



## POLICIES & PROCEDURES

### SECTION 1: CODE OF ETHICS

Ambit Energy Japan GK (herein “Ambit” or “Ambit Energy” or the “Company”), is guided by the core principles established by its Co-Founders Jere Thompson, Jr. and Chris Chambliss. These principles emphasize integrity, excellence, commitment and enthusiasm in all that we do, and they have helped us build a remarkable company and culture. We want all Independent Consultants (“Consultants” or “IC”) who join Ambit Energy to be proud of their association with our company, and in turn, we expect them to embrace our values as they represent us in the marketplace.

Therefore, we insist that ICs operate within the following Code of Ethics, which are part of, and form the foundation of, the Policies & Procedures.

**1.1: Integrity and Responsibility.** ICs will hold themselves to the highest standards of professional conduct and will treat their customers, the members of their team, the members of other Ambit teams and Ambit employees as they would like to be treated themselves.

**1.2: Deceptive and Unlawful Practices.** ICs will uphold the values of Ambit Energy and will not engage in any deceptive, unlawful or unethical practices that would tarnish their personal reputations or the reputation of Ambit Energy. ICs will support and advocate adherence to the Policies & Procedures and will respect the spirit and intent in which they were written.

**1.3: Honesty in Representing the Ambit Energy Opportunity.** ICs will familiarize themselves with Ambit Energy’s Compensation Plan and energy services and will represent those to their Customers and prospective ICs in clear, factual language without exaggeration or falsehood.

**1.4: Downline Support.** ICs will, to the best of their ability, accept and fulfill their responsibilities to train, motivate, support and encourage all ICs who join their sales organization. ICs will treat their business like any other prestigious enterprise and will fulfill commitments they make to their Customers, their fellow ICs and employees of the Company.

**1.5: Adherence with Laws.** ICs will abide by national and local laws that govern their independent business. ICs understand that it is their responsibility to comply with these laws, the laws of our industry and with Ambit Energy’s Policies & Procedures, as they may be amended from time to time.

**1.6: Compliance with Code of Ethics.** ICs will uphold this Section 1 – Code of Ethics, and will not, in any way, attempt to persuade, induce or coerce another party to breach it. Any such action is considered a violation of this Code and, thereby, a violation of Ambit Energy’s Policies & Procedures.

### SECTION 2: INTRODUCTION

**2.1: Policies & Procedures and Compensation Plan Incorporated into IC Agreement.** These Policies & Procedures, in their present form and as amended at the sole discretion of Ambit Energy, are incorporated into, and form an integral part of, the Ambit Energy Independent Consultant Agreement (“IC Agreement”). Throughout these Policies and Procedures, when the term “Agreement” is used, it collectively refers to the Ambit Energy Independent Consultant Agreement, these Policies & Procedures, and the Ambit Energy Compensation Plan. These documents are incorporated by reference into the Ambit Energy IC Agreement (all in their current form and as amended by Ambit Energy). It is the responsibility of each IC to read, understand, adhere to and ensure that he or she is aware of and operating under

the most current version of these Policies & Procedures. When sponsoring or enrolling a new IC, it is the responsibility of the sponsoring IC to ensure that the applicant is provided with the most current copy of Ambit Energy’s Gaiyo Shomen, the most current version of these Policies & Procedures and the Ambit Energy Compensation Plan prior to his or her execution of the IC Agreement and other obligations under the Specified Commercial Transaction Act shall be performed by the IC.

**2.2: Purpose of Policies.** Ambit Energy is a direct sales company that markets its products through ICs. It is important to understand that the success of Ambit Energy depends on the integrity of the men and women who market our business opportunity and our energy services. To clearly define the relationship that exists between ICs and Ambit Energy, and to explicitly set a standard for acceptable business conduct, Ambit Energy has established the Agreement.

Because IC may be unfamiliar with many of these standards of practice, it is very important that IC reads and abides by the Agreement. Please review the information in this document carefully. It explains and governs the relationship between IC, as an independent contractor, and the Company. If IC has any questions regarding any policy or rule, do not hesitate to seek clarification from Ambit Energy’s Consultant Support team. Contact information for this department is included in Ambit Energy’s Gaiyo Shomen and IC Agreement.

**2.3: Changes to the Agreement.** Because national and local laws, as well as the business environment, periodically change, Ambit Energy reserves the right to amend the Agreement including any fees designated as Specified Burdens at its sole and absolute discretion. By executing the IC Agreement, an IC agrees to abide by all amendments or modifications that Ambit Energy elects to make to the extent applicable laws permit. With the exception of amendments to or termination of Section 9.2.2, which are discussed below, amendments shall be effective upon an IC’s consent to the changes or modifications made by Ambit Energy. Notification of amendments shall be published in official Ambit Energy materials and upon an IC’s consent, will become a binding part of the IC Agreement. If an IC does not consent to the changes or modifications, the IC Agreement can be terminated at Ambit Energy’s sole discretion.

Ambit Energy may amend or terminate Section 9.2.2 upon consent to the changes or modifications by the IC as stated above; however, no amendment shall apply to a dispute of which Ambit Energy has actual notice on the date of amendment, and a termination of Section 9.2.2 shall not be effective until ten days after reasonable notice of termination is given to ICs or as to disputes which arose prior to the date of termination. The Company shall provide, or make available to all ICs, a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company’s official website; (2) electronic mail (email); (3) inclusion in Company periodicals; (4) special mailings; or (5) posting in the Ambit Energy-provided IC back-office application (PowerZone).

**2.4: Delays.** Ambit Energy shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party’s source of supply or government decrees or orders.

**2.5: Policies and Provisions Severable.** If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only

the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

**2.6: Waiver.** The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Ambit Energy to exercise any right or power under the Agreement or to insist upon strict compliance by an IC with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Ambit Energy's right to demand exact compliance with the Agreement. Waiver by Ambit Energy can be effectuated only in writing by an authorized officer of the Company. Ambit Energy's waiver of any particular breach by an IC shall not affect or impair Ambit Energy's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other IC. Nor shall any delay or omission by Ambit Energy to exercise any right arising from a breach affect or impair Ambit Energy's rights as to that or any subsequent breach. The existence of any claim or cause of action of an IC against Ambit Energy shall not constitute a defense to Ambit Energy's enforcement of any term or provision of the Agreement.

**2.7: Copyright.** Ambit Energy ICs, without further consideration or compensation, consent to the use (full or in part) of ICs name, voice, image, likeness, and any and all attributes of ICs personality in any marketing or promotional material created or used in connection with Ambit Energy products and services, or the Ambit Energy IC opportunity, and also consent that each such item of marketing or promotional material will be considered a "work" for purposes of the Agreement. ICs irrevocably assign to Ambit Energy any and all claims of copyright the IC may have in and to such works, and the exclusive and perpetual right throughout the world to use, print, produce, publish, copy, display, perform, exhibit, transmit, broadcast, disseminate, market, advertise, sell, lease, license, transfer, modify, and create derivative works from such works in any media or format, now known or unknown, for any purpose whatsoever. ICs waive any right to inspect or approve such work. ICs hereby indemnify and hold harmless Ambit Energy, its legal representatives and assigns, all persons acting under its authority, and those for whom it is acting, from all claims, causes of action and liability of any kind under the law, now known or unknown, based upon or arising out of such works or this agreement including, without limitation, claims of libel, slander, invasion of privacy, right of publicity, defamation, trademark infringement, and copyright infringement. This agreement will be binding upon IC's heirs, successors, representatives, and assigns.

**2.8: Rights in Magazine Data and Works.** Ambit Energy is the owner of all right, title, and interest in all materials, all documentation related to such materials, all media upon which any such materials and documentation are located (including tapes, disks, and other stage media) and all related material that are used by, developed for, or on behalf of Ambit Energy, or paid for by Ambit Energy, in connection with the creation, development and publishing of the Success From Home Japan magazine. Full and exclusive rights and ownership in Success From Home Japan magazine and in any and all related trademarks and copyrights with respect to the Success From Home Japan magazine and any other proprietary rights with respect to the Success From Home Japan magazine, which IC possesses or is entitled to, shall vest in and are assigned to Ambit Energy as of the date of this agreement. Except as allowed for the marketing of Ambit Energy's business, IC shall retain no right, ownership or title in the data and works comprising Success From Home Japan magazine or in any directly related trademarks, copyrights or any other proprietary rights with respect to Success From Home Japan magazine. The parties hereto agree that the data and works comprising Success From Home Japan

magazine and all such rights are being conveyed in their entirety to Ambit Energy for whatever use it desires, and nothing contained herein shall be deemed to constitute a license or franchise in Ambit Energy.

### SECTION 3: BECOMING AN IC

**3.1: Requirements to Become an IC.** To become an Ambit Energy IC, each applicant must:

**3.1.1:** Be at least twenty years of age;

**3.1.2:** Be a Japanese citizen residing in the United States, U.S. Territories or Japan unless IC has foreign nationality and has required documents to prove IC can engage in referral sales activities within Japan. Required documents may include a certificate of alien registration, a residence card, or a special permanent resident certificate;

**3.1.3:** Execute an IC Agreement with Ambit Energy; and

**3.1.4:** Complete the required certification process available within IC's PowerZone back office account, which includes watching informational videos and completing a quiz on the information from the videos.

**3.2: No Service Purchase Required.** No person is required to purchase Ambit Energy services to become an IC.

**3.3: Second-Party Payment of the Enrollment Fee or Personal Website Fee.** Ambit Energy strictly prohibits payment of an IC's enrollment fee or IC's personal website fee by anyone other than the IC whose name is submitted during the enrollment process. No IC may lend or advance money to a prospective IC to cover the cost of the enrollment fee or personal website fee, nor may they promise reimbursement of any kind.

**3.4: IC Benefits.** Once an IC Agreement has been accepted by Ambit Energy, the benefits of the Compensation Plan and the IC Agreement are available to the new IC. These benefits include the right to:

**3.4.1:** Sell (i.e., act as a broker for) Ambit Energy's energy services;

**3.4.2:** Participate in the Ambit Energy Compensation Plan (receive bonuses and commissions, if eligible);

**3.4.3:** Sponsor other ICs into the Ambit business and, thereby, build a marketing organization and progress through the Ambit Energy Compensation Plan;

**3.4.4:** Receive periodic Ambit Energy literature and other Ambit Energy communications;

**3.4.5:** Participate in Ambit Energy-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and

**3.4.6:** Participate in promotional and incentive contests and programs sponsored by Ambit Energy for its ICs.

**3.5: Term and Renewal of IC's Ambit Energy Business.** The IC Agreement will remain in force unless: (a) the IC voluntarily cancels his or her IC Agreement, (b) it is involuntarily cancelled, or (c) it is cancelled for inactivity.

**3.6: Processing Fee.** Ambit Energy reserves the right to charge a service fee for each payment processed by Ambit Energy at its sole discretion.

**3.7: Exclusion of Anti-Social Forces.** The IC represents and warrants that is not a person who has fallen and shall not fall under any of the followings:

1) the Anti-Social Forces;

2) a person having such relationship with the Anti-Social Forces that shows the Anti-Social Forces' substantial involvement in the person's management;

3) a person having such relationship with the Anti-Social Forces that shows reliance on the Anti-Social Forces;

4) a person who cooperate and is involved with the

maintenance or operation of any Anti-Social Forces by providing funding to any Anti-Social Forces or any similar act; or

5) a person who is engaged in socially condemnable relationship with the Anti-Social Forces.

Ambit Energy shall have the right to terminate this Agreement and claim any damage resulting from or in connection with such termination without any notice, and any and all the IC's obligations owed to Ambit Energy shall become due and payable and the IC shall immediately repay or perform such obligations, if the IC breached the representations and warranties in the preceding clause.

## SECTION 4: OPERATING AN AMBIT ENERGY BUSINESS

### 4.1: Adherence to the Ambit Energy Compensation Plan.

ICs must adhere to the terms of the Ambit Energy Compensation Plan and shall not offer prospective ICs or downline ICs additional compensation other than those commissions described in the Ambit Energy Compensation Plan. ICs shall not offer the Ambit Energy opportunity through, or in combination with, any other system, program or method of marketing or direct selling owned or licensed by the IC or another company other than Ambit Energy. ICs shall not require or encourage other current or prospective ICs to participate in Ambit Energy in any manner that varies from the program as set forth in the Gaiyo Shomen and IC Agreement. ICs shall not require or encourage other current or prospective ICs to execute any agreement or contract other than official Ambit Energy agreements and contracts in order to become an Ambit Energy IC.

**4.2: Prohibition Against Additional Specified Burdens.** ICs shall not require or encourage other current or prospective ICs to make any purchase from, or payment to, any individual or other entity to participate in the Ambit Energy Compensation Plan other than those purchases or payments required by Ambit Energy as defined in the company's Gaiyo Shomen and IC Agreement.

**4.3: Advertising and Solicitations.** All ICs shall safeguard and promote the good reputation of Ambit Energy and its energy services. The marketing and promotion of Ambit Energy, the Ambit Energy opportunity, the Compensation Plan and Ambit Energy's energy services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

**4.3.1: Conducting Solicitations.** ICs shall not intimidate and disturb a person in order to make him/her conclude an IC agreement or customer enrollment. IC shall not intentionally fail to provide the facts described below, nor will ICs make misrepresentations, in relation to the facts, when soliciting prospective ICs, or when providing information to customers, including, but not limited to:

- (1) The kind and quality of product (electricity services to low voltage customers);
- (2) Specified Burdens;
- (3) Contract cancellation (including cooling off);
- (4) Specified compensations (bonus and commission); and
- (5) Other critical matters that influence the decision of the party to the transaction.

ICs shall not, without stating the purpose of the meeting which is the solicitation of an IC agreement, stop a new consultant prospect in a place other than a business office, agency office or other office space, or call a prospect by phone, mail, facsimile or other method, and then recruit the prospect to enter into an IC agreement at a place such as a hotel room, conference room or other place that is not freely accessible to the public. Such acts are in violation of the Specified Commercial Transaction Act and subject to the penalty under the above Act.

ICs shall not solicit minors, students, public workers or persons judged incompetent.

ICs shall not repeatedly conduct solicitation without allowing a time interval to pass for persons who have said "they do not want more information about Ambit Energy, do not want to enroll as an Ambit Energy's energy customer" or "do not want to be an Independent Consultant."

**4.3.2: Use of Company-Produced Advertising Materials Only.** To promote Ambit Energy's energy services, and the Ambit Energy business opportunity, ICs are required to use the sales tools and support materials made available in PowerZone for use or purchase; or if they have been submitted to and approved by Ambit Energy in writing. Accordingly, ICs must not use any of their own literature, advertisements, sales tools, promotional materials or web pages in promoting Ambit Energy's services or the Ambit Energy business unless they first submit it to Ambit Energy in writing and receive specific written approval for its use.

**4.3.3: IC Personal Websites.** All Ambit Energy ICs are eligible to subscribe to an Ambit Energy Personal Website. The Ambit Energy Personal Website is a personalized online store through which Ambit Energy ICs may promote and market Ambit Energy's services and recruit other Ambit Energy ICs over the Internet. IC Personal Website Addresses (URLs) and all subdomains of a Personal Website address are wholly owned by Ambit Energy. Ambit Energy reserves the right to limit advertising of its websites. Only approved advertising and online promotional tools may be used.

Ambit Energy Personal Website (and all other Ambit Energy websites) are best supported by Microsoft Windows and Google Chrome.

**4.3.4: Independently Produced Websites.** Ambit Energy allows its ICs to place approved advertising on the Internet to promote the Ambit Energy opportunity, Ambit Energy's energy services and designated Ambit Energy websites only. However, any websites (or URLs designating these websites) on which such advertisements or links are placed may not be obscene, pornographic or otherwise deemed harmful to Ambit Energy's reputation as determined by Ambit Energy at its sole discretion. Additionally, URLs of websites used for advertising the Ambit Energy opportunity, Ambit Energy's energy services and designated Ambit Energy websites may not contain any term that is a trademark, service mark or copyright that violates any other proprietary right held by another, including Ambit Energy Marketing, LLC. Approved advertising includes only those advertising tools made available to Ambit Energy ICs through PowerZone. Ambit Energy prohibits the use of unapproved online advertising to promote the Ambit Energy opportunity, Ambit Energy products and services or any Ambit Energy website address (URL) or subdomain of an Ambit Energy URL.

Other than through an Ambit Energy-provided IC Personal Website, Ambit Energy ICs are prohibited from using websites to take orders for the Ambit Energy opportunity or for Ambit Energy products and services.

**4.3.5: Links to an Ambit Energy Website.** ICs are granted a limited, non-exclusive right to create a hypertext link to the subdomain provided by Ambit Energy that designates IC's personal store, provided such link does not portray Ambit Energy and/or its affiliates or any of their respective products and services in a false, misleading, derogatory or otherwise defamatory manner. Also, ICs cannot create an impression that any subdomain is part of IC's own or other non-Ambit Energy-maintained site. This limited right may be revoked at any time. Frames or framing techniques cannot be used to enclose any trademark, logo or proprietary information of Ambit Energy or any of its affiliated companies, including the images found at this website and the content of any text of the layout/design



of any page or form contained on a page without express written consent of Ambit Energy. Except as noted above, ICs are not conveyed any patent, trademark, copyright or proprietary right of Ambit Energy, any of its affiliated companies (collectively, "Ambit Energy Companies") or any third party.

**4.3.6: Domain Names.** ICs may not use or attempt to register any of Ambit Energy Companies' trade names, trademarks, service names, service marks, product names, companies' names, or any derivative thereof, as determined by Ambit Energy at its sole discretion, for any Internet domain name.

**4.3.7: Use of Trademarks, Etc.** Ambit Energy will not allow the use of its trade names, trademarks, designs or symbols by any person, including ICs, without its prior, written permission. ICs may not produce for sale or distribution any printed materials, training or marketing videos, websites or other promotional tools without written permission from Ambit Energy, nor may ICs reproduce for sale or personal use any of the items listed above.

**4.3.8: Keyword Advertising.** ICs may not engage in keyword advertising using the trademarks of Ambit Energy Companies, any competitor of Ambit Energy Companies, HEPCO, TEPCO, TOHOKU, RIKUDEN, CHUDEN, KEPCO, CHUGOKU, YONDEN, or KYUDEN, or any keywords that are obscene, pornographic or otherwise deemed harmful to Ambit Energy's reputation or business as determined by Ambit Energy at its sole discretion.

**4.3.9: Media and Media Inquiries.** All media relations efforts must be coordinated through the Ambit Energy Public Relations Department at [mediarelations@ambitenergy.co.jp](mailto:mediarelations@ambitenergy.co.jp). Any IC who is contacted by the media, or wishes to contact the media, must first contact an Ambit Energy Public Relations representative before taking any action and/or issuing any statement. Any communications with TV, radio and print media is prohibited unless ICs obtain prior written approval by Ambit Energy.

**4.3.10: Unsolicited Mail or Email.** Ambit Energy does not permit ICs to send unsolicited commercial mail or emails, unless such mail or emails strictly comply with applicable laws and regulations including, without limitation, the Specified Commercial Transaction Act. Advertising via email without obtaining prior approval of the recipient is prohibited. Any mail or email sent by an IC that promotes Ambit Energy, the Ambit Energy opportunity or Ambit Energy's energy services must comply with the following:

- There must be a functioning return mail or email address that goes to the sender.
- There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- The mail or email must include the IC's physical mailing address.
- The mail or email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- The use of deceptive headlines, subject lines and/or false header information is prohibited.
- All opt-out requests, whether received by email or regular mail, must be honored.

**4.3.11: Unsolicited Faxes.** Except as provided in this section, ICs may not use or transmit unsolicited faxes, or use an automatic telephone dialing system, relative to the operation of their Ambit Energy businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called using a random or sequential

number generator; and (b) to dial such numbers. The term "unsolicited faxes" means the transmission via telephone facsimile of any material or information advertising or promoting Ambit Energy, its energy services, its compensation plan or any other aspect of the company.

**4.3.12: Telemarketing Techniques.** ICs must not engage in telemarketing in the operation of their Ambit Energy business or contract with a third party provider to conduct telemarketing activities on their behalf. The term "telemarketing" means the placing of one or more telephone calls or texts to an individual or residence which are designed to generate interest in the Ambit Energy opportunity or Ambit Energy's energy services. "Cold calls" or texts made to prospective ICs or customers are prohibited. However, telephone calls or texts placed to a prospective Customer or IC (a "prospect") are permissible under the following situations:

- If the IC has an established business relationship with the prospect. An "established business relationship" is a relationship between an IC and a prospect based on the prospect's purchase, rental or lease of goods or services from the IC, or a financial transaction between the prospect and the IC, within the 18 months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service and/or to solicit the enrollment to Ambit Energy business.
- If the IC (already) receives the prospect's personal inquiry or application regarding service offered by the IC within the three months immediately preceding the date of such a call.
- If the IC receives written and signed permission from the prospect authorizing the IC to call. The authorization must specify the telephone number(s) that the IC is authorized to call.
- ICs may call family members, personal friends and acquaintances. An "acquaintance" is someone with whom IC has, at least, a recent first-hand relationship within the preceding three months.

**4.3.13: Door-to-Door Marketing.** ICs are prohibited from engaging in door-to-door marketing in relation to their Ambit Energy IC business.

**4.4: Contracting with Third Party Suppliers.** Use of third party suppliers to provide services related to advertising and/or marketing of IC's Ambit Energy business is not prohibited, but all suppliers and the marketing and advertising content they produce must be approved by Ambit Energy in writing prior to use.

**4.5: Bonus Buying Prohibited.** Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals or entities without the knowledge of and/or execution of an IC Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as an IC or Customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as ICs or Customers ("phantoms"); (d) Paying enrollment fees or purchasing Ambit Energy's energy services on behalf of another IC or Customer, or under another IC's or Customer's I.D. number, to qualify for commissions or bonuses; and/or (e) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide enrollments by actual end use energy customers or ICs.

#### **4.6: Business Entities.**

**4.6.1: Corporations.** To become a new IC as a corporation, or to change the status of the corporation, IC must provide Ambit Energy with the following:

- The Consultant number that an authorized officer of the corporation registered with their personal name.
- A copy of the corporate Articles of Incorporation (teikan)

and a copy of certificate of all matters registered in the Commercial Registry (zenbu-jiko shoumeisho).

- Full name and address of: (1) each shareholder of the corporation who owns more than 5% of the outstanding stock of the corporation; (2) each officer of the corporation; and (3) each director of the corporation.
- A copy of the corporate resolution authorizing the corporation to enter into the IC Agreement.
- Letter of designation from the corporation designating one individual, who must be at least 20 years of age, as the responsible party for the corporation's operations and sales.

If an active IC desires to change the status from that of an individual IC to that of a corporate IC, the IC must use the Sale/Transfer Form available online through PowerZone.

It is not permissible for stockholders, officers and directors of the corporation applying as an IC corporation to have been Ambit Energy ICs – (1) as individuals; (2) as members of an IC partnership; (3) as a stockholder, officer or director of another IC corporation; or (4) as a trustee or a beneficiary of an IC trust – within six calendar months preceding the execution of the IC Agreement.

**4.6.2: Partnerships (kumiai).** To become a new IC as a partnership, or to change the status of the partnership, IC must provide Ambit Energy with the following:

- An executed IC Agreement;
- A copy of the partnership agreement executed by all partners;
- Full name and address of each partner;
- A copy of the consent of the partnership to enter into the IC Agreement with Ambit Energy; and
- A letter of designation from the partnership designating one individual, who must be at least 20 years of age, as the responsible party for the partnership's operations.

If an active Consultant desires to change status from that of an individual Consultant to that of a partnership Consultant, the Consultant must use the Sale/Transfer Form available online through PowerZone.

It is not permissible for any partner applying as an IC partnership to have been an Ambit Energy IC – (1) as an individual; (2) as a partner of another IC partnership; (3) as a stockholder, officer or director of an IC corporation; or (4) as a trustee or a beneficiary of an IC trust – within six calendar months preceding the execution of the IC Agreement.

**4.6.3: Trusts (shintaku).** To become a new IC as a trust, or to change the status of the IC position to a trust, IC must provide Ambit Energy with the following:

- An IC Agreement executed by all trustees of the trust;
- A complete copy of the trust agreement;
- Full name and address of all trustees and beneficiaries; and
- Letter of designation from the trustees designating one individual, who must be at least 20 years of age, as the responsible party for the trust's operations and sales.

If an active IC desires to change status from that of an individual IC to that of a trust IC, the IC must use the Sale/Transfer Form available online through PowerZone.

It is not permissible for any trustee or beneficiary of a trust applying as an IC trust to have been an Ambit Energy IC – (1) as an individual; (2) as a partner of an IC partnership; (3) as a stockholder, officer or director of an IC corporation; or (4) as a trustee or a beneficiary of another IC trust – within six calendar months preceding the execution of the trust IC agreement.

**4.6.4: Business Entity Transfers May Not Result in Sponsor Changes.** To prevent the circumvention of Section 4.27 (regarding transfers and assignments of Ambit Energy business), if an additional partner, shareholder, member or other business entity affiliate is added to a business entity, the original applicant must remain as a party to the original IC Agreement. If the original IC wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.27. If this process is not followed, the IC Agreement shall be cancelled upon the withdrawal of the original IC. All bonus and commission will be paid to the bank account that has been designated by the original IC.

Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 4.7, below.

**4.7: Change of IC Sponsor.** To protect the integrity of all marketing organizations and safeguard the hard work of all ICs, Ambit Energy prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every IC and marketing organization. Accordingly, the transfer of an Ambit Energy Consultant business from one sponsor to another is not permitted, unless the IC seeking a new sponsor voluntarily cancels his or her Ambit Energy business and six full calendar months have elapsed since such cancellation. Following the six-month period of inactivity, the former IC may reapply under a new sponsor. In cases in which an improper sponsor change has occurred, Ambit Energy reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, ICs WAIVE ANY AND ALL CLAIMS AGAINST AMBIT ENERGY THAT RELATE TO, OR ARISE FROM, AMBIT ENERGY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

**4.8: Change of Customer Sponsor.** To protect the integrity of all marketing organizations and safeguard the hard work of all ICs, Ambit Energy prohibits changes in customer sponsorship. Maintaining the integrity of sponsorship is critical for the success of every IC and marketing organization. Accordingly, the transfer of an Ambit Energy customer from one sponsor to another is not permitted. Only in the case of enrollment errors are exceptions made to this policy and those exceptions are granted by Ambit Energy at its sole discretion. Ambit reserves the right to reject inappropriate Customer enrollment applications.

#### **4.9: Unauthorized Claims**

**4.9.1: Indemnification.** An IC is fully responsible for all of his or her verbal and written statements made regarding Ambit Energy, the Ambit Energy opportunity or Ambit Energy's energy services that are not expressly contained in official Ambit Energy materials. ICs agree to indemnify and hold Ambit Energy Companies, its shareholders, directors, officers and employees harmless from any and all claims, damages and expenses, including any attorney's fees, arising out of his or her actions or conduct in violation of this Agreement.

**4.9.2: Income Claims.** The commissions ICs may earn from building an Ambit Energy business can vary substantially from one individual to another based on a number of factors including the amount of time and effort invested by each person. Therefore, making personal income claims or earnings representations to entice potential ICs to join Ambit Energy is not permitted. The Ambit Energy Business Presentation is the only presentation of earnings potential that is approved for IC use and includes approved examples that are presented with the appropriate disclaimers.

**4.9.3: Savings or Other Claims Regarding Energy Services.** ICs are prohibited from making any claims regarding Ambit Energy's energy services or potential savings that are not provided in pre-approved marketing materials by Ambit Energy or through the documents provided to the customer during enrollment. If they are also an Ambit Energy's energy customer, ICs may provide a copy of their actual Ambit Energy's energy bill as an example for potential customers.

**4.9.4: Confirmation to be the Customer.** Ambit Energy will continue the switching process for Customers if there is no problem with the Customers after the enrollment process is complete.

**4.9.5: Secondary Contact.** ICs are strictly prohibited from being added as a secondary contact to a residential or commercial Customer account that an IC enrolls.

#### **4.10: Trade Shows, Expositions and Other Sales Forums.**

ICs may display and/or sell Ambit Energy's energy services at trade shows and professional expositions. Before submitting a deposit to the event promoter, ICs must contact Ambit Energy Marketing at [fieldcompliance@ambitenergy.co.jp](mailto:fieldcompliance@ambitenergy.co.jp) in writing for conditional approval.

#### **4.11: Conflicts of Interest/Restrictions on Activities.**

Ambit Energy is engaged in a highly competitive business and has expended considerable time and resources to develop its confidential and proprietary information and its goodwill with ICs, customers, vendors, and others. The success of an IC's Ambit Energy-related business depends in part on access to such confidential and proprietary information and the goodwill that Ambit Energy has created. In light of Ambit Energy's legitimate business interests in protecting its confidential and proprietary information and preventing dilution of its goodwill, ICs are prohibited from engaging in certain activities described in this Section 4.11.

Because the direct selling business model is conducted through networks of independent contractors broadly dispersed across Japan and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of the restrictions set out in Section 4.11 would be wholly ineffective. Therefore, these restrictions apply to the IC's activities conducted in or directed to Japan.

**4.11.1: Activities during the term of the Ambit Energy IC Agreement.** During the term of the IC Agreement, ICs shall not, directly or indirectly (including through or on behalf of any other person or entity), (a) sell or solicit the sale of energy services or other products or services offered by Ambit Energy through any person or entity other than that specifically designated or approved in writing by Ambit Energy; (b) participate in any other multilevel, network marketing, or direct sales; or (c) recruit any Ambit Energy IC or customer to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner. ICs are not allowed to make more than one (1) account. If Ambit Energy concludes the account(s) as duplicated, Ambit Energy reserves the right to delete other account(s).

**4.11.2: Activities after the term of the Ambit Energy IC agreement.** For a period of one (1) year after the cancellation or termination of the IC Agreement for any reason, an IC shall not, directly or indirectly (including through or on behalf of any other person or entity), (a) recruit any Ambit Energy IC to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales, provided that this restriction does not apply to ICs that the former IC personally sponsored as an Ambit Energy IC; or (b) recruit any Ambit Energy customers that the former IC personally

enrolled with Ambit Energy, that were enrolled by Ambit Energy ICs in the former IC's downline organization, or that the former IC otherwise knows to be Ambit Energy customers, to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales that competes with the energy services or with the other products or services offered by Ambit Energy. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner.

**4.11.3: Activity Reports.** ICs' access to all reports in PowerZone is password protected. All reports, and the information contained therein, are confidential and constitute proprietary information and business trade secrets belonging to Ambit Energy. Reports are provided to ICs in strictest confidence and are made available to ICs for the sole purpose of assisting ICs in working with their respective downline organizations in the development of their Ambit Energy business. ICs should use their reports to assist, motivate, and train their downline ICs. The IC and Ambit Energy agree that, but for this agreement of confidentiality and nondisclosure, Ambit Energy would not provide reports to the IC.

An IC shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

**4.11.3.1:** Directly or indirectly disclose any information contained in any report to any third party;

**4.11.3.2:** Directly or indirectly disclose the password or other access code to his or her PowerZone account;

**4.11.3.3:** Use the information to compete with Ambit Energy, or for any purpose, other than promoting his or her Ambit Energy business;

**4.11.3.4:** Recruit or solicit any IC or Customer of Ambit Energy listed on any report, or in any manner attempt to influence or induce any IC or preferred Customer of Ambit Energy, to alter their business relationship with Ambit Energy; or

**4.11.3.5:** Use or disclose to any person, partnership, association, corporation or other entity any information contained in any report.

Upon demand by the Company, any current or former IC will return the original and all copies of reports to the Company.

**4.11.4: Violations/remedies.** This Section 4.11 may be enforced by the Ambit Energy Companies. In the event that an IC breaches any provision of this Section 4.11, the Ambit Energy Companies shall be entitled to legal relief, including by way of injunction or specific performance preventing future breaches. Also in addition to any legal remedies that the Ambit Energy Companies may have, any violation of this Section 4.11 will result in forfeiture of any of IC's rights as an IC, including to receive commissions, bonuses, and payments of any kind. Further, any violation of this Section 4.11 will cause irreparable harm to the Ambit Energy Companies and one such violation by IC will entitle the Ambit Energy Companies to an injunction against future violations without evidence or proof of the likelihood of future violations.

**4.12: Targeting other direct sellers.** Ambit Energy does not condone ICs specifically or consciously targeting the sales force of another multilevel, network marketing, or direct sales to sell Ambit Energy's energy services or to become ICs for Ambit Energy, nor does Ambit Energy condone ICs' solicitation or enticement of members of the sales force of another multilevel, network marketing, or direct sales to violate the terms of their contract with such other company. Should ICs engage in such activity, they bear the risk of being sued by the other multilevel, network marketing, or direct sales.



If any lawsuit, arbitration or mediation is brought against an IC alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Ambit Energy will not pay any of IC's defense costs or legal fees, nor will Ambit Energy indemnify the IC for any judgment, award or settlement.

**4.13: Cross-Sponsoring.** Actual or attempted cross-sponsoring is strictly prohibited. "Cross-sponsoring" is defined as the enrollment of an individual who, or entity that, already has a current IC Agreement on file with Ambit Energy, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, Corporate Numbers (ho-jin bango) or fictitious ID numbers to circumvent this policy is prohibited. ICs shall not demean, discredit or defame other Ambit Energy ICs in an attempt to entice another IC to become part of the first IC's marketing organization. This policy shall not prohibit the transfer of an Ambit Energy IC business in accordance with Section 4.27.

If cross-sponsoring is discovered, it must be brought to the Company's attention immediately. Ambit Energy may take disciplinary action against the IC that changed organizations and/or those ICs who encouraged or participated in the cross-sponsoring. Ambit Energy may also move all or part of the offending IC's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Ambit Energy is under no obligation to move the cross-sponsored IC's downline organization, and the ultimate disposition of the organization remains within the sole discretion of Ambit Energy. ICs waive all claims and causes of action against Ambit Energy arising from or relating to the disposition of the cross-sponsored IC's downline organization.

**4.14: Slamming.** Ambit Energy defines "slamming" as the unauthorized conversion of a customer's energy service from their current service provider to Ambit Energy without any explicit consent from the customer. Slamming is prohibited by Ambit Energy as set forth herein and in accordance with Ambit Energy's Policies and Procedures, and will result in an IC's immediate termination and forfeiture of all commissions and other payments owed to the IC. If it is determined that an IC is guilty of slamming, the IC will be terminated immediately and shall indemnify and hold harmless Ambit Energy from any liability resulting there from.

**4.15: Contacting Suppliers.** Under no circumstances may an IC contact any Ambit Energy supplier of energy service, or other Ambit Energy supplier of services, without prior written authorization from Ambit Energy. Further, under no circumstances may an IC directly contact a competitive energy provider on behalf of Ambit Energy or in connection with any Ambit Energy business without receiving prior written authorization from Ambit Energy.

**4.16: Contacting Regulatory Agencies.** Under no circumstances may an IC contact any regulatory, governmental or consumer agency on behalf of a Customer or to request information related to their Ambit business. All such inquiries should be made to the Consultant Support department.

**4.17: Errors or Questions.** If an IC has questions about or believes any errors have been made regarding commissions, bonuses, reports or charges, the IC must notify Ambit Energy in writing within 30 days of the date of the purported error or incident in question. Ambit Energy will not be responsible for any errors, omissions or problems not reported to the Company within 30 days.

**4.18: Governmental Approval or Endorsement.** Neither national nor local regulatory agencies nor officials approve or endorse any direct selling companies. Therefore, ICs shall not represent or imply that Ambit Energy or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by

any government agency.

**4.19: Identification.** Every Ambit Energy IC will be assigned a unique identification number (C number) which will become their identification number and will be used in all correspondence. Every Ambit Energy C number must have a corresponding Corporate Number in the case of a corporation or other legal entities, provided by the IC during the IC enrollment process. Providing false Corporate Numbers to Ambit Energy will subject an IC to termination. All identification numbers will be securely encrypted and will be kept strictly confidential.

**4.20: Naming IC Business.** The name of an IC position is determined by the name identified on the IC Agreement. No other name may be used in conjunction with an IC business. To alter the IC name (including the addition or deletion of a spouse, a change in last name, creating a D.B.A., "Doing Business As," or any other name change), the Sale/Transfer Form must be used. In these cases, the ¥4,500 administrative fee will be waived. Using a name other than the one appearing on the IC account is strictly prohibited.

**4.21: Income Taxes.** Each IC is solely responsible for paying local and national taxes on any income generated as an IC. All commissions and bonuses paid to ICs will include applicable Japan Consumption Tax (JCT).

**4.22: Independent Contractor Status.** ICs are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Ambit Energy and its ICs does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the IC. An IC shall not be treated as an employee for his or her services or for national or local tax purposes. All ICs are responsible for paying local and national taxes due from all compensation earned as an IC of the Company. The IC has no authority (expressed or implied), to bind the Company to any obligation. ICs shall not hold themselves out as an employee or affiliate of Ambit Energy, or its parent company, any affiliates or subsidiaries. Each IC shall establish his or her own goals, hours and methods of sale, so long as he or she complies with the terms of the IC Agreement, these Policies and Procedures and applicable laws.

The names of Ambit Energy, Ambit Energy and other names as may be adopted by Ambit Energy, are proprietary trade names, trademarks and service marks of Ambit Energy. As such, these marks are of great value to Ambit Energy and are supplied to ICs for their use only in an expressly authorized manner. Use of the Ambit Energy name on any item not produced by the Company is prohibited, except as follows:

- IC's Name • Ambit Energy Independent Consultant. All ICs may list themselves as an "Ambit Energy Independent Consultant" in a telephone directory under their own name using only a personal email address, personal website and personal contact information. ICs are prohibited from listing any and all contact information of Ambit Energy Companies including Ambit Energy, in any directory. No IC may place telephone directory display ads using Ambit Energy's name or logo. ICs may not answer the telephone by saying "Ambit Energy," "Ambit Energy Incorporated" or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of Ambit Energy.

**4.23: Adherence to Laws and Ordinances.** ICs shall comply with all national and local laws and regulations in the conduct of their businesses. If a local or national official tells an IC that an ordinance applies to him or her, the IC shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Ambit Energy.

**4.24: Minors.** A person who is under the age of 20 may not be an Ambit Energy IC.

**4.25: One Ambit Energy Business per Couple.** A husband and a wife, regardless of where each lives, must operate only one position in Ambit Energy, unless each individual is sponsored by the same IC, or unless each individual had a

separate IC position prior to marriage. A husband and wife, by operating as a single IC, represent to Ambit Energy that each of them: (1) is bound by the terms of the IC Agreement and these Policies and Procedures; (2) is responsible for any and all conduct by his or her spouse, even though only one spouse is designated as an IC; and (3) understands that if the spouse of any IC acts in a manner that would be a violation of the IC Agreement and/or these Policies and Procedures, such violation will be attributed to the IC position, and thus to both the husband and wife.

**4.26: Customer Without a Designated IC.** Only the sponsoring IC may claim an orphan Customer. An IC may claim a Customer who lacks a designated IC when all three of the following criteria are met: (i) the IC can provide the name and Ambit Energy account number of the Customer; (ii) the Customer's enrollment date is no more than seven (7) days prior to the IC's start date; and (iii) the Customer is pending or energized status. Ambit Energy management may authorize, at its discretion, an IC to claim a Customer without meeting all of the above criteria if there is a data entry mistake, system error, or similar event that impedes or prohibits the IC from meeting the criteria.

**4.27: Sale, Transfer or Assignment of Ambit Energy Business.** Subject to Ambit Energy's prior review and approval, which Ambit Energy may grant at its sole option and discretion, an IC may sell or transfer his or her IC position to an individual, partnership, trust or corporation. The review and approval process will not begin until Ambit Energy has received all of the documentation required in accordance with the requirements set forth in the Position Sale/Transfer Form, including a payment for the applicable processing fees from the IC who is selling or transferring the position. Processing fees for Sales are determined by the level of promotion the IC position has achieved at the time of the sale.

A Transfer will be defined in this section as a change in name and/or Corporate Number in which the IC still retains any financial interest in the IC position upon completion of the transfer. Some examples of transfers are: transfer from one spouse to the other spouse; transfer from an individual to a corporation, trust or partnership or vice versa, in which the transferor or any individuals having an interest therein still retains a financial interest. In all cases, the transferor retains a financial interest/ownership interest after the transfer. There is a ¥4,500 transfer request processing fee that must be paid.

A Sale will be defined in this section as a change in which the individual(s) selling the IC position no longer maintain(s) a financial interest in the IC position upon completion of the sale.

Ambit Energy may charge as follows.

Sale processing fee by position title due from both seller and buyer:

- Marketing IC – ¥4,500
- Regional IC – ¥12,500
- Senior IC – ¥35,000
- Executive IC – ¥75,000
- National IC – ¥200,000

Ambit Energy reserves the right, at its sole option and discretion, to determine a sale versus a transfer. A Sale/Transfer Form can be obtained online by downloading it from PowerZone. Ambit Energy reserves the right, at its sole discretion, to deny or revoke any sale or transfer of an IC position. Ambit Energy also will not approve any sale or transfer of an IC position that involves an IC currently under investigation. Once the sale or transfer of a position has been completed, the transferring IC may not operate or have a financial interest in another IC position for six months from the date of the sale or transfer.

#### **4.28: Separation of an Ambit Energy Business.**

**4.28.1: Divorce.** Should a married couple operating a single IC position divorce, they must provide Ambit Energy with:

(1) a certified copy of the family register of the IC; (2) a completed Sale/Transfer Form signed by both individuals; and (3) a ¥4,500 postal money order for processing fees. Until Ambit Energy receives proper documentation, the IC position will retain its pre-divorce ownership and no changes to the IC position will be implemented.

**4.28.2: Business Entity Dissolution.** Upon the dissolution of a business entity (trust, partnership, corporation, etc.), the owners of the business entity shall provide Ambit Energy with written instruction on who shall be the proper party(s) to continue to operate the business, and a ¥4,500 processing fee shall apply. The written instruction shall be signed by all owners, shareholders, partners or trustees, and all signatures shall include a registered stamp with a certificate of such registered stamp.

**4.28.3: No Commission or Downline Division.** Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Ambit Energy split commission and bonus payments between divorcing spouses or members of dissolving entities. Ambit Energy will recognize only one downline organization and will continue to issue commission payments to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion, as determined by the Company, the IC Agreement shall be involuntarily cancelled.

If a former spouse has completely relinquished all rights in the original Ambit Energy business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as an IC. In either case, however, the former spouse or business affiliate shall have no rights to any ICs or customers in their former organization.

**4.29: Sponsoring.** All active ICs in good standing have the right to sponsor and enroll other ICs and customers into Ambit Energy. Each prospective customer or IC has the ultimate right to choose his or her own sponsoring Consultant. If two ICs claim to be the sponsor of the same new IC or Customer, the Company shall regard the sponsoring Consultant designated at the time of enrollment as the official sponsoring Consultant.

**4.30: Succession.** Upon the death or incapacitation of an IC, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, an IC should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever an Ambit Energy business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased IC's marketing organization provided the following qualifications are met. The successor(s) must: (1) execute an IC Agreement; (2) comply with terms and provisions of the Agreement, and (3) meet all of the qualifications for the deceased or incapacitated IC's status.

Bonus and commission payments of an Ambit Energy business transferred pursuant to this section will be paid in a single payment jointly to the devisees. The devisees must provide Ambit Energy with an "address of record" to which all bonus and commission payments will be sent.

If the business is bequeathed to joint devisees, they must form a business entity and acquire a Corporate Number, or other appropriate government issued tax ID. Ambit Energy will issue all bonus and commission payments, to the business entity.

**4.30.1: Transfer Upon Death of an IC.** In addition to complying with the above provisions of Section 4.30,



to effect a testamentary transfer of an Ambit Energy business, the successor must provide the following to Ambit Energy: (1) a copy of the death certificate filed with the local government for notice of death; (2) a copy of the will or other instrument, including an agreement on division of inheritance, establishing the successor's right to the Ambit Energy business which includes a certificate of registered stamp of the successor; and (3) an executed IC Agreement.

**4.30.2: Transfer Upon Incapacitation of an IC.** In addition to complying with the above provisions of Section 4.30, to effectuate a transfer of an Ambit Energy business because of incapacity, the successor must provide the following to Ambit Energy: (1) a notarized copy of the court ordered appointment of a guardian; and (2) an IC Agreement executed by the new legal guardian.

**4.31: Prospective IC and Customer Information.** Buying or selling, or inducing others to buy or sell, Customer or IC or prospective Customer or IC information is strictly prohibited at all times. ICs shall not provide any type of incentive for action(s) or proposed action(s) to induce an IC or third party to sell any information pertaining to an Ambit Energy Customer or IC or prospective Customer or IC.

## SECTION 5: RESPONSIBILITIES OF IC

### 5.1: Change of Address, Telephone and E-Mail Addresses.

ICs must report any change of address, email address or telephone number by calling Consultant Support or by sending written notice to Ambit Energy at the following address:

Ambit Energy Japan GK, Attention: Consultant Support,  
Hankyu Grand Bldg. 20F  
8-47 Kakuda-cho, Kita-ku  
Osaka 530-0017

Written notification of an address change must be signed by all parties when a position is owned by more than one individual (e.g., husband and wife). When mail is returned to Ambit Energy because Ambit Energy has not been informed of an address change, the IC is placed on inactive status.

### 5.2: Continuing Development Obligations.

**5.2.1: Ongoing Training.** Any IC who sponsors another IC into Ambit Energy must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Ambit Energy business. ICs must maintain ongoing contact and communication with their downline organization. Examples of such contact and communication may include, but are not limited to, written correspondence, personal meetings, telephone contact, voice mail and electronic mail, as well as the accompaniment of downline ICs to Ambit Energy meetings, training sessions and other functions. ICs are also responsible to educate new ICs in their Ambit Energy business in regard to the Ambit Energy enrollment process, requirements under the Specified Commercial Transaction Act, Ambit Energy's energy services knowledge, effective sales techniques, the Ambit Energy Compensation Plan and compliance with the Policies and Procedures.

ICs must monitor the ICs in their downline organizations to ensure that downline ICs do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every IC should be able to provide documented evidence to Ambit Energy of his or her ongoing fulfillment of the responsibilities of a Sponsor.

**5.2.2: Increased Training Responsibilities.** As ICs progress through the various levels of leadership, they will become more experienced in sales techniques, energy services knowledge and understanding of the Ambit Energy program. They will be identified and called upon to share this knowledge with lesser experienced ICs within their organization.

**5.2.3: Ongoing Sales Responsibilities.** Regardless of their level of achievement, ICs have an ongoing obligation

to continue to personally promote sales through the generation of new Customers and maintaining a positive relationship with their existing Customers.

**5.3: Non-Disparagement.** Ambit Energy values constructive criticism and comments of IC. To help Ambit Energy to review feedback of IC in an organized and professional manner, all such comments should be submitted in writing to Ambit Energy's Consultant Support Department. While Ambit Energy welcomes constructive input, negative comments and remarks made in the field by ICs about the Company, its directors, officers, employees, its energy service or the compensation plan serve no purpose other than to sour the enthusiasm of other, and prospective, Ambit Energy ICs. For this reason, and to set the proper example for their downline, ICs must not disparage, demean or make negative remarks about Ambit Energy, other Ambit Energy ICs, Ambit Energy's products or services, the Marketing and Compensation plan or Ambit Energy's directors, officers or employees.

**5.4: Providing Documentation to Applicants.** ICs must provide the most current version of the Gaiyo Shomen, Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become ICs before the applicant executes an IC Agreement. Additional copies of the Gaiyo Shomen, Policies and Procedures and Compensation Plan can be downloaded from PowerZone.

**5.5: Reporting Policy Violations.** ICs observing a policy violation by another IC should submit a written report of the violation directly to the attention of the Ambit Energy Field Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report. All submissions will be kept in the strictest of confidence; will be taken seriously by Ambit Energy and will be fully investigated by the Field Compliance Department. Any submissions deemed to be fabricated with malicious intent will result in disciplinary actions as outlined in Section 9.1.

For questions regarding compliance with Ambit Energy's Policies and Procedures, or to report known or suspected IC misconduct, IC is encouraged to contact Ambit Energy's Field Compliance Department by:

(1) email at [fieldcompliance@ambitenergy.co.jp](mailto:fieldcompliance@ambitenergy.co.jp); or  
(2) mail to Ambit Energy Japan GK,  
Attention: Field Compliance,  
Hankyu Grand Bldg. 20F  
8-47 Kakuda-cho, Kita-ku  
Osaka, 530-0017

If IC is contacted by either Ambit Energy regarding policy violations that IC either has knowledge of, or that IC are alleged to have committed, IC shall agree to fully assist with any investigation that results from that contact.

If IC is contacted by a government agency regarding suspected violations of applicable laws and regulations, IC agree to contact Ambit Energy and include a member of the Field Compliance team in any investigation that results from that contact.

## SECTION 6: SALES REQUIREMENTS

**6.1: Sale of Energy Service.** There are only three activities that trigger bonuses or commission payments in the Ambit Energy Compensation Plan: (1) when an IC personally enrolls an Ambit Energy customer; (2) when an IC helps another IC on his or her team enroll a new Ambit Energy customer; and (3) when an Ambit Energy customer uses energy service and makes payment to Ambit Energy for that service. ICs are never compensated for enrolling new ICs. In order to maintain eligibility for bonuses and commissions, and to achieve certain leadership levels within the Ambit Energy Compensation Plan, ICs are required to enroll and maintain a minimum number of Ambit Energy customers.

**6.2: Full Cost Disclosure.** When enrolling Customers, ICs must provide to them all of the costs involved with the service. This

includes all of the following, if applicable: cost per kilowatt-hour or therm, monthly service fees, one-time fees, taxes and surcharges, time-of-day or other usage charges, and other costs. All of this information is available to ICs for download in PowerZone.

**6.3: No Territory Restrictions.** There are no exclusive territories granted to anyone.

## SECTION 7: BONUSES AND COMMISSIONS

**7.1: Right of Offset.** An IC is not required to subscribe to any Ambit Energy's energy service in order to become an Ambit Energy IC. However, if the IC selects Ambit Energy as the IC's retail energy provider, billing must be paid when due. If an IC becomes 60 days past due in paying any Ambit Energy bill, Ambit Energy may, at Ambit Energy's sole option, deduct the amounts owed by the offending IC from his or her commission payment and may terminate the IC Agreement. In addition, Ambit Energy may offset any amount owed to Ambit Energy by an IC against commissions or other amounts owed to such IC by Ambit Energy.

**7.2: Reports.** All information provided by Ambit Energy in online or telephonic downline activity reports, including, but not limited to, personal and downline customer enrollments (or any part thereof) and downline sponsoring activity, is believed to be accurate and reliable. Nevertheless, due to various factors including, but not limited to: the inherent possibility of human and mechanical error; the accuracy, completeness and timeliness of orders; denial of credit card and electronic payments; returned products; and credit card chargebacks, the information is not guaranteed by Ambit Energy or any persons creating or transmitting the information.

ALL PERSONAL AND DOWNLINE SALES ACTIVITY INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR, BUT WITHOUT LIMITATION, THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, AMBIT ENERGY AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL, IN NO EVENT, BE LIABLE TO ANY IC OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF, OR ACCESS TO, PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING, BUT NOT LIMITED TO: LOST COMPENSATIONS, BONUSES OR COMMISSIONS; LOSS OF OPPORTUNITY; AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY OR LOSS OF THE USE OF THE INFORMATION), EVEN IF AMBIT ENERGY OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, AMBIT ENERGY OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO IC OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Ambit Energy's online reporting services, and the reliance upon such information, is at IC's own risk. All such information is provided to IC "as is." If IC is dissatisfied with the accuracy or quality of the information, IC's sole and exclusive remedy is to discontinue use of and access to Ambit Energy's online and telephone reporting services and IC's reliance upon the information.

## SECTION 8: ORDER CANCELLATION AND SALES TOOL INVENTORY RE-PURCHASE

### 8.1: Return of Inventory and Sales Aids by ICs Upon

**Cancellation.** Upon cancellation of an IC's Agreement, the IC may return any sales material or Ambit branded-merchandise held in his or her inventory for a refund. ICs may only return

items that he or she personally purchased from Ambit Energy (purchases from other ICs or third parties are not subject to refund), and which are in resalable condition. Upon receipt of a resalable sales aid, Ambit Energy will reimburse 90% of the original purchase price(s) (including tax) to the IC. Shipping charges incurred by an IC when the sales aids were purchased and returned will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. For a Cancellation during the Cooling-off Period refers to Section 11.1 of the IC Agreement.

## SECTION 9: DISCIPLINARY SANCTIONS AND DISPUTE RESOLUTION PROCEEDINGS

**9.1: Disciplinary Sanctions.** Violation of the Agreement, these Policies and Procedures, violation of any duty under applicable laws, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by an IC that, in the sole discretion of the Company, may damage the Company's reputation or goodwill (such damaging act or omission need not be related to the IC's Ambit Energy business), may result, at Ambit Energy's discretion, in one or more of the following corrective measures:

1. Issuance of a written warning or admonition requiring the IC to take immediate corrective measures;
2. Imposition of a fine, which may be withheld from bonus and commission payments;
3. Loss of rights to one or more bonus and commission payments;
4. Withholding from an IC of all or part of the IC's bonuses and commissions during the period that Ambit Energy is investigating any conduct allegedly in violation of the Agreement (if an IC's business is cancelled for disciplinary reasons, the IC will not be entitled to recover any commissions withheld during the investigation period);
5. Suspension of the individual's IC Agreement for one or more pay periods;
6. Involuntary termination of the offender's IC Agreement;
7. Termination and/or suspension of the offending IC's Ambit Energy Personal Website or website access;
8. Any other measure expressly allowed within any provision of the Agreement, or which Ambit Energy deems practicable to implement and which is appropriate to legally resolve injuries caused partially or exclusively by the IC's policy violation or contractual breach; or
9. If the situation is deemed appropriate by Ambit Energy, the Company may institute legal proceedings for legal relief.

### 9.2: Dispute Resolution.

**9.2.1: Mediation.** Prior to entering into arbitration, Ambit Energy (on behalf of the Ambit Energy Companies) and the IC shall meet in good faith and attempt to resolve any dispute arising from, or relating to, the Agreement through non-binding mediation. One individual who is mutually acceptable to Ambit Energy (on behalf of the Ambit Energy Companies) and the IC shall be appointed as mediator.

The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between Ambit Energy (on behalf of the Ambit Energy Companies) and the IC. Each party shall pay its portion of the anticipated shared fees and costs at least ten days in advance of the mediation. Each party shall pay its own attorneys' fees, costs and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Osaka City, Osaka Prefecture, Japan and shall last no more than two business days.

**9.2.2: Arbitration.** If mediation is unsuccessful, Ambit Energy (on behalf of the Ambit Energy Companies) and the IC shall resolve any controversy or claim arising out of, or relating to, the Agreement, or the breach thereof by binding arbitration administered by the Japan Commercial Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The Ambit Energy Companies and ICs agree that the arbitrator will have the primary power to decide any question about the arbitrability of any claim, dispute, or other difference between them. The Ambit Energy Companies and ICs waive all rights to trial by jury. The place of arbitration shall be Osaka City, Osaka Prefecture, Japan, and all arbitration proceedings shall be held in Osaka City, Osaka Prefecture, Japan. The language of the arbitration shall be Japanese. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions, with a strong preference toward an attorney knowledgeable in the direct-selling industry, selected from the panel which the Japan Commercial Arbitration Association provides. The arbitrator shall have the authority to order production of documents in accordance with the IBA Rules on the Taking of Evidence in International Arbitration. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties, subject to the right to file an action in court to confirm, vacate, modify, or otherwise enter judgment on the award. Any motion to confirm, vacate, modify, or otherwise enter judgment on the award is subject to Section 9.3. This agreement to arbitrate shall survive any termination or expiration of the Agreement.

Notwithstanding the foregoing and without waiving any right or remedy under the Agreement, the Ambit Energy Companies or the IC may apply to a court for interim or provisional relief necessary to protect the rights or property of the Ambit Energy Companies or the IC prior to, during, or following arbitral proceedings or to enforce an interim or final arbitral award, or seek such interim or provisional relief in the arbitral proceedings pursuant to the Commercial Arbitration Rules. Any such court proceeding is subject to Section 9.3.

**9.3: Governing Law, Jurisdiction and Venue.** Jurisdiction and venue of any matter not subject to arbitration, including court actions provided for in Section 9.2.2, shall reside exclusively in Osaka City, Osaka Prefecture, Japan, except that any action to enforce a judgment may be brought in any court of competent jurisdiction. The Japanese Arbitration Act shall govern all matters relating to arbitration. The law of Japan shall govern all other matters relating to, or arising from, the Agreement.

## SECTION 10: INACTIVITY AND CANCELLATION

**10.1: Effect of Cancellation.** So long as an IC remains active and complies with the terms of the IC Agreement and these Policies and Procedures, Ambit Energy shall pay commissions to such IC in accordance with the Compensation Plan. An IC's bonuses and commissions constitute the entire consideration for the IC's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following an IC's voluntary or involuntary cancellation of his or her IC Agreement (all of these methods are collectively referred to as "cancellation"), the former IC shall have no right, title, claim or interest to the downline organization which he or she operated, or any commission or bonus from the sales generated by that downline organization. An IC whose business is cancelled will lose all rights as an IC. This includes the right to sell Ambit Energy's energy services, and the right to receive future commissions, bonuses or other income resulting from the sales and other activities of the IC's former downline sales organization. In the event of cancellation, ICs agree to waive all rights they

may have, including, but not limited to, property rights to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.

Following an IC's cancellation of his or her IC Agreement, the former IC shall not hold himself or herself out as an Ambit Energy IC. An IC whose IC Agreement is cancelled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

**10.2: Inactive Status.** To remain "active," an IC must sponsor a new IC or enroll a new Customer within the preceding 120 days, or maintain a minimum of 20 pending or energized Customers. (except the Customers who made re-contract after being canceled due to payment overdue). If an IC does not sponsor a new IC or enroll a new Customer in the preceding 120 days, or maintain a minimum of 20 pending or energized Customers, the IC's Ambit Energy business will be placed into inactive status and no commission will trigger until the position is reactivated by enrolling a new Customer or sponsoring a new IC. This rule does not apply in the IC's first year.

**10.3: Involuntary Cancellation.** An IC's violation of any of the terms of the Agreement, including any amendments that may be made by Ambit Energy at its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her IC Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed or delivered by an express courier to the IC's last known address (or fax number), or to his or her attorney.

**10.4: Voluntary Cancellation.** An IC has a right to cancel at any time, regardless of reason. A cancellation notice must be submitted in writing or via email to the Company at its principal business address, which is:

Ambit Energy Japan GK,  
Attention: Consultant Support  
Hankyu Grand Bldg. 20F  
8-47 Kakuda-cho, Kita-ku  
Osaka 530-0017  
Email: fieldcompliance@ambitenergy.co.jp

The written notice must include the IC's signature, printed name, address and C Number. If an IC is also a Customer of Ambit Energy, Ambit Energy will continue to provide energy services to the Customer and invoice the Customer for such services, unless he or she also specifically requests that his or her energy services also be cancelled.

## SECTION 11: DEFINITIONS

**Active IC:** An IC is designated as "active" by meeting one of the following criteria: (1) be within the first twelve months of conclusion of his or her IC Agreement; (2) have enrolled a new customer or IC within the prior 120 days; (3) have 20 pending or energized customers.

**Agreement:** The contract between the Company and each IC includes the IC Agreement, the Ambit Energy Policies and Procedures, and the Ambit Energy Compensation Plan, all in their current form and as amended by Ambit Energy at its sole discretion and consented to by the IC. These documents are collectively referred to as the "Agreement."

**Cancel:** The termination of an IC's business. Cancellation may be either voluntary, involuntary or inactivity.

**Customer:** The term "Customer" means current, past and prospective Ambit Energy Customers.

**Official Ambit Energy Material:** Literature, audio or video tapes or disks, and other materials developed, printed, published and distributed by Ambit Energy to ICs.



**Resalable:** Sales aids shall be deemed “resalable” if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) it is returned to Ambit Energy within one year from the date of purchase; (5) the product contains current Ambit Energy labeling; (6) has not been previously designated by Ambit Energy as obsolete inventory. Any sales aids that are clearly identified at the time of sale as nonreturnable, discontinued or a seasonal item shall not be resalable.