

Policy & Procedures Handbook

Enagic®
Enagic India Kangen Water Pvt. Ltd.,
Change your water... Change your Life !

Policies and Procedures Handbook

For Enagic India Direct Sellers

NOTE: IMPORTANT

Please read this Policies and Procedures Handbook carefully before executing the Enagic Direct Seller Agreement to act as a Direct Seller of Enagic India Kangen Water Private Limited.

Kindly be informed that Enagic Direct Sellers are prohibited from selling bottled Kangen Water™ or any other water in any form produced from Enagic India Kangen Water Private Limited water purifying machines as stated in Clause 9.4 (Prohibition of Sales of Kangen Water) of this Policies and Procedures Handbook. All Enagic Direct Sellers are also not permitted to carry out any acts which are prohibited by this Policies and Procedures Handbook. Enagic Direct Seller who fails to adhere to these Policies and Procedures shall face disciplinary actions and shall indemnify and hold Enagic India Kangen Water Private Limited harmless from and against any claims, causes of action, administrative proceedings, losses and damages due to the said breach of Policies and Procedures as stated in Clause 12.1 (Disciplinary Actions) and Clause 13.2 (Indemnification and Hold Harmless) of this Policies and Procedures Handbook. Enagic India Kangen Water Private Limited reserves the right to terminate the Enagic Distributorship of the Enagic Direct Seller who fails to adhere to this Policies and Procedures Handbook with immediate effect without the need to provide any justification for such termination and the same shall be in addition to and reserving fully all other rights and entitlements that Enagic India Kangen water Private Limited may have against the Direct Seller.

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SECTION 1: INTRODUCTION

- 1.1** Enagic India Kangen Water Pvt. Ltd. (the ‘Company’ or ‘Enagic’) is dealing in electrolysis water generator, water purifier and water processing machines of different model and capacities and makes its Products available to consumer through Direct Sellers. Enagic India Policies and Procedures Handbook is designed to establish certain principles required to be followed in the development and maintenance of Enagic India Distributorship and the rights, duties, and responsibilities of each Enagic Direct Seller.
- 1.2** Enagic India honours all federal, provincial, and municipal regulations governing direct selling and requires every Enagic Direct Seller to do the same. It is, therefore, very important that you read and understand the information in this Handbook. If you have any questions regarding any rule or policy, seek an answer from your Sponsor, upline leader, or Enagic India directly. Review the Professional Ethics and the Policies & Procedures often.
- 1.3** Enagic India and its Direct Seller have a binding contractual relationship. The terms and conditions of this relationship are set forth in the Enagic Direct Seller Application Form, Enagic Policies and Procedure Handbook, Enagic’s Compensation Plans as amended by Enagic India from time-to-time. Enagic India may notify all such amendments to the Direct Seller by publication on its website: www.enagic.co.in and other places where possible.

SECTION 2: GLOSSARY OF TERMS:

- 2.1 "Business Collaterals "** means all products and services (including but not limited to business aids, books, magazines and other printed material, online literature, internet websites, audio, video or digital media, meetings and educational seminars (inclusive of tickets for the same), and other types of materials and services) that:
- a) are designed to educate prospective Preferred Customers of Enagic products or services, or to support, train, motivate and/or educate Enagic Direct Sellers;
 - b) incorporate or use one or more of Enagic's trademarks, service marks or copyrighted works; or
 - c) are otherwise offered with an explicit or implied sense of affiliation, connection or association with Enagic India.
- 2.2 “Company/Enagic India”** shall mean Enagic India Kangen Water Private Limited a company registered under the Companies Act, 2013 having its registered office at No.55, Thandalam Village Sriperumbadhurt Taluk, Kancheepuram, Chennai TN 602105 & Corporate Office at The Millenia Tower B, 4th Floor, Unit 401 No. 1 & 2, Murphy Road, Ulsoor, Bangalore 560-008, India.
- 2.3 “Earnings”** means any income achieved by an Enagic Direct Seller in the form of commissions, fixed or variable, direct or indirect, rewards, bonuses or in other forms.
- 2.4 “Enagic Direct Seller”** shall mean a person appointed by Enagic India on a principal-to-principal basis through Enagic Direct Seller Agreement to undertake sale, distribution and marketing of Enagic’s Products and services and to register Preferred Customers.
- 2.5 “Enagic Compensation Plan”** means the plan providing details of Enagic’s performance incentive system, sponsoring procedure and guidelines, Policies and Procedures regarding selling Enagic’s products as amended from time to time by Enagic India, and which forms an integral part of the Enagic Direct Seller Agreement.
- 2.6 “Enagic Direct Seller Agreements”** shall mean the agreement setting forth the terms and conditions for a Direct Sellers, entered into through Enagic Direct Seller Application, inclusive of its terms and conditions and includes following:
- a) Enagic Direct Seller Application Form

- b) The terms and conditions forming part of the Enagic Direct Seller Application
- c) The Enagic Direct Seller Handbook with Policies and Procedure.
- d) Enagic Compensation Plan

2.7 “Preferred Customer” means any person who is not an Enagic Direct Seller but an end user who’s Preferred Customer Application has been accepted by Enagic India, and who may accordingly purchase Enagic’s Products according to the applicable terms and conditions.

2.8 “Products” means all products and services including Literature, training and other support material, made available by Enagic India to its Direct Sellers and/or Preferred Customers.

2.9 “Product Purchase Order Form” means the application used to order products of the Company.

2.10 “Sponsor” means an Enagic Direct Seller who (in compliance with all applicable requirements) recommends to Enagic India an applicant for authorization as an Enagic Direct Seller and who in turn is assigned by the Company to support the recommended applicant if the same is accepted by the Company as an Enagic Direct Seller.

2.11 “Servicing Distributor” means the Enagic Direct Seller assigned to a Preferred Customer for the purpose of providing per- and post- sale support.

2.12 “Zero Tolerance” means not allowing any undesirable behaviour to continue and imposing definite sanctions against individuals found indulging in such adverse conduct.

Except when the content so requires, everything that is in the singular shall include the plural, and whatever refers to the masculine shall include the feminine.

SECTION 3: CODE OF ETHICS OF ENAGIC DIRECT SELLER:

As owner of my Enagic distributorship, I agree to conduct my Enagic India Business according to the following ethical guidelines:

1. I will be honest and fair in my dealing as a Direct Seller.
2. I will follow the Policies and Procedure Handbook and Terms and Conditions of distributorship as mentioned in Enagic Direct Seller Application as well as all applicable laws, rules and regulations observing not only “the letter” but also “the spirit” thereof.
3. I will perform my Direct seller business in a manner that will enhance my reputation and the positive reputation established by Enagic India.
4. I will present Enagic’s Products and the Enagic’s Compensation Plan to all prospective Direct Sellers and Preferred Customers in an accurate, fair, truthful and honest manner, and I will make sure to present only what is approved in official Enagic India’s publications.
5. I will fulfil my leadership responsibility as a Sponsor, which include training, supporting and communicating with the Direct Sellers in my organization.
6. I will not engage in deceptive or illegal practices and will not misrepresent Enagic Products or the Compensation Plan. In my Enagic product sales activities, and for the purposes of protecting the Enagic Compensation Plan, I will use only the Company’s authorized publications.
7. I understand and agree that I am solely responsible for all financial and/or legal obligations I incurred in the course of my business as Enagic Direct Seller and will discharge all debts and duties as required of a Direct Seller.

SECTION 4: BECOMING AN ENAGIC DIRECT SELLER:

4.1 Application:

To become a Enagic Direct Seller, an applicant must be sponsored by an existing Enagic Direct Seller in good standing. And in order to be considered for an Enagic Distributorship, an individual(s) must, submit a signed, completed Enagic Direct Seller Application Form, in his/ her/their own name(s), together with all required supporting documentation. Upon such Application being accepted, the person(s) become an Enagic Direct Seller.

4.2 Requirements for becoming a Enagic Direct Seller:

- a) Applicant must be above the age of 18 years, be of sound mind and not disqualified from contracting by any law.
- b) Applicant must submit the following i) duly filled in Application form; ii) copy of Government issued Identity Card; iii) copy of residential proof; iv) copy of Permanent Account Number (PAN) Card; v) passport size photograph; and vi) cancelled bank cheque with Bank Account Details.
(Any of the following document to be furnished as proof of address i.e Aadhar card/voter ID/ driving license/ Ration card/ passport etc.)
- c) Applicant must be a citizen and resident of India.

4.3 Right to accept/reject: The Company reserves the right to accept or to reject any applications for Enagic Direct Sellers/Preferred Customers without having to give any explanation whatsoever.

4.4 Registration: Enagic appoints, as of the effective date, the individual (s) identified in the Direct Seller application, or if applicable, the legal entity listed therein (the entity), as a Direct Seller of the Enagic products and services, and the applicant(s) agree(s) to such appointment. Company reserves the right, at its sole discretion, to accept or refuse any application. Enagic do not charge any registration, joining or renewal fee. Upon acceptance, the person will remain a Direct Seller for a period of 24 months. To keep the Direct Seller status beyond this period, the Direct Seller needs to demonstrate his/her activity during the past 12 months.

4.5 Prohibited Practices: No applicant, as a condition to becoming a new Enagic Direct Seller shall be required to, nor any currently authorised Enagic Direct Seller, as conditions to provided assistance to a prospective or new or existing Enagic Direct Seller, in the development of their Enagic Distributorship, required the prospective or new or existing Enagic Direct Seller to:

- a) Pay any joining fee or purchase any specified number of products.
- b) Maintain a specified minimum inventory.
- c) Purchase large quantity of inventory solely for the purpose of qualifying for sales bonus or rank advancement.
- d) Promote inventory loading in the distribution channel.
- e) Purchase tapes, literature, audio-visual aids, or other materials or programs.
- f) Purchase tickets for and/or attend or participate in, seminars, or other meetings.

4.6 Mandatory Orientation Session: The applicant must have undergone the Orientation session to understand the all aspect of direct selling business, remuneration system and expected remuneration for new Enagic Direct Seller.

4.7 Abide by Rules: The applicant shall confirm that he has read the Policies and Procedures Handbook and has completely understood all contents before filling out his Enagic Direct Seller Application or Preferred Customer Application. He must also abide by all the regulations and stipulations governing Enagic Direct Sellers/ Preferred Customers.

4.8 Effective Date and Authorisation for order: An application shall be considered accepted when the Company inform/notify the Enagic Direct Seller accordingly and an applicant become a direct seller when the Company accepts such application and conveys such acceptance by issuance of Direct Seller

identification card. The Enagic Direct Seller may order products through Product Purchase Order Form immediately after receipt of relevant notification by the Company.

4.9 Validity of Enagic Distributorship: A distributorship application once accepted will continue to remain valid as long as Direct Seller continued to sell Enagic Products. His/her Enagic distributorship will come to an end if he/she fails to make any sale for a period of two years from the date of his last sales.

4.10 Type of Direct Sellers:

4.10.1 Individual Enagic Direct Seller: An individual can have up to three (3) Enagic Distributorships in the Company. When an existing Enagic Direct Seller is willing to open the second or third Enagic Distributorship, this account has to be opened under his existing account. He shall not own any other Enagic Distributorship, either individually or jointly, nor shall he participate as a partner, owner, stockholder, trustee, director, or association member, outside his sponsorship.

4.10.2 Husband and Wife Distributorship:

- i. Unless waived in writing by the Company upon application, the Company will consider each married couple as a single Enagic Direct Seller.
- ii. Husband and wife may sponsor each other directly, but shall not be sponsored in different channels of distribution. If the Company finds that the second spouse was sponsored in a different distribution channels by any reason after the initial spouse was sponsored, the Company reserves the right to change the status of a spouse from an Enagic Direct Seller into a Preferred Customer or transfer the Enagic Distributorship of a spouse into his or her immediate Enagic Direct Seller.
- iii. If a spouse is already an Enagic Direct Seller, the non-participating spouse may elect to become an Enagic Direct Seller, but must join the same Enagic distributorship as his or her spouse, or be directly sponsored by his or her spouse.
- iv. Should a husband/wife Enagic Direct Seller divorce, they should notify the Company as to how the Enagic Distributorship is to be managed thereafter. Otherwise, the Company will recognise the final judicial or adjudicatory disposition of the Enagic Distributorship.

4.10.3 Members of Same Household: Members of a Direct Seller's household may operate together as under a single Enagic Distributorship and may not become separate Company Distributors. A Household is defined as husband, wife, and dependents. It is important to note that children who have attained the age of majority of eighteen (18) years will not be considered to be a part of their parents' household for the purposes of the Enagic Distributorship. The Company recognises that members of the same household may belong to competing direct selling opportunities. Although the actions of the parties are assumed to be taken in good faith, in some circumstances, there might be an abuse of relationships in which the non-company household member is engaged in recruitment, solicitation or raiding of the Company sales organisation. Since the household member that has an ownership interest in the Company Distributorship is in the best position to prevent the raiding or cross-sponsoring activities by their members of their household [as defined in clause 9.1(a)], any cross-recruiting activity of the non-Company household member shall be attributed to the household Direct Seller and will accordingly subject the Direct Seller to possible disciplinary action or the termination of the Agreement.

4.10.4 Legal Entity Distributorship: A Direct Seller may own and operate his Enagic Distributorship as a sole proprietary concern or registered partnership firm or limited liability company (LLC), Enagic India will require such distributorships to comply with the following:

- a) The legal entity must file Enagic Direct Seller Application form with the Company, duly signed by its Sole Proprietor or Partner or Director as applicable.
- b) All persons who actually conduct, and who intend to participate in Enagic Direct Seller Business of the Distributorship must comprise the majority of the partners in case of a partnership firm or

in case of a company collectively own not less than a majority of the paid-up equity share capital of the company and must constitute a majority of the Board of Directors of the company.

- c) No change in the partners, in case of a partnership firm or in case of a company, no change in the number of shares issued, or in the membership of the Board of Directors, may be made, and no agreement or arrangement affecting control of the company by the individuals conducting the Enagic Distributorship business may be adopted, without application to, and the prior written approval by the Company.
- d) All partners, shareholders and Directors shall personally and irrevocably guarantee due performance by the partnership firm/company of all of its obligations and responsibilities as a Enagic Direct Seller or especially those outlined in the Policies and Procedures Handbook as set forth from time to time in official Company literature.
- e) A Direct Seller who own and operate his Enagic Distributorship as a sole proprietary concern or registered partnership firm or limited liability company (LLC) or Pvt.Ltd or other legal entity (if applicable) cannot obtain and have Distributorship on individual name.

4.10.5 Change in Status:

- a) **Marriage** – two Company Direct Sellers who marry after having established their own individual Distributorships may continue to operate their existing Enagic Distributorships.
- b) **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:
 - i Written agreement signed by both parties in the presence of witnesses (which may be an advocate and solicitor or commissioner or oaths or a notary public) indicating who will retain the Enagic Distributorship.
 - ii Court order delineating who receives custody over the Distributorship; or
 - iii Both parties may choose to retain their joint Enagic Distributorship and operate it as a partnership. The divorced Direct Sellers may apply for a new Distributorship without having to wait 6 months.
- c) **Death** – Unless there is a valid nomination already having been made by a Direct Seller is in place, upon the death of a Direct Seller, the rights and responsibilities of the Enagic Distributorship may be passed on to the rightful, legally-documented heir as long as that person has filled out a new Enagic Direct Seller application, together with a copy of death certificate.
- d) **Disability** – should a Direct Seller become disabled to the extent that he can no longer fulfil the required duties of the Company Direct Seller, such disabled Direct Seller’s legal representative or conservator or nominee notified to the Company in following manner:
 - i Contact the Company within thirty (30) days of the disability and advise the Company of the Direct Seller’s status and the plans for future management or cancellation of the Enagic Distributorship
 - ii Provide a notarised or court-confirmed copy of appointment as legal representative or conservator; and
 - iii Provide a notarised or court-confirmed copy of document establishing right to administer the Company business.

Such legal representative shall fill out a new Direct Seller Application, receive requisite training consistent with the disabled Direct Seller’s level at the time of disability. These requirements must be satisfied within six months. In case of any dispute between the legal heirs of the deceased or disabled Direct Seller, giving rise to multiple or contradictory claims, then the decision of the Company shall be final.

4.11 Sale or Transfer of Distributorship:

- 4.11.1** Third parties who buy any Enagic products do not automatically qualify to be Enagic Direct Sellers.

- 4.11.2** Enagic Direct Sellers agree to inform all third parties to whom they sell Enagic products of the above fact and further agree not to promise any possibility of transferring Direct Seller rights. A Direct Seller shall not sell, assign or otherwise transfer his Enagic Distributorship, marketing position or other Enagic Distributor rights without written application to and approval from the Company. This clause is also applicable to the transfer of any interest in an entity that owns a Enagic Distributorship, including but not limited to a corporation, partnership, trust or other non-individual entity.
- 4.11.3** The potential buyer must be of similar standing as the selling Enagic Direct Seller to become eligible to apply for Enagic Distributorship. The Enagic Distributorship must be offered in writing first to the Direct Seller's sponsor. If the sponsor declines the offer, the Direct Seller may offer the Enagic Distributorship for sale to main Enagic Direct Sellers of the sponsor within the same group. A Direct Seller who sells his or her Enagic Distributorship shall not be eligible to re-qualify as a Direct Seller for a period of at least six (6) months after the sale,
- 4.11.4** The Company reserves the right to review the sale agreement and to verify waiver from the sponsor in the event the sponsor declines to purchase the Enagic Distributorship. A Direct Seller shall not add a co-applicant to their Enagic Distributorship and thereafter, remove their name from the Enagic Distributorship, as an effort to circumvent the Company's sale, assignment, delegation or merger procedures. The primary Direct Seller must wait twelve (12) months after adding a co-applicant to the Enagic Distributorship before they are allowed to remove their name from the Enagic Distributorship.
- 4.11.5** It is prohibited to use a sale or transfer to attempt to circumvent Company policy on raiding, soliciting, cross-sponsoring or interference. A Direct Seller seeking to sell or transfer his Enagic Distributorship must acknowledge and agree to Clause 4.5 prior to the finalisation of the sale or transfer of his Enagic Distributorship

SECTION 5: ENAGIC DIRECT SELLER RESPONSIBILITIES:

Direct Sellers are retailers of Enagic Products, they must thus keep themselves suitably educated about Companies Products, continue to meet sales criteria set by Enagic India in order to earn and retain their level as Direct Sellers. Enagic Direct Seller must abide by following:

- 5.1 Adherence to Agreement and policies:** Direct Sellers must strictly adhere to this Policies and Procedures Handbook and to other documents that comprise the Direct Seller Agreement. Enagic India may from time to time amend the Policies and Procedure and any other document comprising the Direct Seller Agreement through notice on its website, www.enagic.co.in. If the Direct Seller does not agree to be bound by any amendment(s), he/she/they may terminate the Enagic Direct Seller Agreement with immediate effect by giving a written notice to the Company. Otherwise, the Direct Seller's continued relationship with Enagic India constitutes an affirmative acknowledgment by the Direct Seller of the amendment(s), and his/her/their agreement to be bound there to.
- 5.2 Professional Conduct:** An Enagic Direct Seller shall at all times conduct himself or herself in a courteous and considerate manner and shall not engage in any high-pressure selling, but shall make a fair presentation of Enagic Products and the Enagic Compensation Plan including, when and where appropriate, demonstrations of such products. An Enagic Direct Seller shall never impose himself or herself upon his/her prospective customer and shall:
- 5.2.1** Always take a prior permission or appointment before approaching a prospective customer and shall indicate the purpose of his or her visit and identify himself or herself as an Enagic Direct Seller.
- 5.2.2** Provide the following information to the customer at the time of sale;
- i His/her name, address and telephone number along with that of Enagic India;

- ii carry identity card provided by Enagic India along with any photo ID's issued by any Government agency;
- iii fix time & place for inspection of the sample and delivery of goods, if customer so desires;
- iv provide customer receipt with the description of the products to be supplied;

5.2.3 If the customer indicates a desire to terminate the interview, the Enagic Direct Seller shall immediately do so and shall leave the premises of the customer.

5.2.4 The Enagic Direct Sellers at all time make a fair presentation of Enagic products. Direct Seller will also direct his or her customer's attentions to direction for using product, cautions, if any which may be included on the label for products.

5.3 Transaction Submission Integrity:

5.3.1 It is essential that all relevant transactions relating to and arising out of the Agreement between the Enagic Direct Seller/Preferred Customer and the Company be submitted to the Company in order to maintain the integrity of communications between the Company and the Enagic Direct Seller/ Preferred Customer.

5.3.2 It is to be expected that all transactions submissions to the Company, including, but not limited to, Enagic Direct Seller: applications, communication, financial transactions and consumer transactions, be submitted by the individual or entity involved in the transaction – third party submissions of any and all transactions is prohibited.

5.3.3 The Enagic Direct Seller should not communicate any transactions submissions on behalf of another Direct Seller, Enagic Distributorship applicant or Preferred Customer.

5.3.4 The Enagic Direct Seller shall not use his or her credit card or bank account on behalf of another individual or Enagic Direct Seller, except as expressly permitted by the Company in advance for 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.

5.4 Business Conduct:

5.4.1 In the conduct of business, the Enagic Direct Seller 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 the 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 or negative propaganda or adverse publicity.

5.4.2 An Enagic Direct Seller shall not interfere with, harass or undermine other Enagic Direct Sellers and, at all times, shall respect the privacy and business interests of other Enagic Direct Sellers.

5.4.3 An Enagic Direct Seller must not disparage the Company, other Enagic Direct Sellers, Company products and/or services, the marketing and compensation plans, or Company employees.

5.4.4 Each Enagic Direct Seller is to bear all cost of building up his/her Enagic business.

5.5 Principal to Principal Contract: Enagic Direct Sellers are independent contractors and act on principal to principal basis they are not to be considered purchasers of a franchise, nor does this create an employer/employee relationship, agency, partnership, or joint venture between the Company and its Direct Sellers. When presenting the Enagic India business opportunity to others, the Enagic Direct Sellers must clearly state the independent character of this business The Enagic Direct Seller, as an independent contractor, is fully responsible for all of his/her verbal and written statements made regarding the products, services and/or marketing programmes which are not expressly contained in writing in the current Enagic Direct Seller agreement, advertising or promotional materials supplied by

the Company. The Enagic Direct Seller 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 including third party claims as a result of Direct seller's unauthorized representations or arising out of Enagic Direct Seller's business practices and actions

5.6 Responsibility for Paying Taxes:

5.6.1 All Enagic Direct Sellers are personally responsible for compliance with all relevant taxation laws and regulations of India that may arise out of his earnings from distribution of the Products of the Company or any other earnings generated as a seller of Company products and services.

5.6.2 The Company will comply fully with any court order or instruction/demand by any Indian Government taxation authority, in relation to a Direct Seller's earnings as a result of his Enagic Distributorship. Besides any and all payments by the Company to the Enagic Direct Seller towards Direct Seller's entitlements of whatsoever nature shall be subject to applicable withholding tax (TDS) and a Direct Seller must possess Income Tax Permanent Account Number (PAN) under the provisions of Indian Income Tax Act 1961 and provide a copy of the PAN card issued to the Direct Seller by the income tax department, to the Company.

5.7 Vendor Confidentiality: The Company's business relationship with its vendors, manufacturers and suppliers is confidential. Enagic Direct Seller 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.

5.8 Information Confidentiality: On a periodic basis, the Company will supply data processing information and reports to the Enagic Direct Seller, which will provide information concerning the Enagic Direct Seller's sub-Enagic Direct Seller's sales organisation, Preferred Customers, product purchases and product mix. The Enagic Direct Seller agrees that:

- a) Such information is proprietary and confidential to the Company and is transmitted to the Enagic Direct Seller in confidence.
- b) He 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.
- c) Enagic Direct Seller must take appropriate steps to safeguard and protect all private information including without limitation, banks account details, credit card and other details provided by a retail customer, prospective Enagic Direct Seller or other Enagic Direct Seller
- d) The Enagic Direct Seller and the Company agree that, except as provided for by the confidentiality and nondisclosure provisions of the Agreement, the Company would not provide the above confidential information to the Enagic Direct Seller.
- e) Enagic Direct Seller are responsible for secure handling and storage of all documents that may contain private information of retail customers and other Enagic Direct Sellers.
- f) Enagic Direct Seller must adopt, implement and maintain appropriate administrative, technical and physical safeguard to protect against anticipated threats or hazards to the security of confidential information and customer data.
- g) A Enagic Direct Seller seeking to sell his Enagic Distributorship must acknowledge and agree to this provision prior to the finalisation of the sale of their Enagic Distributorship.

5.9 Default in Payment: In the event where Direct Seller purchase products, either in the capacity of a consumer or Direct Seller of the Company, and subsequently defaults on payment, the Enagic Distributorship is subject to immediate termination of the Agreement.

SECTION 6: SPONSORS'S SUPPORT/RESPONSIBILITIES:

6.1 Sponsoring Right: All Enagic Direct Sellers have the right to sponsor others. In addition, every person has the ultimate right to choose his own sponsor. If two Enagic Direct Sellers should claim to be the sponsors of the same new Enagic Direct Seller, the Company shall regard the first application received by the corporate home office as controlling. As a general rule, it is good practice to regard the first Enagic Direct Seller who has meaningfully worked with a prospective Enagic Direct Seller as having the first claim to sponsorship though this is not necessarily the sole factor of consideration. Other factors of consideration such as common sense and equitable principles should also be utilized.

6.2 Responsibility to submitted completed application with documents: The Company may provide the Enagic Direct Sellers with various methods of submitting registration or information of newly sponsored Enagic Direct Sellers, including but not limited to, facsimile registration and online registration for the convenience of the Enagic Direct Sellers. Till the Company receives a duly completed application, containing all appropriate and required information as well as the signature of the proposed new Enagic Direct Seller, the Company will only consider any such application as one which is merely a non-binding expression of interest. Although the Company is attempting to create convenience for its sponsoring Enagic Direct Sellers, it is the responsibility of each sponsoring Enagic Direct Sellers to cause delivery to the Company of a completed and signed Enagic Direct Sellers agreement if the sponsor is expected to be recognized as the official sponsoring Enagic Direct Seller.

6.3 Responsibility to supervise: Enagic Direct Sellers must also able to provide to the Company annually, proof of ongoing fulfilment of their sponsorship responsibilities. Any Enagic Direct Seller, who sponsors other Enagic Direct Sellers or sub-Enagic Direct Sellers, must fulfil 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. Enagic Direct Sellers must have ongoing contact, communication and management supervision with their sales organisation(s). For the avoidance of doubt, potential Enagic Direct Sellers shall not be required to provide any form of payment or benefit in order to be sponsored by the Enagic Direct Seller. 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.

6.4 Responsibility to train: Those who sponsor widely but who do not help new Enagic Direct Sellers develop their business will be met with limited success. Therefore, it is the Enagic Direct Sellers's responsibility to follow through and make sure the new Enagic Direct Sellers is properly informed and trained in the areas of product knowledge, the compensation plan, the professional guidelines of the network marketing industry, the Company Policies, Handbook and Agreement. Each sponsor shall conduct, or provide access to, training and motivation that complies with the Policies and Procedures Handbook. In order to meet this obligation, the Sponsor shall encourage his sponsored Direct Seller to attend training organized by Enagic India or personally train the Direct Sellers whom he or she sponsored or arrange for support from other direct sellers, including his or her upline, Direct Seller Training Providers. In all cases the Sponsor remains responsible and accountable under the Enagic Direct Seller Contract for ensuring that compliant training and motivation are made available to his or her sponsored Direct Sellers

6.5 Responsibility to provide complete information: When soliciting a prospective Enagic Direct Sellers to join the Company's network programme, the Enagic Direct Sellers must clearly explain the following:

- a) Products: type, performance and quality of each product;
- b) Compensation plan;
- c) Policies and Procedures;
- d) Enagic Direct Sellers's rights and duties; and
- e) Other important items that will affect the judgment of the prospective Enagic Direct Sellers.

6.6 Transfer of Sponsorship:

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

6.6.2 Transfers will generally be approved in the following two (2) circumstances:

- i In the case of unethical sponsoring by the original sponsor – in such cases, the Company will be the final authority; or
- ii Resigning from the Company entirely – waiting six (6) months to reapply under the new sponsor.

6.6.3 In cases of unethical sponsoring, the individual may be transferred with any sub-Enagic Direct Seller intact; in all other events, the individual alone is transferred without any sub-Enagic Direct Seller being removed from the original sponsorship.

SECTION 7: PROMOTION OF ENAGIC PRODUCTS AND OPPORTUNITIES:

7.1 Sales Presentation/Advertising Correct Information:

7.1.1 The Direct Seller shall be basically selling and distributing the products of the Company for incentives by way of Direct Seller's margin. The Company's water treatment systems purchased by Enagic Direct Seller for personal, family or relatives use or otherwise are not for resale. All Company water treatment systems are sold at Company-specified prices. A Direct Seller shall not advertise for sale or put up for sale a Company water treatment system that deviates from Company pricing. A Direct Seller shall not advertise, offer or provide a customer with a rebate or other consideration to facilitate a lower customer price for a Company water treatment system.

7.1.2 Enagic Direct Seller shall not advertise Company products and services and/or marketing plans except as specifically approved by the Company.

7.2 Retail Establishment:

7.2.1 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).

7.2.2 The sale of such products or services within such retail facilities must be conducted by a Direct Seller and must be preceded by a discussion where the Direct Seller introduces the Company's products or services and opportunities just as they would if they had met outside of the retail facility. Company produced literature, banners, or signage only shall be displayed on a shelf, counter, or wall and must be displayed by itself.

7.2.3 Company products or services shall not be sold from a shelf or taken from a display for purchase by a customer.

7.2.4 Company products or services shall not be sold in any retail establishment, even by appointment, if competitive products or services are sold in the establishment.

7.2.5 From time to time, the Company may announce policies and rules that expand or contract restrictions on sales in retail establishments

7.3 Trade Shows:

7.3.1 Company products or services and opportunity shall be displayed at trade shows by Enagic Direct Seller only with written authorisation from the Company.

- 7.3.2** Request(s) for participation in trade shows must be received in writing by the Company at least two weeks prior to the show. Written authorisation from the Company must be received before the Direct Seller participating in the trade show.
- 7.3.3** Unless written authorisation is secured from the Company, Company products or services and opportunity are the only products or services and/or opportunities that may be offered in the trade show booth.
- 7.3.4** Only Company produced marketing materials shall be displayed or distributed. No Direct Seller shall sell or promote the Company products or services or business opportunity at flea markets, swap meets, or garage sales.
- 7.4 Assigned Territory:** Enagic Direct Sellers are not assigned exclusive territories for marketing purposes, nor shall any Direct Sellers imply or state that he does have an exclusive territory. There are no geographic limitations on sponsoring Enagic Distributors or selling product within the India and any approved countries in which the Company is registered to do business.
- 7.5 International Sales:** No Enagic Direct Seller shall 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 programme from India to any other country. Enagic Direct Seller 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 clause constitutes a material breach of this Agreement and is grounds for immediate termination.
- 7.6 Endorsements:** Enagic Direct Sellers shall not represent that the Company's programme has been approved or endorsed by any Indian Government agency.
- 7.7 Newspaper Advertisement:** Some Enagic Direct Seller use classified advertising in the newspapers to find prospective Direct Seller. While any such advertisement shall be subject to prior approval of the Company, the following rules apply – no advertisement shall imply that a “job” or “position” is available. No specific income can be promised and advertisements must contain no misleading facts or distortions of the Company opportunity or product line.
- 7.8 Business Cards and Stationery:** Any printed materials, including business Cards and stationery, must be approved by the Company in advance. The criteria for approving these materials will include an assessment of the quality of the materials submitted as well as properly the adequacy of establishing the independent status of the Direct Seller.
- 7.9 Telephone Solicitation:** The use of the Company's name or copyrighted materials shall not be made with automatic calling devices or “boiler room” operations either to solicit Enagic Direct Sellers or retail customers. The use of these methods in ways that are legal and the equivalent of the “blind ads” alluded to above cannot be regulated by the Company.
- 7.10 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.
- 7.11 Upgrade of Products:** Enagic Direct Seller or Preferred Customer may apply to Upgrade the Product by executing “Machine Upgrade Agreement” within in two months from the date of original purchase, provided the product has not been opened or used, subject to the approval of company.

SECTION 8: BUSINESS COLLATERALS:

The content, review and authorization, creation, production, promotion, distribution, offering for sale and sale of Business Collateral Support Materials shall strictly adhere to this Section 8 and other applicable provisions in this Policies and Procedure Handbook.

8.1 General Rule for Business Collaterals:

- 8.1.1** Enagic India recognises the importance of training to Enagic Direct Sellers and produces Business Collaterals for representation of its business opportunity and explaining about the Products. Only such Company produced Business Collaterals are to be used by Enagic Direct Sellers in promotion of their Enagic business.
- 8.1.2** No Third Party produced Business Collateral whether developed by Enagic Direct Seller or any independent person can be used for promotion of business or product of Enagic, except with explicit written consent from Enagic India. Enagic India reserve its right to grant limited license to Senior Enagic Direct Seller to produce their own Business Collaterals, provided such collaterals complies with requirement of these policies and are submitted for review and approval to Enagic India before their production or dissemination.
- 8.1.3** Such Approved Third-Party Business Collaterals shall not be offered for sale or sold to prospective Enagic Direct Seller or Preferred Customers or Enagic Direct seller. Enagic Direct Seller may neither give to, nor receive compensation, remuneration or other financial incentives from, other Enagic Direct Seller for the promotion, distribution, offering for sale of such Approved Third-Party Business Collaterals and they shall only be used to complement the Company produced Business Collaterals.
- 8.1.4** Such Approved Third-Party Business Collaterals shall not infringe in any way on Enagic copyrights, trademarks or other intellectual property rights, or provisions of any other applicable laws, rules or regulations.
- 8.1.5** Such Business Collaterals shall not suggest, imply, promise or guarantee, either directly or indirectly, that any specific level or amount of sales, income, profit or earnings may be derived from the Enagic Business or from selling any specific line or lines of Enagic Products.
- 8.1.6** Any claim relating to the use, characteristics and/or performance of Enagic Products must be reproduced verbatim from official Enagic India sources, without alteration or modification. No third-party claim for the same shall be authorized in any such Business Collateral. Enagic Direct Sellers may, with prior company's approval and otherwise in accordance with the Water Related Questions (WRQ) given, incorporate into their communications or include in presentations reduced to a fixed medium full and exact reproduction(s) of materials set forth in Enagic-produced literature, Enagic India website, or Enagic-produced labels.

SECTION 9: BUSINESS PRACTICES

9.1 Being Truthful and Accurate: No Direct Seller shall:

- 9.1.1** Make any offer to sell any Enagic product which is not accurate and truthful as to price, grade, quality, performance, and availability.
- 9.1.2** Make statements or representations regarding the Company or its Products other than those approved and provided in writing by the Company such as its Company Policies and Procedures Handbook and/or any other official Company printed literature and publications.
- 9.1.3** In any way whatsoever, represent incorrectly with regard to prices, quality, standards, grades, contents, style or model, place of origin or availability of Enagic Products.

9.2 Product Claims: No Direct Seller shall:

- 9.2.1** 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 and unsubstantiated claims such as these are strictly against general Company policies and shall also violate relevant laws in India

Pursuant to the Company's general policies of prohibition of medical, curative or treatment claims, the Company enumerates the following specific policies which include but are not be limited to:

- i Enagic Direct Sellers are prohibited from making medical, curative or treatment claims, whether expressed or implied;
- ii Enagic Direct Seller are prohibited from using in any and all of their marketing materials and promotion any descriptions that are regarded as health or medical claims stating that; Kangen Water™ produced by the Products of the Company under the brand name "Enagic LeveLuk" may alleviate, cure, diagnose, prevent, relieve, or treat any medical condition, disease, ailment or malady.

9.2.2 Make exaggerated product claims or non-guaranteed claims with regard to Enagic Products.

9.2.3 Agree to make no false or fraudulent representations about the Company, the products, the Company compensation plan, or income potentials

9.3 Income Claims: No income claims, income projections, income representation, or showing of Direct Seller Margin checks ("check waving") shall be made to prospective Direct Sellers. Any false, deceptive or misleading claims regarding the opportunity or product/service are prohibited. In their enthusiasm, Enagic Direct Sellers 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 Direct Sellers 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 good enough to be reasonably attractive in reality without resorting to artificial and unrealistic projections.

9.3.1 Enagic products require explanation about their use do not allow its Enagic Direct Seller to sell through impersonal channel of distribution.

9.3.2 Selling Non-Enagic products by making use of Enagic distribution network by Enagic Direct Seller is prohibited.

9.4 Prohibition on Sales of Kangen Water™

9.3.3 Sales of bottled Kangen Water™ or any other water in any form produced from a Company machine is strictly prohibited, to include all sales of Kangen Water™ in which a person receives water, bottled or otherwise from a Company machine. No "donations" or other sums shall be collected for the distribution of Kangen Water™.

9.3.4 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 Enagic Direct Seller, and not by the customer.

9.3.5 Providing bottled Kangen Water™ to a prospective buyer as test / trial sample is authorised; However, any labelling on the bottle or attached to the bottle is strictly prohibited, as it may create a confusion that the sample water is "bottled" or "for sale", rather than a mere sample provided to person or prospective buyer at no charge.

9.4 Prohibition on Raiding and Cross-Solicitation of Products or Other Business Opportunities:

9.4.1 The Company takes seriously its responsibility to protect the livelihood of its sales forces and the hard work invested to build a sales organisation. Raiding and solicitation actions in which Enagic Direct Sellers seek to raid and solicit other Enagic Direct Sellers in the sales organisation to non-company products and services and to other business opportunities, severely undermines the marketing programme of the Company, interferes with the relationship between the Company and its sales force and destroys the livelihood of other Enagic Direct Sellers 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 organisation. Therefore, Enagic Direct Sellers shall not directly or indirectly sell to, nor solicit from, other Company Direct Sellers, non-company products or services, or in any way promote to other Company Direct Sellers business opportunities in marketing programmes of other business opportunity companies at any time.

9.4.2 A Company Enagic Direct Sellers shall not engage in any recruiting or promotion activity that targets Company Direct Sellers 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 Enagic Direct Seller participate, directly or indirectly, in interference, raiding or solicitation activity of Company Direct Seller for other direct selling companies or business opportunities. Unless approved in writing by the Company, this general prohibition includes sales or solicitation of non-company products or services at meetings organised 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 Enagic Direct Seller Agreement and for a period of three (3) years after the termination of the Enagic Direct Seller Agreement. For the term of this agreement and for three (3) years after termination hereof, a Direct Seller shall not, directly or indirectly, recruit any of Company's Enagic Direct Sellers to join other direct sales or network marketing companies nor solicit, directly or indirectly, Company's Enagic Direct Sellers to purchase services or products, or in any other way interfere with the contractual relationships between Company and its Enagic Direct Sellers. 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 Direct Sellers shall not engage in the representation or sale of water treatment systems offered by any company other than Enagic.

9.5 Sales Receipt Every Enagic Direct seller is required to provide a written receipt of the same to his/her customer.

9.6 Repackaging: Repackage, or otherwise change or alter any of packaging labels of Enagic India is prohibited.

SECTION 10: USE OF ENAGIC'S TRADEMARK, TRADE NAME AND COPYRIGHT MATERIAL:

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 on permissive, non-exclusive and terminable license basis to Enagic Direct Sellers for Enagic Direct Seller use only in an expressly authorised manner exclusively in relation to the distribution of the Products of the Company. Following are the terms of using:

10.1 Enagic Direct Sellers agree not to advertise Company products or services in any way other than the advertising or promotional materials made available to Enagic Direct Sellers by the Company.

10.2 Enagic Direct Sellers 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.

10.3 The Company will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc., without its prior written permission. Enagic Direct Sellers shall not use the Company logo in marketing or sales materials, except upon approved business cards. The trademarked term Kangen Water™ or Trade Mark of the Products 'Enagic LeveLuk' must also 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.

- 10.4** All Company materials, whether printed, on film, produced by sound recording, or on the internet, are copyrighted and shall not be reproduced in whole or in part by Enagic Direct Sellers or any other person except as authorized by the Company. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, an Enagic Direct Seller should not anticipate that approval will be granted, even if the same is sought by the Enagic Direct Seller in this regard.
- 10.5** A Company Enagic Direct Seller shall 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.
- 10.6** A Company Enagic Direct Seller shall 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 Enagic Direct Sellers. Nor shall an Enagic Direct Seller purchase, sell or distribute non-company materials which imply or suggest that said materials originate from the Company or are in any manner similar to the Products of the Company in functionality, purpose, utility or otherwise.
- 10.7** Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to the Company and be approved in writing by the Company prior to publication.
- 10.8** All advertising, direct mailing, and display must be approved in writing before being disseminated, published or displayed. Advertising on radio, TV, newspapers, magazines, and websites except through the permitted website under Clause 11.2 is strictly prohibited.

SECTION 11: INTERNET AND WEBSITE POLICY:

- 11.1 No sale through Internet:** Products of the Company cannot be sold in e-commerce mode and any such selling through Internet in e-commerce mode is strictly prohibited. The internet website is created and used by the Company strictly for the purpose of advertisement, publicity and public awareness about the Products of the Company.
- 11.2 Use of Website and Business Promotion require prior approval:** Enagic Direct Sellers are prohibited from creating any independently-designed website relating to the Company Business or the Products, or using any non-EWS current websites. All Direct Sellers must receive prior authorisation from the Company by submitting all promotional products such as DVDs, CDs, Brochures, flyers Etc., prior to their use. Violation of this clause will subject the Enagic Direct Seller to rights suspension and/or termination of the Agreement.
- 11.3 Use of Enagic Website:** Enagic Direct Sellers are allowed to advertise on the internet through an approved Company Web System (www.enagicwebsystem.com) site (the “**System**”). All Enagic Direct Sellers who are newly subscribed to the System will be offered a free 21-day trial. The System allows Enagic Direct Sellers to choose from among Company’s homepage designs that can be personalized with the Enagic Direct Seller’s message and the Enagic Direct Seller’s contact information. These websites link directly to the Company website giving the Enagic Direct Sellers a professional and Company-approved presence on the internet. Only these approved websites shall be used by Direct Sellers. No Direct Seller shall independently design a website that uses the names, logos, product or service descriptions of the Company, nor shall a Direct Seller use “blind” ad on the internet making product or income claims which are ultimately associated with Company products, services or the Company's compensation plan. Any person using Company names, logos, trademarks, Etc., on the

internet or any other advertising medium, except as permitted and approved by the Company, shall be subject to immediate disciplinary action which may include termination of the Agreement.

11.4 Prohibition on Use of Shopping Sites, Auction Sites: A Enagic Direct Seller is strictly prohibited from selling or promoting Company products on internet shopping sites, internet auction sites, and internet classified listings including, but not limited to, eBay, amazon.com, and craigslist.com. Any violation of this article will constitute grounds for rights suspension and/or termination of the Agreement. All warranties on Company products are limited and non-transferable. The Company disclaims all statutory and implied warranties to the extent as permitted by law. The product warranty is limited to the express terms of the Consumer Limited Warranty and the Extended Consumer Limited Warranty.

11.5 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. Enagic Direct Seller who violate the Company's "no spam policy" are subject to disciplinary action which may include termination of the Agreement.

SECTION 12: CANCELLATION OR TERMINATION OF DISTRIBUTORSHIP; DISCIPLINARY ACTION:

12.1 Disciplinary Actions: A Direct Seller'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 sole and entire discretion, in one or more of the following disciplinary actions:

- a) Issuance of a written warning or admonition; and/or
- b) Imposition of liquidated damages (being 200% of the gross Direct Seller Margin entitlements, etc. received by the Direct Seller in the immediately preceding year and in case the Direct Seller has not completed a full year, the entire immediately preceding period), which may be recovered immediately or withheld from future entitlements checks; and/or
- c) Reassignment of all or part of a Direct Seller's organisation; and/or
- d) Freezing of Direct Seller Margins/entitlements for an indefinite period; and/or
- e) Suspension, which may result in termination or reinstatement with conditions or restriction.
- f) Termination of the Enagic Distributorship.

In instances of violation of the Enagic Policies and Procedures any Direct Seller may make a complaint to Enagic in accordance with the Complaint Procedure set out in Section 12.2 below

12.2 Complaint Procedure: When a Distributor has discovered that there may have been a violation of the Policies and Procedures, he must notify the company and his upline of the violation and all facts and documentary or other evidence connected with it.

12.2.1 Notification to Alleged Violator: On receiving this notice, or on Company becoming aware about any violation suo-moto, the company will notify the appropriate Direct Sellers of the complaint and request an immediate response.

12.2.2 Insufficient Information: If the complaint and response do not contain sufficient facts upon which to make a decision, additional information may be requested from any party by the company.

12.2.3 Informal Resolution: After company receives all information of facts and circumstances relevant to the complaint, it will decide whether there has been a violation of the Policies and Procedures and will then discuss the matter with the Direct Seller involved to explain the rationale behind the rule and to obtain adequate assurance from the Direct Sellers that it will not recur.

12.2.4 Formal Resolution: If the company is unable to settle the matter informally and if the appropriate corrective action is deemed by the company to be other than termination or then company will forward a decision letter to the violating Direct Seller. The decision letter will

list the specific complaint(s), outline the corrective action to be taken and, if appropriate, setting a time limit for compliance.

12.2.5 Failure to Comply: Company will allow the Distributor to implement the appropriate corrective action within the time limit specified in the decision letter. However, if compliance has not occurred on expiration of the time limit, Enagic will take further enforcement action directly.

12.3 Right to Terminate: The Company reserves the right, at its sole and entire discretion, to terminate any Enagic Distributorship at any time if the Company determines that the Enagic Direct Seller has violated the provisions of the Agreement including the Policies and Procedures of the Company, including the provisions of the clauses contained in this document herein, including as and when these clauses may be amended by the provisions of applicable laws and standards of fair dealings and the said violation(s) has not been cured by the Direct Seller concerned in spite of a 30 days' notice from the Company to that effect. In the event of termination, the Company shall notify the Direct seller by mail at the most current address of the Direct Seller lodged with the Company. In the event of a termination, the terminated Direct Seller agrees to immediately cease representing himself as Enagic Direct Seller.

12.4 Termination by Company:

- a) When a decision is made to terminate a Distributorship, the Company will inform the Direct Seller in writing that the Distributorship is terminated immediately, effective as of the date of the written notification. The termination notice will be sent by registered mail to Direct Seller's most current address on file with the Company.
- b) The Direct Seller will have fifteen (15) days from the date of mailing of the registered letter in which to review the termination in writing for the Company to reconsider the said termination, and provide written response as to the findings of violations by the Company of the Company Policies and Procedures Handbook and/or Agreement. The Direct Seller's review appeal and/or response correspondence must be received by the Company within twenty (20) days of the Company's termination letter. If the appeal is not received within the 20-day period, the termination will automatically deemed to be final.
- c) If a Direct Seller files a review appeal in accordance with the stipulated procedures and time period, the Company will review and consider the Direct Seller's review appeal. In addition, the Company will also consider any other appropriate action, and notify the Direct Seller of its decision in due course.
- d) The decision of the Company will be final and subject to no further review. In the event the termination is deemed to be final, the termination will be effective as of the date of the Company's original termination notice. The terminated Direct Seller shall not be sponsored as a Company Direct Seller again.
- e) While pending consideration of the review appeal made by the Direct Seller by the Company, all rights of the Direct Seller under this Agreement shall stand suspended. Upon confirmation of termination of Enagic Distributorship in spite of the review of the Company, all rights under the Agreement cease. The terminated ex-Direct Seller will no longer be eligible for any rights, bonuses or Direct Seller Margins. The terminated ex-Direct Seller can also no longer advertise, sell or promote the Company products or purchase products from the Company and any violation of this clause will be sufficient grounds for the Company, at its sole and entire discretion, commence whatever action including but not limited to, legal action, against the terminated ex-Direct Seller.

12.5 Cancellation of Enagic Distributorship:

- a) The Enagic Direct Seller Agreement may be cancelled / terminated at any time and for any reason by a Direct Seller notifying the Company in writing of his election to cancel, by way of a 60 days' advance notice. Similarly, the Company may also cancel / terminate the Enagic

Direct Seller Agreement without cause and without assigning any reason by giving 60 days' advance notice to the Direct Seller to that effect.

- b) All cancellations are accepted and effective as stated. As of the effective cancellation date, the Direct Seller loses all privileges of leadership and in relation to his/her sub-Direct Sellers, and is no longer eligible for any rights, bonuses or Direct Seller Margins. He cannot advertise, sell or promote the Company products or purchase product from the Company. The cancelling Direct Seller's sub-distributorships automatically transfers to his immediate main Direct Seller. The resigning / terminated Direct Seller must wait six (6) months before he is eligible again to be sponsored again as a Company Direct Seller, either as an individual or a corporation.
- c) The Company will consider an application to reinstate a "resigned / terminated Direct Seller" one year after the resignation / termination date. As part of the application, the former Direct Seller must pledge to adhere to the existing requirements of the Company Policies and Procedure Handbook and Agreement. Acceptance of the application is at the discretion of the Company and the Company shall also have the discretion to reinstate the former Direct Seller in the sales organisation 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 and entire discretion, accept or reject such application.

SECTION 13: MISCELLANEOUS PROVISIONS:

13.1 Rights of the Company:

- a) The Company expressly reserves the right to alter, modify or amend prices, Rules and Regulations, Policies and Procedures, product availability and the compensation plan. Upon notification in writing, such amendments are automatically incorporated as part of the Agreement between the Company and Direct Seller. 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.
- b) The Company reserves the right to make all final decisions as to the interpretation of the articles stated in this document. The final Company decision based on the interpretation of the articles stated herein is effective immediately. All Direct Sellers are obliged to follow the Company's decision as to the interpretation of the articles herein.

13.2 Indemnification and Hold Harmless:

The Enagic Direct Seller 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 Direct Seller's business operations and representations made by the Direct Seller in the operation of his business whether during the term of this Agreement or after its expiry or termination, arising from the following:

- a) Violation and/or lack of compliance with terms of the Enagic Direct Seller Agreement, Policies and Procedures, rules and regulations, marketing programme manual or guidelines or any other directive from the Company as to the method and manner of operation of the Enagic Direct Seller business; and/or
- b) Engaging in any conduct not authorized by the Company in the Company marketing programme; and/or
- c) Any fraud, negligence or wilful misconduct in the operation of the Direct Seller business; and/or
- d) Misrepresentation or unauthorized representation regarding the Company's product or service, marketing opportunity or potential or the Company's marketing program; and/or
- e) Failure to adhere to the relevant laws of India; and/or

- f) Engaging in any action which exceeds the scope of authority granted to the Direct Seller by the Company; and/or
- g) Engaging in any activity over which Company has no effective control as to the actions of the Direct Seller; and/or
- h) Any claim or demand by the customers of the Direct Seller for which the Company is not responsible in relation to its Products; and/or
- i) Any other cause or reason attributable to the Direct Seller or anybody connected to the Direct Seller.

13.3 Severability Clause/Partial Validity: If any article/section/clause or any part thereof of this document shall be held to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining articles shall not in any way be affected or impaired thereby.

13.4 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 contacts 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 clause 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.

13.5 Non-Competition: For a term of one (1) year after sale, transfer or termination of the Enagic Distributorship, a Direct Seller agrees that he shall not, directly or indirectly, disrupt, damage, impair or interfere with the business of the Company within India, whether by way of interfering with, or raiding its employees or Direct Sellers, disrupting its relationship with customers, agents, representatives, Direct Sellers, suppliers, vendors or manufacturers or otherwise. “Disrupting” or “interfering” include, but are not limited to, direct or indirect solicitation or recruitment for other direct selling business opportunities or products or services of other direct selling companies, spreading of unfounded rumors about the Company and/or its Products, engaging in negative propaganda in any forum or media in any manner, in relation to the Company and/or its Products and similar other acts and deeds of the Enagic Direct Seller or anybody connected the Enagic Direct.

13.6 Subpoenas Duces Tecum (Demands for Records): Assuming proper jurisdiction, the Company will comply with all subpoenas duces tecum demanding financial compensation records of a Direct Seller in his capacity as an independent contractor with the Company.

13.7 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 India Government agencies with the authority to request such records and accompanied by the requisite legal documentation.

13.8 Arbitration, Governing Law & Jurisdiction: Any dispute arising out of this Agreement or in any manner touching upon it, the same shall be settled through arbitration under Arbitration and Conciliation Act 1996 with all statutory amendments, by a sole arbitrator to be appointed by a Director of the Company, who may be specifically authorized by the Board of Directors of the Company in this regard. The venue of arbitration shall be Bangalore. These rules are reasonably related to the laws of the India and shall be governed in all respects thereby. The parties agree that courts at Bangalore alone shall have exclusive jurisdiction. Provided however, in case the Company shifts its registered office from City of Bangalore to any other city in a different State, the courts at that city where the registered office of the Company is situated alone shall have exclusive jurisdiction.

SECTION 14: ENAGIC INDIA REFUND POLICY & WARRANTY

Enagic India is proud of the quality of the Product it sells and stand fully committed to support its Direct Seller and Customer who purchase Enagic Products for self-use or further sales.

- 14.1 Money Back Guarantee:** Enagic Offer 100% money back Guarantee to every Direct Seller, Preferred Customer or customer to return 'Currently Marketable' Enagic Product, which can be exercised within a period of 30 days from the dates of such purchase. "Currently Marketable" Product would mean Products which are unused, not damaged and marketable, are not seasonal, discontinued or special promotion offer Products.
- 14.2 30 days Cooling Off period.** Enagic India also offer to its Direct Seller a 30-day cooling off period from the date of his/her joining, within which the Direct Seller may cancel the contract without being subject to any penalty and seek refund for any Product purchased within such time upon returning such Product in "Currently Marketable" Condition. For the clarification of doubt Enagic do not charge any penalty on any Direct Seller terminating this contract even after the cooling off period.
- 14.3 Return of unsold inventory or Sales Aid:** If a Direct Seller has purchased some product as part of his reasonable inventory or sales aid kit and he chooses to cancel his/her contract with Enagic, he/she will be entitled to return any such unsold Inventory or Sales aid kit purchased by him/her within 90 days prior to the date of cancellation, provided the same are in marketable condition. Company shall deduct a sum upto 10% of the original net cost of such returned products as handling charges.
- 14.4 Procedure to seek Refund:** Any Direct Seller or Preferred Customer or Customer may seek refund by submitting to company's office the Product purchased by him, which are in marketable condition, along with purchase invoice, within 30 days from the date of such purchase.
- 14.4.1** Such a person may also courier the Product to Company office
Enagic India Kangen Water Pvt. Ltd.
The Millennia Tower B,
4th Floor Ulsoor, Bangalore 560008
The product should be duly packed and be received by the company in undamaged and marketable condition.
- 14.4.2** The Company shall process the refund within 10 business days.
- 14.4.3** Any commission paid on such returned product will be reversed and be charged back from the recipients of such commission.
- 14.5 Reversal of Sales Margin Benefit and Recovery:**
The Company is entitled to reverse any sales benefit, sales margin or any other entitlement or benefit paid or payable or accrued on Products which has been returned for any reason. Any benefit or margin already paid shall be recovered by adjusting the same from any payment that is due or become payable by Enagic to such recipient. In the event no Direct Seller margin is available for adjustment, the Enagic Direct Seller, who has received the margin shall repay the same for such "reversed sale" within 30 days of the Company providing him/ her notice to repay.
- 14.6 Warranty:**
- 14.6.1** Enagic warrants to the original purchaser that is product (the "product"), will be free from defective workmanship and materials, and agrees that it will, at its option, either repair or replace the defective product or part thereof with a new or remanufactured equivalent at no charge to the purchaser for the period(s) set forth below.
- 14.6.2** To the maximum extent permitted by law, this warranty does not apply to any optional item(s) set forth below nor to any product the exterior of which has been damaged or defaced, which has been subjected to improper voltage or other misuse, abnormal service or which has been altered or modified in design or construction.

14.6.3 In order to enforce the rights under this limited warranty, the purchaser should follow the Operation Manual for the product which is included in the packaging for the product and the steps set forth below and provide proof of purchase to Enagic.

14.6.4 TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL IMPLIED WARRANTIES INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR USE ARE LIMITED TO THE PERIOD(S) FROM THE DATE OF PURCHASE SET FORTH BELOW.

Neither the sales personnel of the seller nor any other person is authorized to make any warranties or to extend the duration of any warranties beyond the time period described herein on behalf of Enagic. The warranties described herein shall be granted by Enagic and, to the maximum extent permitted by law, shall be the sole and exclusive remedy available to the purchaser. To the maximum extent permitted by law, correction of defects, in the manner and for the period of time described herein, shall constitute full satisfaction of all claims, whether based on contract, negligence, strict liability or otherwise. To the maximum extent permitted by law, in no event will Enagic India. be liable or in any way responsible for any damages or defects in the product which were caused by repairs performed by anyone other than an authorized service representative nor shall Enagic India. be liable, or in any way responsible, for any incidental or consequential damages, so the above exclusion may not apply to you. THIS LIMITED WARRANTY COVERS REPAIR AND SERVICE FOR MACHINES PURCHASED WITHIN INDIA. PLEASE NOTE THAT ALL SHIPPING CHARGES MUST BE PAID FOR BY THE CUSTOMER.

14.6.5 Certain legislation may imply warranties or conditions or impose obligations which cannot be excluded, restricted or modified except to a limited extent. Notwithstanding any other provision of this warranty document, this warranty document must be read subject to those statutory provisions. If those statutory provisions apply, notwithstanding any other provision of this Agreement, to the extent to which Enagic India. is entitled to do so, Enagic India. limits its liability in respect of any claim to:

- (a) in the case of goods, at Enagic India Kangen water Pvt. Ltd.'s option:
 - (i) the replacement of the goods or the supply or equivalent goods;
 - (ii) the repair of the goods;
 - (iii) the payment of the cost of replacing the goods or acquiring equivalent goods; or
 - (iv) the payment of having the goods repaired; and
- (b) in the case of services, at Enagic India Kangen water Pvt. Ltd.'s option:
 - (i) the supply of the services again; or
 - (ii) The payment of the cost of having the services supplied again

Model (Be sure to have model and serial number when you seek service)	Warranty Period (from original date of purchase)	Additional Items not covered by Warranty	Where to obtain Service
Leveluk JrII	3 (three years) with respect to parts and labour, on the condition that the product is kept clean with a cleaning cartridge, applied at least twice a month in accordance with the products manual. The cleaning cartridge can be purchased	Flexible pipe, hoses, accessories, printed materials, deep cleanings, enhancer damage, improper voltage, misuse and abuse of unit, machine alterations,	To find an Enagic India Authorized Service Representative, call (080) 46509907 or Email: service-india@enagic.co.in

	separately as an optional maintenance kit	damages caused by natural disasters, and shipping (both domestic and international) for products sent in under this warranty	
LeveLuk Super501	3 (three years) with respect to parts and labour, on the condition that the product is kept clean with a cleaning cartridge, applied at least twice a month in accordance with the products manual. The cleaning cartridge can be purchased separately as an optional maintenance kit	Flexible pipe, hoses, accessories, printed materials, deep cleanings, enhancer damage, improper voltage, misuse and abuse of unit, machine alterations, damages caused by natural disasters, and shipping (both domestic and international) for products sent in under this warranty	To find an Enagic India Authorized Service Representative, call (080) 46509907 or Email: service-india@enagic.co.in
LeveLuk SD 501	5 (Five years) with respect to parts and labour, on the condition that the product is kept clean with a cleaning cartridge, applied at least twice a month in accordance with the products manual. The cleaning cartridge can be purchased separately as an optional maintenance kit	Flexible pipe, hoses, accessories, printed materials, deep cleanings, enhancer damage, improper voltage, misuse and abuse of unit, machine alterations, damages caused by natural disasters, and shipping (both domestic and international) for products sent in under this warranty	To find an Enagic India Authorized Service Representative, call (080) 46509907 or Email: service-india@enagic.co.in

Note on Warranty Services and AMC {Annual Maintenance Contract}.

Enagic practicing process to provide warranty services and maintenance service to customer is as below:

Process-: Customer sends his Enagic machine to Enagic Office / nearest Enagic deputed maintenance service provider, to check and repair. After Checking and performing required repair and maintenance done Enagic send back machine to customer place.

As of now Enagic does not provides door step assistance for repair and maintenance services to customer.

While repairs covered under the warranty shall be carried out by Enagic as per it warranty terms and policy, in respect of availing annual maintenance services a separate annual maintenance contract needs to be executed by the actual user of the Enagic machine with the service provider engaged by Enagic in this Regard. All matters shall be subject to the exclusive Jurisdiction of courts at Chennai alone.

Sold by **Enagic India Kangen water Pvt. Ltd.**

The Millennia Tower B, 4th Floor, Unit - 401

**No. 1 & 2, Murphy Road, Ulsoor, Bangalore. Karnataka - India. Tel:
(080) 46509900, Fax: (080) 46509908.**



Enagic®

Change your water... Change your Life !

Enagic India Kangen Water Pvt. Ltd.,
The Millenia Tower - B, 4th Floor, Init-401,
1 & 2, Murphy Road, Ulsoor,
Bangalore - 560 008.
Karnataka, INDIA.
website : www.enagic.co.in