



NEFFUL
INTERNATIONAL

BUSINESS HANDBOOK

事業手冊

USA VERSION

美國版本

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- ※ The Company reserves the right to change the contents of this Business Handbook without notice at any time.
- ※ Nefful USA Inc. shall be referred to as "the Company" in this Business Handbook.
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信条

ネッツル株式会社

「実践は理論に先行す」

言ったことはやったことにならない

言わずにやることである。

どんな小さなことでも、それを

やり遂げて行くことは

困難なことである。

「発心は易く 継続は難し」

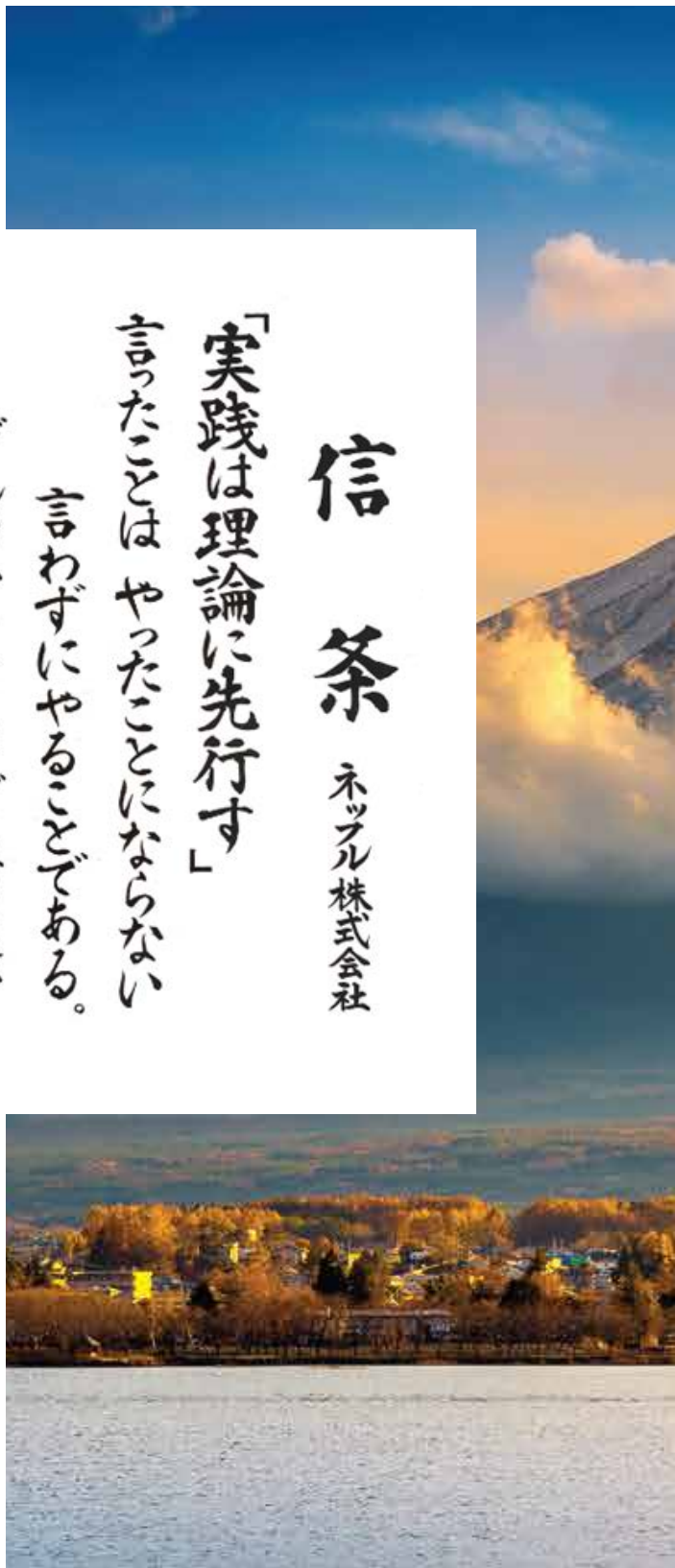
小さなことを積み重ねて行くことが

ほんとうに大きなことである。

「不言実行 有言実行」

そのいずれを問わない

ただやることである。



Nefful Belief

Practice is more important than theory.
Actions must be taken in order to accomplish great things.
Actions speak louder than words

Even if the smallest tasks are challenging,
We should still commit to them
Therefore, devotion and tenacity are required

Having aspiration is easy, but accomplishing goals require effort.
Minor issues can accumulate into major problems

Regardless of acting without words or putting words into actions
The ultimate objective is to put your best effort in everything you do.



Welcome to Nefful International

NEFFUL INTERNATIONAL WELCOMES YOU!

Congratulations on your wise decision for joining Nefful International and being part of Nefful International's family, whereby you will be able to experience the best way of life with a brand new and refreshing health experience. Your participation enriches the strength and diversification of the organization; everyone no matter their background, will realize their potential and pursue a healthy, beautiful and prosperous life together. With the heart of care, love and passion, we will work hand in hand to grow this direct selling business to achieve international recognition in the global market.

Company History & Development

Nefful Japan was founded in 1973 by Mr. Kamijo Hisami. The company began its business in Shizuoka Prefecture, Japan, a place known for its famous landscape and breathtaking scenery. The company introduced and provided quality lifestyle to the consumers by producing high-quality products through a unique fiber technology. Subsequently, a range of products were introduced as the Tevion collection in 1979. After going through continuous innovative growth and development, the company successfully introduced a brand new range of products under the NEORON® collection in 2013.

Today, the business of Nefful is not only based in Japan but has expanded to other parts of the world.

Taiwan (1989) ▶ United States (2002) ▶ Hong Kong (2005) ▶ Malaysia (2006) ▶ Singapore (2010)

Nefful International then shifted its headquarters to Singapore in 2014, which oversees all regional business operations. As of 2020, we are proud to have more than 700,000 Independent Distributors around the world and still counting. The close-knitted collaboration between the company and our Independent Distributors has led to a strong foundation that enables many to pursue beautiful, healthy and prosperous lives. Under the leadership of our current Chairman, Mr. Kamijo Toshiya, we will continue to promulgate our knowledge to optimize wellness and diffuse positive energy to all as we serve and work towards the expansion of Nefful International's business around the world.

Premium Corporate Branding

Our brand image is built upon the combination of high-quality products, excellent services, good reputation, strong corporate culture, and collaborative partnership with our Independent Distributors. These components are the key aspects that have solidified and nurtured our strong brand image today. We are committed to providing our Independent Distributors, their families and friends with better, healthier lifestyles and products. At Nefful International, we believe that quality of life comes from simplicity. Our unique NEORON® fibers have excellent heat insulation capabilities, superior moisture permeability, ultra-strong negative static electricity and negative ions as well as outstanding flame retardancy properties. These unique characteristics can be weaved into apparels, bedding items, support and accessory items to provide overall wellbeing for you and your family. Nefful International is dedicated to providing you and your family everything you need to enjoy the best of everyday life as well as a platform for personal growth and achievements with a strong business philosophy of "Beauty, Health, and Aspiration".

Ongoing Partnership

At Nefful International, we value the strong collaborative partnership and trust with our Independent Distributors whom we care for like a big family. The ongoing partnership is fostered through sustainable business objectives. We are here to support all our Independent Distributors to help ensure everyone makes measurable progress towards their goals and ultimately achieving them.



Lifetime International Chief Honorary Advisor

In 2002, Nefful International bestowed the title [International Chief Honorary Advisor] upon Tsao Lung Han NET. Tsao Lung Han LICHHA and his team were able to maintain their position as the top sales team in the Company for ten (10) consecutive years till 2006. Their success was immeasurable, but they have decided that they would no longer participate in the competition in order to pass the mantle on to the next generation and to motivate them to accomplish even more for the Company.

In 2017, Nefful International further bestowed the title of [Lifetime International Chief Honorary Advisor] to Mr. Tsao Lung Han as a way to celebrate his lifetime achievements at Nefful International. The design for Lifetime International Chief Honorary Advisor's pin utilizes a black base to show the respect and honor the Company has for him and the [LICHHA] title with the name of [NEFFUL INTERNATIONAL] were highlighted in contrasting gold color. The star-shaped design symbolizes that the wonderful partnership between Lifetime International Chief Honorary Advisor and Nefful International creates limitless expansion in the world market, spreading health, wealth, and beauty globally. As such, the title of Lifetime International Chief Honorary Advisor signifies the highest honor that an Independent Distributor can achieve at Nefful International. Akin to the crystal on the pin, LICHHA will always shine brightly and illuminate those around him.



Honorary Advisor

Amongst all the Independent Distributors at Nefful International, only five brilliant individuals have been granted the title of [Honorary Advisor]. These five incredible leaders were rewarded with this honor due to their outstanding achievements and excellent contributions to the Company over the years.

The design of a circular black base symbolizes the inspiration that these five Honorary Advisors provide to the Company and their fellow Independent Distributors. Much like the circle of life, the circular pin embodies the extensive influence and achievements of these five Honorary Advisors, showing that their drive to succeed is indeed limitless. The crystal encased in a golden border is akin to the brightest star in the sky, symbolizing the beacon of hope that is represented by these Honorary Advisors to lead the fellow Independent Distributors around the world to create a borderless business and a successful future.

*The above pin titles are not part of the Compensation System, individuals were rewarded with this honor for their outstanding achievements and excellent contributions to the Company.



Nefful Executive Top Leader

In order to qualify for the position of [Nefful Executive Top Leader], an Area General Manager must achieve an annual group volume of 3,333,333. Upon fulfilling this requirement, the Area General Manager will be awarded with the pin title of NET in January of the following year. In order to maintain this pin title, this monetary qualification must be satisfied by the Nefful Executive Top Leader every year. Therefore, this is not an easy task, but it is certainly rewarding.

The pin's shimmering black base signifies the elegance and prestige that the Nefful Executive Top Leader title brings while the golden words [NET] highlight its honor and style. The encased crystal on the pin and the striking borders of the five-pointed star symbolize these brilliant leaders' ability to bring forth health and love to Independent Distributors around the world. This design further illustrates the Nefful Executive Top Leader's excellent leadership in guiding fellow Independent Distributors to achieve their goals and dreams.



Consecutive Achievements Award

Receiving the annual achievements award is a goal that all excellent leaders of Nefful International strive for. Meeting the qualifications itself is already challenging, which makes it even more incredible to attain this award year after year.

The Consecutive Achievements Award pin is designed to recognize our Independent Distributors for their continued hard work and passion within the Company over the years. From the fifth consecutive year of receiving the annual achievements award, the Independent Distributor will be qualified for this honorable pin. The golden base reflects the dazzling nature of the crystal set at the tip of the black star, coupled with the circular frame, this design symbolizes the consecutive nature of the awards won by the outstanding leaders for years, and represents the unity and camaraderie within each of our teams here at Nefful International as well as the bright future of our teams.



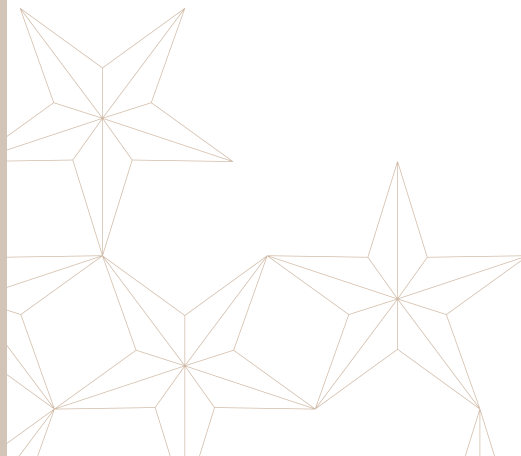
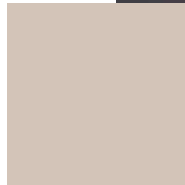
Area General Manager



In order to become an [Area General Manager] at Nefful International, an Independent Distributor must first develop 5 direct downlines Area Managers or Area Managers Plus before satisfying the second requirement of achieving a group volume of 200,000 in the month of advancement. The Area General Manager title signifies an important milestone on the path to success of the business at Nefful International, which is also the first goal pursued by every outstanding Independent Distributor of Nefful International.

The Area General Manager pin design combines the signature golden color of our Nefful International logo and the five-pointed star, representing the five Area Managers led by the Area General Manager as well as the hope that the Area General Manager's team will guide more fellow Independent Distributors towards accomplishing their goals.

CHAPTER ONE





Qualifications to Become an **Independent Distributor / Direct Selling Organization**

CHAPTER 1

Qualifications to Become an Independent Distributor / Direct Selling Organization

1.1 Becoming an Independent Distributor

1.1.1 Application to Become an Independent Distributor

An individual may apply to become a Distributor by completing the following steps:

- Submit the application form with all particulars completed and signed.
 - 1) US Individuals must provide SSN
 - 2) US Foreigners must provide a copy of passport
- Purchase a distributor kit to obtain basic knowledge of the products.
- Applicants must be at least 18 years old to become a Distributor with Nefful International.
- Must not be an employee of any direct selling companies at the point of the application for distributorship or during their tenure as an Independent Distributor.

1.1.2 Qualifications to Become an Independent Distributor

- An individual applicant is required to complete the following steps for the application:
 - 1) Execute and submit a copy of the "Independent Distributorship Agreement" to the Company.
 - 2) To join the international business of Nefful International, execute and submit the "International Sponsorship Agreement" to the Company.
- A business entity applicant must, in addition to complying with the above requirements, submit the business registration information, basic information of the representative of the business entity, and the authorization letter of the representative appointed to manage all matters related to the distributorship rights, for the Company's review in deciding on the acceptance of the representative.
- The applicant may purchase a Distributor Kit directly from the Company or his or her Sponsor. The purchase of the Distributor Kit will not be factored into the sales volume for the purpose of the commission pay-out. Purchasing of other products is not a mandatory criterion for the applicant to become an Independent Distributor.

1.1.3 Qualifications to Become an International Independent Distributor

- An applicant must first select a participating country of Nefful International for application, and after the application or at the time of the application, execute and submit "International Sponsorship Agreement", together with a copy of the applicant's valid passport. The Company reserves the right to accept or reject any such application.

1.1.4 International Sponsorship

- After obtaining the qualification of International Sponsorship, the Independent Distributor is entitled to sell products and provide after-sales service as well as sponsor new members in the authorized market outside of the USA.
- The Independent Distributor understands and agrees to abide by all relevant laws and regulations of the authorized market outside the USA where he or she sells the products and provides after-sales service to and/or sponsor new members. In the event of violation of any such relevant laws and regulations of the authorized market, the Independent Distributor shall be deemed to have violated the terms and conditions of this Business Handbook, and the Company may take appropriate action in accordance with the provisions of this Business Handbook.
- US applicants without SSN must apply with International Distributorship.

1.1.5 Completing and Executing the Independent Distributorship Agreement

- Applicants shall take note of the following when executing the Independent Distributorship Agreement:
 - 1) All information must be filled up legibly and clearly. The name must match the name on the applicant's passport.
 - 2) Attach a copy of a valid passport.
 - 3) The commencement date of distributorship is based on the date of acceptance by the Company.
 - 4) The Sponsor as stated in the "Independent Distributor Agreement" cannot be changed upon completion of the registration.
 - 5) The independent distributorship number issued to the "Independent Distributor Agreement" is automatically generated by the system. Self-selection of the distributorship number is not permitted.

1.1.6 Acceptance to Become an Independent Distributor

- The Company reserves the rights and retains the sole discretion to accept or reject the application. The applicant shall only become an Independent Distributor upon the Company's execution of the "Independent Distributor Agreement".

1.2 Converting to Operate the Distributorship through a Business Entity

1.2.1 Submission of Application

- If a distributor wishes to convert his/her distributorship status from an individual Independent Distributor to a business entity, he/she is required to submit the "Individual/Business Entity Application Form" together with the supporting documents listed in Paragraph 2 of Section 1.1.2 to the Company. His/her distributorship will be converted after the Company has reviewed and accepted the relevant documents and the qualification of the representative.
- When the Independent Distributor submits the "Individual/Business Entity Conversion Application Form", the Independent Distributor must be a citizen or resident and has the rights to carry out the business legally in the authorized market and should provide the relevant supporting documents to the Company for review. If the relevant supporting documents are not provided, the Company is entitled to reject the application.
- The Independent Distributor must understand that being a member of a business entity does not mean that he or she has the legal rights granted to operate the business.
- All commission payout and other benefits in kind shall be provided by the Company to the business entity. In the event the business entity fails to distribute or pay out partial or full payment of the commission received to the members of the business entity, or make incorrect distribution or payment, the Company shall not be responsible for the same.
- In the case where the business entity comprises several members, one member shall be designated as the representative of the business entity and provide the basic information of the representative and the authorization letter of the representative appointed to manage all matters related to the distributorship rights shall be submitted to the Company for qualification review. The representative may represent the business entity for all matters related to the distributorship only after the review and acceptance by the Company is completed.
- In the case where the representative of a business entity deceases, another representative shall be appointed, and the documents shall be submitted in accordance with the preceding paragraphs for review by the Company. Similarly, in the case of a replacement of the representative of a business entity, prior to the replacement, the documents shall be submitted to the Company in accordance with the preceding paragraph for the Company's review. The representative can only be replaced after the review and acceptance by the Company is completed.
- Members of the business entity, other than the accepted representative, shall not conduct the direct selling business in the name of the business entity or his or her own name; otherwise, the business entity will be deemed to have violated the provisions of the Business Handbook, and the Company is entitled to take disciplinary action against the business entity in accordance with the provision of Section 4.7.
- Before the dissolution of the business entity, the representative of the business entity may submit an "Individual/Business Entity Application Form" to the Company. The distributorship status will be changed after the Company has completed the review. The distributorship under the business entity shall no longer be valid upon the dissolution of the business entity.

1.2.2 Documentation Requirements for Conversion to Operate the Distributorship through a Business Entity

- The following documents are required for the application of distributorship status conversion from an individual Independent Distributor to a business entity:
 - 1) A completed "Individual/Business Entity Application Form" and the representative of the business entity must sign in person and affix the company's stamp.
 - 2) A copy of the certificate of incorporation or the business registration;
 - 3) A copy of the approval letter of business registration;
 - 4) A copy of the business entity's bank account passbook or bank statement;
 - 5) A copy of the representative's identity document;
 - 6) The authorization letter of the representative appointed to manage all matters related to the distributorship rights.

1.3 Spouse Joint Distributorship

- A husband and a wife may apply for a Spouse Joint Distributorship to manage a distributorship account together by appointing one person as the main representative and the other as a supplementary representative. The Spouse Joint Distributorship is only applicable for couples who are in the same organization.
- Applicants may apply for a Joint Distributorship with his/her spouse by submitting 2 application forms. Joint Distributorship will only be required to purchase one distributor kit.
- If an individual has registered as an Individual Distributor but would like to change his/her distributorship to a Joint Distributorship with his/her spouse, the spouse must first apply Distributorship as an individual under the Sponsor of the Distributor. Joint accounts can be applied after both individuals have become distributors of Nefful International and they must submit a copy of the joint bank account details for commission payout. The joint distributorship shall take effect on the following month, upon approval.
- The supplementary representative must be a citizen or resident of the authorized market where the main representative submits the "Independent Distributorship Agreement"; they must have the right to operate the business legally and are able to provide relevant supporting documents to the Company.
- The main representative may represent the Spouse Joint Distributorship to manage all matters related to the distributorship.
- The main representative and the supplementary representative are jointly liable for the acts and omissions of the Spouse Joint Distributorship. The Company is entitled to take disciplinary action against the distributorship in cases where the main representative and the supplementary representative are found to have violated the terms in this Business Handbook.
- All commissions and other benefits in kind (including bonuses and incentives obtained through the efforts of the supplementary representative) arising from or attributable to the Spouse Joint Distributorship shall be paid out directly to the main representative. The supplementary representative shall not hold the Company liable and shall not make any claims against the Company in the event where the supplementary representative does not receive the above commissions and other benefits in kind from the main representative.
- Should a married couple become divorced, they agree to notify NEFFUL as to who will assume responsibility for the Distributorship in one of the following manners:
 - 1) Written notarized agreement signed by both parties indicating who will retain the Distributorship.
 - 2) A court order delineating who receives custody over the Distributorship.
- The Spouse Joint Distributorship may only be applied once. Once the husband and wife have selected to combine the distributorship, the Spouse Joint Distributorship cannot be reverted to the individual distributorship in the future.

1.4 Inheritance of Distributorship

Applies to an AGM Distributorship ONLY: Upon the death of a Distributor holding the title of an AGM, the distributorship may be inherited by the next of kin or related within a second degree of consanguinity and affinity.

- The transfer request shall be made in writing to the residing offices of Nefful International, enclosed with the death certificate. The transfer shall take effect on the 1st of the following month upon approval.
- The transferee acquiring an AGM distributorship will also be required to attend the AGM Professional Course. The transferee will be able to enjoy the benefits of the AGM title stated in the AGM Agreement if he/she is deemed qualified after the course.

Applies to an AM or AM + Distributorship ONLY: Upon the death of a Distributor holding the title of an AM or AM+, his/her distributorship will be discontinued upon his/her death. To keep the distributorship valid, the Distributor must apply for transfer of distributorship before his/her departure.

1.5 Transfer of Distributorship

- The Independent Distributor must be an Area Manager or above to make an application to the Company for the transfer of distributorship rights. Before the Company's review and approval of the application, the transferee will not be considered to have received the distributorship rights; upon the Company's review or approval of the application, all legal rights and obligations of the transferor shall automatically be terminated.
- In the event the Company is of the view that the transfer is fraudulent or illegal or breaches this Business Handbook and any applicable laws, the Company reserves the right to reject the transfer application.
- If the Independent Distributor is subject to a court enforcement order, executive orders from competent authorities or injunctions, upon the notification to the Company and during the application for transfer of the distributorship rights, the Company will not approve such application if it affects the right of a third party.

1.6 Rescission of Agreement /Termination of Agreement

Distributors have the right to resign from their distributorship at any time.

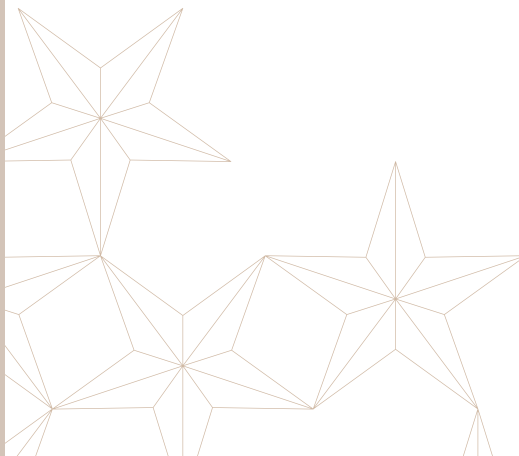
- 1) They may submit an official notice in writing to inform Nefful International of the resignation within 14 days of signing the Distributorship Agreement, which will be treated as a rescission. After 14 days of signing the Distributorship Agreement, he/she may choose to resign as a distributor. Upon resignation, the individual relinquishes all rights to commissions, position, and wholesale purchases cease, and he/she is no longer entitled to advertise, sell, or promote Nefful products. His/her former downline shall be transferred to his/her sponsor. He/she are also not eligible to be sponsored into Nefful International again for a period of six (6) months following the date of resignation.
- 2) NEFFUL will buyback unworn, resalable and restockable merchandise with all tags attached and in its original packaging: NEFFUL will offer a full refund (100%) on all merchandise and distributor kits, with the exception of opened Newell products; for a period of 3 business days from the date of receipt of products, less actual shipping charges and applicable bonus and commissions earned. After 3 business days from the date of receipt of the products, NEFFUL will buy back from distributor with the following condition:
 - a) Limited Quantity merchandises and Promotion merchandises ninety-percent (90%) for a period of 3 months; Limited Quantity and Promotion merchandises will be denoted with (*) on original invoice. Autoship items are considered promotion merchandise.
 - b) all other products and distributor kits ninety-percent (90%) for a period of 12 months, from the date of receipt of the products, less actual shipping charges and applicable bonus and commissions earned. All buybacks after 3 Business days from the date of receipt of the products will require distributor resignation. Please allow 10 days for all buyback requests to be processed.
- 3) If the distributor terminates his/her Distributorship during the month that his/her upline is qualifying for a title promotion, the upline will not be promoted, the existing title will remain unchanged.
- 4) The Company has the right to terminate any distributorship permanently if the distributor is found to have involvement in any misconduct of ethics listed under Chapters 2 and 4 of the Business Handbook

1.7 Reapplying for and Reinstating Distributorship

1.7.1 Reapplying for Distributorship

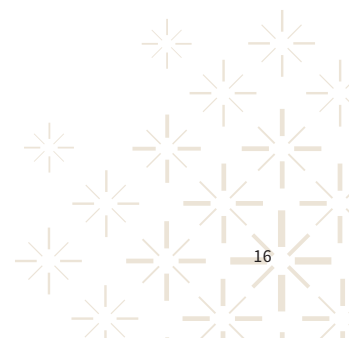
- If an individual has previously been a Distributor, he/she may reapply to become a new Distributor, with the following conditions:
 - Application of distributorship can be made only after 6 months from the date of initial termination.
 - the individual will need to submit a new application with the necessary documents required and purchase a distributor kit.
 - the individual will have to begin his/her new distributorship as a Consultant (C).
- Upon company approval, he/she will be issued a new member card with a new distributor number.

CHAPTER TWO





Principles of Direct Selling Business



CHAPTER 2

Principles of Direct Selling Business

2.1 Business Ethics

2.1.1 Direct Selling Association Code of Ethics

The Company is a member of the Direct Selling Association (DSA) in the United States of America. The Company abides by the DSA Code of Ethics. Along with the ethical guidelines of this Section, you must comply with the DSA Code of Ethics in your business operations. The DSA Code of Ethics can be found at <https://www.dsa.org/consumerprotection/code-of-ethics>.

2.1.2 Business Objective

The main business objective of the Independent Distributor and the Company is to sell high quality products to customers and as part of the business process, the Independent Distributor can establish his or her direct sale organization by sponsoring other Independent Distributors. However, sponsoring other Independent Distributors is not the main objective of the Independent Distributor. Instead, the Independent Distributor's main business objective is to sell products to end-user customers.

2.1.3 Rules of an Independent Distributor

- Independent Distributors shall manage their distributorship in an ethical, professional and courteous manner. In other words, the Independent Distributor must comply with the following rules:
 - 1) Independent Distributors shall comply with the terms and conditions of the agreement and all applicable laws.
 - 2) Independent Distributors shall conduct sales through distributorship with honesty.
 - 3) Independent Distributors should inform their potential customers or other Independent Distributors about their identity, the reason for contacting them and the products that they are promoting, and that they are engaged in direct selling and shall not use this avenue to employ others or disguise themselves through any other means.
 - 4) Independent Distributors shall not give false, exaggerated or unwarranted representation or false warranty to others regarding the potential income generated from the Company's compensation plan, or when promoting the benefits of the Company's products, or when promoting the Company's products and services through successful testimonials or when promoting the Company's products and services or when introducing others to join.
 - 5) Independent Distributors shall not compel, force or otherwise induce other Independent Distributors or potential customers to operate the business, causing them to be in debt, including but are not limited to compelling or inducing them to purchase more than the reasonable amount in respect of usage, sales, business support products or ancillary services.
 - 6) Independent Distributor should explain clearly to the potential customers and other Independent Distributors the rules/requirements for return, exchange of non-defective products, scope of warranty for products.
 - 7) Independent Distributors shall not mislead the potential customers that the potential customers can only become an Independent Distributor upon purchasing the Company's products. The Independent Distributor should inform the potential customers that they can become an Independent Distributor by executing the "Independent Distributorship Agreement" and if they wish to purchase any products, they may do so at their own will.
 - 8) When promoting the Company's business or products, Independent Distributors shall not commit the following acts:-
 - (1) Acts that cause or are likely to cause others to feel unpleasant, uneasy or annoyed.
 - (2) Acts that damage or likely to damage the Company's brand, image or business reputation.
 - (3) Acts that cause or likely to cause the public to have an adverse impression of the Company.

2.1.4 Refrain from Defamation

- Independent Distributor shall not make any comparisons, claims, statements or representations which are misleading, unfair, inaccurate or defamatory to the following:
 - 1) The Company or the Company's employees.
 - 2) The Company's products or business activities.
 - 3) Other persons (including within and between organizations).
 - 4) Other companies (including competitors).
 - 5) Other companies' products, services or business activities.

2.1.5 Refrain from Harassment

- Independent Distributor shall not act in a manner that is calculated to harass, intimidate, threaten and insult others. Harassment of any kinds will not be tolerated, including but are not limited to: race, religion, physical and verbal abuse, or inducing, encouraging or causing other Independent Distributors, Company's employees or customers to engage in any inappropriate or unpleasant written, verbal, digital or physical relationships, sexual assault, sexual harassment or other physical, verbal or visual behaviors of a sexual nature with another Independent Distributor, Company's employee or customer.

2.1.6 Refrain from Liaising with Manufacturers

- Independent Distributor shall not directly or indirectly liaise with the Company's manufacturers or suppliers.

2.1.7 Protecting the Company's Reputation

- Independent Distributors' conduct, including those outside the scope of or unrelated to the distributorship shall not affect or damage the Company's reputation or other Independent Distributors' business or reputation. The Company has the right to determine at its sole discretion whether such conduct is harmful and may take actions against the Independent Distributor in accordance with the provisions of this Business Handbook.

2.1.8 Right to Verify Information

- As a requirement to be an Independent Distributor, the Independent Distributor agrees that the Company reserves the right to verify any records related to the Independent Distributor's business activities in order to ascertain whether the Independent Distributor is in compliance with this Business Handbook, and when required, the Independent Distributor shall immediately provide the complete and true records of any information to the Company.

2.2 Independent Contractors

2.2.1 Independent Contractors

- An Independent Distributor is an independent contractor and shall not in any manner be construed or represented to the public as the Company's agent, contractor, employee, executive, business partner, associate or joint venture and is further subject to the following requirements:
 - 1) Independent Distributors are solely responsible for their own business decision and have the sole discretion to decide the working time and working hours for himself or herself.
 - 2) Commission is based on the sales volume, and it is not based on the number of working hours of Independent Distributors.
 - 3) As an Independent Distributor, he or she may face business risks and any losses as may be suffered shall be solely borne by the Independent Distributor.
 - 4) Any licence fees or insurance fees related to the business shall be solely borne by Independent Distributors.
 - 5) Independent Distributors are solely responsible for all their business expenses, including but are not limited to travelling, entertainment, offices, books, legal advice, facilities, accounting or any administrative costs and the Company shall not be responsible for prepayment, reimbursement or guarantee.

2.2.2 No Authority to Represent the Company

Independent Distributors shall have no authority to act on the behalf Company, including but are not limited to the following:

- 1) Register or own the Company's name, trademarks, or products' name.
 - 2) Use of the Company's name, trademarks or products' name to register as domain names.
 - 3) Register or obtain a licence for the Company's products or businesses.
 - 4) Establish any form of contact with or approach the public or the government using the name of the Company.
 - 5) Any act which may cause the public to mistakenly believe that Independent Distributors have the authority to represent the Company.
- In the event an Independent Distributor commits any of the above which cause the Company to take any relief actions, the Independent Distributor shall compensate the Company for all expenses and legal fees incurred by the Company. The Company's name, trademarks, products' name, products or domain names obtained by the Independent Distributor due to any violation of the provisions of this Chapter shall be transferred to the Company free at the Independent Distributor's costs , and the Company shall not be liable to pay or compensate the Independent Distributor for any fees incurred by the Independent Distributor.

2.2.3 Refrain from Representing the Company as Employer

- Independent Distributors shall not, on any loan applications, government forms or applications, employment verification requirements, applications for unemployment benefits, any forms or documents or in any circumstances, represent that the Company is the Independent Distributors' Employer.

2.3 Obligations of an Independent Distributor

- When promoting the Company's products or services or introducing others to join the Company as an Independent Distributor, the Independent Distributor shall not misled the potential Independent Distributors or customers to pay for expenses or reimburse unjustified costs for training, lectures, networking session, meetings, promotion or others similar activities. The Independent Distributor shall not request the potential Independent Distributors or customers to pay for any unnecessary deposits, guarantees or fees.
- When promoting the sales of products or services or introducing others to join, the potential Independent Distributors or customers should be clearly informed that the Company does not allow two distributorships or more simultaneously.
- Independent Distributors shall not breach the following rules:
 - 1) Incite, induce, recruit, abet the Company's Independent Distributors to join other direct selling companies or causing to do the same through other means.
 - 2) Invite, assist the Company's Independent Distributors to participate in the activities of other direct selling companies or through other means.
 - 3) Create or cause any detrimental competition or conflict of interest between the Company and other direct selling companies.
 - 4) Except for valid reasons or with the Company's consent, the Independent Distributor shall not encourage, induce or assist other Independent Distributors to change their Sponsor. Such behavior will constitute an improper and unreasonable intervention in the contractual relationship between the Company and the respective Independent Distributors. The foregoing prohibitions include, but are not limited to, providing financial or other tangible rewards to other Independent Distributors causing the termination of his or her existing distributorship rights and reapply as an Independent Distributor under another Sponsor. The Independent Distributor agrees that violation of this rule will cause irreparable damage to the Company, and further agrees that the Company shall have the right to take any measures to avoid such damage.
 - 5) The Company reserves the right to impose severe sanctions on any Independent Distributor who instigates or induces other Independent Distributors to change their Sponsor as well as the Independent Distributor who changes his or her Sponsor, including using various names or means to cause others to participate and at the same time receive or obtain any fees that have yet to be determined by the Company or any improper benefits.
 - 6) Use deceiving, misleading, exaggerating, fraudulent, any guaranteed efficacy, or false statements or explanations to promote, sell products and services or introduce others to join the direct selling organization.
 - 7) Raising funds from others under the disguise of a direct selling business.
 - 8) Engaging in direct selling activities in ways that violate public order or morals.
 - 9) Using any unethical door to door methods to trade and affecting consumer rights.

- 10) Violating any applicable laws or the Company's regulations.
- 11) Altering the Company's advertising collaterals.
- 12) Changing the contents, appearances, and packaging of the Company's products, and changing or altering any packaging, labels, barcodes, company names, trademarks and names of the Company's products or services.
- 13) Using third parties' product names, packaging and/or trademarks to sell the Company's products.
- 14) Re-purposed products shall not be permitted to use or retain any of the Company's trademarks or graphics, or use any words or graphics similar to the Company's trademarks, which may cause others to confuse the re-purposed products for the Company's original products.
- 15) The packaging, manuals, accompanying documents or items and any promotional or advertising content of the re-purposed products shall not use or contain any of the Company's trademarks or graphics, or use any words or graphics similar to the Company's trademarks or graphics; or contain packaging, manuals, accompanying documents or items which may cause others to confuse the re-purposed products for the Company's original products.
- 16) Independent Distributors are not allowed to display or sell the re-purposed products at the Company's business premises, event venues, including any surrounding buildings where the business premises and venues are located.
- 17) Selling any re-purposed products to induce or persuade other Independent Distributors, to approach and to develop potential downline to join their own organization.
- 18) Selling re-purposed products which damage or affect the Company's reputation, thereby causing others to mistakenly believe that they have the right to sell the re-purposed products on behalf of the Company.

2.3.1 Taxes for Independent Contractors

- Income Taxes. Each distributor is responsible for paying local, state and federal taxes on any income generated as a distributor. If a distributor's business is tax exempt, the Federal Tax Identification Number must be provided to the Company. Every year, the Company will provide IRS Form 1099 (non-employee compensation) earnings statements to each U.S. resident who (a) had earnings of over \$600 in the previous calendar year or (b) made purchases during the previous calendar year in excess of \$5,000 wholesale. The Company cannot accept a tax-exempt certificate from a distributor who resides in a state where tax exempt status is not granted for Direct Sales businesses. Distributors are encouraged to check with their local, state, and federal government tax laws by consulting with a certified accountant or seek legal counsel before sending a form to the Company and filing.

2.4 Independent Distributor's Obligation not to Compete

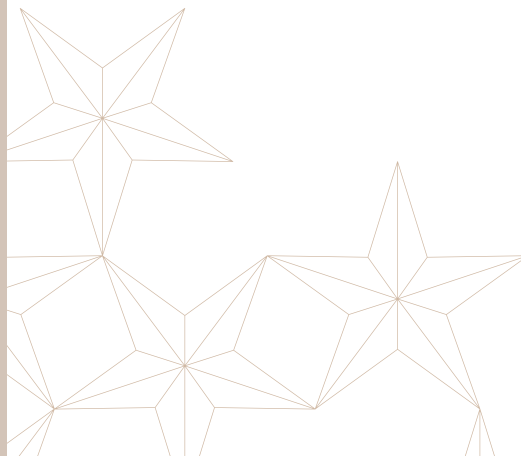
- An Independent Distributor with the pin title of Area General Manager and above is not allowed to operate other direct selling businesses in his or her or other's names. If he or she violates this rule, the Company has the right to terminate his or her distributorship qualification and the Company has the right to notify others of the same, including forfeiting commissions that have yet to be paid out to the said Independent Distributor. The Company also reserves the rights to pursue legal actions against the Independent Distributor.
- In the event the above rules are violated, the Company may revoke and render the Independent Distributor's rights in Chapters 1, Sections 1.3, 1.4 and 1.5 and the inheritance rights to be invalid.

2.4.1 Company Trade Secrets/Non-Compete

- **Non-compete Policy:** Company distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively “network marketing”), with the exception of those products in the same generic category as a Company’s product that is deemed to be competing. Distributors may not display Company products with any other products or services in a fashion that might in any way confuse or mislead a prospective customer, merchant or distributor into believing there is a relationship between the Company and non-Company products or services.
- **Non-solicitation:** During the term of this Agreement, distributors may not recruit other Company distributors or merchants or customers for any other network marketing business. Following the cancellation of this Agreement, and for a period of one (1) year thereafter, a former IBA may not recruit any Company distributor or customer for another network marketing business. The distributors and Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, the distributors and Company agree that this non-solicitation provision shall apply to all markets in which Company conducts business.
- **Post Termination Confidentiality:** The distributor acknowledges that the sale of, unauthorized use of, or disclosure of confidential information of the Company constitutes a breach of this Agreement. The distributor shall not solicit, take away, or attempt to take away any of the customers, trade secrets, or principals of the Company for his or her self or any other person, firm or corporation by the use of confidential information obtained from the Company during the term of this Agreement, for a period of one (1) year after termination of this Agreement.



CHAPTER THREE





Purchasing of Products



CHAPTER 3

Purchasing of Products

3.1 Operating Hours

- Monday to Friday:
 - 9:30AM to 6:00PM for Northern California Location
 - 9:00AM to 6:00PM for southern California Location
- The Company reserves the rights to reschedule the operating hours.

※ Inventory Day falls on the last working day of every month. No orders will be accepted during Inventory Day.

3.2 Payment Options

- Payment for products can be made by cash, check, and credit card.
 - When ordering on site, please make payment at the customer service counter.
- Credit Card Payment
 - VISA card, MASTER card, DISCOVER card. issued by respective banks are all accepted.
 - For verification purposes, a credit order must be placed by the credit card holder with an authorized signature. NEFFUL will only accept payment from the distributor himself/herself, or payment from other distributors who are in the same organization as the ording distributor. NEFFUL will not accept payment from retail customers.

3.3 Transfer of Ownership

- When the Company delivers the products ordered by the Independent Distributor to the Independent Distributor, the Independent Distributor's employee, agent or user, the Independent Distributor's spouse, or a person who actually lives with the Independent Distributor partly or completely, or any person that the Independent Distributor expressly or impliedly consent to receiving the products on the Independent Distributor's behalf (whereby the absence of immediate objection is deemed as consent), the ownership and the risk of loss of the products will then be transferred to the Independent Distributor.
- If the product order form is completed but no payment has been made, it will not be included in the sales volume, and only after completion of payment and issuance of invoice will it be included in the sales volume.

3.4 Stockpiling

- Independent Distributors should determine the purchase quantity based on reasonably estimated retail sales as well as personal needs and should avoid stockpiling the products.

3.4.1 Seventy Percent (70%) Rule

- Nefful will strictly adhere to the policy that prior to honoring an order for product by a Distributor, the Distributor must certify that he/she has sold at retail at least 70% of all prior inventories purchased. A Distributor will be allowed by Nefful to purchase a reasonable amount of product for personal use and enjoyment as well as to be used as sales samples. Such a reasonable amount of product will not exceed \$5,000 without proof that the Distributor has sold 70% of their present inventory.
- Nefful will monitor compliance with this rule, and any fraudulent information supplied by the Distributor will be grounds for termination of the Distributorship of the violating party. For this reason it is important that the Distributor keep accurate sales records.
- It is Nefful policy to strictly prohibit the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions or advancement within the compensation plan. All such forms of frontloading or stockpiling are strictly prohibited.

3.5 Variation of Unit Price

- The Company reserves its rights to vary the price of the products at any time and the Company will issue a notice for the intended variation before it takes place.

3.6 Delivery of Products

- The scope, fees and related procedural rules of delivery shall be determined in accordance with the applicable delivery standards announced by the Company at the time when the order is made.
- After receiving the products, please verify and check the content of the products. In case of damages on the outer packaging of the products and/or errors in the quantity or the items received etc., please contact the Company within five (5) days from the date of receipt of said products, failing which, such inaction amounts to a waiver of the Independent Distributors' rights to make any claims in relation to the aforesaid situations.

3.7 NIShop

For the online shopping terms of NIShop, please refer to the relevant provisions on the official website of Nefful USA (www.neffulusa.com).

3.8 Scope of Warranty for Defective Products

3.8.1 Scope of Warranty

- Within thirty (30) days from the date of purchase of the products, the defective products can be exchanged at any time with new products, except for products with different models and sizes, and provided that the original invoice and delivery order are shown and that the defective products fall within the scope of the following warranty conditions. Where the products purchased have been discontinued and therefore the exchange must involve products of different models or sizes, the differences in the pricing shall be paid:
 - 1) Defective products that have not been disassembled, altered, repackaged or added into any other products.
 - 2) The defects caused by reasons attributable to the Company.
- When Independent Distributors apply for exchange for new products in accordance with the aforesaid provisions, the Company reserves its rights to make a final review on the actual conditions of the defective products.

3.8.2 Defects Outside Scope of Warranty

- Products that have been used, washed, or the packaging is incomplete (such as missing packaging tags, labels, accessories etc.) are not allowed to be exchanged.

3.9 Exchange of Non-Defective Products

Products that have not been used or damaged can be exchanged for products of the same value by presenting the original invoice, delivery order and original products within thirty (30) days from the date of purchase.

3.9.1 Requirements for Exchange

- The requirements for exchange are as follows:
 - 1) The original invoice and delivery order (the exchange will not be processed if these are not presented).
 - 2) The intact product intended to be exchanged (Products that have been used, washed, or the packaging is incomplete [such as missing packaging tags, labels, accessories etc.] are not allowed to be exchanged.).
 - 3) The product packaging box and accessories (for example: tag, cardboard, quality inspection form etc. please be sure to bring them).
 - 4) Complete the Product Exchange Form.

3.9.2 Time Limit for Exchange

- Products can be exchanged within thirty (30) days from the date of invoice (including Saturdays, Sundays and national holidays).
- If the last date for exchange falls on a national holiday, it will be postponed to the next business day. For postal delivery/exchange, the deadline shall be determined based on the postmark date.

3.9.3 Modes of Exchange

- Combination of multiple lower-priced invoices are not allowed to exchange for a higher-price product, in one exchange order. One invoice can only apply for one exchange form.
- By post: The last date for exchange is based on the postmark date, and the round-trip delivery fees shall be borne by the person applying for the exchange (in accordance with the applicable terms set by the Company).
- On-site: Please apply for exchange at business premises across the country during operating hours.

3.9.4 Important Matters to Note for Exchange

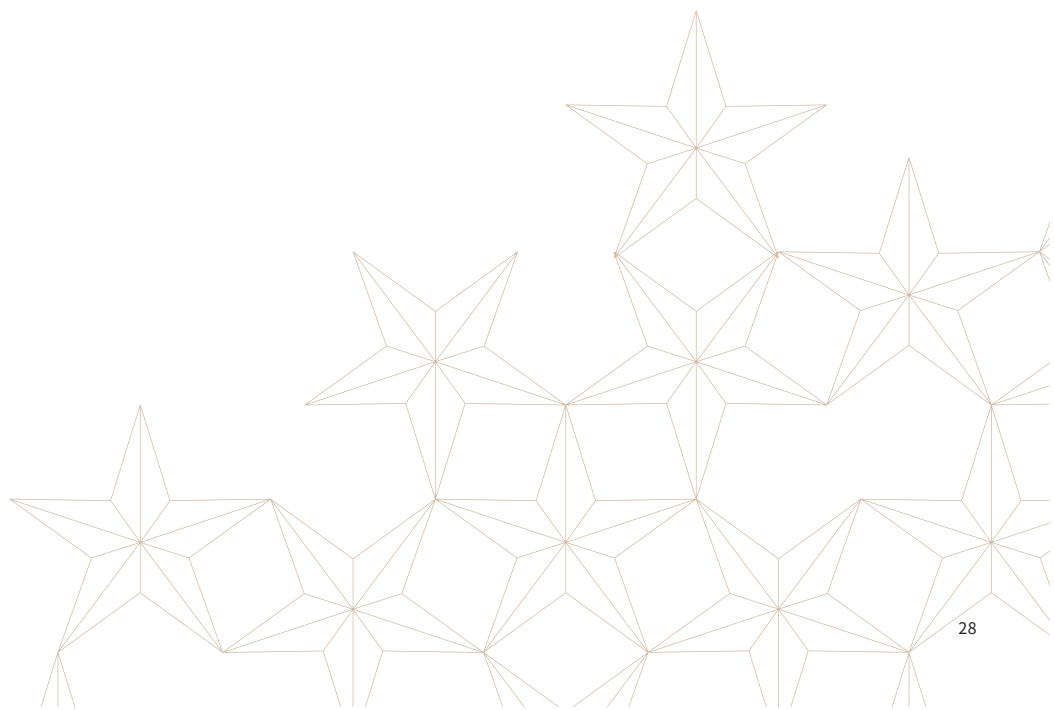
- The important matters to note for exchange are as follows:
 - 1) Products will not be allowed for exchange if the products have been worn, washed, are dirty, with odour, discoloration, are snagged, deformed, damaged, discontinued etc., or which the models have been re-edition without (old) packaging.
 - 2) One delivery order can only be exchanged once for each product, and the exchanged product will be marked as “non-exchangeable” after the exchange.
 - 3) No partial exchange is allowed if the exchange product is out of stock. Exchange can only be made when the products for exchange are available in store, and are ready for collection.
 - 4) Products with sales volumes cannot be exchanged with products without sales volumes and vice versa.
 - 5) Promotional activities’ free gifts will not be accepted for exchange.
 - 6) The Company reserves the rights to make a final review on the actual conditions of the products to be exchanged.
 - 7) Should the prices of the exchange products have been varied by the Company in accordance with Section 3.6, the Independent Distributors must pay for the shortfall in prices before the Company approves the application.

3.10 Buyback Policy

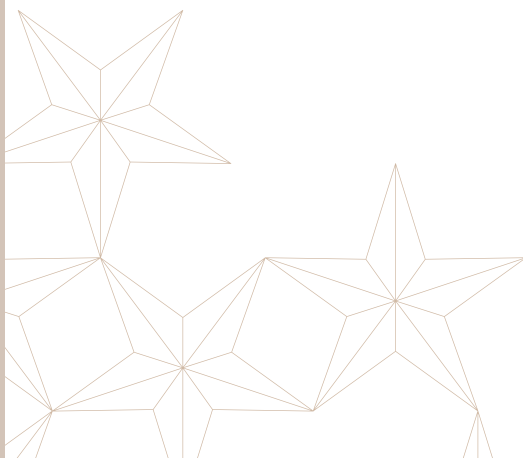
- Buyback Policy NEFFUL will buyback unworn, resalable and restockable merchandise with all tags attached and in its original packaging: NEFFUL will offer a full refund (100%) on all merchandise and distributor kits, with the exception of opened Newell products; for a period of 3 business days from the date of receipt of products, less actual shipping charges and applicable bonus and commissions earned.
- After 3 business days from the date of receipt of the products, NEFFUL will buy back from the distributor with the following condition: a) Limited Quantity merchandises and Promotion merchandises ninety-percent (90%) for a period of 3 months. Autoship items are considered promotion merchandise. b) all other products and distributor kits ninety-percent (90%) for a period of 12 months, from the date of receipt of the products, less actual shipping charges and applicable bonus and commissions earned.
- All buybacks after 3 Business days from the date of receipt of the products will require distributor resignation. Please allow 10 days for all buybacks requests to be processed.

3.11 Shipping Policy

- Distributors should notify NEFFUL within 7 days of receipt of the shipment of any errors, omissions or questions about the received shipment. NEFFUL will correct any notified errors within 7 days from the receipt of the shipment. After the grace period, NEFFUL will not be responsible for any errors, omissions or problems. FedEx 3 day, 2 day and next day air are available with extra charge. If the shipping address needs to be corrected by FedEx due to reasons other than entry mistakes by NEFFUL, there will be a \$10 charge (FedEx address correction fee).



CHAPTER FOUR





Rules of Conduct

CHAPTER 4

Rules of Conduct

4.1 Notification of Personal Data

Regarding the Company's collection, processing, use and cross-border transfer of personal data of Independent Distributors, the Company hereby informs the Independent Distributors of the following:

4.1.1 Collection of Personal Information

- Nefful International is committed to maintaining the confidentiality and privacy of our distributors. Personal information is collected for the purpose of supporting the operations of the Company and/or for the purpose of completing the sales transactions.
- All information submitted by any distributor will be held by the Company at its regional headquarters, and/or its local affiliated companies in your Resident Country. Distributors have the right to access and verify their personal information held by the Company by contacting the customer service department in their Resident Country.

4.1.2 Authorization To Use and Disclosure of Personal Information

- Upon registering as a Distributor with Nefful International, the distributor authorize the Company to:
 - (a) transfer and disclose personal and/or confidential information, which the distributor have provided to the Company in connection with the Distributorship and Downline Organization, or (i) that has been developed as a result of his/her activity as a Distributor, to (ii) its parent and affiliated companies wherever located, and (iii) applicable government agencies or regulatory bodies if required by law.
 - (b) use his/her personal information for Distributor recognition and the Company's Business Support Materials and Services unless he/she requests in writing that the Company not do so.
 - (c) use his/her personal information described above, and he/she further agree that any other disclosure of his/her personal information will be governed by Company's Privacy Policy, as it may be modified from time to time.

4.2 Procedures on Violation

4.2.1 Commencement of Investigation on Violation

- When the Company discovers that an Independent Distributor has violated or has reasons to believe that the Independent Distributor may have violated the terms of this Business Handbook, the Company's business strategy, any contracts with the Company, the Company's business policies, the Company's announcements, the Company's publicities or communications, the Fair Trade Act, the Multi-Level Marketing Supervision Act or any other relevant laws and regulations (hereinafter collectively referred to as the **"Violations"**), or when any other Independent Distributor (hereinafter referred to as the **"Whistleblower"**) lodge a report to the Company which is accepted by the Company, the Company may investigate the Independent Distributor that has committed the Violations or has been alleged to committing the Violations (hereinafter collectively referred to as the **"Violating Party"**), his or her Sponsors and downlines (the Violating Party, his or her Sponsors and downlines collectively referred to as the **"Relevant Independent Distributors"**) and may also take necessary emergency measures.

4.2.2 Reporting Violations

- The Whistleblower shall specify the following in writing when lodging a report with regard to the Violations:
 - 1) The name, background information, and contact information of the Whistleblower; in the event the Whistleblower is a business entity, the name of the business entity, the relevant information of the business entity and its representatives.
 - 2) The purpose of the report and facts relating to the Violations.
 - 3) Information of the relevant evidence.
 - 4) Relevant documents.
- Where the Whistleblower fails to comply with the aforesaid reporting method, and where corrections are not possible or the Whistleblower fails to make corrections within the time limit, the Company may reject the report.

4.2.3 Procedures for Investigation of Violations

- 1) The Company shall notify the relevant Violating Party of the contents of the report lodged and inform him or her to respond in writing within fourteen (14) working days from the date of notification. If the Violating Party fails to respond within the period stipulated above, the Company may take appropriate actions in accordance with the provisions of this Business Handbook.
- 2) If the report and response do not contain sufficient facts upon which to make a decision, the Company may request for additional information needed from any party.
- 3) The Company shall make a written decision within ninety (90) working days (calculated from the day after the notice of acceptance is delivered to the Violating Party) after accepting the filing of the report, and notify the Whistleblower and the Violating Party or Relevant Independent Distributors.
- 4) Where it is apparent that the investigation procedure cannot be completed within the aforesaid period, the Company may notify the Whistleblower and the Violating Party or Relevant Independent Distributors in writing to extend the period. However, the extended period shall not exceed sixty (60) working days.

4.2.4 Notification of Decision

- The Company shall deliver the written decision to the Violating Party or Relevant Independent Distributors in accordance with the last known correspondence addresses and e-mail addresses of the Violating Party and Relevant Independent Distributors kept by the Company at the time when the decision is made.
- Where the Company delivers the written decision in accordance with the aforesaid provision, and in the event that the written decision is returned due to reasons such as rejection, failure to locate the recipient, or overdue unclaimed mails, the effective delivery date shall be the date of the first delivery.
- Once the decision is made, the Violating Party or Relevant Independent Distributors are not allowed to apply to postpone or suspend the execution of the decision on the basis that they have not received the notification of decision.

4.3 Procedures on Appeal Against the Decision

- 1) In the event the Violating Party disagrees with the Company's decision (as mentioned above), the Violating Party is entitled to request for an appeal of their case. The appeal must be submitted in writing and must be accompanied by any documents supporting this request. Only the sanctioned Violating Party can appeal and he or she must do so within fifteen (15) working days from the day after the Company's written decision is received.
- 2) The Company shall make a decision for the appeal within ninety (90) days of receiving the appeal application and notify the Violating Party or Relevant Independent Distributors of the appeal decision in writing.
- 3) The Company's original decision shall remain valid until the decision of the appeal is made.

4.3.1 Confidentiality of the Violations

- The Company shall keep the files and relevant material in relation to the Violations cases in the electronic or paper form for at least three (3) years after the cases are completed.

4.4 Advertising and Promotion

4.4.1 Use of the Company's Copyrights and Trademarks

- The advertisements and printed materials, websites, audiobooks and all copyright works to introduce the Company or to promote the products or services of Nefful International or the Company shall be uniformly produced and distributed by the Company, and their copyrights belong to Nefful International or the Company. The Independent Distributors shall comply with the terms of this Business Handbook when using the Company's catalogues, leaflets, posters and photos of the products in the Company's current catalogs. The Independent Distributors are not allowed to take any action which will infringe the Company's copyright without obtaining the Company's prior written consent.
- In order to protect the business integrity and to regulate the use of trademarks of Nefful International and the Company, the Independent Distributors can use the following words or images in the descriptions, publicity and advertisements of the Company's products:
 1. Company's name (Chinese and English name).
 2. Company's logo.
 3. Registered trademarks of Nefful International, NEORON® and Teviron.
- When the Independent Distributors use the aforesaid words or images, they shall not do the following:
 1. Using the words or images as the "domain name", "account name", "profile picture", "cover photo" or at the "about" sections or other similar sections on various networks, e-commerce, and social platforms to mislead the consumers that they are representing the Company or Nefful International;
 2. Setting up a website with the trademarks of Nefful International or the Company, or using the same as the name of an account, a society, or a group, for the purposes of recruiting others or doing any acts unrelated to the selling of the Company's products;
 3. Making exaggerated, false or misleading claims or explanations;
 4. Any form of editing or alteration amounting to infringement of the trademark rights;
 5. Any medical claims are prohibited. The Independent Distributors are not allowed to, by themselves or through any third parties, make any medical claims, or whether expressly or impliedly claiming that any products of the Company are formulated, designed or approved by the Company or by any health department of the government to treat any diseases or have any medical effects. The Independent Distributors are also not allowed to, by themselves or through any third parties, compare the Company's products to medicines, or make medicinal-related or medical claims. Any such explanations, declarations or comparisons made by the Independent Distributors by themselves or through any third parties will cause the Independent Distributors to be personally liable for any legal action;
 6. Any acts that defame the goodwill and reputation of Nefful International Group, the Company and other Independent Distributors;
 7. Use of obsolete product photos;
 8. Any acts prohibited by this Business Handbook or the Company's announcements or any other means.

- If the Independent Distributor is notified by the Company that he or she has violated the provisions of this Section, the Independent Distributor shall immediately stop his or her behavior and comply with the Company's instructions which include but are not limited to removing the products being sold and the advertisements.
- Any Independent Distributors who disagree with the foregoing notification may submit a written appeal to the Company in accordance with Section 4.3 Procedures on Appeal against the Decision or Review. During the processing period of the appeal, except with the Company's consent, the Independent Distributor shall stop his or her behavior and comply with the Company's instructions which include but are not limited to removing the products being sold and the advertisements.
- In the event of any violation of this section, the Company will not hesitate to pursue against the Independent Distributor for criminal and civil actions. The Company shall not be held liable for any damages caused to third parties. If there exists any ambiguity in this section, the Company reserves its ultimate rights to offer an explanation.

4.4.2 Important Matters Concerning the Sale of the Company's Products

- When selling the Company's products, the Independent Distributors are not allowed to make false, exaggerated or misleading claims about the Company's products information, and misrepresent the Company's products information; the Company's products are not medicines or medical equipment, when selling the Company's products, there shall not be labelled with any words and sentences indicating any medical effects for named diseases, or any printed publicity, advertisements, and business cards that claim that the products have medical effects.

4.4.3 Guiding Principles Concerning Income Claims

- Independent Distributors shall note the following when making income claims:

1. Misleading Income Claims are Prohibited

Even though it is important to have reasonable and realistic expectations on the possible income of an Independent Distributor, the Independent Distributors shall not expressly or impliedly make any false or misleading claims about the income potentials, including any form of guaranteed income. The Independent Distributors are also not allowed to show the original or photocopy of the cheques for payment of commissions or any other records of the payment of commissions.

2. Requirements of Claims Concerning Lifestyle and Income

If the conditions listed below are complied with, the Independent Distributors can only make claims concerning lifestyle (for example: the business I run allows me to achieve time freedom, financial freedom, quit my job, buy a new house, etc.), or make income claims relating to the commissions, pin title, or direct selling business:

- (1) The information must be accurate and not misleading;
- (2) The information must be based on the Independent Distributors' experience and the actual commissions and pin title, or the experience, commissions and pin title of the Independent Distributors' direct Sponsors or downlines;
- (3) The Independent Distributors must also disclose the overview of the latest compensation plan for Independent Distributors which is directly related to the commissions claims.
- (4) If the Independent Distributors make claims relating to "revenue" or "profit" instead of "commission" or "compensation", the Independent Distributors must deduct the amount that the Independent Distributors spent to obtain these incomes;
- (5) If the Independent Distributors make any claims relating to the commissions and pin title, the Independent Distributors must specify that the above amount is the total amount before deducting any business-related expenses.

4.4.4 Guiding Principles for Advertisements and Promotions

4.4.4.1 Prohibition on Utilizing Mass Media for Advertisements

- Except otherwise provided in this Business Handbook or approved by the Company, the Independent Distributors are not allowed to use any form of media (including but are not limited to television, radio or any print, electronic, or online media) to promote, publicize, sell the Company's products or promote business opportunities. Unless otherwise stipulated in this Business Handbook or approved by the Company, the Independent Distributors are only allowed to promote using personal contact or using publications produced and distributed by the Company or publications produced and distributed by the Independent Distributors in accordance with the Rules of Conduct of Independent Distributors.
- In jurisdictions where the said promotion is allowed, the Independent Distributors can promote general business opportunities, but they must still do so in a manner that complies with the Company's Rules of Conduct of Independent Distributors.

4.4.4.2 Media Interviews

- Without the Company's prior written consent, the Independent Distributors are not allowed to promote or sell the Company's products or promote business opportunities through interviews with any media, news reports, or any other sources of public, business, or industry information.
- Independent Distributors are not allowed to accept media interviews on behalf of the Company, and cannot claim that they have been authorized by the Company to accept interviews on behalf of the Company.

4.4.4.3 Distribution of Advertisement Materials

- All promotional materials, including but are not limited to advertising leaflets, business cards, and the Company's business support materials, can only be delivered by way of personal contact.
- Promotional materials are not allowed to be posted in public places, placed on parked vehicles, put into mailboxes, or mailed or faxed in large quantities, or distributed by any other means of non-personal contact.

4.4.4.4 Rules and Etiquette for Using Social Media

- The Company agrees that Independent Distributors may utilise social media for making product statements, explanation of the products' effectiveness and personal testimonials for the products.
- Independent Distributors shall comply with the following rules when using social media for aforesaid purposes:
 1. Only the Company's product statements can be used, and no personal statement can be added.
 2. Only general description of the effectiveness of the Company's products are allowed and must comply with the relevant laws and regulations.
 3. Share successful personal testimonials for the products, and shall not make any illegal, inappropriate, or false personal testimonials for the products.
 4. For health-related issues, consumers shall be advised to consult medical and healthcare institutions.
 5. Company's names, trademarks, words of the logo are not allowed to be used as the name of social media accounts, nicknames, group names, fan page names; names which are similar to the Company names, trademarks, and logos are also not allowed to be used as the names of social media accounts, nicknames, group names and fan page names.
 6. The Company's logo or any of the Company's copyrighted works (including but are not limited to pictures and photographs) are not allowed to be used as personal profile picture, group profile picture, and picture of a fan page on social media.
 7. Apart from the above matters, there must not be any conduct that may cause the general public to misunderstand that the social media is established by the Company, or any conduct that may cause the general public to mistakenly believe that the statements on the social media are made on behalf of the Company.
 8. It is not allowed to describe or imply that the Company's products can treat, cure or prevent any diseases, or make any claims concerning medical effects.
 9. The effects of the products shall not be exaggerated, misrepresented, or fabricated.
 10. Words or actions that damage or affect the Company's reputation or goodwill are not allowed.

4.5 Important Matters Concerning Online Sales

1. The Company's products are sold directly by the Company's Independent Distributors to the consumers who are the users the products. The Company's products are not allowed to be provided, transferred, sold, or distributed to others via sales channels not approved by the Company.
2. Independent Distributors shall identify the flow of the sale of products and provide good after-sales services. For others or purchasers with abnormal purchase behavior or purchase quantity, they shall immediately notify the Company, and shall remind other downlines of the organization to comply with this rule of conduct.
3. The Independent Distributors selling the Company's products shall improve the efficiency or quality of pre-sales services and must not sell the Company's products at lower prices by reducing the efficiency or quality of pre-sale services.
4. The Independent Distributors are not allowed to sell the Company's products via sales channels that are not approved by the Company, nor are they allowed to import any products of Nefful International claiming or with the label "Nefful" and any other products with the trademarks of "Nefful", NEORON® and Tevion etc. from the markets other than where the business premises of the Company and Nefful International are located and sell the same in the market where the business premises of the Company and Nefful International are located, nor are they allowed to conduct themselves as purchasing agents.

4.6 Important Matters Concerning Physical Stores

- Any Independent Distributors who sell the Company's products in physical stores shall not confuse others to mistake their stores for the Company's stores or that they have the rights to represent the Company.
- Any Independent Distributors selling the Company's products in physical stores shall comply with the provisions in Section 4.4 Advertising and Promotion and other provisions in this Business Handbook.

4.7 Disciplinary Actions

- When Independent Distributors violate this Business Handbook, the Company's business strategy, any contracts with the Company, the Company's business policy, the Company's announcements, publicity or communication, the Fair Trade Act, the Multi-Level Marketing Supervision Act or other relevant laws and regulations, depending on the severity of the violation in the individual case, the Company may take one or more of the following actions against the violating Independent Distributors:
 1. Terminate the distributorship of the Independent Distributors;
 2. The Independent Distributors are perpetually banned from the Company;
 3. Partial or full suspension of rights of the Independent Distributors;
 4. Suspension of distribution, forfeiture, recovery of commissions and other benefits;
 5. Cancel the pin title;
 6. Other sanctions deemed appropriate by the Company.
- Even if there contain other rules for sanctions in this Business Handbook, the Company must still make appropriate sanctions in accordance with this section.

4.8 Tax Regulations

4.8.1 Income Tax Filing

1. The Company is required to electronically submit the information on the commission earned and benefit in kind received by the independent distributors to the Internal Revenue Service (IRS) annually.
2. When commissions are generated for foreigners residing locally in various countries, taxes must be withheld in accordance with the applicable laws.
3. As of Income Tax filing year 2020, distributors will receive a different tax form based on the following criteria:
 - (a) 1099-NEC: Independent Distributor with SSN has received an annual commission total of at least \$600 US\$ in the USA.
 - (b) 1099-MISC: Distributor has purchased at least \$5000 US\$ in products
 - (c) 1042-S: Independent Distributor without SSN has earned commission in the USA.

※ Subject to change in accordance with IRS issued requirements.

4.8.2 Guiding Principles on Tax Submission for Independent Distributors Conducting Business Through a Business Entity

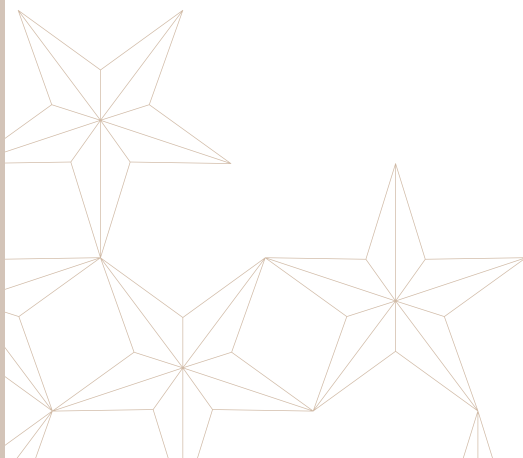
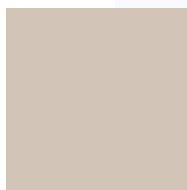
- Where Independent Distributors operate their business through a business entity, invoices must be issued and pay the business entity's income tax in accordance with the law.

4.9 Right to Amend

- In response to changes in market structure, laws and regulations, or other needs, the Company may amend this Business Handbook, any documents provided by the Company to the Independent Distributors, the Company's policies and systems, and related procedures. Except for text additions and deletions without changing the original meaning or where the changes are made only to the sequence of the clauses, the revisions may be notified to the Independent Distributors by the Company via words, writing, telephone calls, text messages, emails, faxes, e-newsletter, announcements on the Company's official website or any other means that are sufficient to make the same known to the Independent Distributors. Independent Distributors agree to and comply with the foregoing amendment by signing the Independent Distributorship Agreement.
- For all litigation or non-litigation procedures arising from this contract, the Taiwan Taipei District Court shall be the court of first instance, but all disputes shall try to be resolved by settlement first.
- This Business Handbook is available in both Chinese and English. If there are any differences between the Chinese and English versions, the English version will prevail.
- The Company reserves the right to amend the contents stipulated in this Business Handbook.



CHAPTER FIVE





Compensation Plan for Independent Distributor

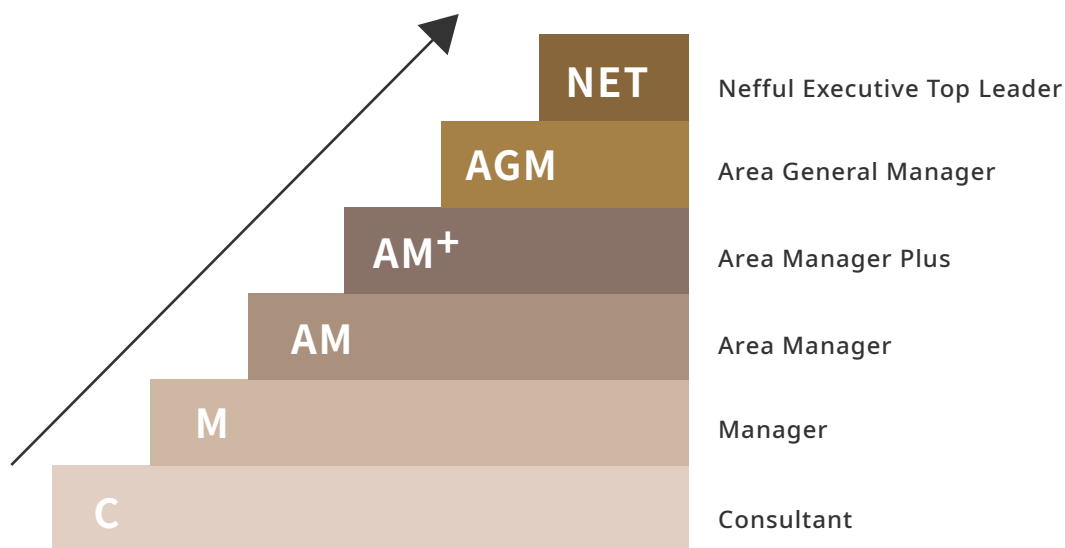


CHAPTER 5

Compensation Plan for Independent Distributor

5.1 Structure of the Direct Sales Organization

- There are six ranks at Nefful Internationals: Consultant, Manager, Area Manager, Area Manager Plus, Area General Manager and Nefful Executive Top Leader. Independent Distributors will be advanced based solely on their organization and sales volume, and duration of their participation is inconsequential.
- For those who want to join Nefful International's businesses outside their registered country, they must complete the International Sponsorship Agreement.
- Sales volume of title advancement is based on New Taiwan Dollar (NT\$). The sales volume exchange rate to to USD is 30:1.
- All the sales volume in this handbook has been converted to USA sales volume.
- The Company reserves the right to amend the sales volume exchange rate.



5.2 Types of Commission

- Organization Bonus, Leadership Bonus, AGM Incentive Bonus, Nefful Executive Top Leader Bonus.

5.3 Commission Payment Schedule

- The commission of an Independent Distributor shall be directly transferred to the Independent Distributor's bank account on the 10th of the following month.
- If the Independent Distributor does not provide information on direct deposit, the commission will be retained by the Company for a maximum of two (2) years, and any uncollected commission after the two (2) year period will be deemed forfeited.

5.4 Calculation of Commission

- The commission of an Independent Distributor is calculated monthly based on his or her pin title and sales volume of the Independent Distributor's organization.
- The calculation period of monthly sales volume is from the first day of the month to the sales closing day of the same month.
- Immediately after a title advancement, the commission percentage will remain the same until the effective date of said title advancement, all sales volume prior to said effective date will still be calculated based on the Independent Distributor's previous pin title.

5.5 Important Matters Concerning Collection of Commission

- Nefful International's business entities all over the world adopt a single organization system irrespective of nationality, that is regardless of country (Taiwan, the United States, Hong Kong, Malaysia, Singapore), all organizations of Independent Distributors adopt a single upline and downline organizational relationship. An Independent Distributor must, upon the completion of the International Sponsorship Agreement in a specific country, obtain the identity as the Independent Distributor of that specific country and be entitled for commission. An Independent Distributor who has failed to enter into an International Sponsorship Agreement in that specific country will not be recognized as an Independent Distributor in that country and shall not be entitled to calculation of commission, as such there are no issues of an Independent Distributor receiving commission on behalf of others and the retention of commission. Independent Distributors before promoting in any region must comply with the region's registration procedures in accordance with the Company's regulations. If registration was only done later, the Independent Distributor cannot request the Company to reissue commission that did not exist prior to the registration.
- The "Anti-Pyramid Promotional Scheme Act" regulated by the Direct Selling Association of the United States and the recommendations of the legal advisory team of Nefful USA Inc.:
 - Those who have a United States Social Security number and want to receive commission in the United States must obtain a personal sales volume of more than 20 in Nefful USA Inc for that particular month.
 - Independent Distributors from other regions who do not have a United States Social Security Card number must obtain a personal sales volume of more than 20 at any company of Nefful International outside the United States to be entitled for commission in the United States.
- If there is any change of the Independent Distributor's name, mailing address, permanent address, contact number, bank account, and email address, the Independent Distributor is required to update such personal information at the member portal on the Company's official website or contact the Company to do so in order to protect their own rights.
- Commissions are earned and calculated based on sales volume. Sales Volume includes retail sales to end users outside of the network and also includes personal purchases for reasonable consumption.

5.6 Requirements for Advancement of Title

Pin Title Upon Advancement	Development of Direct Downline	Sales Volume
Consultant(C) → Manager(M)	-	5,000 / 3 month
Manager(M) → Area Manager(AM)	2 Managers (M)	20,000 / 3 month
Area Manager(AM) → Area Manager+(AM+)	2 Area Managers (AM)	-
Area Manager Plus(AM+) → Area General Manager(AGM)	5 Area Managers (AM)	200,000 / 1 month
Nefful Executive Top Leader(NET)	-	33.34 million / 1 year

* 5,000 / 3 months: Achieve "C Organization Volume" of 5,000 within three (3) months

* 20,000 / 3 months: Achieve "M Organization Volume" of 20,000 within three (3) months

* 200,000 / month: Achieve "AM Organization Volume" of 200,000 within one (1) month

※ Important Notes:

1) Sales Volume accumulated internationally will be taken into account for title advancement.

2) The pin title after advancement is applicable in every business site where International Sponsorship Agreement has been processed.

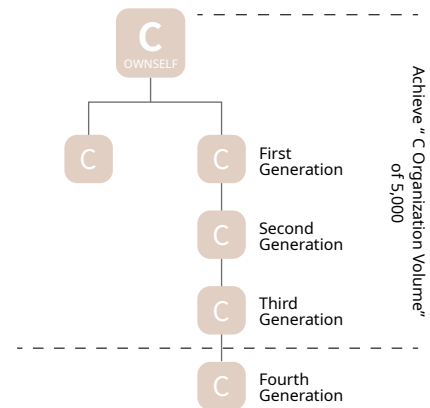
3) The entitlement for commission will only commence after the date of advancement.

5.6.1 Advancement to Manager



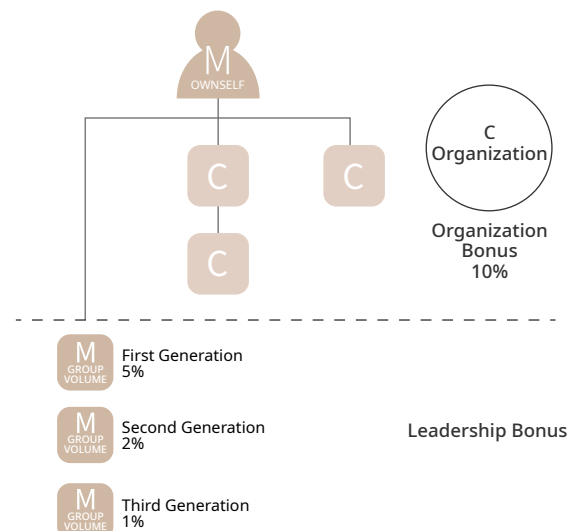
Consultant ► Manager

- Any Consultant who fulfills the following requirement will be advanced to "Manager" on the following day:
 - Achieve "C Organization Volume" of 5,000 within three (3) months



5.6.2 Commission for Manager

- Manager's Organization Bonus:
 - 10% of M Group Volume for the particular month
- Manager's Leadership Bonus:
 - 5% of First Generation M Group Volume for the particular month
 - 2% of Second Generation M Group Volume for the particular month
 - 1% of Third Generation M Group Volume for the particular month



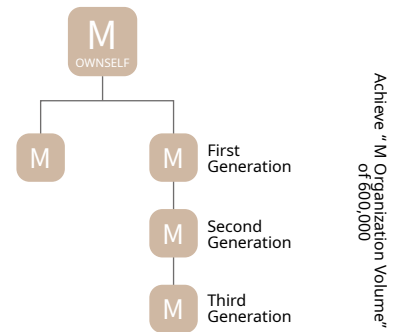
5.6.3 Advancement to Area Manager



- Any Manager who fulfils the following requirements will be advanced to "Area Manager" on the following day:
 - 1) Develop two (2) or more "direct downline Managers"
 - 2) Achieve "M Organization Volume" of 20,000 within three (3) months

※Important Note:

Manager who fulfils the requirements of 1) and 2) above will advance to Area Manager on the following day.



5.6.4 Commission for Area Manager

- Organization Bonus of Area Manager:
 - 25% on all the Organization Volume achieved by himself or herself or his or her direct downline Consultants in the particular month.
 - 15% of his or her downline M Group Volume in the particular month.

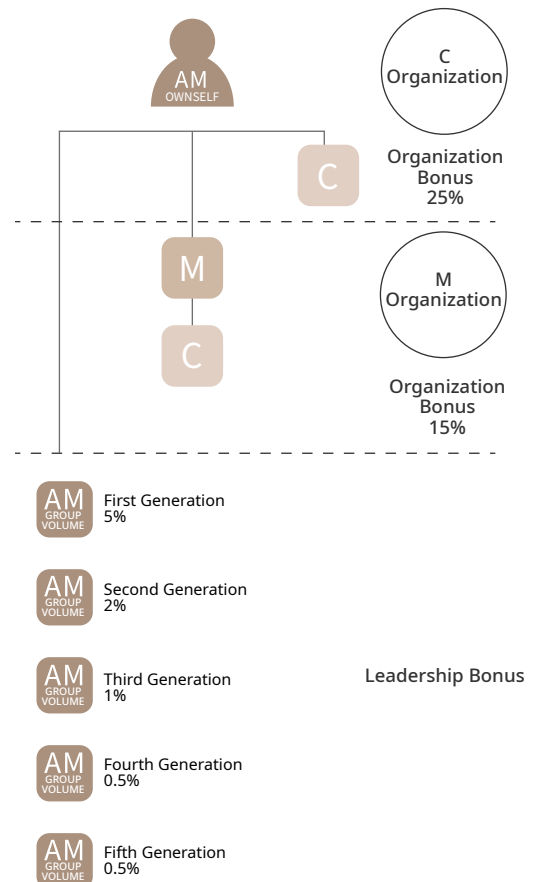
※ Important Notes:

If a Manager in the Area Manager's organization developed another Manager and is entitled to Leadership Bonus, such Leadership Bonus shall be deducted from the Area Manager's Organization Bonus.

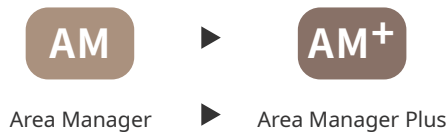
- Leadership Bonus of Area Manager:
 - 5% of First Generation AM Group Volume in the particular month
 - 2% of Second Generation AM Group Volume in the particular month
 - 1% of Third Generation AM Group Volume in the particular month
 - 0.5% of Fourth Generation AM Group Volume in the particular month
 - 0.5% of Fifth Generation AM Group Volume in the particular month

- Entitlement for Payout of Leadership Bonus:

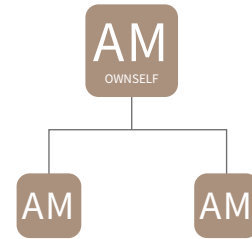
- 1) An Area Manager will be entitled for the Leadership Bonus during the month of his or her title advancement and the subsequent five (5) months. From the 7th month onwards, he or she has to achieve a Group Volume of 5,000 for a period of six (6) months (excluding International Total Volume) to be entitled for the Leadership Bonus. If the Area Manager fails to fulfil the abovementioned requirement, his or her Sponsor (Area Manager or Area Manager Plus or Area General Manager) who has met such requirement will be entitled to the Leadership Bonus.
- 2) An Area Manager who has achieved the AM Group Volume of 5,000 in any of the Nefful International business premises in Taiwan, the United States, Hong Kong, Malaysia or Singapore who concurrently has sales volume in any one of the other four countries will be entitled to Leadership Bonus in that country.



5.6.5 Advancement to Area Manager Plus



- Any Area Manager who develops two direct downline Area Managers will be advanced to "Area Manager Plus" on the following month.



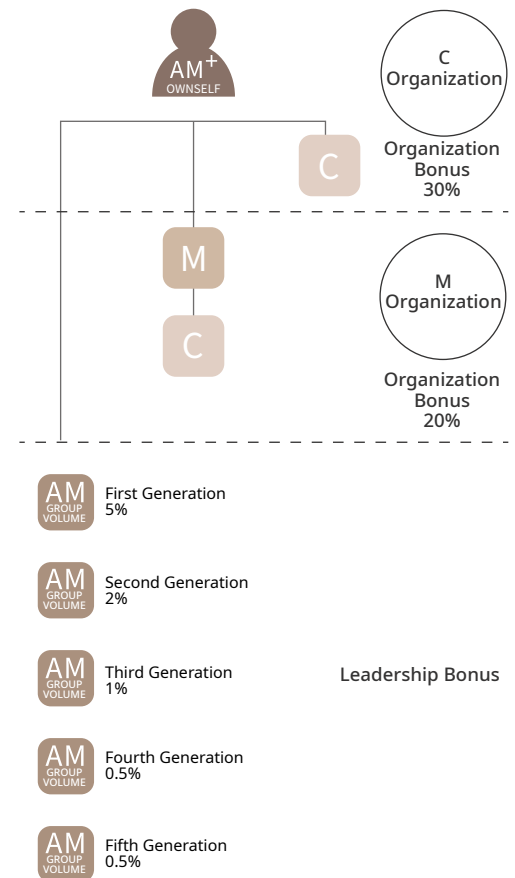
5.6.6 Commission for Area Manager Plus

- Organization Bonus of Area Manager Plus:
 - 30% on all the Organization Volume achieved by himself or herself or his or her direct downline Consultants in the particular month.
 - 20% of downline "M Group Volume" in the particular month.

※ Important Notes:

If a Manager in the Area Manager Plus's organization develops another Manager and is entitled for Leadership Bonus, such Leadership Bonus shall be deducted from the Area Manager Plus's Organization Bonus.

- Leadership Bonus of Area Manager Plus:
 - 5% of First Generation AM Group Volume in the particular month
 - 2% of Second Generation AM Group Volume in the particular month
 - 1% of Third Generation AM Group Volume in the particular month
 - 0.5% of Fourth Generation AM Group Volume in the particular month
 - 0.5% of Fifth Generation AM Group Volume in the particular month
- Entitlement of Leadership Bonus Payout:
 - An Area Manager Plus will be entitled to Leadership Bonus of his or her downline organization by achieving a Group Volume of 5,000 for a period of six (6) months. (excluding International Total Volume). If the Area Manager Plus fails to fulfil the abovementioned requirement, his or her Sponsor (Area Manager or Area Manager Plus or Area General Manager) who has met such requirement will be entitled to the Leadership Bonus.
 - An Area Manager Plus who has achieved the AM Group Volume of 5,000 in any of the Nefful International business premises in Taiwan, the United States, Hong Kong, Malaysia or Singapore who concurrently has sales volume in any one of the other four countries will be entitled to Leadership Bonus in that country.



5.6.7 Advancement to Area General Manager

AM⁺

Area Manager Plus



AGM

Area General Manager

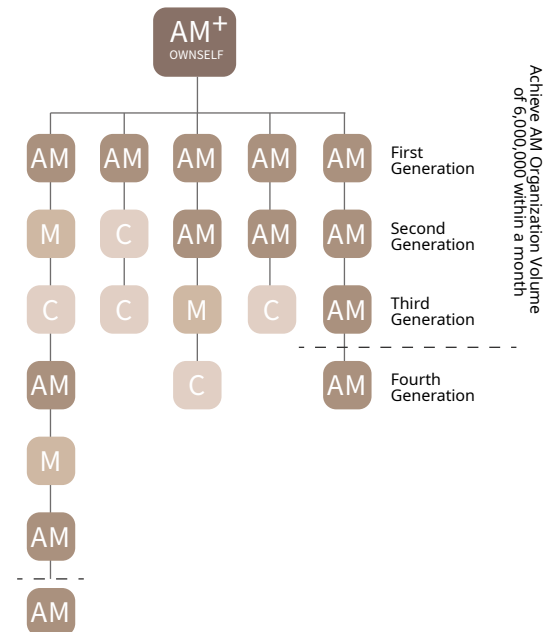
- Area Manager Plus who fulfils the following requirements will be advanced to "Area General Manager" on the following month:
 - 1) Develop 5 or more "direct downline Area Managers".
 - 2) The Area Manager Plus must submit the AGM Title Advancement Form to the Company one (1) month before he or she challenges the title advancement of Area General Manager.
 - 3) After the development of five (5) direct downline Area Managers, the Area Manager Plus must achieve an of 200,000 in the following month.

※Important Notes:

The Area Manager Plus shall fulfil the 1st and 2nd requirements before proceeding to fulfil the 3rd requirement on the following month.

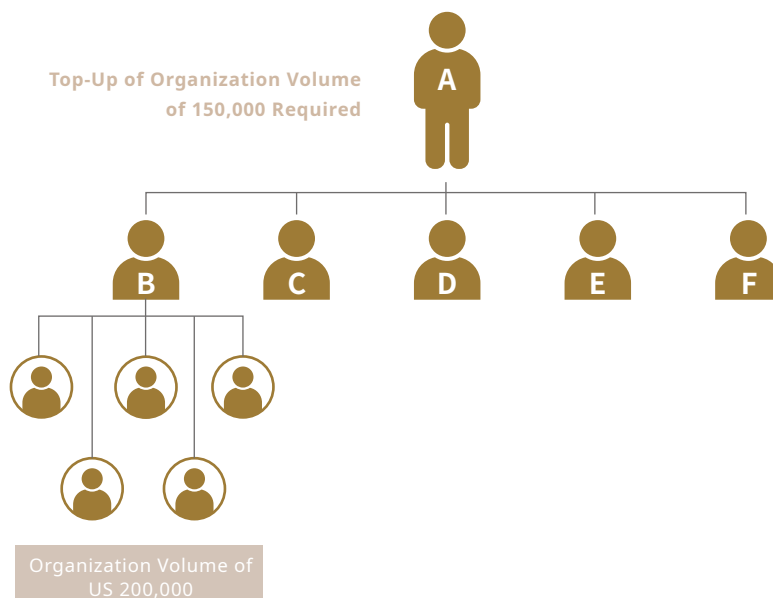
Example: An Area Manager Plus intends to be advanced to Area General Manager in June, five (5) or more direct downline Area Managers must have been developed before May.

He or she must also submit the AGM Title Advancement Form before 10 May and achieve an Organization Volume of 200,000 in June, only then he or she will be advanced to Area General Manager on 1 July.



5.6.8 Requirements for Concurrent Advancement

- Save for fulfilling the 1st to 3rd requirements of clause 5.6.7, if an Area Manager Plus intends to be advanced to Area General Manager concurrently with his or her direct downline Area Manager Plus, he or she needs to achieve an Organization Volume of 150,000. Such volume shall not include the Organization Volume of his or her direct downline Area Manager Plus whom he or she intends to advance concurrently.



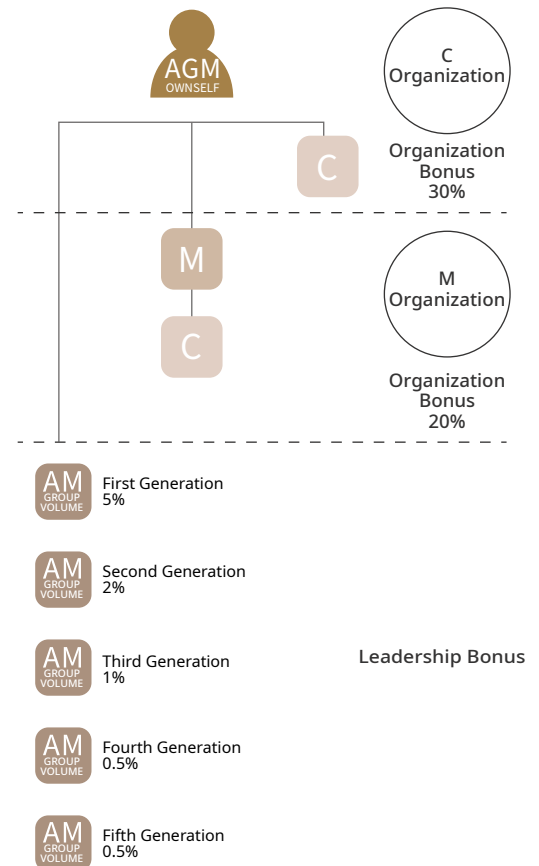
5.6.9 Commission for Area General Manager

- Organization Bonus of Area General Manager:
 - 30% on all the Organization Volume achieved by himself or herself or his or her direct downline Consultants in the particular month.
 - 20% of downline "M Group Volume" in the particular month.

※Important Notes:

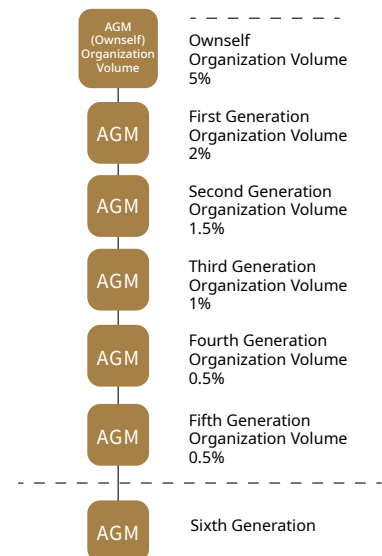
If a Manager in the Area General Manager's organization developed another Manager and is entitled for Leadership Bonus, such Leadership Bonus shall be deducted from the Area General Manager's Organization Bonus.

- Leadership Bonus of Area General Manager:
 - 5% of First Generation AM Group Volume in the particular month
 - 2% of Second Generation AM Group Volume in the particular month
 - 1% of Third Generation AM Group Volume in the particular month
 - 0.5% of Fourth Generation AM Group Volume in the particular month
 - 0.5% of Fifth Generation AM Group Volume in the particular month
- Entitlement for Payout of Leadership Bonus:
 - 1) An Area General Manager will be entitled to Leadership Bonus during the month of his or her title advancement and the subsequent five (5) months. From the 7th month onwards, he or she has to achieve a Group Volume of 5,000 for a period of six (6) months (excluding International Total Volume) to be entitled to the Leadership Bonus. If the Area General Manager fails to fulfil the abovementioned requirement, his or her Sponsor (Area Manager or Area Manager Plus or Area General Manager) who has met such requirement will be entitled to the Leadership Bonus.
 - 2) An Area General Manager who has achieved the Group Volume of 5,000 in any of the Nefful International business premises in Taiwan, the United States, Hong Kong, Malaysia or Singapore who concurrently has sales volume in any one of the other four countries will be entitled to Leadership Bonus in that country.



AGM Incentive Bonus

- Area General Manager Incentive Bonus:
 - 5% of AGM (Ownself) Organization Volume* in the particular month
 - 2% of First Generation AGM Organization Volume in the particular month
 - 1.5% of Second Generation AGM Organization Volume in the particular month
 - 1% of Third Generation AGM Organization Volume in the particular month
 - 0.5% of Fourth Generation AGM Organization Volume in the particular month
 - 0.5% of Fifth Generation AGM Organization Volume in the particular month



• Entitlement of Area General Manager Incentive Bonus Payout:

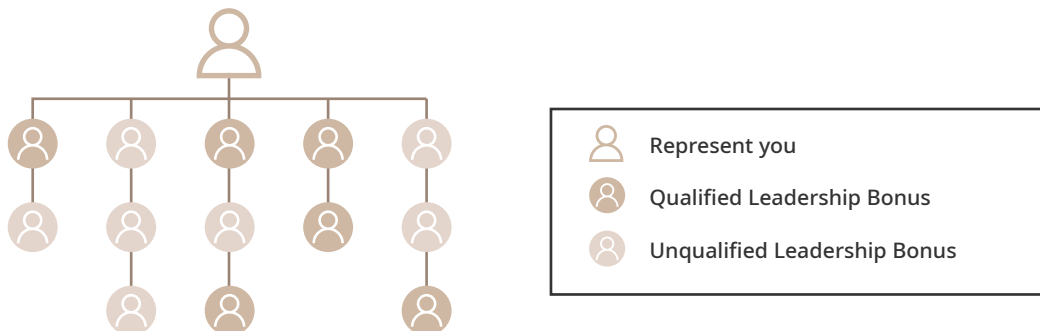
Area General Manager (Ownself) Organization Volume		No. Of Active Direct Downline Area General Manager					
Entitlement of Area General Manager Incentive Bonus	US\$	0	1	2	3	4	>5
	20,000 & above	100%					
	10,000 & above	75%	100%				
	5,000 & above	50%	75%	100%			
	1,666 & above	25%	50%	75%	100%		
	833 & above	0%	25%	50%	50%	100%	
	Some Sales Volume Accumulated	0%	0%	0%	25%	50%	100%
	No Sales Volume	0%	0%	0%	0%	0%	0%
Not entitled for Area General Manager Incentive Bonus		0%	0%	0%	0%	0%	0%

Note: Percentage (%) → The percentage of Area General Manager Incentive Bonus entitlement.

※Important Notes:

- 1) The Area General Manager must also be eligible for the Leadership Bonus for the particular month in order to qualify for Area General Manager Incentive Bonus.
- 2) The Area General Manager must achieve the sales volume requirement of the particular country for the Area General Manager Incentive Bonus entitlement.
- 3) In order to be entitled to commission from respective country, the Independent Distributor must meet the sales volume requirement of that country.
- 4) Active Direct Downline Area General Manager refers to first generation Area General Manager who is eligible for the Leadership Bonus in the particular month (The Area General Managers are able to achieve a Group Volume of 5,000 for a period of six (6) months [excluding International Total Volume]). In the event that the first generation Area General Manager of a particular line is ineligible for the Leadership Bonus, the "Active Direct Downline Area General Manager" requirement can still be fulfilled so long as any subsequent Area General Manager of the same downline becomes eligible for the Leadership Bonus for the particular month.

Example of First Generation Active Direct Downline Area General Manager (Qualification Requirements)



There are only four (4) First Generation AGMs considered as being active



(Overview of eligible First Generation Active AGM)

5.6.10 Advancement to Nefful Executive Top Leader



- An Area General Manager who has achieved a total annual sales volume of 3.34 million will be advanced to “Nefful Executive Top Leader” in January of the following year:
- The period for accumulation of annual sales volume is from January to December of the current year
- The advancement of Area General Manager to Nefful Executive Top Leader is based on annual sales volume. A Nefful Executive Top Leader will not be able to maintain his or her title if he or she fails to achieve the requisite annual sales volume.
- The annual sales volume accumulation is calculated as follows:
 - AGM (Ownself) Organization Volume $\times 100\%$
 - First Generation AGM Organization Volume $\times 60\%$
 - Second Generation AGM Organization Volume $\times 40\%$
 - Third Generation AGM Organization Volume $\times 20\%$

5.6.11 Commission for Nefful Executive Top Leader

- Nefful Executive Top Leader Bonus:
 - 1) 0.5% of the total monthly sales of the particular country shall be allocated to each Nefful Executive Top Leader proportionately.
 - 2) Calculation and distribution of Nefful Top Executive Leader Bonus:
 - Total Organization Volume achieved by each Nefful Executive Top Leader in the respective country in prior year $\div$ “Total”
 - Total Organization Volume achieved by Nefful Executive Top Leader in the respective country in prior year = Ratio of Nefful Executive Top Leader Bonus
 - 3) The Nefful Executive Top Leader Bonus of each country is calculated and distributed separately.

【Example】

There are 3 Nefful Executive Top Leaders with respective total annual sales volume listed below for the year. How much will be the Nefful Executive Top Leader Bonus received by each Nefful Executive Top Leader if the local country sales of this month are US\$ 8.34 million?

Nefful Executive Top Leader A: achieved Organization Volume of 16.67 million in the local country in the prior year

Nefful Executive Top Leader B: achieved Organization Volume of 10 million in the local country in the prior year

Nefful Executive Top Leader C: achieved Organization Volume of 6.67 million in the local country in the prior year

【Answer】

Local country sales of this month are US\$ 8.34 million

$\text{US\$ } 8.34 \text{ million} \times 0.5\% = \text{US\$ } 416,666$

US\$ 416,666 will be the total payout to “all” Nefful Executive Top Leader Bonus for the current month.

$\text{Nefful Executive Top Leader A (16.67 million)} + \text{Nefful Executive Top Leader B (10 million)} + \text{Nefful Executive Top Leader C (6.67 million)} = 33.34 \text{ million}$

Ratio of distribution of Nefful Executive Top Leader bonus for the current year:

$\text{Nefful Executive Top Leader A} \rightarrow 16.67 \text{ million} \div 33.34 \text{ million} = 0.5$

$\text{Nefful Executive Top Leader B} \rightarrow 10 \text{ million} \div 33.34 \text{ million} = 0.3$

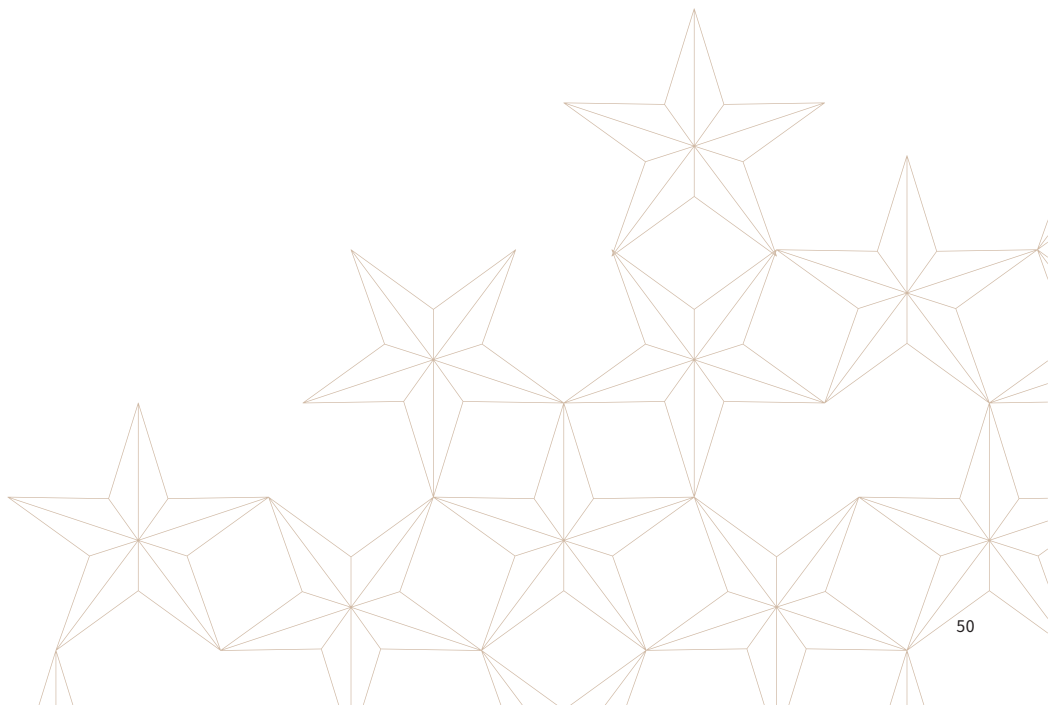
$\text{Nefful Executive Top Leader C} \rightarrow 6.67 \text{ million} \div 33.34 \text{ million} = 0.2$

Bonus to be received by each Nefful Executive Top Leader for the current month:

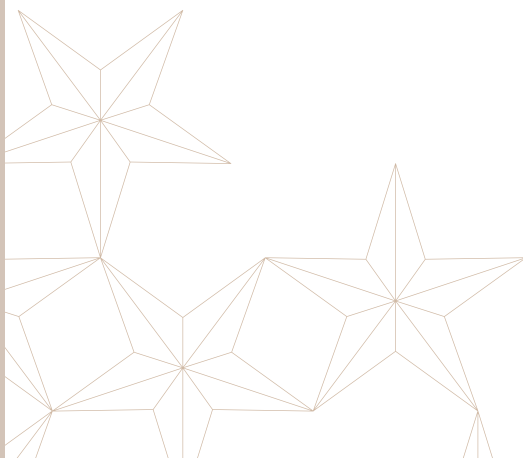
$\text{Nefful Executive Top Leader A} \rightarrow \text{US\$ } 416,666 \times 0.5 = \text{US\$ } 20,833$

$\text{Nefful Executive Top Leader B} \rightarrow \text{US\$ } 416,666 \times 0.3 = \text{US\$ } 12,500$

$\text{Nefful Executive Top Leader C} \rightarrow \text{US\$ } 416,666 \times 0.2 = \text{US\$ } 8,333.34$

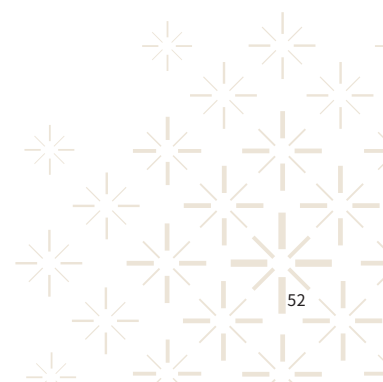


CHAPTER SIX





Glossary of Defined Terms



CHAPTER 6

Glossary of Defined Terms

Company	Refers to Nefful International, including its domestic and overseas business premises, which adopts a direct sales business model.
Independent Distributor(s)	Any persons who may earn commissions, bonuses and other benefits by engaging in the plans of a multi-level marketing enterprise and promoting or selling goods or services, and who may earn commissions, bonuses and other benefits by introducing other persons to participate, to promote, sell goods or services or to introduce more persons.
Sponsor(s)	An Independent Distributor who successfully recruited another person to become an Independent Distributor under his or her distributorship.
International Sponsorship	Refers to the Independent Distributors who have applied for overseas distributorships and have received the right to sell the products in the said market and introduce others to participate.
Distributor Kit	The only product to be purchased by the Independent Distributors to assist them in developing and conducting their direct selling business.
Business Entities Registration	Refers to any business entity, such as a company, partnership, limited liability company, trust institution, or other business organization legally established according to the location of that organization.
Income	1) Self-Employed Income Refers to the commissions awarded by the Company by virtue of the Independent Distributor achieving the requirements of the Compensation Plan, in which the Independent Distributor has achieved the same by guiding, sponsoring and developing his/her downline whom has accumulated sales via purchase. 2) Other Income: Refers to the commissions derived from the personal purchase by the Independent Distributors, in which unnecessary expenditures can be deducted.
Spouse Joint Distributorship	Refers to the combined distributorship of a husband and a wife with one as the main representative and the other one as the supplementary representative to jointly operate the distributorship, but the husband and wife must be of the same organization.
Inheritance of Distributorship	Refers to the distributorship right belonging to the Independent Distributor which can only be inherited if the Independent Distributor is an Area General Manager.

Transfer of Distributorship	Refers to the transfer of all distributorship rights to others.
Stockpiling	It means that Independent Distributors should determine the purchase quantity based on reasonably estimated retail sales as well as personal needs.
Product Statement	Refers to a statement about the nature or efficacy of the product.
Re-purposed products	Refers to a new product which is modified, tailored, with added patterns or designs etc., with the Company's product as the material, which is different from the original product. "Different" is not limited to the change in the purpose but also include the change in the appearance of the product.
Rescission of Agreement	Refers to a situation when a legal or contractual right to terminate the contract arises after the formation of a legal relationship, the party with the right to rescind the contract may do so and render the contract void and invalid.
Termination of Agreement	Refers to a situation when a legal or contractual right to terminate the contract arises after the formation of a legal relationship, the party with the right to terminate the contract may do so and render the contract invalid after termination (the validity of the contract before termination is not affected).
Incentivized Programs	Refers to the incentive programs or activities organized by the company such as domestic and overseas incentive tours, lectures, and banquets which are not within the Compensation Plan.
Commission	Refers to the remuneration paid to Independent Distributors by the Company based on the total number of products sold by the Independent Distributors and their organizations in compliance with all provisions of the Compensation Plan. The Commission is paid on a monthly basis.
Sales Volume	Refers to the value assigned to each product that is used as the basis for calculating commission. The Sales Volume will always be higher than the Sales Price (Net Amount). The commissions are earned and calculated based on sales volume. Sales Volume includes retail sales to end users outside of the network and also includes personal purchases for reasonable consumption.
Compensation Plan	Refers to the Company's policies and requirements for the payment of commission to Independent Distributors.
Direct Selling Organization	Refers to the multi-level business model of upline and downline system, developed by the Independent Distributors based on the Company's Business Handbook. The upline and downline organizations including all their rights belong to the Company.
Title Advancement	Refers to promotion from one level to a higher level.
Concurrent Promotion	Refers to promotion at the same time for the upline and downline within the same organization.

Pin Title	Pin Title in Chinese	Pin Title in Chinese	Simplified Pin Title in Chinese	Pin Title Abbreviation in English
	專員	Consultant	專員	C
	經理	Manager	經理	M
	區域經理	Area Manager	區經	AM
	高級區域經理	Area Manager Plus	高區	AM ⁺
	區域總經理	Area General Manager	區總	AGM
	超級領袖	Nefful Executive Top Leader	領袖	NET

C Organization Volume Refers to the total sales volume of the Independent Distributor himself or herself and his or her downline Consultants up to three generations.

M Group Volume Refers to the total sales volume of the Independent Distributor himself or herself and his or her downline Consultants excluding downline Managers.

M Organization Volume Refers to the total sales volume of the Independent Distributor himself or herself and his or her downline Managers' organization up to three generations.

AM Group Volume Refers to the total sales volume of the Area Manager or Area Manager Plus or Area General Manager and their Consultants and Managers excluding their downline Area Manager or Area Manager Plus or Area General Manager.

AM Organization Volume Refers to the total sales volume of the Area Manager or Area Manager Plus himself or herself and his or her downline organization of Area Manager or Area Manager Plus within three generations.

AGM Organization Volume Refers to the total sales volume of the particular month of the Area General Manager and its downline Consultants, Managers, Area Managers and Area Managers Plus in the same country excluding the downline Area General Manager (and its downlines).

Group Volume for Six (6) Months Refers to the AM Group Volume of the particular month plus the AM Group Volume of the previous five (5) months in the same country and region, the total sales volume of the six-month period.

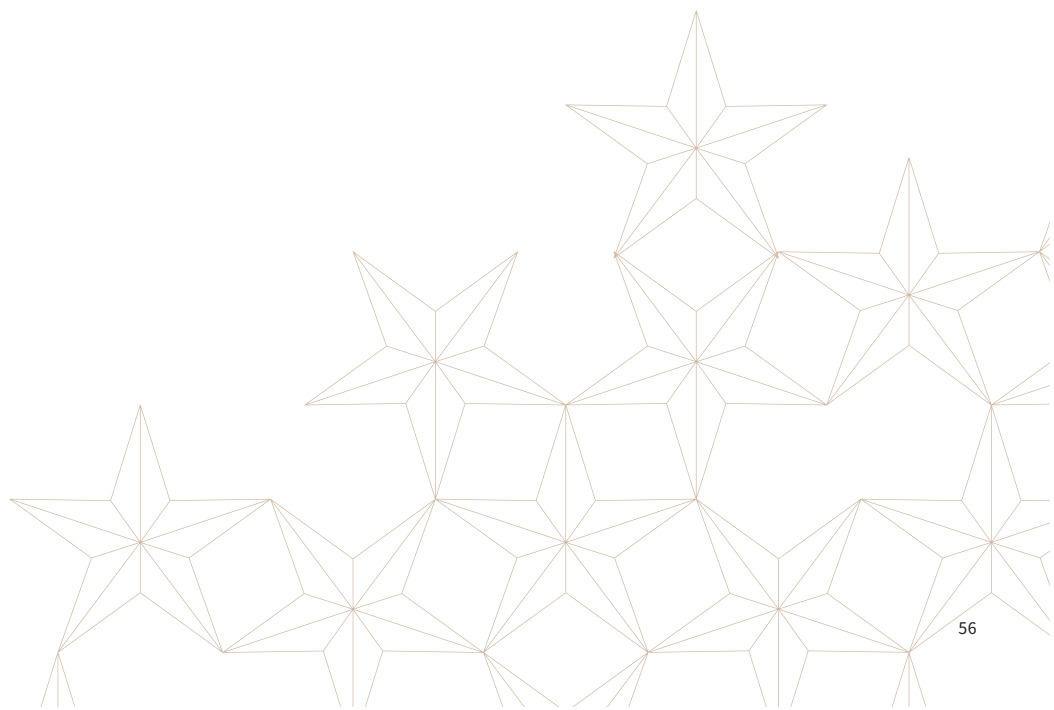
Direct Downline First Generation Downline.

International Total Volume Total sales volume accumulated from every country.

Active Direct Downline AGM The Direct First Generation Area General Manager who has fulfilled the requirements to obtain Leadership Bonus for the particular month (he or she has to achieve a Group Volume of 5,000 for a period of six (6) months [excluding International Total Volume]).

Level Refers to the relative position of the Independent Distributors in a direct upline and downline relationship within the same organization, regardless of pin title. Each time a new Independent Distributor is recruited, it is considered a new level.

Generation Refers to the development of a downline within the organization by the Independent Distributor; any downlines who are holding a pin title below the Independent Distributor himself or herself are considered as zero generation; if the Independent Distributor's downlines are holding the same pin title as or higher pin title than him or her, then it is considered as one generation, similarly there shall be considered as one generation for each addition of Independent Distributors holding the same pin title or even higher pin title.



NEFFUL

INTERNATIONAL

TAIWAN 台灣

TAIPEI/台北

10547台北市松山區長春路451號9樓
Tel: +886 2 2547-1788 Fax: +886 2 2547-1728
Email: nefful.tp@nefful.com.tw

TAOYUAN/桃園

33045桃園市桃園區中正路1125號9樓
Tel: +886 3 356-6088 Fax: +886 3 356-6363
Email: nefful.ty@nefful.com.tw

TAICHUNG/台中

40758台中市西屯區府會園道179號8樓
Tel: +886 4 3707-0577 Fax: +886 4 3706-5068
Email: nefful.tc@nefful.com.tw

KAOHSIUNG/高雄

80661高雄市前鎮區民權二路8號33樓A2
Tel: +886 7 330-2388 Fax: +886 7 333-1380
Email: nefful.ks@nefful.com.tw

USA 美國

SOUTHERN CALIFORNIA/南加州

18563 East Gale Ave, City of Industry, CA 91748
Tel: +1 626 839-6657 Fax: +1 626 839-6927
Email: info@neffulusa.com

NORTHERN CALIFORNIA/北加州

1050-C Admiral Ct, San Bruno, CA 94066
Tel: +1 650 636-4257
Email: info@neffulusa.com

HONG KONG 香港

香港九龍尖沙咀東部加連威老道92號幸福中心6樓
Tel: +852 2833-5899 Fax: +852 2838-2858
Email: cs@nefful.com.hk

MALAYSIA 馬來西亞

KUALA LUMPUR/吉隆坡

UBN Banking Hall, No.1, Lorong P.Ramlee,
50250 Kuala Lumpur
Tel: +603 2031-1177 Fax: +603 2031-1155
Email: customer@nefful.com.my

SARAWAK/砂拉越

Ground & 1st Floor, Sublot 22, Lot 12248,
Trinity Hub, Jalan Datuk Tawi Sli,
93250 Kuching, Sarawak
Tel: +6082 545588 Fax: +6082 545599
Email: kuc_customer@nefful.com.my

PENANG/檳城

G-13-1 & G-13-2, Lorong Bayan Indah 1,
Bay Avenue, 11900 Penang
Tel: +604 6384-188 Fax: +604 6384-129
Email: pen_customer@nefful.com.my

SINGAPORE 新加坡

456 Alexandra Road,
#07-01/02,
Fragrance Empire Building,
Singapore 119962
Tel: +65 6742-1358 Fax: +65 6742-0126
Email: customer@nefful.com.sg

