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Policies and Procedures

for Enagic Independent Distributors

(last updated 01.07.2026)

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Policies & Procedure For European Enagic Distributors

1. The Company, Policies & Procedures

Enagic Europe GmbH, hereinafter the "Company," is a direct selling company marketing wellness 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.

Enagic and its Sales Representatives (also defined as Enagic Independent Distributors), have a binding contractual relationship. The Policies and Procedures of Enagic outline the terms and conditions of conducting Enagic Business and define the rights, duties, and responsibilities of each Independent Distributor. All Independent Distributors must observe the obligation of good faith and fairness in transactions, in accordance with the terms of the Policies and Procedures, as well as the Distributor Agreement, the local General Conditions of Sale, and the Privacy Policy.

2. Distributor Qualifications

An independent Distributor is an individual who has completed a Company application and distributor agreement and has been accepted by the Company as an independent distributor. All distributors must be of legal age in their country of residence. The Company reserves the right to accept or reject anyone as an independent distributor.

Distributors are not permitted to repackage, modify, or alter the labeling of product packaging or services. Additionally, tampering with Enagic's official documentation, including order forms, contracts, or corporate communications, is strictly forbidden. Any such violations would be considered fraudulent behavior toward the company and would result in severe sanctions by Enagic.

When an existing distributor wishes to open a second or third distributorship, it must be established under his/her existing account or his/her sponsor's account.

Independent distributors are independent marketing representatives of the Company and are not to be considered purchasers of a franchise or a distributorship (a company that supplies goods to shops or other businesses, or the right to supply goods to shops and businesses). The agreement between the Company and its independent distributors does not create an employer/employee relationship, agency, partnership, or joint venture. Independent distributors are independent contractors; they are free to

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enter into separate agreements with other independent distributors involving the conduct of their distributorships, subject only to the Distributor Agreement and Policies and Procedures. Each independent distributor will hold the Company harmless from any claims, damages or liabilities arising out of his/her business practices. Independent distributors have no authority to bind the Company to any obligation. Each independent distributor is encouraged to set up his/her own schedule and to determine his/her own method of sale, so long as he/she complies with the policies and procedures of the Company.

The company's program is built upon retail sales to the ultimate consumer. The company also recognizes that independent distributors may wish to purchase products or services in reasonable amounts for their own personal or family use. For this reason, a retail sale for bonus purposes will include sales to non-participants, as well as sales to independent distributors for personal or family use. A retail sale should not be made for purposes of qualification or advancement. It is company policy, however, to strictly prohibit the purchase of products or large quantities of inventory in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program. Independent distributors may not inventory load nor encourage others in the program to load up on inventory. Independent distributors must fulfill 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 independent 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 or all transactions is prohibited. An independent distributor should not communicate any transactions submissions on behalf of another independent distributor, independent distributor applicant or customer. A distributor should not make any transaction submissions on behalf of another distributor, prospective distributor, or customer, 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.

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If a company has a valid VIES number and is authorized for intra-community transactions, the shipment must be dispatched to the registered business address or a documented workplace. In the case of a company not registered in VIES and therefore liable to pay VAT, the shipment can also be made to an alternative address.

*Track your shipment using the tracking number provided. If more than 20 DAYS have elapsed since your purchase date, contact Enagic Europe IMMEDIATELY by emailing or calling the local customer service during normal business hours. Enagic Europe will not be responsible for any claims after 25 DAYS from the confirmed delivery date.

4. Business Conduct

In the course of conducting business, the independent distributor is committed to upholding and enhancing the reputation of the Company's products and services. The marketing of products and services should be consistent with the public interest and should abstain from any actions that could be detrimental to the Company's reputation or involve discourteous, deceptive, misleading, unethical, or immoral conduct or practices. The independent distributor is prohibited from interfering with, harassing, or undermining fellow independent distributors, and is expected to consistently respect the privacy of others in the network.

Moreover, the independent distributor must refrain from disparaging the Company, other independent distributors, Company products and/or services, the marketing and compensation plans, or Company employees. Any violation of these guidelines constitutes grounds for termination.

5. Providing Sponsor Support

Any independent distributor, who sponsors other independent 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 customer and in the training of those sponsored. Independent 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. Independent distributors should be able to provide documentation to the Company of their ongoing fulfillment of sponsor responsibilities.

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6. Taxes and Regulation

All independent distributors are personally responsible for paying local, state and federal taxes due on earnings from commissions or any other earnings generated as a seller of Company products and services, as well as any sales tax or use tax required by state or local authorities to be paid by or on behalf of distributor in connection with the purchase or sale of Company products and services. Independent distributors are fully responsible for properly paying all applicable taxes and fees as per the laws of the European Union. The Company does not perform any withholding nor is the firm responsible for unpaid taxes on behalf of independent distributors.

All independent distributors will comply with all state and federal laws and regulations governing the sale of Company products or services.

7. Advertising Correct Information

Independent distributors will not advertise, make statements or representations about Company products and services and/or marketing plans except as specifically approved, in writing, by the Company; such as its policies and procedures and/or any other official printed literature and publications. Independent distributors agree to make no false or fraudulent representations about the Company, the products, the Company compensation plan, or income potential.

Distributors are required to identify themselves to potential buyers using their names and company ID numbers. They must not misrepresent themselves as employees or in any professional capacity other than that of an independent distributor, as outlined in their contract with Enagic.

Distributors are strictly prohibited from using the address of the official headquarters or any other contact information used by the company or its branch (e.g. address, telephone number or email address). Distributors are required to provide an independent personal address for any personal communication, transaction, or correspondence.

8. Trademarks and Trade Names

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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 independent distributors for use only in an expressly authorized manner.
b. 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 YourWater… Change Your Life.® should be appropriately annotated. In addition to these 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.
c. 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 independent distributors or any other person except as authorized by the Company. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, an independent distributor should not anticipate that approval will be granted.

9. Advertising and Sales promotion

a. Independent 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 independent 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. The distributor agrees to indemnify the Company and keep its reputation away from any 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. An independent 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

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provided directly by the Company. This prohibition includes but is not limited to print, audio or video media.

d. An independent 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. Nor may an independent distributor purchase, sell or distribute non-Company materials which imply or suggest that said materials originate from the Company.
e. Any advertisement with the trademark copy, other than what is covered in the foregoing rules, must be submitted to the Company and must have its approval in writing prior to publication.
f. Paid ads, regarded as blind ads, are in violation of policies.
g. Promotion through radio, television, print media, magazines, billboards, and other websites is strictly prohibited, except for the distributor's own Enagic Web System ("EWS") website. Similarly, participating in interviews, whether in the form of printed articles, videos, or live television broadcasts, is also prohibited. Furthermore, sponsoring activities involving Enagic® registered trademarks (such as Kangen® and Enagic®), images of devices, or company logos is expressly prohibited. This exclusive right is reserved solely for the company itself or its authorized delegates, who are the only ones permitted to engage in such activities.
h. Soliciting interviews or inviting press or media to company events, whether organized by the company or by independent distributors, without prior authorization from the Company, is not permitted.

9.1 Comparative and misleading advertising

Each distributor is required to comply with all local, state, community, and international regulations in connection with his/her activities as an independent distributor. It is strictly prohibited to engage in comparative advertising that includes the name or brand of other companies (e.g., citation or labels), as well as to make derogatory statements about such companies in any form. Any violation of this prohibition may result in legal consequences and reputational damage to the company.

Distributors are prohibited from engaging in deceptive and misleading advertising under any circumstances.

9.2 Prohibition of Medical claims

No claims as to the therapeutic or curative properties about the products may be made. In particular, no independent 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 European and national laws. Pursuant to the policy of

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prohibition of medical, curative or treatment claims, the Company policies will include, but are not limited to:

- Independent distributors are prohibited from making medical, curative or treatment claims, whether expressed or implied;
- Independent 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;
- The use of customer testimonials claiming the benefits derived from the consumption of Kangen® water and statements by doctors or self-proclaimed experts as part of distributor's promotional activities falls within the category of "medical claims";
- Distributors are strictly prohibited from soliciting sales of Enagic products to individuals in hospitals or those undergoing medical treatment, in relation to those treatments;
- Any violation of these guidelines will constitute grounds for disciplinary action, commission suspension and/or termination of distributor status.

9.3. Income Claims

No income claims, income projections nor income representation, nor showing of commission checks ("check waving") may be made to prospective independent 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 independent 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 without resorting to artificial and unrealistic projections.

9.4. Marketing Material Approval Procedures

Approval of marketing materials is essential to ensure a consistent and professional brand image for Enagic. Compliance helps to avoid potential legal or reputational issues arising from incorrect or unauthorized information.

All marketing resources, online and offline, must be approved by the company before being disseminated, published or displayed. Materials include banners, flyers, brochures, audio content, videos, images, and PDFs. Materials must comply with company regulations and Enagic brand guidelines.

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10. Internet and Website Policy

Independent distributors are prohibited from creating any independently-designed website relating to the Enagic business, or using any non-EWS current websites. Independent distributors are allowed to advertise on the internet through an approved EWS site (www.enagicwebsystem.com). All independent distributors are eligible to create a free EWS site for their Distributorship. Additional features and options are available for upgrade on the EWS registration site. This Company program allows independent distributors to choose from among Company home page designs that can be personalized with the independent distributor's message and his/her contact information. These websites link directly to the Company website giving the independent distributor a professional and Company-approved presence on the internet. Only these approved websites may be used by independent distributors. No independent distributor may independently design a website that uses the names, logos, product or service descriptions of the Company, nor may an independent distributor use "blind" ads on the internet making product or income claims which are ultimately associated with Company products, services or the Company's compensation plan. Independent Distributors using Company names, logos, trademarks, etc. on the internet or any other advertising medium, except as permitted by these policies and procedures will be subject to immediate discipline, including termination of distributor status.

11. Social Media Guidelines

It is crucial that marketing communications conducted on any social media platform, including but not limited to Facebook, Instagram, YouTube, WhatsApp, and Telegram, adhere to legal requirements, each platform's specific regulations, and Enagic's conduct policies. All rules outlined in these Policies and Procedures, as well as the General Terms and Conditions of Sale, fully apply to social media activities.

12. Prohibition of Sales on Unauthorized Internet Sites.

An independent 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 eBay,

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Amazon, Alibaba, and Craigslist. Any violation of this article will constitute grounds for commission suspension and/or termination of distributor status.

All Warranties on Company products are limited and non-transferable. The Company disclaims all statutory and implied warranties to the extent permitted by law. Warranty benefits will extend only to the original purchaser, unless express written permission has been provided by the Company. The product warranty is limited to the express terms of the Consumer Limited Warranty and the Extended Consumer Limited Warranty.

13. Prohibition of Reselling Enagic products

It is strictly prohibited to purchase Enagic water treatment systems with the intention of reselling them. Enagic is a direct selling company operating through authorized distributors. Enagic establishes specific prices for its products to maintain consistency and fairness within the distributor network. Any violation of these guidelines will constitute grounds for disciplinary action, commission suspension and/or termination of distributor status.

No independent distributor is authorized to export or sell, whether directly or indirectly, to anyone engaged in the export of products, literature, sales aids, or promotional materials related to the Company, its products or services, or its program, from the European Union area to other countries.

13.1. Prohibition of Renting / Leasing Enagic Water Treatment Devices

It is expressly forbidden, without prior written consent from Enagic, to rent, lease, loan, or lend on a costly basis any device produced or distributed by Enagic. This prohibition extends to all forms of temporary transfer of the rights of use of the devices in question, in exchange for compensation, remuneration, or any other form of economic advantage. This restriction is aimed at ensuring compliance with Enagic's corporate policies, product safety, and the integrity of the intended use of the devices, as well as protecting the intellectual and commercial property rights of Enagic. Any violation of this provision will be subject to penalties and/or disciplinary actions in accordance with the contractual agreements in force.

14. Prohibition of Discounts on Enagic Products

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The Company offers no sales discounts or other concessions, and the distributor may not offer either. A distributor may not sell 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. Any discounts offered by distributors may be grounds for termination.

15. 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. Independent distributors who violate the Company's "no spam policy" are subject to termination, suspension or other disciplinary action.

16. 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. The sale of such products or services within such retail facilities must be conducted by an independent distributor and must be preceded by a discussion where the independent distributor introduces the prospective client 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.

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

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a. It would undermine the basic distributor relationship if independent distributors marketed competing water treatment, water filtration or alkaline water conversion products. Therefore, so long as an independent 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 the Company.
b. 6A2-3 bonus is available only to independent distributors who are exclusive to the Company in direct selling/MLM business.

18. Prohibition of Sales of Kangen Water®

Sales of Kangen Water® or any other water produced from an Enagic® machine, directly or indirectly, is strictly prohibited. This prohibition includes all sales of Kangen Water® in which a person receives water, bottled or otherwise, from an Enagic® machine. No “donation”, “membership fee”, or other sum(s) 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 also prohibited. These are considered to be business expenses and should be paid by the independent distributor. Any violation of this article will constitute grounds for termination of distributor status.

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

19. Event Approval Procedures

Approval of events ensures consistent and professional representation of the Company while aligning with company objectives and complying with current regulations.

a. Third-Party Organized Events/ Trade Shows

Distributors are required to specify the type of event and the materials they intend to use. With written authorization from the Company, Company products or services and opportunities may be displayed at trade shows by independent distributors. Requests 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

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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. Authorization will not be granted for participation in events that could potentially compromise the company's image or integrity.

b. Internal Distributor Events

Distributors must inform the Company the materials they plan to use at the internal event. Any participant fees must be justified solely by incurred costs (e.g., rental fees, provided food, etc.), as distributor training events are generally expected to be free of charge. Internal events should focus on supporting and training other distributors, rather than aiming to generate income or financial gain through the sale of event tickets.

20. Assigned Territory

Independent distributors are not assigned exclusive territories for marketing purposes, nor will any independent distributors imply or state that he/she does have an exclusive territory. There are no geographic limitations on sponsoring independent distributors or selling products globally, in any approved countries in which the Company is registered to do business.

21. International Sales

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.

Distributors are not permitted to purchase products for themselves from countries other than the one in which they are registered as distributors.

22. Change of Business Name

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The Company reserves the right to approve or disapprove independent distributor's change of business names, formation of partnership, corporations, and trusts for tax, estate planning, and limited liability purposes. If the Company approves such a change, the organization's name and the names of the principals of the organization must appear on the distributor application agreement along with a social security number or federal identification number. It is prohibited to make change to attempt to circumvent or violate Company rules on raiding, solicitation, targeting, cross- sponsoring or interference.

23. Cancellation of Distributorship

The distributor agreement may be canceled at any time and for any reason by the independent distributor. All cancellations are accepted and effective as of the date the Company was notified in writing. As of the effective cancellation date, the independent distributor loses all privileges of leadership and downline 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 Company will consider an application to reinstate a "resigned independent distributor" after the Resignation Date. As part of the application, the former independent distributor must pledge to adhere to the existing requirements of the Distributor Agreement and Policies and Procedures. The Company reserves the right to accept or reject, at its sole discretion, such application for reinstatement. The Company will also have the discretion to reinstate the former independent distributor at his/her former position or at a lesser placement as a condition to reinstatement.

24. Change to Product or Service Prices

The Company will 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.

25. Right of Revocation

All mediated contracts are revocable within 14 days without giving reasons due to the statutory right of withdrawal for consumers, provided that the product is intact, undamaged, and complies with the hygiene

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standards applicable to its category, subject to verification by company staff. The company must be informed clearly and in writing of the revocation. The unused products must be returned within fourteen days after notification. The customer is responsible for the cost of the return.

Should the right of withdrawal be exercised, the involved party will not be authorized to place a new order until a period of six (6) months has elapsed.

26. Upgrades.

Any exchange of a machine for an upgrade must be approved by the sales office responsible for the respective sales territory. The Company reserves the right to refuse such exchange at its sole discretion. Exchange of an unused, new machine for another model is allowed within fourteen days after the purchase of the machine. Price difference and delivery costs are borne by the buyer.

27. 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 the Company. Therefore, although independent distributors are free to sell, within the guidelines of the Company's policies, products of third-party vendors, an independent distributor will 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.

28. 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 activities of a distributor to other members of the sales organization regarding 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. It also destroys the livelihood of other

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distributors who have worked hard to build their own business, their sales, and benefits they have earned by helping build the sales organization.

Therefore, independent distributors will not directly or indirectly sell to, nor solicit from, other independent distributors for or to any non-Company products or services, or in any way promote to other independent distributors business opportunities in marketing programs of other MLM or business opportunity companies at any time. The independent distributor will not engage in any recruiting or promotion activity that targets other independent 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 will an independent distributor participate, directly or indirectly, in interference, raiding or solicitation activity of independent distributors 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, interfering, soliciting and raiding shall be valid 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, an independent distributor shall not, directly or indirectly, recruit any independent distributors to join other direct sales or network marketing companies nor solicit, directly or indirectly, independent distributors to purchase services or products, or in any other way interfere with the contractual relationships between Company and its independent distributors.

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

29. Vendor Confidentiality

The Company’s business relationship with its vendors, manufacturers and suppliers is confidential. An independent distributor will 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.

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30. Commission Recuperation

The Company will be entitled to repayment of any commission previously paid on a sale of product/service if the product/service purchase is cancelled, revoked (eg. collections activity results in legal or further action), or a refund paid for a terminated purchase. The Company will recover the commission by adjustment on the distributor's next check payment. In the event that no commission is available for adjustment, the independent distributor who has received the commission will repay the commission paid on the "reversed sale" within 30 days of the Company's notice to repay.

All accounts with balances that have been unpaid for three (3) months or more will be transferred to the Collections Department. Any associated commissions for sales to these accounts will be reduced to 50% of the stated commission rate. Additional costs associated with further collections activity (such as legal costs) may be deducted from any eligible commission.

31. Downline Information Confidentiality

The independent distributor acknowledges that all information provided by the company regarding their downlines is proprietary and confidential to the Company and is transmitted to the independent distributor in confidence. The independent 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 distributor agreement. The distributor and the Company agree that, without this agreement on confidentiality and nondisclosure, the Company would not provide the confidential information to the distributor.

32. Privacy Policy

Enagic documents and communications are subject to the Enagic's Privacy Policy, in compliance with Directive 95/46/EC (General Data Protection Regulation).

The Company collects information from independent distributors during the application procedure and from time to time as required for internal purposes such as compliance with state and European laws and regulations. The Company also collects information through the use of "cookies" when on-line transactions are conducted through the Company's website. The information collected may be used for,

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among other things, personalizing the independent distributor's experience, improving the Company's website and service, processing transactions, sending periodic correspondence and administering marketing initiatives. The Company implements a variety of security measures to maintain the safety of the information collected.

The Company does not sell or trade the information collected. The Company only shares information as permitted or required by law and with third-party vendors (eg. merchant card processing company) for our everyday business purposes. Outside of these parameters, the Company will only share distributors or users' information with their permission.

33. Status of persons and Succession

Unless explicitly waived in writing by the Company during the application process, the Company will consider each married couple as a single distributor. Spouses may sponsor each other directly, but they are not allowed to be sponsored in different lines. If the Company discovers that the second spouse was sponsored under a different line for whatever reason, the Company reserves the right to change the status of this spouse from a distributor into a user, or to transfer the distributorship to his or her up-line distributor. If a spouse is already a distributor, the nonparticipating spouse may become a distributor, but must join the same distributorship as his or her spouse, or be directly sponsored by him or her. The Company reserves the right to reject any application for new distributorship. In case of a divorce, the involved parties 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.

1. Marriage: Two independent distributors who marry after having established their own individual distributorships may continue to operate their existing distributorships.

2. Divorce: In the event of a divorce between a married couple registered under a shared distributorship, they agree to inform the Company about who will assume responsibility for the distributorship in one of the following ways:

   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) A notification of retention of joint distributorship and an agreement to operate it as a partnership.

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d) The divorced independent distributors may apply for a new distributorship without having to wait the required six (6) months period.

3. Death: Upon the death of an independent 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 an independent distributor become disabled to the extent that he/she can no longer fulfill the required duties of an independent distributor, such independent distributor's legal representative or conservator will:

a. Contact the Company within thirty (30) days of the disability and advise the Company of the independent 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 will fill out a new distributor application and receive the required training consistent with the disabled independent distributor's level at the time of disability. These requirements will be satisfied within a deadline of six (6) months.

34. Transfer of the Distributor ID

All those who wish to become independent distributors must go through the normal application procedure. Purchasing a product from an existing distributor, whether new or used, does not qualify an individual to become an independent distributor.

It's prohibited to sell or purchase a distributorship.

A distributorship, marketing position or other distributor rights transfers are permitted exclusively under the following conditions:

a. Immediate Family Members: this includes first-degree relatives and married couples. The Company may require additional documentation to verify the familial connection between the transferor and the transferee.

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b. Cohabitants Sharing the Same Registered Residence: proof of shared residency must be provided to facilitate the transfer.
c. Corporate to Individual or Vice Versa: this transfer is restricted only to the corporate administrator, contingent upon submission of the corporate certificate. Changes in the company's administration must be communicated to Enagic.

Restrictions:

a) Tokurei Code Restrictions: Name changes are not permitted for Tokurei codes.
b) Clearance of Outstanding Obligations: The change can only be made if there are no outstanding obligations, such as pending commissions or payments to the company.
c) Purchase Timing and Conditions: Changes are permitted only after six (6) months from the device's purchase and in the absence of any outstanding or suspended payments.
d) Business Code Limitation: The recipient cannot possess more than six business codes.
e) Exclusion of Incapable Individuals or Minors: Changes for incapable individuals or minors are not allowed.
f) Legal Disputes: Name changes in the context of legal disputes will not be accepted.
g) Compliance with Legislation: Requests for changes that aim to bypass legislation will be disregarded.

The transfer agreement must be submitted to the Company for review in order to secure written approval, which will be at the sole discretion of the Company.

An independent distributor who transfers his or her distributorship will not be eligible to requalify as an independent distributor for a period of at least six (6) months after the transfer. The Company's decision regarding rejection or approval of the proposed transfer of a distributorship is final.

To modify the distribution header, consent from the referring 6A is required.

Enagic reserves the right to accept or reject name change requests at its discretion.

For the term of three (3) years after transfer, an independent distributor agrees that he/she will not, directly or indirectly, disrupt, damage, impair or interfere with the business of the Company, whether by way of interfering with, or raiding its employees or distributors, disrupting its relationship with customers, agents, representatives, distributors, suppliers, vendors or manufacturers or otherwise. “Disrupting” or “interfering” will include, but not be limited to, direct or indirect solicitation or recruitment for other direct selling business opportunities or products or services of other direct selling companies. An independent distributor seeking to sell or transfer his/her distributorship must

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acknowledge and agree to this provision prior to the finalization of the sale or transfer of their distributorship.

35. 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 compensation 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 will not be limited to mail, email, fax, posting on the Company website, publication in company newsletters or magazines, etc.

Enagic reserves the right to make all final decisions as to the interpretation of the articles stated in these Policies and Procedures. The final company decision based on the interpretation of the articles stated in the Policies and Procedures is effective immediately. All independent distributors are obligated to follow the company's decision as to the interpretation of the articles of these Policies and Procedures.

36. Entity Distributorship

An entity owner can have up to six (6) distributorships in the Company (including any that may be owned as an individual), as long as they are within the same distributorship. The allowed six (6) distributorships may include a combination of any Kangen Water business accounts, Ukon DD and/or Ukon Sigma accounts. No independent distributor may participate in more than six (6) independent distributorships in any form without express written permission from the Company. Only in the most extreme and extraordinary circumstances will this be considered.

A distributorship may change status under the same sponsor from individual to business entity, or from one type of entity to another, with proper and complete documentation. To form a new distributorship as an entity, or to change status to an entity, an independent distributor must request a change request form from the corporate local office. By submitting this form, said distributor certifies that no person with an interest in the business has had an interest in a distributorship within three (3) months of the submission of the form (unless it is the continuation of an existing distributorship that is changing its form of doing business).

Anyone wishing to become an independent distributor and enter the business has the opportunity to do so through the "Tokurei" program, which allows membership without the need to purchase the device

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in advance. The program is specifically designed for individuals who intend to engage in commercial activities. Therefore, access to this program is subject to the requirement for the applicant to generate a sale attributable to a new customer.

37. Entity Guarantee for Owners

Although the Company has offered independent distributors the opportunity to conduct their distributorship as a corporate, LLC, trust 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 will be attributable to the corporate, trust or partnership entity.

In the event that any of the ownership entity shareholders, officers, directors, trustees, beneficiaries, agents, employees or other related parties will 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 will be attributable to the distributorship.

38. Members of Same Household; Responsibility

Members of the independent distributor's household should operate together under the same distributorship unless otherwise allowed by these Policies and Procedures. Household is defined as husband, wife, and dependents. Children of legal age to contract and at least 18 years of age are not considered a part of their parent's household for the purpose of operating under the same distributorship.

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 affiliated household member is engaged in recruitment, solicitation or raiding of the Company's organization. The independent distributor is in the best position to prevent raiding or cross-sponsoring activity by his/her non-Company affiliated

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household member, therefore the cross recruiting activity of the non-Company affiliated household member will be attributed to the independent distributor.

39. Awards and Incentives vs. Commissions – Group Financial Support

When independent distributors make exceptional contributions to the Company, they become eligible for Group Financial Support (GFS) Incentives. Factors demonstrating exceptional contribution include, but are not limited to, outstanding sales efforts and remarkable sales group organization. GFS Incentives may differ in name in order to limit the eligible group (i.e., 6A 8-Level Award and 6A23 and Above New Incentive Award) but they are all awarded at the sole discretion of the Company. GFS Incentives are not paid automatically and will differ based on the overall efforts of independent distributors. Any independent distributor subject to an Administrative Hold and/or Disciplinary Action will be ineligible for any Incentive. The GFS Incentive is intended to be used in accordance with the true meaning and mission of Enagic. Top leaders can use GFS for their downlines and market expansion of their Enagic business. This means reinvesting in their Enagic business to help as many people as possible around the world.

40. Distributor Status and Commission Accrual Criteria, Educational Bonus 6A and Additional Incentives (SP, D0, F0)

The Distributor's status, for the purposes of accruing and paying commissions, Educational Bonus 6A, and any additional incentives, is determined based on direct sales activity actually carried out and the related time period.

Upon completing a direct sale, the Distributor acquires "SP" status, with the right to receive the full commission and the attribution of one Special Point (SP). This status remains valid for a maximum period of three (3) months from the date of the last direct sale, or until the expiration of the Ukon program, where applicable.

If no further direct sales are made within three (3) months, the status will automatically revert to "D0", with the consequent loss of the Special Point and the right to receive fifty percent (50%) of commissions, Educational Bonus 6A, and any further incentives due.

If no direct sales are made for a continuous period of six (6) months, the Distributor will assume "F0" status, with the consequent loss of the right to receive commissions, Educational Bonus 6A, and any further incentives.

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In order to ensure the efficiency and functionality of the distribution network, the Company reserves the right to evaluate, on a case-by-case basis, the possible relocation of Distributors who have held "F0" status for more than twelve (12) months to a different organizational structure, with consequent termination of their existing distribution position.

The right to receive commissions, Educational Bonus 6A, and incentives is in all cases determined based on the Distributor's status as of the date the sale is completed.

41. Kangen UKON Distributorships

Kangen UKON Distributorships automatically entitle the account holder to an Enagic Independent Distributorship for Kangen Water® machines. All the provisions of the Enagic Policies and Procedures apply to Kangen UKON Distributors including, but not limited to, their independent contractor status, unless specifically designated as inapplicable.

42. Default in Payment

A distributorship will be terminated if an independent distributor defaults in payment of product purchases from the Company. In the event an independent distributor purchases product, either in the capacity as a User or an Independent Distributor, and subsequently defaults on payment, the distributorship is subject to immediate termination. The preceding rule is applicable to an independent distributor in an individual capacity that defaults or a corporate.

43. Disciplinary Actions

Independent distributor’s violation of any Policies and Procedures, the Distributor Agreement, Terms and Conditions or any illegal, fraudulent, deceptive, or unethical business conduct may result, at the Company’s sole discretion, in one or more disciplinary actions.

Progressive Discipline:

1. Issuance of a Written Warning or Admonition: The distributor will be allotted a specific timeframe to adhere to the Company's directives and to submit a signed "Additional Agreement."

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2. a) Should the distributor fulfill the Company's requests, the case will be concluded. b) Failure to comply and/or to submit a signed Additional Agreement will result in the distributor facing disciplinary measures at the Company's discretion, until compliance is achieved.

Disciplinary actions:

a. Imposition of a fine, which may be imposed immediately or withheld from future commission checks.
b. Freezing of commissions for an indefinite period.
c. Suspension, which may result in termination or reinstatement with conditions or restrictions.
d. Reassignment of all or part of an independent distributor's organization.
e. Suspension of the authorization to carry out sponsorship activities (events, sponsorship, training courses, presentations, public appearances related to the company
f. Termination of the distributorship.

Should a distributor be found responsible for a significant violation that endangers the company, he/she will face suspension. The duration of such suspension will be determined in accordance with the severity of the violation.

Should a distributor commit a subsequent violation of the company's policy following an initial infraction, the progression of sanctions will be implemented as follows:

Sanction 1: Suspension of commissions for one month

Sanction 2: Suspension of commissions for three months

Sanction 3: Termination of the account

44. Right to Terminate

The Company reserves the right to terminate any distributorship at any time for cause when it is determined that the independent 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 will be made by the Company at its discretion. Upon an involuntary termination, the Company will notify the independent distributor by e-mail at the latest e-mail address listed with the Company for the distributor. In the

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event of a termination, the terminated independent distributor agrees to immediately cease representing him/herself as an independent distributor.

45. Termination

a. When a decision is made to terminate a distributorship, the Company will inform the independent 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 e-mail to independent distributor's address on file with the Company.
b. The independent distributor will have fifteen (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 independent distributor's 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 twenty (20)- day period, the termination will be automatically deemed final.
c. If an independent distributor files a timely appeal of termination, the Company will review and consider the termination, consider any other appropriate action, and notify the independent 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 an independent 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.

46. Sponsorship

All independent distributors have the right to sponsor others. In addition, every person has the ultimate right to choose his/her own sponsor. If two independent distributors should claim to be the sponsors of the same new independent distributor, the Company will regard the first application received by the corporate home office as controlling.

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(a) As a general rule, it is good practice to regard the first independent distributor to meaningfully work with a prospective independent distributor as having first claim to sponsorship, but this is not necessarily controlling. Basic tenets of common sense and consideration should govern.

(b) As a convenience to its independent distributors, the Company may provide various method of registering or informing the Company of newly sponsored independent distributors, including online registration. Until such time as the Company receives an application, either as digital data, containing all appropriate information, as well as the signature of the proposed new distributor, the Company will only consider complete and correct documentation. Thus, although the Company is attempting to create some convenience for its sponsoring distributors, it is the responsibility of the sponsoring independent distributor to cause delivery to the Company of a completed and signed distributor agreement and identification documents legally issued by the country of origin and/or residence if the sponsor is to expect recognition as the official sponsoring independent distributor.

(c) There is no “magic” involved in the Company or in any business. Those who sponsor widely but who do not help new independent distributors develop their business meet with limited success. Therefore, it is the independent distributor’s responsibility to follow through and make sure the new independent distributor is properly informed and trained in the areas of the product, the compensation plan, the policies and procedures and the professional guidelines of the network marketing industry.

(d) When soliciting a prospective independent distributor to join the Company’s network program, the independent distributor must clearly explain the following:

1. Products: type, performance and quality of each product.

2. Compensation plan

3. Policies and Procedures.

4. Independent distributor’s rights and duties.

5. Other important items that will affect the judgment of the prospective distributor.

(e) Independent distributors should never provide false information in order to encourage the conclusion of a sales agreement or to prevent the buyer from revoking or canceling the agreement.

(f) Retail sales are a requirement of the Company’s network program.

(g) Each independent distributor must identify himself or herself by name and Company ID number to the prospective buyer.

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

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47. 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 only one of 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 independent distributor may be transferred with downline intact; in all other events, the individual alone is transferred without any downline being removed from the original line of sponsorship.

48. Representation of Status

In all cases, any reference the independent distributor makes must clearly set forth the independent distributor's independent status. For example, if the independent 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.

49. Judgment and Tax Lien

The Company will fully adhere to all court orders or directives from government tax authorities in any state where the distributor is registered and obligated to pay taxes. This includes complying with instructions or demands to withhold earnings from an independent distributor's distributorship with the Company.

50. Subpoenas Duces Tecum (Demands for Records)

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Assuming proper jurisdiction, the Company will adhere to all demands for the production of documents, specifically subpoenas duces tecum, that request the financial compensation records of an independent distributor in their role as an independent contractor with the Company.

51. 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.

52. Business Cards and Stationery

Any printed materials, including business cards and stationery, must be approved by the Company 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 independent 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 independent 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.

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55. 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. This includes, without limitation, court costs (including 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 international, 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.

h) Failure to pay any income tax, sales tax, use tax or taxes or fees of any kind, payable by or on behalf of distributor in connection with: commissions or other monies paid by the Company to the distributor, and/or any sales tax or use tax required by state or local authorities to be paid by or on behalf of distributor in connection with the purchase or sale of Company products and services.

56. Waiver

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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.

57. Governing Law

The Company's court of jurisdiction is based in Düsseldorf, Germany and shall be governed in all respects thereby. The parties agree, to the extent permitted by law, that the courts at the registered office of the company shall have exclusive jurisdiction over all claims and disputes arising from this agreement.

58. Partial Validity

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

Corporate Contact Information

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Product Handling and Distributor's responsibility:

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

   The Sales Commission of Enagic shall issue a payment via wire transfer in favor of the distributor promptly after the expiration of the cooling-off period, and otherwise based on the distributor's instruction.

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Company Profile:

ENAGIC JAPAN

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Representative Director	Hironari Oshiro, President & CEO
Established	June 21, 1974
Factory	1-40-1, Hoshida-kita Katano-city, Osaka TEL: +81 (72) 893-2290
Service Center	Enagic Services Co., Ltd. 1-40-1, Hoshida-kita Katano-city, Osaka TEL: +81 (72) 893-3306
Supply Center	Enagic Co., Ltd. Supply Center 1-40-1, Hoshida-kita Katano-city, Osaka TEL: +81 (72) 893-9027

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ENAGIC GERMANY AND EUROPEAN HEADQUARTERS

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Office hours LA Plaza: (local time)
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The Enagic Information Center (EIC) is located at the LA HQ.

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