



Policies and Procedures

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This document supersedes all previous editions

For Thailand Territory Asia (Cambodia, Laos and Myanmar)

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Policies & Procedures For Thailand Enagic Distributors

1. The Company, Policies & Procedures.

Enagic (Thailand) Co Ltd., hereinafter the "Company," is a direct selling company marketing health products and other consumer products and services to the consumer through independent distributors. The Policies and Procedures herein are applicable to all independent distributors of the Company. Further, the published Enagic Distributor Handbook, as amended and published from time to time, is incorporated as a part of these Policies and the Enagic Distributor Agreement.

2. Distributor Qualifications.

A distributor is one who has completed a Company application and agreement and has been accepted by the Company as a distributor. The Company reserves the right to accept or reject anyone as a distributor.

All distributors must be of legal age in the state or country in which they reside. Unless waived in writing by the Company upon application, the Company will consider each married couple as a single distributor. Husbands and wives may sponsor each other directly, but may not be sponsored in different lines. If the Company finds that the second spouse was sponsored in a different line by any reasons after the initial spouse was sponsored, the Company reserves the right to change the status of a spouse from a distributor into a user, or transfer the distributorship of a spouse into his or her upline distributor. If a spouse is already a distributor, the nonparticipating spouse may elect to become a distributor, but must join the same distributorship as his or her spouse, or be directly sponsored by his or her spouse. The Company reserves the right to reject any applications for new distributorships. Should a husband/wife distributor divorce, they should notify the Company as to how the distributorship is to be managed thereafter. Otherwise, the Company will recognize the final judicial or

adjudicatory disposition of the distributorship.

When an existing distributor is willing to open the second or third distributorship, this account has to be opened under his/her existing account or under his/her sponsor's account.

Distributors are independent marketing representatives of the Company and are not to be considered purchasers of a franchise or a distributorship. The agreement between the Company and its distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the distributors. Each distributor shall hold harmless the Company from any claims, damages or liabilities arising out of distributor's business practices. Company distributors have no authority to bind the Company to any obligation. Each distributor is encouraged to set up his/her own hours and to determine his/her own method of sale, so long as he/she complies with the policies and procedures of the Company.

Independent distributors are fully responsible for properly paying all applicable taxes and fees as per the laws of the Revenue Department. Enagic (Thailand) Co., Ltd. does not perform any withholding services nor is the firm responsible for unpaid taxes on behalf of independent distributors.

The company's program is built upon retail sales to the ultimate consumer. The company also recognizes that distributors may wish to purchase product or service in reasonable amounts for their own personal or family use. For this reason, a retail sale for bonus purposes shall include sales to non-participants, as well as sales to distributors for personal or family use which are not made for purposes of qualification or advancement. It is company policy, however, to strictly prohibit the purchase of product or large quantities of inventory in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program. Distributors may not inventory load nor encourage others in the program to load up on inventory. Distributors must fulfill published personal and downline retail sales

requirements, including requisite retail sales to non-participants, as well as supervisory responsibilities, to qualify for bonuses, overrides or advancements.

Distributors may not make statements or representations regarding the Company other than those approved and provided in writing by the Company; such as its Policies and Procedures and/or any other official printed literature and publications.

3. Transaction Submission Integrity.

It is essential to the success of the Company, its distributors and customers that submissions of transactions to the Company maintain integrity of communication. It is to be expected that all transactions submissions to the Company, including, but not limited to, distributor applications, distributor communication, distributor financial transactions and consumer transactions, be submitted by the individual or entity involved in the transaction. Third party submission of any and all transactions submissions is prohibited. A distributor should not communicate any transactions submissions on behalf of another distributor, distributor applicant or customer. A distributor may not use his or her credit card or bank account on behalf of another individual or distributor, except as allowed for as an alternate payer. This rule is applicable to any and all forms of transactions submissions, including, but not limited to, online, telephone, fax, email, etc.

4. Business Conduct

In the conduct of business, the distributor shall safeguard and promote the reputation of the products and services of the Company and shall refrain from all conduct which might be harmful to such reputation of the Company or to the marketing of such products and services or inconsistent with the public interest, and shall avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices, A distributor shall not interfere with, harass or undermine other distributors and, at all times, shall respect the privacy of other distributors. A distributor must not

disparage the Company, other Company distributors, Company products and/or services, the marketing and commission plans, or Company employees. Violation of the above is grounds for termination.

"Stealing" sales from others, even those within your group are strictly forbidden and can result in the freezing of future commissions of the individual conducting the unethical practice.

Enagic will not get involved in distributor disputes, all disputes must be discussed and handled through your 6A. If the issue in question involves your 6A, the person at a higher level must be contacted. 6A level and above distributors should call the company in the event that they are unable to resolve the dispute.

5. Providing Sponsor Support

Any distributor, who sponsors other distributors, must fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale and/or delivery of product to the ultimate consumer and in the training of those sponsored. Distributors must have ongoing contact, communication and management supervision with their sales organization. Examples of such supervision may include, but are not limited to: written correspondence, personal meetings, telephone contact, voice mail, electronic mail, training sessions, accompanying individuals to company training, etc. Distributors should provide to the Company annually proof of ongoing fulfillment of their sponsor responsibilities.

6A's who are the direct sponsor of a sale are not allowed to fill out the 6A support section of the application.

6. Responsibility for Paying Taxes

All distributors are personally responsible for paying local, State and income taxes

due on earnings from commissions or any other earnings generated as a seller of Company products and services.

7. Advertising Correct Information

Company distributors shall not advertise Company products and services and/or marketing plans except as specifically approved by the Company. Company distributors agree to make no false or fraudulent representations about the Company, the products, the Company commission plan, or income potentials.

Enagic distributors do not buy Enagic water treatment systems for resale. An Enagic distributor acts as an order taker to retail customers, or, orders an Enagic water treatment system for personal use in the capacity as a customer who is also a distributor. Enagic water treatment systems purchased by Enagic distributors are not for resale. All Enagic water treatment systems are sold at Enagic specified prices. A distributor may not advertise for sale or sale an Enagic water treatment system that deviates from Enagic pricing. An Enagic distributor may not advertise, offer or provide a customer with a rebate or other consideration to facilitate a lower customer price for an Enagic water treatment system.

8. Trademarks, Trade Names, Advertising

- (a) The name of the Company and other names as may be adopted by the Company are proprietary trade names and trademarks of the Company. As such, these marks are of great value to the Company and are supplied to distributors for distributor use only in an expressly authorized manner. Distributors agree not to advertise Company products or services in any way other than the advertising or promotional materials made available to distributors by the Company. Distributors agree not to use any written, printed, recorded or any other material in advertising, promoting or describing the products or services

or the Company marketing program, or in any other manner, any material which has not been copyrighted and supplied by the Company, unless such material has been submitted to the Company and approved in writing by the Company before being disseminated, published or displayed.

- (b) The distributor, as an independent contractor, is fully responsible for all of his/her verbal and written statements made regarding the products, services and/or marketing programs which are not expressly contained in writing in the current distributor agreement, advertising or promotional materials supplied directly by the Company. Distributor agrees to indemnify the Company and hold it harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, lost business or claims incurred by the Company as a result of distributor's unauthorized representations.
- (c) The Company does not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior written permission. Independent distributors may not use the Company logo in marketing or sales materials. Independent Distributors may only use the Distributor Logo specifically developed to demonstrate their status as an official "Enagic Independent Distributor". The Distributor Logo can be downloaded in the Distributor section of the Company website and may only be used by the Independent Distributor in their Distributorship. Trademarked terms such as Kangen Water® and Change Your Water... Change Your Life.® should be appropriately annotated. In addition to general prohibitions on use of the Company trademarks or logos, the Company specifically prohibits the use of Company trademarks or logos in conjunction with the sale of any other non-Company products.
- (d) All Company materials, whether printed, on film, produced by sound recording, or on the internet, are copyrighted and may not be reproduced in whole or in part by distributors or any other person except as authorized by the Company. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, a distributor should not anticipate that approval will be granted.
- (e) A Company distributor may not produce, use or distribute any information

relative to the contents, characteristics or properties of Company product or service which has not been provided directly by the Company. This prohibition includes but is not limited to print, audio or video media.

- (f) A Company distributor may not produce, sell or distribute literature, films or sound recordings which are deceptively similar in nature to those produced, published and provided by the Company for its distributors. Nor may a distributor purchase, sell or distribute non-company materials which imply or suggest that said materials originate from the Company.
- (g) Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to the Company and approved in writing by the Company prior to publication.
- (h) All advertising, direct mailing, and display must be approved in writing before being disseminated, published or displayed. Advertising on radio, TV, newspaper, magazine, and website except distributor's own EWS website is strictly prohibited.
- (i) No claims as to the therapeutic or curative properties about the products may be made. In particular, no distributor may make any claim that the Company products are intended to diagnose, treat, cure or prevent any disease. Such statements can be perceived as medical claims. Not only is this against Company policy, but it is also against the laws governed by Ministry of Public Health, Import/Export Control Division. Pursuant to the policy of prohibition of medical, curative or treatment claims, Enagic enumerates specific implementation of these policies which shall include, but not be limited to:
 - (a) Distributors are prohibited from making medical, curative or treatment claims, whether expressed or implied;
 - (b) Distributors are prohibited from using in all of their marketing materials and promotion any descriptions that are regarded as health or medical claims stating that; Kangen Water™ may alleviate, cure, diagnose, prevent, relieve, or treat any medical condition, disease, ailment or malady;
 - (c) Any violation of these guidelines will constitute grounds for discipline, commission suspension and/or termination of distributor status.

- (j) (a) Sales of Marketing Materials and Trademark License Agreement: All distributors who plan to sell any additional products, including health and beauty related products, other than electrolysis water generator devices must receive prior approval from the Compliance Department at Enagic. Each approved item must be specified on the contract called Enagic License Agreement. Distributors who violate this article are subject to suspension and/or termination without warning.
- (b) Kangen Water® Shop Agreement

It is vastly important for Enagic to remain Thailand Government Department of Health and Thailand Consumer Council compliant. As such, each Kangen shop or office that any distributor is allowed to use must be approved by the Enagic(Thailand) Co., Ltd. Compliance Department. Failure to comply could result in the termination of your Distributorship.

9. Prohibition of Sales on Unauthorized Internet Sites.

A distributor is prohibited from selling or promoting Company products on Internet shopping sites, internet auction sites, and internet classified listings including, but not limited to, Taobao, eBay, amazon.com, and craigslist.com. Any violation of this article will constitute grounds for commission suspension and/or termination of distributor status.

- a) All Warranties on Enagic Products are limited and non-transferable. Enagic disclaims all statutory and implied warranties to the extent permitted by law. Warranty benefits shall extend only to the original purchaser unless express written permission has been provided by Enagic for a transfer of warranty. The product warranty is limited to the express terms of the Consumer Limited Warranty and the Extended Consumer Limited Warranty.

10. No Spam Policy It is specific Company policy to prohibit unsolicited email (spamming) or information by facsimile relating to the Company's opportunity and products and services. The Company has a zero tolerance policy of

spamming practices. Distributors who violate the Company's "no spam policy" are subject to termination, suspension or disciplinary action.

11. Retail Establishments

Company products or services may only be displayed and sold in retail establishments where the nature of the business is to make appointments with customers (such as salons, doctor's offices, and health clubs where appointments are made for personal training or classes are scheduled) the sale of such products or services within such retail facilities must be conducted by a distributor and must be preceded by a discussion where the distributor introduces the prospect to the products or services and opportunity just as they would if they had met outside of the retail facility. Company produced literature, banners, or signage only may be displayed on a shelf, counter, or wall and must be displayed by itself, Products or services may not be sold from a shelf or taken from a display for purchase by a customer. Company products or services may not be sold in any retail establishment, even by appointment, if competitive products or services are sold in the establishment. From time to time, the Company may announce policies and rules that expand or contract restrictions on sales in retail establishments.

12. Prohibition on Affiliation with Other Water Treatment Marketing Companies.

- (a) It would undermine the basic distributor relationship if Enagic distributors marketed competing water treatment, water filtration or alkaline water conversion products. Therefore, so long as an Enagic distributor desires to maintain distributor status, he or she may not sell or market any water treatment, water filtration or alkaline water conversion products that are similar to the products sold by Enagic.
- (b) 6A2-3 bonus is available only to distributors who are exclusive to Enagic in direct selling/ MLM business.

13. Prohibition of Sales of Kangen Water

Sales of bottled Kangen Water® or any other water in any form produced from an Enagic machine is strictly prohibited, to include all sales of Kangen Water® in which a person receives water, bottled or otherwise from an Enagic machine, No "donations" or other sums may be collected for the distribution of Kangen Water®. Charging customers due to the use of electricity or the general usage of the machine is prohibited. These are considered to be business expenses, and therefore should be paid by the distributor, and not by the customer. Any violation of this section will constitute grounds for termination of distributor status.

Providing bottled Kangen Water® to a prospective buyer is authorized; However, any labeling on the bottle or attached to the bottle is strictly prohibited, as it may create a confusion that the sample water is "bottle" or "for sale", rather than a mere sampling provided person to person at no charge, in violation of state or local regulations regarding the "bottling" and sale of "bottled water".

14. Trade Shows.

With written authorization from the Company, Company products or services and opportunity may be displayed at trade shows by distributors. Request for participation in trade shows must be received in writing by the Company at least two weeks prior to the show. Written authorization from the Company must be received before participating in the trade show, unless written authorization is secured from the Company, Company products or services and opportunity are the only products or services and/or opportunity that may be offered in the trade show booth. Only Company produced marketing materials may be displayed or distributed. No distributor may sell or promote the Company products or services or business opportunity at flea markets, swap meets, or garage sales.

15. Assigned Territory

Distributors are not assigned exclusive territories for marketing purposes, nor shall any distributors imply or state that he/she does have an exclusive territory. There are no geographic limitations on sponsoring distributors or selling product or its possessions or territories and any approved countries in which the Company is registered to do business.

16. International-Sales

No independent distributor may export or sell directly or indirectly to others who export the Company's products, literature, sales aids or promotional material relating to the Company, its products or services or the Company's program or its possessions or territories to any other country. Independent distributors who choose to sponsor internationally may do so only in countries in which the Company or its parent company has registered to operate its business and must comply fully with the Rules of Operation of a Company distributorship in that country. Any violation of this rule constitutes a material breach of this contract and is grounds for immediate termination of the distributorship.

17. Change of Name

To do a name change, you must send in the name change form by fax, mail, or email. Name change can be applied to the directly related family members. Your 6A must sign off on the change, and a THB 2,000 fee will be assessed. In the event of financing, the financing must first be completed in order to do a name change. Name change cannot be applied to a Tokurei.

To do an address change, you must simply send in the change of address form.

To register as company distributor, one must register as an individual distributor at the first stage and can apply to change in order to register as company distributor after one month of registration.

Please provide the following documents and conform the qualification before apply for the name change to company

- New company should be held by the Enagic distributor
- Business Registration Certificate of the company is required (Original) must be produced
- Annual Return of the company is required (Original) must be produced
- Bank information.
- Distributor Information Change Form.

A. Register under name of sole business or partnership

Application by an individual for registration of business carried on by him in Thailand/ Application by partnership or other body unincorporated for registration of business carried on by him in Thailand (Original)

Please produce original of the Business Registration Certificate of the company together with certified copy of the business registration application form obtained from the Business Registration Registry

B. Registration under name of Body corporate

Please produce:-

- Company Incorporation Form (Company Not Limited by Share)/ (Company Limited by Share) (certified copy)
- Certificate of Incorporation (original)
- Business Registration Certificate

The company director or the authorized secretary/person must come to our office provide those documents and sign, process the name change, he/she must provide Notification of Change of Secretary and Director (Appointment/Cessation) (Original)

If the company change its Secretary or Director, or, if there is any change in the particulars of the Director or Secretary, the distributor must provide

Notification of Change (of Particulars) of Secretary and Director (certified copy of filed copy)

If applicant using the registered company name apply, please attach the Business Registration Certificate copy, and fill up the B.R. No. on the form.

- Name Change from Company to Individual
 - Applicant need to fill up the Distributor Information Change Form.
 - Application must submit with
 - ◆ Document, e.g. the Business Registration Certificate or Shareholders List, to prove the applicant is the director of the Company.
 - ◆ Authorization Letter from other director(s) of the Company to consent the name change.

Personal Name Change only accept for a directly-related member of one's and please provide the official document, residential proof of address, Purchase Order & Distributor Agreement.

E Payment not accept Name Change if the repayment did not pay off.

Company name not allow change to another company name and the person must be the first register person.

Please verify that all information on the request form is correct and current. Failure to provide correct information will lead to disciplinary action or termination of the contract at the ultimate discretion of Enagic.

The Company reserves the right to approve or disapprove distributor's change of business names, formation of partnership, corporations, and trusts for tax, estate planning, and limited liability purposes. It is prohibited to make change to attempt to circumvent or violate Company rules on raiding, solicitation, targeting, cross-sponsoring or interference.

18. Cancellation of Distributorship.

The independent distributor agreement may be canceled at any time and for any reason by a distributor notifying the Company in writing of the election to cancel. All cancellations are accepted and effective as stated. As of the effective cancellation date, the independent distributor loses all privileges of leadership and down line organization, and is no longer eligible for any commissions, bonuses or prizes. He/she cannot advertise, sell or promote the Company products or purchase product from the Company.

The canceling distributor's down line organization automatically transfers to his/her immediate up line. The resigning distributor must wait six (6) months to be eligible to be sponsored again as a Company distributor, either as an individual or a corporation.

The Company will consider an application to reinstate a "resigned distributor" one year after the resignation date. As part of the application, the former distributor must pledge to adhere to the existing requirements of the Distributor Agreement and Policies and Procedures. Acceptance of the application is at the discretion of the Company and the Company shall also have the discretion to reinstate the former distributor in the sales organization at his or her former position or to require a lesser placement as a condition to reinstatement, The Company reserves the right to, at its sole discretion, accept or reject such application.

19. Change to Product of Service Prices

The Company shall be entitled to change product or service prices at any time and without notice, and to make changes in the statement of policy and procedures.

20. Taxes and Regulations

Each distributor shall comply with all states and local taxes and regulations governing the sale of Company products or services.

21 Replacement Policy

Enagic (Thailand) Co., Ltd. will replace if the product is of substandard quality.

Distributor should return defective product within 30 days after delivery. For any return after the expiration day or of used product, we reserve the right for explanation and refusal of replacement, please check the type and quality of the product once you received.

If the product is defective, and need replacement, please contact your sponsor, if your sponsor not responding please contact our staff by e-mail, phone or fax for application, we will send the application form to Distributor/User. Please note the reason, distributor/User name & No. on the form and return the machine and packing (returned or exchanged items must be new and unused condition) must be in the original packing and with all warranty cards, manuals and accessories to the company during office hour in person or by post. The purchaser is responsible for the return shipping charge, shipping charge are not refundable.

New and Unused means that there are no scratches, marks or blemishes on the item and/or lost or stolen parts and damage due to personal use, misuse or negligence: We do not accept a return of any item that has been used. A machine is considered used once water has been run through it. Enagic (Thailand) Co., Ltd. reserves the right to inspect all return products.

If our stock is shortage for replacement, we will contact the distributor/user by e-mail or telephone.

Note: Enagic (Thailand) Co., Ltd. do not permit the replacement of damaged products because of mishandling. And we reserve the right to the explanation and decision of refund and replacement policy here at any time.

22. Company's Signature Products

The signature product of the Company is one which involves water treatment relating to purification and adjustment of alkaline content. This signature product is fundamental to the branding and image of Enagic. Therefore, although distributors are free to sell, within the guidelines of the Company's policies, products of third party vendors, a Company distributor shall not, during the term of the distributorship, sell products which involve the Company's signature products, namely, products that involve water treatment relating to purification and adjustment of alkaline content. Violation of this provision may result in termination of the distributorship.

23. Prohibition on Raiding and Cross-Solicitation of Products or Other MLM and/or Business Opportunities.

The Company takes seriously its responsibility to protect the livelihood of its sales forces and the hard work invested to build a sales organization. Raiding and

solicitation actions in which distributors seek to raid and solicit other distributors in the sales organization to non-company products and services and to other MLM/business opportunities, severely undermines the marketing program of the Company, interferes with the relationship between the Company and its sales force and destroys the livelihood of other distributors who have worked hard to build their own business, the business of their sales and benefits they have earned by helping to build a sales organization. Therefore, distributors shall not directly or indirectly sell to, nor solicit from, other Company distributors non-company products or services, or in any way promote to other Company distributors business opportunities in marketing programs of other MLM or business opportunity companies at any time. A Company distributor shall not engage in any recruiting or promotion activity that targets Company distributors for opportunities or products of other direct selling companies or business opportunities, either directly or indirectly, by themselves or in conjunction with others, nor shall a distributor participate, directly or indirectly, in interference, raiding or solicitation activity of Company distributor for other direct selling companies or business opportunities. Unless approved in writing by the Company, this prohibition includes sales or solicitation of non-company products or services at meetings organized for Company sales, promotion, training recruitment, demonstration, etc. This prohibition on targeting, interference, soliciting and raiding shall be in effect during the term of the distributor agreement and for a period of three (3) years after the termination of the distributor agreement. For the term of this agreement and for three (3) years after termination hereof, a distributor shall not, directly or indirectly, recruit any of Company's distributors to join other direct sales or network marketing companies nor solicit, directly or indirectly, Company's distributors to purchase services or products, or in any other way interfere with the contractual relationships between Company and its distributors.

Because of the unique nature and signature characteristic and association with the field of water treatment with Enagic, and because of the inherent confusion and conflict that may occur, Enagic distributors may not engage in the representation or sale of water treatment systems offered by any company other than Enagic.

24. Vendor Confidentiality

The Company's business relationship with its vendors, manufacturers and suppliers is confidential. A distributor shall not contact directly or indirectly, or speak to or communicate with any representative of any supplier or manufacturers of the Company except at a company sponsored event at which the representative is present at the request of the Company. Violation of this regulation may result in termination and possible claims for damages if the vendor/manufacturer's association is compromised by the distributor contact.

25. Commission Reclaim.

The Company shall be entitled to repayment of any commission previously paid on a sale of product/service if the product/service purchase is cancelled or reversed or a refund paid for a terminated purchase. The Company shall recover the commission by adjustment on the distributor's next commission.

26. Downline Information Confidentiality

On a periodic basis, the Company will supply data processing information and reports to the distributor, which will provide information concerning the distributor's downline sales organization, product purchases and product mix. The distributor agrees that such information is proprietary and confidential to the Company and is transmitted to the distributor in confidence. The distributor agrees that he or she will not disclose such information to any third party directly or indirectly, nor use the information to compete with the Company directly or indirectly during or after the term of the agreement. The distributor and the Company agree that, but for this agreement of confidentiality and nondisclosure, the Company would not provide the above confidential information to the distributor. A distributor seeking to sell his/her distributorship must acknowledge and agree to this provision prior to the finalization of the sale of their distributorship

27. Change in Status

1. Marriage: Two Company distributors who marry after having established their own individual distributorships may continue to operate their existing distributorships.
2. Divorce: Should a married couple become divorced, they agree to notify the Company as to who will assume responsibility for the distributorship in one of the following manners:
 - (a) Written notarized agreement signed by both parties indicating who will retain the distributorship.
 - (b) A court order delineating who receives custody over the distributorship.
 - (c) Both parties may choose to retain their joint distributorship and operate it as a partnership.
 - (d) The divorced distributor may apply for a new distributorship without having to wait 6 months.
3. Death: Upon the death of a distributor, the rights and responsibilities of the distributorship may be passed on to the rightful, legally-documented heir as long as that person has filled out a new distributor application, together with a copy of death certificate.
4. Disability: Should a distributor become disabled to the extent that he/she can no longer fulfill the required duties of the Company distributor, such disabled consultant's legal representative or conservator shall:
 - (a) Contact the Company within thirty (30) days of the disability and advise the Company of the distributor's status and the plans for future management or cancellation of the distributorship.
 - (b) Provide a notarized or court-confirmed copy of appointment as legal representative or conservator.
 - (c) Provide a notarized or court-confirmed copy of document establishing right to administer the Company business.
 - (d) Should the legal representative or conservator plan to continue the business of the distributorship, then he/she shall fill out a name

change application, and receive the required training consistent with the disabled distributor's level at the time of disability. These requirements shall be satisfied within a deadline of six months.

5. Registration Change: Fill up Registration Change Form, Thailand Product Order Form & Distributor Agreement, provide ID/ Passport copy.

Once Application approved applicant cannot apply Registration Change again within six months.

28. Modification of Product Order

Upgrades: All upgrades for product orders require the authorization of the Regional Sales Manager (RSM) for the respective sales of the order. The Company reserves the right to refuse upgrade requests in its sole discretion.

- (a) Upgrades for new and unused products are allowed within thirty (30) days of the purchase date.
- (b) Machines only upgraded but never downgraded, the product should be in brand new condition.

29. Sale or Transfer

All merchandise sold to third parties do not qualify to be distributors. Distributors agree to inform all third parties of the facts above and further agree not to promise any possibility of transferring distributor rights.

A distributor may not sell, assign or otherwise transfer his or her distributorship, marketing position or other distributor rights without written application and approval by the Company.

30. Rights of the Company

The Company expressly reserves the right to alter or amend prices, Rules and Regulations, Policies and Procedures, product availability and the commission plan. Upon notification, in writing, such amendments are automatically incorporated as part of the agreement between the Company and distributor. Company

communication of changes may include, but shall not be limited to mail, email, fax, posting on the Company website, publication in company newsletters or magazines, etc.

- (a) Enagic reserves the right to make all final decisions as to the interpretation of the articles stated in the Company Policies and Procedures. The final company decision based on the interpretation of the articles stated in the Company Policies and Procedures is effective immediately as well as the contents stated in article 36. All distributors are obligated to follow the company's decision as to the interpretation of the articles of the Company Policies and Procedures.

31. Non-Individual Ownership

A partnership or corporation may be a distributor. However, no individual may participate in more than three (3) distributorships in any form without express written permission from the Company. Only in the most extreme and extraordinary circumstances will this be considered.

- (a) A distributorship may change status under the same sponsor from individual to partnership or corporation or from partnership to corporation with proper and complete documentation.
- (b) To form a new distributorship as a partnership or corporation or to change status to one of these forms of business, a distributor must request a change request form from Enagic (Thailand) Co., Ltd. Distributor must submit related documents detailing all partners, stockholders, officers or directors in the partnership or corporation related documents. The partner or officer who submits the form must be authorized to enter into binding contracts on behalf of the partnership or corporation. In addition, by submitting the partnership/corporation form, said individual certifies that no person with an interest in the business has had an interest in a distributorship before the submission of the form (unless it is the termination of an existing distributorship before six (6) months that is changing its form of doing business).

32. Individual Distributorship

An individual can have up to three (3) distributorships in the Company. He/she may not own any other distributorship, either individually or jointly, nor may he/she participate as a partner, owner, stockholder, trustee, director, or association member, outside his/her sponsorship, An individual shall provide the Company with a Passport/I. D. copy and related documents.

33. Entity Distributorship

An entity (corporate) owner can have up to five (5) distributorships in the Company, as long as they are within the same distributorship.

- (a) Sole Proprietorship/ Partnership: A copy of business certificate must be submitted, plus details of all partners, stockholders or directors.
- (b) Corporation: Copies of corporation form, Business Registration Certificate and details of partners, stockholders and directors.

34. Entity Guarantee for Owners

Although the Company has offered distributors the opportunity to conduct their distributorship as a corporate or partnership entity, those entities are under the control of its owners and principals, the actions of individual owners or beneficiaries as they may affect Company's business. Therefore, it is agreed that the actions of individual owners or beneficiaries as they may affect the Company and the distributorship are also critical to the Company's business, Therefore it is agreed that actions of the ownership entity's shareholders, officers, directors, trustees, beneficiaries, agents, employees or other related or interested parties and the actions of such parties, which are in contrast to Company's policies shall be attributable to the corporate or partnership entity.

In the event that any of the ownership entity shareholders, officers, directors,

trustees, beneficiaries, agents, employees or other related parties shall terminate ownership interests in the distributorship, any breaching actions by such parties that continue to have a beneficial financial interest, directly or indirectly, in the distributorship shall be attributable to the distributorship

35. Members of Same Household; Responsibility

Members of distributor's household may operate together as one Company distributorship, but may not become separate Company distributors. Household is defined as husband, wife, and dependents. Note: Children of legal age to contract and at least 18 years of age are not considered a part of their parent's household.

The Company recognizes that members of the same household may belong to competing direct selling opportunities. Although the actions of the parties are normally in good faith, in some circumstances, there is an abuse of relationships in which the non-company household member is engaged in recruitment, solicitation or raiding of the Company sales organization. Since the household member that has an ownership interest in the Company distributorship is in the best position to be responsible to prevent raiding or cross-sponsoring activity by their co-household member, the cross recruiting activity of the non-company household member shall be attributed to the Company distributorship, subjecting the distributorship to discipline or termination.

36. Foreign Distributorships

A Hong Kong registered foreign distributor will be solely responsible for all applicable taxes, duties, and other fees associated with his/her distributorship. The foreign distributorship is subject to all applicable laws and regulations of his/her country of

residence. The Company is not responsible for any failure by the foreign distributor to abide by the laws of his/her country of residence or other controlling jurisdiction. While the Company does attempt to provide notice whenever possible, it may not always be possible to do so. Change in Company Policy or other actions such as termination may occur without notice to the distributor.

37. Transfer of Asia User Distributorship

Distributorship of an Asia (Cambodia, Laos and Myanmar) User with no office at their country will attach to Enagic Thailand.

The distributorship of an Asia User (Cambodia, Laos and Myanmar) will automatically be transferred to their country Enagic office if Enagic office is set up in his/her country afterward.

Once the distributorship of an Asia User (Cambodia, Laos and Myanmar) has been transferred, any matters concerning his/her distributorship, including payment of commission, will be handled by the Enagic office at his/her country and he/she is required to contact the Enagic office of his/her country for matters concerning his/her distributorship.

Upon request, an Asia User (Cambodia, Laos and Myanmar) is required to provide information to update their record, like bank account number, with the Enagic office at his/her country for the purpose of management of his/her distributorship.

Enagic (Thailand) Co., Ltd. will consider whether a distributor who was born in Thailand and hold Permanent Thai ID card but registered as an Asia User (Cambodia, Laos and Myanmar) could retain the distributorship in Thailand.

Enagic (Thailand) Co., Ltd. reserves the final right on the explanation and decision of this term Awards and Incentives vs. Commissions

When Distributors make exceptional contributions to the Company, they become eligible for Shoreikin Awards. Factors demonstrating exceptional contributions include, but are not limited to, outstanding sale efforts and remarkable sales group organization, Shoreikin Awards may differ in name in order to limit the eligible group (e.g. 6A 8-Level Award, 6A Educational Allowance, and 6A2-3 and Above New Incentive Award) but they are all awarded at the sole discretion of the Company. Shoreikin Awards are not paid automatically and will differ based on the overall efforts of our Distributors. Any Distributor subject to an Administrative Hold and/or Disciplinary Action will be ineligible for any Shoreikin Award.

38. Educational Allowance

The Educational Allowance will pay to 6A's for each unit beyond 8P, pay up to three 6A's, if the 6A receive 8P the Educational Allowance will not pay. If the closest 6A no sales within six months, the Educational Allowance will pay 50%, if no sales within two years, the Educational Allowance will pay 0%. If the level 2 and 3 6A's no sales over six months, the Educational Allowance will pay 0%.

Model	Educational Allowance	Level 1 6A	Level 2 6A	Level 3 6A
SD-501/ SD-501P/ K8	SP	6,200	1,412	1,412
	Basic	5,200	1,300	1,300
JrII	SP	3,600	900	900
	Basic	3,040	760	760
Super-501	SP	9,200	2,300	2,300
	Basic	7,600	1,900	1,900

Anespa	SP	3,600	900	900
	Basic	3,040	760	760
Anespa member price	SP	2,640	660	660
	Basic	2,000	500	500

39. Commission, 6A Educational Allowance and/or Incentive for Inactive Distributors (D1, D0, FA0)

If you have a direct sale within six (6) months, you are qualified to receive full commission. This status is called "D1". If you do not have a direct sale within six (6) months, but you have at least one sale within two (2) years, you are qualified to receive fifty percent (50%) of the full commission. This status is called "D0". If you do not have a direct sale within two (2) years, you are not qualified to receive any commission. This status is called "FA0".

Payment of commission, 6A educational allowance and/or incentive will be made based on the distributor status as of the date of sale and company (internal) confirmation.

40. Default in Payment

A distributorship will be terminated if a distributor defaults in payment of product purchases from the Company, In the event a distributor purchases product, either in the capacity as a consumer or distributor from the Company, and subsequently defaults on payment, the distributorship is subject to immediate termination. The preceding rule is applicable to a distributor in an individual capacity that defaults, a corporate or partnership distributor where one of the principal owners defaults or any other default in payment where the defaulting party has an ownership interest in the distributorship.

41. Disciplinary Actions

Distributor's violation of any policies and procedures, the agreement, terms and conditions or any illegal, fraudulent, deceptive, or unethical business conduct may result, at the Company discretion, in one or more of the following disciplinary actions:

- (a) Issuance of a written warning or admonition.
- (b) Imposition of a fine, which may be imposed immediately or withheld from future commission checks.
- (c) Reassignment of all or part of a distributor's organization.
- (d) Freezing of commissions for an indefinite period.
- (e) Suspension, which may result in termination or reinstatement with conditions or restrictions.
- (f) Termination of the distributorship.

42. Right to Terminate

The Company reserves the right to terminate any distributorship at any time for cause when it is determined that the distributor has violated the provisions of the distributor agreement, including the provisions of these policies and procedures as they may be amended or the provisions of applicable laws and standards of fair dealing. Such involuntary termination shall be made by the Company at its discretion. Upon an involuntary termination, the Company shall notify the distributor by mail at the latest address listed with the Company for the distributor. In the event of a termination, the terminated distributor agrees to immediately cease representing him/herself as a distributor.

43. Termination

- (a) When a decision is made to terminate a distributorship, the Company will inform the distributor in writing that the distributorship is terminated immediately, effective as of the date of the written notification. The termination notice will be sent by certified mail to distributor's address on file with the Company.
- (b) The distributor will have 15 days from the date of mailing of the certified letter in which to appeal the termination in writing, and provide written response to the finding of violations of Company agreement, policies and/or rules. The distributor's appeal and/or response correspondence must be received by the Company within 20 days of the Company's termination letter. If the appeal is not received within 20-day period, the termination will be automatically deemed final.
- (c) If a distributor files a timely appeal of termination, the Company will review and consider the termination, consider any other appropriate action, and notify the distributor of its decision. The decision of the Company will be final and subject to no further review. In the event the termination is not rescinded, the termination will be effective as of the date of the Company's original termination notice. The terminated distributor may not be sponsored as a Company distributor again.
- (d) Upon termination of a distributorship, all rights cease. He/she is no longer eligible for any commission, bonuses or prizes. He/she cannot advertise, sell or promote the Company products or purchase products from the Company.
- (e) The terminated distributor's down line organization automatically transfers to his/her immediate upline.

44. Sponsorship

All distributors have the right to sponsor others. In addition, every person has the ultimate right to choose his/her own sponsor. If two distributors should claim to be the sponsors of the same new distributor, the Company remains the final decision to the new buyer.

- (a) Company will issue distributor ID when documents completed and payment confirmed.
- (b) There is no "magic" involved in the Company or in any business. Those who sponsor widely but who do not help new distributors develop their business meet with limited success. Therefore, it is the distributor's responsibility to follow through and make sure the new distributor is properly informed and trained in the areas of the product, the commission plan, the policies and procedures and the professional guidelines of the network marketing industry.
- (c) When soliciting a prospective distributor to join the Company's network program, the distributor must clearly explain the following
 - (1) Products: type, performance and quality of each product.
 - (2) Commission plan
 - (3) Policies and Procedures
 - (4) Distributor's rights and duties
 - (5) Other important items that will affect the judgment of the prospective distributor.
- (d) Distributors should never provide false information in order to encourage the conclusion of a sales agreement or to prevent the buyer from canceling the agreement.
- (e) Each distributor must identify himself or herself by name and

Company ID number to the prospective buyer.

- (f) The Company offers no sales discounts or other concessions and the distributor cannot offer either. Any discounts offered by distributors may be grounds for termination.

45. Transfer of Sponsorship

Transfer is rarely permitted and is actively discouraged. Maintaining the integrity of sponsorship is absolutely mandatory for the success of the overall organization.

- (a) Transfers will generally be approved in two (2) circumstances:
 - (1) In the case of unethical sponsoring by the original sponsor. In such cases, the Company will be the final authority.
 - (2) Resigning from the Company entirely and waiting six (6) months to reapply under the new sponsor.
- (b) In cases of unethical sponsoring, the individual may be transferred with any down lines intact; in all other events, the individual alone is transferred without any down line distributors being removed from the original line of sponsorship.

46. Income Claims

No income claims, income projections nor income representation, nor showing of commission such as bank statement, Enagic genealogy list may be made to prospective distributors. Any false, deceptive or misleading claims regarding the opportunity or product/service are prohibited. In their enthusiasm, distributors are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections, this is counter-productive, since new distributors may be quickly disappointed if their

results are not as extensive or as rapid as a hypothetical model would suggest. The Company believes firmly that the income potential is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.

47. Representation of Status

In all cases, any reference the distributor makes to him/herself must clearly set forth the distributor's independent status. For example, if the distributor has a business telephone, the telephone may not be listed under the Company's name or in any other manner which does not disclose the independent contractor status of the distributor.

48. Judgment and Tax Lien

The Company will comply fully with any court order or instruction/demand by any government taxing authorities within Thailand and Asia country (Cambodia, Laos and Myanmar) that orders, instructs or demands the withholding of a distributor's earnings from his/her distributorship with the Company.

49. Subpoenas Duces Tecum (Demands for Records)

Assuming proper jurisdiction, the Company will comply with all subpoenas duces tecum demanding financial commission records of a distributor in his/her capacity as an independent contractor with the Company.

50. Request for Records

The Company will comply fully with all requests for records accompanied by a properly prepared and signed Authorization by the person whose records are being sought. The Company will comply fully with all requests for records by government agencies with the authority to request such records and accompanied by the requisite legal documentation.

51. Newspaper Advertisement

Some Independent Representatives use classified advertising in the newspapers to find prospects. The following rules apply:

1. No advertisement may imply that a "job" or "position" is available.
2. No specific income can be promised.
3. Advertisements must contain no misleading facts or distortions of the Company opportunity or product line.

52. Business Cards and Stationery

Any printed materials, including business Cards and stationery, must be approved by Enagic in advance. Criteria for approving these materials will include a judgment regarding the quality of the materials as well as properly setting forth the independent status of the distributor.

53. Telephone Solicitation

The use of the Company's name or copyrighted materials may not be made with automatic calling devices or "boiler room" operations either to solicit distributors or retail customers. The use of these methods in ways that are legal and are the equivalent of the "blind ads" alluded to above cannot be regulated by the Company.

54. Press Inquiries

Any inquiries by the media are to be referred immediately to the Company. This policy is to assure accuracy and a consistent public image.

55. Endorsement

Federal and state regulatory agencies rarely approve or endorse direct selling programs. Therefore, distributors may not represent that the Company's program has been approved or endorsed by any government agency.

56. Indemnification and Hold Harmless

The independent Distributor hereby indemnifies and releases the Company, its officers, directors, agents and assigns and holds harmless from and against the full amount of any and all claims, causes of action, judicial and administrative proceedings suits, charges, liabilities, losses, damages, costs and expenses, including without limitation court costs and reasonable fees and expenses of attorneys and consultants, which are or may be made, filed or assessed against Company at any time arising out of distributor's business operations and representations made by distributor in the operation of his/her business, arising from the following:

- (a) Violation and/or lack of compliance with terms of the distributor agreement, policies and procedures, rules and regulations, marketing program manual or guidelines or any other directive from the Company as to method and manner of operation of the independent distributor business;
- (b) Engaging in any conduct not authorized by the Company in the Company market program;
- (c) Any fraud, negligence or willful misconduct in the operation of the independent distributor business;
- (d) Misrepresentation or unauthorized representation regarding the Company's product or service, marketing opportunity or potential or the Company's marketing program;
- (e) Failure to adhere to any federal, state, or local law, regulation, ordinance and/or any order or rule issue by any court of appropriate jurisdiction;
- (f) Engaging in any action which exceeds the scope of authority to the distributor as granted by the Company.
- (g) Engaging in any activity over which Company has no effective control as to the actions of the distributor.

57. Waiver

The Company never gives up its right to insist on compliance with these rules or with the applicable laws governing the conduct of a business. This is true in all cases, both specifically expressed and implied, unless an officer of the Company who is authorized to bind the Company in contracts or agreements specifies in writing that the Company waives any of these provisions. In addition, any time the Company gives permission for a breach of the rules, that permission does not extend to future breaches. This provision deals with the concept of "waiver," and the parties agree that the Company does not waive any of its rights under any circumstances short of the written confirmation alluded to above.

58. Governing Law

These rules are reasonably related to the laws of Thailand and shall be governed in all respects thereby. The parties agree that jurisdiction and venue shall lie with the place of acceptance of the distributor application which is Thailand government.

59. Partial Validity

Should any portion of these Rules and Regulations, of the distributor's application and agreement, or of any other instruments referred to herein or issued by Enagic be declared invalid by a court of competent jurisdiction, the balance of such rules, applications, or instruments shall remain in full force and effect.

Product Information

LeveLuk Jr II	Continuous electrolysis water generator which produces five types of water including clean water, Kangen Water, acidic water, strong Kangen water, and strong acidic water
LeveLuk SD501	Continuous electrolysis water generator which produces five types of water including clean water, Kangen Water, acidic water, strong Kangen water, and strong acidic water
LeveLuk Super 501	Continuous electrolysis water generator which produces five types of water including clean water, Kangen Water, acidic water, strong Kangen water, and strong acidic water
Anespa	Shower machine which removes chlorine from tap water and produces mineral ionized water continuously
K8	8 Plate ionization chambers, 8 languages, 8 types of power plug, Kangen refresh, Automatic pumping, On-screen timer, Smart filter, Energy saving, Color LCD touch panel, Interchangeable power, E-cleaning on screen instructions.

Product Handling and Distributor's responsibility:

1. The prospective distributor shall fulfill stated personal sales volume requirements to be recognized and registered as an active Enagic distributor.
2. Special favorable payment plans are available to distributors who wish to purchase company products.
3. The distributor may sell products through the credit companies that have valid agreement with Enagic.
4. The distributor shall take full responsibility for any of the following issues arising in connection with his/her own customer :
 - (1) The distributor shall take the following actions without delay in case of cancellation of a sales agreement during the 7 days period.
 - (a) Return the commission and other applicable fees/charges to Enagic.
 - (b) Substitute the cancelled account with another account.
 - (c) Any actions other than (a) and (b) above will be taken after discussion among the distributor, Enagic and referrer.
 - (2) Providing such information as the Company may request from time to time in connection with the Company's collection of money payable for the products.
 - (3) Providing such information as the Company may request from time to time in connection with the Company's handling of sales-related claims other than the above.

The Sales Commission shall be paid by bank transfer by Enagic in favor of the distributor promptly after the expiration of the 7 days period, and otherwise based on the distributor's instruction.

60. Personal Data (Privacy)

Enagic (Thailand) Co., Ltd. (the "Company")

Notice to Distributors and Other Individuals relating to the Personal Data (Privacy) Ordinance

1. From time to time, it is necessary for distributors and various other individuals to supply the Company with data in connection with various matters such as the opening or change of distributor accounts.

2. Failure to supply such data may result in the Company being unable to approve the opening of or continue distributor accounts.
3. It is also the case that data are collected from data subjects in the ordinary course of the continuation of the Company relationship, for example, when data subjects write cheques, deposit money or carry out card transactions.
4. The purposes for which data relating to a data subject may be used are as follows:
 - (i) the daily operation of the Company services and Company facilities provided to data subjects;
 - (ii) marketing services, products and other subjects (please see further details in paragraph 7 below);
 - (iii) determining the amount of indebtedness owed to or by data subjects;
 - (iv) verifying data subjects' identities with any card transactions; and
 - (v) purposes relating thereto.
5. Data held by the Company relating to a data subject will be kept confidential but the Company may provide such information to the following parties for the purposes set out in paragraph 4 above:
 - (i) any other subsidiary company of the Enagic Group;
 - (ii) third party financial institutions, credit card companies, credit card banks;
 - (iii) third party reward, loyalty, co-branding or privileges programme providers or merchants;
 - (iv) charitable or non-profit making organisations.
6. The following data relating to the data subject (including any updated data of any of the following data from time to time)
 - (i) Full name;
 - (ii) Thai Identity Card Number or travel document number or certificate of incorporation number;
 - (iii) date of birth or date of incorporation;
 - (iv) correspondence address or registered office address;
 - (v) mobile phone number;
 - (vi) residential phone number;
 - (vii) email address;
 - (viii) Internet network;
 - (ix) distributor/ member/ user ID number;
 - (x) distributor/ member/ user ranking;
 - (xi) distributor/ member/ user status (e.g. D1, D0, FAO, termination).

7. USE OF DATA IN DIRECT MARKETING

The Company intends to use a data subject's data in direct marketing and the Company requires the data subject's consent (which includes an indication of no objection) for that purpose. In this connection, please note that:

- (i) the name, contact details, products and incentive information, transaction pattern and behavior, ranking and demographic data of a data subject held by the Company from time to time may be used by the Company in direct marketing;
- (ii) the following classes of services, products and subjects may be marketed:
 - (a) credit card, banking and related services and products;
 - (b) reward, loyalty or privileges programmes and related services and products;
 - (c) services and products offered by co-branding partners of the Company and/or any subsidiary company of the Enagic Group (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be); and
 - (d) donations and contributions for charitable and/or non-profit making purposes;

- 8. In accordance with the terms of the Ordinance, the Company has the right to charge a reasonable fee for the processing of any data access request.