from HO, then the Franchisee will pay HO all outstanding production fees, royalty, and ad fund fees for the remaining Post Audits due in the future based on the terms of the Service Agreement. The amount owing will be calculated based on the average savings of any completed Post Audits or the Annual Savings accepted by the client in the Value Report, whichever is greater.
12. The Franchisee will not have the right to choose the vendors that are included in the Value Report, nor the order in which the vendor options are presented. Those decisions will be at the sole discretion of HO and in the best interests of the client.
13. The minimum savings for monthly Post Audits is \$150.00 per month. If the savings are below \$150.00, the post audit will automatically transition to a quarterly audit in order to maximize our resources. The minimum savings remains \$150.00 for the quarterly audit (e.g. \$50.00 per month x 3 months). If the savings are too low, HO and the Franchisee may discuss alternative options such as buy-outs or gifting. The above minimums do not apply to a franchisee within their first year of operation.

Head Office Client Relations Service

Head Office Client Relations services are available for a fee of 2.5% of Client savings. Under this option, the Franchisee agrees to do the following:

1. Provide a signed Production Agreement
2. Provide a signed Service Agreement (including an initialed Exhibit 1 with applicable cost categories).
3. Complete the Client Onboarding Submission Document.
4. Present the Value Report(s) to the Client and acquire the signed Client approval to proceed with any recommendation(s). The HO analyst(s) will be available via conference call to co-present the Value Report(s) with the Franchisee. Discussion must take place with HO for review of the Value Report and to determine presentation details, including the date and time of the presentation.
5. If a physical presence is required during implementation, the Franchisee may be responsible for representing

Schooley Mitchell on the premise and will be required to liaise with and assist Head Office staff with any implementation needs. HO will make all the necessary arrangements to implement a solution with the vendors. HO will also provide guidance to both the Franchisee and Client during the implementation process.

6. Provide weekly updates on the status of the Client once the Value Report has been presented, until our recommendations have been either accepted or rejected.

It is also agreed by HO and the Franchisee that all client assignments will require a collaborative effort and consequently, both parties shall make themselves available on a timely basis to hold conversations and other communications to ensure the client is served in a professional, confidential, and timely manner.

HO Client Relations Responsibilities

1. Act as a single point of contact for the Client at HO.
2. Provide regular communication to the Franchisee on the progress of the Client files from document gathering until the Client moves into the Post Audit stage.
3. Provide administrative support to the Franchisee during the document gathering stage; assisting with all the necessary steps required to move the Client into production.
 - a. Send Welcome and First Recommendation Letters to Client.
 - b. Complete Discovery Call with Franchisee.
 - c. Conduct Fact Finding discussions with Client contacts.
 - d. Collect documents required for production.
 - i. Signed Letter(s) of Authorization and/or verbal authorization required to make inquiries with vendors about a Client's account.
 - ii. Complete Fact Finding checklists for each cost category submitted.
 - iii. Provide all Client invoices, contracts, agreements, and other information required to complete the analysis.
4. Act as liaison between the analyst and the franchisee providing support throughout the analysis.
 - a. Send Analyst introduction letter to Client.
 - b. Send Franchisee weekly emails to update on the progress of moving the Client file into production.
 - c. Once production has started, send Franchisee bi-weekly emails to update on production status.
 - d. Request additional documentation or information from the Client as needed during production.
5. Value Report support
 - a. Support franchisee in presenting the Value Report.
 - b. Collect any documentation needed to implement the accepted recommendation.
6. Post Value Report support
 - a. Collect invoices/statements as required to complete Implementation Verification Report, and Post Audits.
 - b. Track all contract expiries and take appropriate action.



Other Fees

“Hourly Work” or “MACD” (Moves, Adds, Changes, Deletes) is defined as requests for work performed outside the scope of the Service Agreement or Head Office Production Agreement as made by the Franchisee or Client. The Franchisee will be charged at a rate of \$50.00 per hour in 15-minute increments (minimum \$12.50 for one-quarter hour).

The fees charged will be tracked and invoiced on a Client-by-Client basis.

HO will notify you via email when Hourly Work or MACD charges will be incurred. If no response is received by HO regarding the Hourly Work or MACD charges, then HO reserves the right to continue with the Hourly Work or archive the account.

Section K – Marketing and Communications

K1 ADVERTISING

Logos, marks, trade name representations, or similar materials, cannot be used without prior approval, unless previously approved by Head Office in both format and content, for specific printed materials, reports, Value Reports, websites, electronic documents, or other methods of communication. Pre-approved advertising templates are available through the Warehouse for various uses. Individual approvals cannot be construed as approvals in any other circumstance.

In order to maintain professionalism and consistency of the brand, all advertising and publication, whether print, digital, or physical impression, requires the approval of Head Office prior to publishing or use. This includes, but is not limited to:

1. Advertising that a Franchisee may execute to attract business.
2. Advertising to attract Subcontractors or Employees.
3. Articles or related published materials.
4. Promotional or related items.
5. Clothing or other physical items.
6. PowerPoint presentations or any other software or other medium used to present services.
7. Reports provided to Clients or third parties that contain any logo, mark, or trade representation of SM that is not represented in a standard or previously approved format.
8. Other use of any logo, mark, or trade representation of SM.

All printed and promotional and related items must be ordered through Head Office.

A minimum of two weeks lead time is required by Head Office to review and approve any request related to the above materials. In the case of promotional materials, a longer time may be required depending on the items or ideas requested.

Franchisees shall not maintain any website or URL that advertises, mentions, discusses or summarizes Schooley Mitchell, or any services provided by Schooley Mitchell, unless specifically approved by Head Office. URL forwarding is also prohibited without Head Office approval.

Schooley Mitchell retains ownership of all Franchisee splash pages and SM social media accounts, the content related to SM thereon, and the domain names associated with those accounts, if the Schooley Mitchell trade names, marks, or confusingly similar terms are used in any manner on the site.

Schooley Mitchell also retains ownership of all SM email accounts and associated addresses. Email spoofing, phishing or spam is strictly prohibited and Franchisees are responsible for adhering to applicable anti-spam legislations. Emails must be sent via

authorized servers. Mass email and unsolicited email marketing is prohibited. Franchisees should ensure they have an appropriate working relationship with the targeted recipient before deploying any type of email communication or marketing.

K2 SCHOOLEY MITCHELL SOCIAL MEDIA & INTERNET POLICY

As a Franchisee/employee/subcontractor of Schooley Mitchell, the following policy must be followed in regard to the use of social media, as well as all information published on the Internet. Head Office recognizes the value of social media in supporting sales and marketing efforts, as well as building brand recognition, increasing demand for services, and improving communications, and has created these policies to provide an appropriate balance between those values and the necessary integrity and consistency required by our business.

Due to the nature of social media and the Internet in terms of its permanency, as well as its viral and public nature, these policies have been crafted to protect the brand and image of Schooley Mitchell, and all of its stewards, members, and affected parties, including Head Office, Franchisees, employees, subcontractors, vendors, Clients, and other associated parties.

- 1) The language in the License Agreement and Operations Manual that refers to advertising, promotion, use of names and marks, and representation of the business apply to social media and Internet strategies. In addition, all other policies, rules, and regulations of Schooley Mitchell apply to the use of social media, including a prohibition against damaging the goodwill of Schooley Mitchell.
- 2) Schooley Mitchell Head Office must be provided with all account information for each site where the name, brand, or marks of Schooley Mitchell, or confusingly similar terms, are used or referenced. Required information includes the URL, the site name, the username, the password, and any other information that would be required to edit, change, modify, or remove information from the site.
- 3) If a social media or Internet site is used for personal purposes, it must not be used for business purposes related to Schooley Mitchell. A personal social media or Internet site may mention that you are a member of Schooley Mitchell but that is the full extent allowed for any business purpose related to any personal site.
- 4) Any Internet site that contains any Schooley Mitchell brands, marks, name, or confusingly similar terms, and allows for a picture to be posted, must have a professional business picture and not a personal interest or hobby picture posted as the picture is representing the business of Schooley Mitchell.
- 5) Any Internet site that contains any Schooley Mitchell brands, marks, name, or confusingly similar terms, must not include any descriptions or mention of other business interests or business affiliations that are current in nature and that site shall only represent the business of Schooley Mitchell in any current business descriptions.



6) Only approved social media and Internet sites can be used for business purposes by franchisees/employees/subcontractors. The approved sites will change from time to time, and approvals may be obtained for additional sites that are proposed to have business value upon proper submission in writing to Head Office, with 14 days' notice. Head Office will decide using its own discretion whether a site will be approved or disapproved. Approved sites include:

- A. LinkedIn – personal profile page only
- B. Facebook – only pages that have been established on your behalf by Head Office
- C. Instagram – only accounts that have been established on your behalf by Head Office
- D. Google My Business - only pages that have been established on your behalf by Head Office
- E. YouTube – only accounts that have been established on your behalf by Head Office, upon request
- F. Alignable

7) Head Office reserves the right to remove any information submitted to a website that, at the sole discretion of Head Office, does not reflect an appropriate view of Schooley Mitchell. Schooley Mitchell reserves the right to remove, or require the Franchisee to remove, all content that violates this social media policy or any laws or regulations, or is not consistent with an appropriate use of the trademarks, name, or brand, in the sole discretion of the Head Office.

The following types of commentary or posts are prohibited;

- a. Defamatory or disparaging comments about competitors
- b. Defamatory or disparaging remarks about Head Office or any staff member
- c. Defamatory or disparaging remarks about any member of Schooley Mitchell including Franchisees, employees, subcontractors, and any other associated member
- d. Any commentary on any legal or private matters internal to the Schooley Mitchell system
- e. Defamatory or disparaging remarks about vendors of any service to which Schooley Mitchell consults
- f. Confidential or proprietary information of Schooley Mitchell, or of any Franchisee, including their Employees and Subcontractors, including without limiting the generality of the foregoing, any details of the License Agreement, Operations Manual, software applications, or other Manuals of Head Office
- g. Proprietary information of Clients or vendors, including use of the names of Clients or vendors without permission
- h. Commentary of any kind related to the topics of religion, race, politics, sex, and other incendiary topics or topics deemed harmful to the business of Schooley Mitchell, at the sole discretion of Head Office
- i. Comments that could be construed to cloud the issue of Schooley Mitchell's independence and objectivity, or may cast confusion concerning independence
- j. Comments deemed to be harassing in nature, at the sole discretion of Head Office, to employees, subcontractors, clients, prospects, vendors, HO, other Franchisees, or any third party



- 8)** 1073355 Ontario Limited, or Schooley Mitchell Head Office, will not assume or incur any liability for any use of social media or Internet sites of its members.
- 9)** The franchisee is responsible for securing and protecting all usernames and passwords to all sites used for their business. If a site is breached or hacked, it is the franchisee's responsibility to immediately notify Head Office and obtain full control of the site in order to remove all detrimental information immediately upon discovery.
- 10)** The Franchisee alone is responsible for the monitoring of its employees and subcontractors to ensure compliance with these requirements.
- 11)** 1073355 Ontario Limited, or Schooley Mitchell Head Office, does not assume responsibility for monitoring compliance with laws, these regulations, or terms and conditions of any third party, and any approval by Head Office of the use of social media sites or monitoring thereof does not constitute a representation that the Franchisee is in compliance with these laws, regulations, or terms and conditions. Without limiting the generality of the foregoing, slander, defamation, and libel laws, as well as employment discrimination laws, apply to all posts made to the Internet and should be considered before any post.
- 12)** If a client, prospect, vendor, contact, or third party of the franchisee submits disparaging or argumentative remarks on any site, the franchisee must not engage in argumentative discourse with that person on a public forum. If the comments can be removed, the franchisee must do so immediately. The issue should be dealt with on a timely basis with the person responsible for the commentary in a private manner. Public discourse with an irate client, or other person, is deemed to be detrimental to our business, regardless of which party is right. Contact Head Office for assistance in responding professionally to positive and negative online reviews.
- 13)** If Schooley Mitchell determines that a standard username format or naming policy must be used for a particular social media site or Internet site, the franchisee must use that format to provide for consistency of brand representation.
- e.g. On Facebook: Schooley Mitchell (Location – Firstname Lastname)
- 14)** Only those who have completed Head Office Sales and Marketing training can obtain access to their Schooley Mitchell social media profiles. Third-party marketing companies, or those who have not undertaken Schooley Mitchell's Sales & Marketing training, will not be granted access.

Section L – Advisory Council

L1 ADVISORY COUNCIL OUTLINE

Article 1 – Name

The council shall be known as the Schooley Mitchell Advisory Council.

Article 2 – Objective

The organization shall be comprised of a representative group of Franchise licensees who will meet periodically with the management of Schooley Mitchell to review plans and discuss mutual problems and concerns.

The purpose of the Advisory Council is to promote mutual understanding, promote candid and open communications, and to review matters of common concern to all Franchise licensees and the management of Schooley Mitchell. In addition, it is the desire of Schooley Mitchell to make the Franchise licensee an integral part of the planning process as the Franchise System grows and develops. It is recognized that this group can be instrumental in addressing and resolving concerns of general interest before they develop into significant issues.

It is the duty of the Advisory Council to address and resolve to the mutual benefit of both Franchisor and Franchisee, any problems or concerns that may arise which may affect the servicing of our major asset, the Client.

It is also the duty of the Advisory Council to prioritize the concerns of Franchisees as a whole, rather than simply to consider the most vocal individual Franchisee's concerns or suggestions.

It is understood that the Advisory Council serves in an advisory capacity and does not have the authority to directly modify the policies of Schooley Mitchell. Schooley Mitchell will heavily weigh the input of this group in formulating plans, programs and policies that affect the Franchise licensee.

Article 3 – Membership

Eligibility

A Franchisee in good standing is eligible for election or appointment to the Advisory Council. Only one person per Franchise location, partnership, company, corporation or family is eligible to be on the Advisory Council at any one time. Members may participate on any sub-committee task forces as deemed appropriate by the council members. To maintain eligibility while serving on the Advisory Council, each Franchisee must remain in good standing with Schooley Mitchell.

Representations

a) Membership will be limited to a maximum of 10 Franchisees with minimum 20 percent representation from each of Canada and the U.S. Schooley Mitchell will have non-voting representation.

b) Term of Office – Each member of the council will be elected for a two or three-year term allowing for rotating transitions.

Election Procedures and New Appointments

The standard term of office will conclude upon election of new members at the Annual Meeting of Franchisees in the year that the elected term expires. Election of all new members will take place through voting by the Franchisees present at that Annual Conference. All Franchisees will be notified of approaching elections a minimum of 60 days prior to the Annual Conference. Nominations will close 48 hours prior to the election.

Where a Franchisee cannot continue in their elected position, they may be replaced by the appointment of another Franchisee by Advisory Council until the next election. The Advisory Council may also choose not to replace the member immediately and instead wait for the election process, as long as the minimum representation for Canada and the U.S. is maintained.

Article 4

Election of Officers

The officers of the Advisory Council shall be as follows:

Chair

Vice-Chair

Secretary

Officers are elected for one-year terms by the Advisory Council at the first regularly scheduled meeting of the Advisory Council following the Annual Franchisee meeting.

Duties of Officers of Advisory Council

Chair

The Chair will preside at the meetings. The Chair is required to oversee the annual election process and report on the results to all Franchisees. The Chair will also report to all Franchisees concerning Advisory Council activities and circulate minutes of meetings on a timely basis.

Vice-Chair

In the absence of the Chair, the Vice-Chair will preside.

Secretary

The minutes of each meeting will be recorded by the Secretary and distributed to all members of the Advisory Council on a timely basis.

Article 5 – Committees and Special Assignments

Committees and Special Assignments may be formed to address specific topics with the mandate of submitting recommendations to the Advisory Council.

Article 6 – Meetings and Agendas

The Advisory Council will meet three times each year. A simple majority of members must be present at any meeting in order to constitute a quorum. Advisory Council meetings will generally adhere to a planned agenda rather than being informal discussion sessions. All Advisory Council members may submit topics to the Chair for discussion at the meetings. The agenda will be submitted to all Advisory Council members a minimum of two days prior to the scheduled meeting.

Agendas will typically include discussions on the following:

1. Operations – training, operating manuals, communications, Client satisfaction, sales and marketing training, strategic direction, charity operations, competitor information, supplier information, current market position, etc.
2. Finance – financial operations of Franchisees, general Franchise information, accounting, reporting, insurance and benefit programs, etc.
3. Services – service improvements and applications, support, delivery of services, new services development, etc.

Schooley Mitchell shall have additional staff and/or Franchisees present who may have expertise in the topics of discussion.

Article 7 – Expenses

Schooley Mitchell will cover the costs associated with Advisory Council meetings, including travel, accommodation, meals, and meeting facilities. There will not be additional remuneration for serving on the Advisory Council.



APPENDIX 1: EXAMPLE INVOICE

Schooley Mitchell
Office Address

Client Name
Client Address

Date	Invoice #

Terms
Due on receipt

Description	Total Savings	50% of Savings	Amount
Our fee for estimated Quarterly Telecom Savings per the terms of the Service Agreement based on acceptance of the recommendations detailed in our Value Report.	\$		
This invoice is based on our original analysis and is an estimate. This estimate will be deducted from the final 3 invoices.			
A finance charge at the rate of 1.5% per month will be charged to your account after 30 days from the date of this invoice.		Subtotal	
		Taxes	
		Total	
Phone #			



I, _____ (Referring Franchisee Name), a Franchisee of Schooley Mitchell (SM), hereby refer the following Client to SM HO (HO) for the purpose of providing production and analysis services:

Client Name: _____

Telephone No: _____

Production Services Requested for the Following Categories:

- Telecom ■ Waste ■ EPP ■ SPS ■ ELD ■ eSignature ■ Fuel ■ SaaS
■ LTL ■ Facilities Supplies ■ Uniforms ■ Compressed Gases
■ Client Relations Service (fee billed at 2.5% of Client Savings)
■ Optional: Add Client to SMARRT (\$375.00 fee, billed at \$25.00 per month OR no charge if Client Relations is selected above)

Fees

The fee for the services provided will be charged to the Franchisee as follows:

Table with 4 columns: Category, Minimum Monthly Threshold, Additional Considerations, HO Fee (of Client savings). Rows include Telecom - Wireless, Telecom - Wireline, ELD, SaaS, eSignature, EPP, SPS, LTL, Waste - Garbage and Recycling, Waste - Shredding, Waste - Medical, Waste - Oil / Hazardous / Other, Fuel, Compressed Gases, Facility Supplies, and Uniforms & Linens.

If a Client's monthly spend is below the minimum threshold the Franchisee will be charged \$50.00 per hour for analysis.

If you submit an account below the minimum threshold and we find savings where the HO share will be more than the hourly fees charged to you, the hourly fees will be credited back so HO are never paid twice. In other words, you will pay \$50.00 per hour or the normal HO share, whichever is greater, for those accounts submitted below the threshold. But not both.



Other fees:

“Hourly Work” or “MACD” (Moves, Adds, Changes, Deletes) is defined as requests for work performed outside the scope of the Service Agreement as made by the Franchisee or Client. The Franchisee will be charged at a rate of \$50.00 per hour in 15-minute increments (minimum \$12.50 for one-quarter hour).

The fees charged will be tracked and invoiced on a Client-by-Client basis.

HO will notify you via email when Hourly Work or MACD charges will be incurred. If no response is received by HO regarding the Hourly Work or MACD charges, then HO reserves the right to continue with the Hourly Work or archive the account.

HO Production Services Responsibilities

HO will perform the following services for the Franchisee’s Client unless instructed otherwise in writing:

- 1) Coordinate a Discovery Call with Franchisee, if required.
- 2) Participation in the Fact-Finding discussion, if required.
- 3) Negotiation with vendors.
- 4) Send Vendor Letter(s) to vendors when appropriate.
- 5) Preparation of the Value Report, Future Savings Report, No Savings Report, based on results of the completed analysis in accordance with HO standards.

Please note: HO will endeavor to complete the Value Report within four to six weeks of receiving all required information. Completion time may vary/extend beyond six weeks based on elements out of HO’s control.

- 6) HO will be available for any required pre-scheduled conference calls with the Client and the Franchisee to explain and discuss recommendations.
- 7) Coordinate with vendors to facilitate implementation of accepted recommendations.
- 8) Initial requests to Franchisees for follow-up information from Client to fulfill the initial analysis, as well as the Post Audit.
- 9) Post Audits based on terms of the Service Agreement, including the evaluation of opportunities for further optimization of existing services such as better plans and pricing. (Please note: Any changes to Post Audit frequency must be discussed and approved by HO. There is a fee associated with this change if HO is not notified prior to commencement of the Post Audit cycle).
- 10) Provide the Franchisee with requests for additional information to complete the initial analysis or Post Audits.

Franchisee Responsibilities

****Please note:** Items 1-6 must be completed and sent with this agreement to [hoprod@schooleymitchell.com](mailto:hoproduct@schooleymitchell.com) before production work can begin. If any of these items are not completed within 30 days from the date of submission, HO will archive the account. It can be re-submitted once the outstanding items are addressed.

The Franchisee agrees to provide the following services and/or documents:

- 1) Signed Production Agreement
- 2) Signed Service Agreement (including an initialed Exhibit 1 with applicable cost categories).
- 3) Signed Letter(s) of Authorization and/or verbal authorization.
 - The Franchisee will be responsible for ensuring a HO staff member is fully authorized on all vendor accounts in all cost categories. Contact a HO staff member in the File Prep department at file.prep@schooleymitchell.com to determine which analysts should be authorized for a specific cost category, or if you require information on how to get authorized for any vendor.
- 4) Completed Client Fact Finding and completed Fact Finding Checklist for each cost category submitted for production.



- 5) All Client invoices, contracts, agreements and other information required to complete the analysis. If information is missing with the initial submission, it will be the Franchisee's responsibility to gather missing documents.
- 6) The Franchisee will obtain online access to electronic invoices and vendor information. All usernames, passwords, PIN numbers and/or security questions/answers need to be supplied in order to access this information.
- 7) Sending the Welcome and First Recommendation letters to the Client.
- 8) Complete review of the Value Report with the analyst prior to presenting the Value Report to the Client. The Franchisee and analyst will determine presentation details.
- 9) Presentation of the Value Report to the Client and obtaining Client approval to proceed with implementation of recommendation(s).
- 10) The Franchisee will be responsible for any implementation management that is required with a physical presence at a Client location. HO will make all the necessary arrangements to implement a solution with the vendors. HO will also provide guidance to both the Franchisee and Client during the implementation process.
- 11) The Franchisee will provide HO with weekly updates on the status of the acceptance of the Value Report has been presented. HO, at its discretion, may follow up directly with any Client where the implementation of the recommendations has not been approved within 60 days of presentation of the Value Report.
- 12) For any Client where the Value Report has been presented but the recommendations have not been accepted within 60 days by the Client, HO will request that the Franchisee obtain all relevant vendor invoices since the date of the Value Report. All such records shall be submitted to HO for review and to determine if changes have been made to the Client's accounts. All such records will be submitted monthly thereafter. After 90 days if the records are not received, a second request will be sent by HO directly to the Client, and then a third request will be sent after 120 days if required. If the Client does not comply with the requests, a demand under paragraph 7 of the Service Agreement shall be made by HO directly to the Client after 150 days. If the Client does not comply with the demand all means available will be pursued to obtain such records as required by the Service Agreement.
- 13) The Franchisee will not communicate with any vendor regarding active HO production accounts without prior written consent from HO management. This is to ensure there is no disruption, undermining or duplication of work. The Franchisee may discuss any referral relationship so long as it does not pertain to an account in active production.

HO Client Relations Service

HO Client Relations services are available for a fee of 2.5% of Client savings.

Under this option, the Franchisee agrees to provide the following:

- 1) Signed Production Agreement – Production Work.
- 2) Signed Service Agreement (including an initialed Exhibit 1 with applicable cost categories).
- 3) Completed Client Onboarding Submission Document.
- 4) Presentation of the Value Report(s) to the Client and acquisition of the Client approval to proceed with any recommendation(s). The HO analyst(s) will be available via conference call to co-present the Value Report(s) with the Franchisee. Discussion must take place with HO for review of the Value Report and to determine presentation details, including the date and time of the presentation.
- 5) The Franchisee will be responsible for any implementation management that is required with a physical presence at a Client location. HO will make all the necessary arrangements to implement a solution with the vendors. HO will also provide guidance to both the Franchisee and Client during the implementation process.
- 6) The Franchisee will provide HO with weekly updates on the status of the Client once the Value Report has been presented, until our recommendations have been either accepted or rejected.

It is also agreed by HO and the Franchisee that all Client assignments will require a collaborative effort and consequently, both parties shall make themselves available on a timely basis to hold conversations and other communications to ensure the Client is served in a professional, confidential, and timely manner.



HO Client Relations Responsibilities

- 1) Single point of contact for Client at HO.
- 2) Provide regular communication on progress of Client files from document gathering until the Client moves into the Post Audit stage
- 3) Provide administrative support during the document gathering stage; assisting with all necessary steps required to move Client into production.
 - a. Send Welcome and First Recommendation Letters to Client.
 - b. Complete Discovery Call with Franchisee.
 - c. Conduct Fact Finding discussions with Client contacts.
 - d. Collect documents required for production.
 - i. Signed Letter(s) of Authorization and/or verbal authorization required to make inquiries with vendors about a Client's account.
 - ii. Complete Fact Finding checklists each cost category submitted.
 - iii. All Client invoices, contracts, agreements, and other information required to complete the analysis.
- 4) Act as liaison between analyst and Franchisee providing support throughout analysis.
 - a. Send Analyst introduction letter to Client.
 - b. Send Franchisee weekly emails to update the progress of Client.
 - c. Send Franchisee bi-weekly emails to update the production progress.
 - d. Request additional documentation or information from the Client as needed during production.
- 5) Value Report support
 - a. Support Franchisee in presenting the Value Report.
 - b. Collect any documentation needed to implement the accepted recommendation.
- 6) Post Value Report support
 - a. Collect invoices/statements as required to complete Implementation Verification Report, and Post Audits.
 - b. Track all contract expiries and take appropriate action.

HO Rights

HO reserves the rights listed below as a part of this Production Agreement. HO staff will attempt to discuss these circumstances to reach a mutual understanding of best practices in each case. HO reserves the right to make the final decision about each circumstance described below.

1. If HO completes a vendor authorization on behalf of the Franchisee, then the Franchisee will be charged \$50.00 per hour, as detailed in the "Other Fees" section.
2. If HO acquires Client invoices, contracts, agreements, and other information required to complete the analysis, on behalf of the Franchisee. the Franchisee will be charged \$50.00 per hour, as detailed in the "Other Fees" section.
3. If HO completes a Fact Finding Form, the Franchisee will be charged \$50.00 per hour, as detailed in the "Other Fees" section.
4. If the Client Post Audit is not reported as invoiced within 60 days of sending the Post Audit to the Franchisee, HO will have the option of invoicing the Client directly. The Franchisee will be charged a flat fee of \$50.00, not to exceed the amount of the client fee collected, or 10% of the Client fee, whichever is greater.
5. If the Franchisee decides not to invoice the Client without agreement from HO in writing, HO will have the option of invoicing the Client directly. HO will keep all collected fees forfeited by the Franchisee.
6. If the Franchisee chooses not to pursue collection of fees invoiced to Clients, HO reserves the right to pursue collection directly from the Client. HO will keep all collected fees forfeited by the Franchisee.
7. If the Franchisee chooses not to pursue collection of vendor invoices from Clients where a recommendation is not accepted by the Client, HO reserves the right to pursue collection of invoices and other required information directly from the Client. HO will keep all collected fees forfeited by the Franchisee.
8. If the Franchisee chooses not to pursue collection of vendor invoices, or current login and password information providing access directly to vendor invoices, from Clients for the purposes of completing Post Audits within 60 days of being requested by HO, HO reserves the right to pursue collection of vendor invoices and other required information directly from the Client. The Franchisee will be charged a flat fee of \$75.00, not to exceed the amount of the Client fee collected, or 50% of the Client fee, whichever is greater.
9. If the Franchisee does not present the Value Report, or Supplementary Value Report, within 30 days of receipt from HO, or when vendor quotes expire, whichever is earlier, regardless of the amount of savings indicated in the Value Report or Supplementary Value Report, HO reserves the right to present the Value Report or Supplementary Value Report directly to the Client. The Franchisee will be charged a flat fee of \$150.00, not to exceed the amount of the Client fee collected, or 50% of the Client fee, whichever is greater.

10. If the Franchisee does not present the Value Report or Supplementary Value Report, within 30 days of receipt from HO or prior to vendor quotes expiry, whichever is earlier, and a new Value Report or Supplementary Value Report is required, regardless of the amount of savings indicated in the Value Report or Supplementary Value Report, HO reserves the right to present the Value Report or Supplementary Value Report directly to the Client. The Franchisee will be charged a flat fee of \$250.00, not to exceed the amount of the Client fee collected, or 75% of the Client fee, whichever is greater.
11. The Franchisee will not have the right to release the Client from its obligations under the Service Agreement without approval in writing from HO. If the Franchisee does release the Client without approval from HO, then the Franchisee will pay HO all outstanding production fees, royalty, and ad fund fees for the remaining Post Audits due in the future based on the terms of the Service Agreement. The amount owing will be calculated based on the average savings of any completed Post Audits or the Annual Savings accepted by the Client in the Value Report, whichever is greater.
12. The Franchisee will not have the right to choose the vendors that are included in the Value Report, nor the order in which the vendor options are presented. Those decisions will be at the sole discretion of HO and in the best interests of the Client.
13. The minimum savings for monthly Post Audits is \$150.00 per month. If the savings are below \$150.00, the post audit will automatically transition to a quarterly audit in order to maximize our resources. The minimum savings remains \$150.00 for the quarterly audit (e.g. \$50.00 per month x 3 months). If the savings are too low, HO and the Franchisee may discuss alternative options such as buy-outs or gifting. The above minimums do not apply to a Franchisee within their first year of operation.

Signature – Franchisee

Date

Signature – HO

Date