



Sales & Marketing Plan and Business Rules

“ If two or three agree
on a common purpose,
nothing is impossible. ”

Jim Rohn (1930-2009)

Business Philosopher and Motivational Speaker



INTRODUCTION

As Herbalife Nutrition continues to grow, we are proud to provide our Distributors with the Gold Standard in consumer protection. It is important you integrate these Gold Standards into your business and in your Customer interactions every day; to protect yourself and the Herbalife Nutrition brand for the years to come.

TABLE OF CONTENTS


- [Gold Standard Guarantees](#)
- [U.S Statement of Average Gross Compensation 2018](#)
- [Business Tools and Other Optional Expenses](#)
- [The Herbalife Nutrition Satisfaction Guarantee](#)

HERBALIFE NUTRITION PROVIDES THE GOLD STANDARD GUARANTEES

1. There are no minimum purchases required and start-up costs are low.
2. There is a fully refundable, 12-month money back guarantee for the cost of the International Business Pack if Distributorship is canceled for any reason, including the shipping cost to return the Pack. To obtain a refund, Herbalife Nutrition Independent Distributors may call Herbalife Nutrition at 866-866-4744 or submit the refund form available at MyHerbalife.com (<http://hrbl.me/InventoryRefund>).
3. There is a 100% refund guarantee on unopened products, including taxes and handling costs, that were purchased in the previous 12 months if Distributorship is canceled for any reason. The cost of shipping, both the initial delivery and return shipping, will also be refunded. To obtain a refund, Distributors may call Herbalife Nutrition at 866-866-4744 or submit the refund form available at MyHerbalife.com (<http://hrbl.me/InventoryRefund>).
4. There is no requirement to purchase any sales and business tools to start up or succeed in your Herbalife Nutrition Distributorship.
5. We clearly define the benefit of each product and appropriate method of use directly on the product label—we want to make absolutely sure that the right products are taken the right way to achieve realistic results. We provide realistic expectations of the business opportunity and the effort required to succeed at all levels.
6. We provide clear, accurate and timely disclosures to prospective Distributors regarding potential income.

Herbalife Nutrition and our Distributors are committed to the highest standards of ethical behavior. If you become aware of any unapproved claims related to Herbalife Nutrition products, representations relating to the business opportunity that are not aligned with Herbalife Nutrition Statement of Average Gross Compensation, or other questionable behavior by another Distributor, please contact Herbalife Nutrition at 866-866-4744.

WHAT SHOULD I KNOW ABOUT BEING AN HERBALIFE NUTRITION INDEPENDENT DISTRIBUTOR?

<p>How can I participate?</p>	<p>As an Herbalife Nutrition Distributor, you can participate in three ways:</p> <ul style="list-style-type: none"> You can buy Herbalife Nutrition products at a discount for your own or household use. You can sell Herbalife Nutrition products to make a retail profit. You can recruit others who want to consume or sell Herbalife Nutrition products. <p>If your only purpose in joining Herbalife Nutrition is to receive a discount on the products, you have the option to join as a Preferred Member. Most people join Herbalife Nutrition as Preferred Members at a cost of \$34.95 and do not participate in the business. A Preferred Member may convert to Distributor and build a business at any time by buying a Conversion Pack for \$59.95 and completing the required Distributor training.</p>								
<p>What should I know about the business opportunity?</p>	<ul style="list-style-type: none"> There are no required purchases other than the initial Distributorship kit also known as the International Business Pack (\$94.10) or International Business Pack - Super Starter (\$124.10). Distributors enjoy setting their own schedule and choosing how and when to work. Most people start their Herbalife Nutrition business by working part-time and selling to people they know or people they meet as a way to make a little extra money. There are no guarantees that you will earn money. Like all business people, some Distributors will succeed, while some will not. Building a successful Herbalife Nutrition business takes skill, hard work, and time. 								
<p>How can I earn money?</p>	<p>You can earn money by selling Herbalife Nutrition products that you buy at a discount. Your initial discount is approximately 25%. The more you sell, the higher your discount, up to a maximum of 50%. For example, the initial discount on Formula 1, Herbalife Nutrition's best-selling product is shown on the right:</p> <div data-bbox="992 869 1490 1066" style="border: 1px solid black; padding: 5px;">  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Suggested Retail price</td> <td style="text-align: right; padding: 2px;">\$41.20</td> </tr> <tr> <td style="padding: 2px;">Distributor price <i>(with initial discount and before shipping and tax)</i></td> <td style="text-align: right; padding: 2px;">– \$31.42</td> </tr> <tr> <td style="padding: 2px;">Potential profit</td> <td style="text-align: right; padding: 2px;">\$ 9.78</td> </tr> </table> </div> <ul style="list-style-type: none"> If you buy at this initial discount and sell 10 canisters at the Suggested Retail Price, passing along shipping and taxes, you would make \$97.80 before expenses. You can also earn money from the sales of people you sponsor. You cannot earn money by only recruiting or only sponsoring other Distributors. 	Suggested Retail price	\$41.20	Distributor price <i>(with initial discount and before shipping and tax)</i>	– \$31.42	Potential profit	\$ 9.78		
Suggested Retail price	\$41.20								
Distributor price <i>(with initial discount and before shipping and tax)</i>	– \$31.42								
Potential profit	\$ 9.78								
<p>How much can I earn in a typical month?</p>	<p>In 2018, about 136,000 U.S. Distributors ordered products for resale from Herbalife Nutrition in one or more months and about 125,000 of them earned money from their sales and the sales of those they sponsored. In a typical month, about 62,000 earned money, including those making supplemental income. Here is what they earned in a typical month, before expenses.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 50%; padding: 5px;">First year Distributors (about 20,000) (about half earned in 6 or more months in 2018.)</th> <th style="width: 50%; padding: 5px;">All other Distributors (about 42,000) (about half earned in 8 months or more in 2018).</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">50% (about 10,000) earned more than \$170</td> <td style="padding: 5px;">50% (about 21,000) earned more than \$265</td> </tr> <tr> <td style="padding: 5px;">Top 10% (about 2,000) earned more than \$900</td> <td style="padding: 5px;">Top 10% (about 4,200) earned more than \$3,200</td> </tr> <tr> <td style="padding: 5px;">Top 1% (about 195) earned more than \$2,940</td> <td style="padding: 5px;">Top 1% (about 420) earned more than \$14,270 <i>The Top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years. Requires skill, consistent work and dedication.</i></td> </tr> </tbody> </table>	First year Distributors (about 20,000) (about half earned in 6 or more months in 2018.)	All other Distributors (about 42,000) (about half earned in 8 months or more in 2018).	50% (about 10,000) earned more than \$170	50% (about 21,000) earned more than \$265	Top 10% (about 2,000) earned more than \$900	Top 10% (about 4,200) earned more than \$3,200	Top 1% (about 195) earned more than \$2,940	Top 1% (about 420) earned more than \$14,270 <i>The Top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years. Requires skill, consistent work and dedication.</i>
First year Distributors (about 20,000) (about half earned in 6 or more months in 2018.)	All other Distributors (about 42,000) (about half earned in 8 months or more in 2018).								
50% (about 10,000) earned more than \$170	50% (about 21,000) earned more than \$265								
Top 10% (about 2,000) earned more than \$900	Top 10% (about 4,200) earned more than \$3,200								
Top 1% (about 195) earned more than \$2,940	Top 1% (about 420) earned more than \$14,270 <i>The Top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years. Requires skill, consistent work and dedication.</i>								
<p>What if it doesn't work for me?</p>	<ul style="list-style-type: none"> You can cancel your Distributorship at any time. If you are in your first year, you can cancel and receive a full refund of your International Business Pack. If you cancel your Distributorship, you can return unopened products you purchased within the last year for a full refund. We even pay for shipping. Please contact 866-866-4744 for more information. 								

U.S. STATEMENT OF AVERAGE GROSS COMPENSATION 2018

[Back to Top](#)

One of the great things about being an Herbalife Nutrition Distributor is that you can choose for yourself how to pursue the Herbalife Nutrition opportunity. The only thing you need to buy is an International Business Pack (IBP), and all other purchases are completely optional. Before you make any additional expenditures, please ask yourself questions such as these:

Debt

Should I take on debt to pursue the Herbalife Nutrition opportunity?

Because there are no minimum purchases required and start-up costs are low, you do not need to borrow money or take out loans for your Herbalife Nutrition business. We strongly discourage taking on debt in connection with your Herbalife Nutrition business. Please see Rule 1.1.2 Debt Discouraged for more information.

Business Tools

Should I buy services, products, software or systems that might help me run my Herbalife Nutrition business?

“Business Tools” are third party services or products that may help you promote, grow, and/or manage your direct sales business. They can be geared toward getting Customers, recruiting other Distributors, communicating with Customers or Distributors, or financial management, among other things.

Whatever the purpose, Business Tools are not required to start, progress or succeed as a Distributor or to receive training and support from your Sponsor and upline. No one should tell you that Business Tools are required or pressure you to buy them. Retailing Herbalife Nutrition products to Customers is the core of a successful Herbalife Nutrition business, and Business Tools might distract you from this focus.

Herbalife Nutrition offers comprehensive business management tools for free or at a nominal cost. Our tools are designed to meet your needs and help you run a successful and compliant Herbalife Nutrition business.

We strongly advise that you only buy Business Tools if you decide, after a reasonable amount of time as a Distributor, that their cost is justified by their expected benefit to your business, in light of your actual earnings from Herbalife Nutrition.

Please also keep in mind that if you buy Business Tools, you will be responsible for how you use them and for their compliance with Herbalife Nutrition’s Rules of Conduct and the law. In addition, because they are not produced or endorsed by Herbalife Nutrition, we take no responsibility for them.

However, if you have a dispute over Business Tools you have purchased with a seller who is a Distributor, please contact Herbalife Nutrition at 866-866-4744 and we will attempt to assist.

Please see Rules of Conduct 1.1.1 Restrictions on Purchase Requirements, 1.1.2 Debt Discouraged, 3.3 Business Tools and 5.1.1 Training for more information.

Product Inventories

Should I buy a large product inventory?

Buying a large product inventory is not required.

Through MyHerbalife.com, Distributors can have products shipped directly to their Customers, and GoHerbalife.com allows Customers to order products themselves. This means that you don't need to hold a large product inventory to meet your Customers' needs.

However, if you choose to keep a limited product inventory to sell to Customers or serve in your Nutrition Club, please make sure you only purchase what you know you can resell within a reasonable amount of time. Please also keep in mind that in order to qualify or earn on sales from inventory, you must designate your purchase as a Retail Inventory Order and document all profitable product sales by submitting an Herbalife Nutrition Retail Receipt to the Company. See Rules of Conduct 1.1.1 Restrictions on Purchase Requirements, 1.1.7 Proper Purchasing and 4.1.3 Retail Receipts for more information.

Offices and Commercial Nutrition Clubs

Should I sign a lease and make other purchases to open a private office for my Herbalife Nutrition business or Commercial Nutrition Club?

Most Distributors find that a home-based business provides the convenience, ease and flexibility they want from the Herbalife Nutrition opportunity. Having a business location outside of your home is a serious financial commitment. If you take your time to gain experience and learn from others, you will be in a better position to make the decision that is right for you.

This is why Herbalife Nutrition requires all Distributors to undergo a one year waiting period, complete a training course, and prepare a written business plan before leasing or purchasing a private office for their Herbalife Nutrition business or Commercial Nutrition Club, which they must maintain as part of their business records.

Please see Rules of Conduct 3.1.13 Leased or Purchased Business Locations and 8.4.1 Commercial Club Requirements for more information.

Herbalife Nutrition guarantees the quality of products that carry the Herbalife Nutrition name and certifies that they meet high standards of freshness and purity.

We are confident that all Customers (Preferred Members and retail customers) will find our products satisfactory in every way. However, if for any reason, a Customer is not completely satisfied with any Herbalife Nutrition product purchased, directly from us or from an Herbalife Nutrition Distributor, the Customer may return it for a refund or product exchange within 30 days from the date the Customer receives the product.

The Customer may obtain their refund or exchange either from Herbalife Nutrition or the Distributor from whom the product was purchased. The Customer will be asked to return the unused portion of the product, the original product labels, or the empty product containers, along with a copy of their retail receipt.

Herbalife Nutrition's Satisfaction Guarantee is limited only by the terms of certain specific warranties attached to or packaged with certain products. The Guarantee does not apply to any product intentionally damaged or misused.

Similarly, subject to certain conditions, Distributors who purchase a product for their own consumption and who are not satisfied with the product, may return it within 30 days (from the date they received the product) in exchange for other product. To initiate the exchange, contact the Refunds & Repurchase Department at 866-866-4744 for a "Return Authorization Number."

Distributor Must Honor Guarantee

Distributors must honor the Satisfaction Guarantee quickly and courteously, according to these instructions.

The Distributor must offer the Customer a full credit toward the purchase of other Herbalife Nutrition products or a full refund of the purchase price, and advise Herbalife Nutrition.

The Customer may also contact Herbalife Nutrition directly for a refund by calling 866-866-4744 or by following the instructions available at Herbalife.com.

A Distributor must provide a completed Retail Receipt Form with each retail sale made to a Customer. It is important for the Customer to know how to reach the Distributor for more products, questions, refunds, etc.

If a Customer requests a refund directly from a Distributor, the Distributor must complete a Request for Refund Form, a copy of which is included in the "Sample Forms" section of the Sales & Marketing Plan and Business Rules. The Distributor should calculate the amount of the Customer's refund or credit due, have the Customer sign the Refund Form, and immediately pay the refund to the Customer or apply a credit to other products. The Distributor should then submit the Request for Refund Form and a copy of the Customer's original Retail Receipt Form, along with the original product labels, to Herbalife Nutrition within 30 days of making the refund to the Customer.

Herbalife Nutrition will then refund the Distributor the amount they originally paid for the product as soon as all the required documentation has been received. In the case of a Distributor exchanging product, there may be an additional inquiry to ensure that the reason for the return is the Distributor's dissatisfaction as a consumer of the products returned.

Herbalife Nutrition products are properly sold by authorized Distributors in situations that allow for explanation and guidance on the best and safe use of Herbalife Nutrition products. Distributors must follow Herbalife Nutrition's rules on maintaining product quality, proper product storage, providing complete product presentations, and providing proper product use directions. Because of this, the Satisfaction Guarantee is limited to purchases from Distributors or, directly from Herbalife Nutrition.

A Distributor who receives a Satisfaction Guarantee request from an individual who did **not** purchase from that Distributor, should refer the individual directly to Herbalife Nutrition's Refunds & Repurchase Department at 866-866-4744.

Because only Herbalife Nutrition and its Independent Distributors are authorized to provide instructions and information concerning proper and optimal use of Herbalife Nutrition products, it is essential that Herbalife Nutrition verify that these individuals purchased the products from Herbalife Nutrition or an authorized Distributor before processing the individual's request under the Satisfaction Guarantee.

This Addendum highlights the changes to the Herbalife Nutrition Sales & Marketing Plan as it relates to compensation, discount advancements, qualifications and promotions, which took effect in May 2017 for the U.S. and U.S. Territories. The Sales & Marketing Plan section of the Sales & Marketing Plan and Business Rules will be updated and available at a later date. In the interim, please contact your Sponsor or Herbalife Nutrition at 866-866-4744 if you have any questions and/or require additional support.

Required Distributor Training

All Herbalife Nutrition Independent Distributors are required to complete a simple training course; this training course was developed to help ensure all Herbalife Nutrition Independent Distributors know the “Rules of the Road” and have a solid foundation for growing their Herbalife Nutrition business. During your training you will learn how to:

- Use Herbalife Nutrition tools to document retail sales
- Create a business budget and manage income and expenses
- Make appropriate claims
- and much more

As a new Distributor, you must complete this training **before recruiting or receiving any form of compensation.**

Taking the Required Training

The required training is easy and accessible; you have 3 ways to complete your training:

1. Take the training online by visiting the Learning Center on MyHerbalife.com.
2. Download the mobile app by searching for “Herbalife Learning” in the App store or Google Play store to complete the training on your mobile device.
3. Contact us at 866-866-4744; select the language and then select option 1 for Distributors. From the next menu, select option 1 for Automated Services, then select the option for Required Distributor Training and follow the instructions.

Ordering Product

Each time you place an order, you will need to declare the order purpose as follows:

- **Personal Consumption** – Order placed for your own personal use or members of your household.
 - Product ordered for Personal Consumption cannot be retailed.
 - Product Consumption orders will be taxed on the discounted purchase price – not on the full retail price.
- **Customer Direct** – Order placed by you for delivery directly to your Customer.
 - You must provide your Customer’s name, address, phone/email address.
 - You must provide the price at which you sold each item and the total amount paid by your Customer.
- **Retail Inventory** – Order placed for your on-hand product inventory for resale to your Customers, use in your Nutrition Club, or sampling.

Creating and Submitting Retail Receipts

Because qualification and compensation are based on sales activity, product orders on their own will not qualify you to earn under the Sales & Marketing Plan. When you submit a receipt for a profitable customer sale, it becomes **Documented Volume** and qualifies you to work towards increasing your discount, marketing plan levels, promotions, and when eligible, your qualification to earn.

Documented Volume is fully explained on the following page.

Receipts may be created and submitted to Herbalife Nutrition in several different ways:

Automatic Creation and Submission of Retail Receipts:

- Customer Direct Orders: You place your customer order as a “customer direct” order and let us ship the product for you. The retail receipt will be created and submitted automatically at the time the order is placed. This is the quickest, most efficient way to submit receipts for retail sales to your customers.
- Orders placed by Customers on GoHerbalife.com.
- Orders placed by Distributors through MyHerbalife.com if you enter the Customer’s purchase price with your order.
- Purchases by Preferred Members directly with Herbalife Nutrition.

If you purchase retail inventory, you will need to submit the receipt to Herbalife Nutrition when you sell the product to your customer. You may create and submit a receipt by any one of the following methods:

- The Herbalife Nutrition Receipt Capture Tool available on MyHerbalife.com*
 - o Submit receipts 24/7 to us after your sales to Customers
- The Herbalife Nutrition Point of Sale Mobile Tool (Herbalife POS)*
 - o Submit receipts to us & your Customers simultaneously at the time of your sales 24/7
 - o Submit Nutrition Club consumption receipts to us daily 24/7

*The electronic tools are highly recommended as a quick and efficient method to submit your receipts.

Valid Receipt Components

- Herbalife Nutrition’s has received a fully completed profitable customer receipt – via tools or paper
- A profitable retail sale including cost of product, tax, freight, method of payment, sale date and complete price.
- Includes the Customer’s first and last name
- Contains 2 of the 3 required components of a receipt
- Customer’s address
- Customer’s phone
- Customer’s email

NOTE: Profitable Retail Sales do not include product purchases for: personal consumption, sampling at Nutrition Clubs or elsewhere; charitable contributions; and gifts to anyone including sports teams, family, etc. and, therefore, will NOT contribute to Documented Volume.

What is Documented Volume (DV)?

Documented Volume (DV) is volume that can be used towards your qualification to earn (earning %), qualification to achieve higher discounts, advancement in the marketing plan, and qualification for promotions. There are 6 ways to accumulate Documented Volume:

1 & 2. Profitable customer retail sales supported by a receipt that is submitted and accepted by Herbalife Nutrition for:

- A sale made in any country by you or your U.S./U.S. territory downline that contributes to your personal volume.
- A sale made in the U.S./U.S. territories by your non-U.S./U.S. territory downline that contributes to your personal volume.

3 & 4. All purchases made by your first line Preferred Members or the first line Preferred Members of downline that contribute to your personal volume.

5 & 6. All purchases made by your non-U.S./U.S. territory downline that contribute to your personal volume made outside the U.S. for sale to Customers in the market in which the purchase was made.

Other Key Terms To Understand

Non-Documented Volume (NDV)

Volume that cannot be used towards your earning percentage, qualification to higher discounts and marketing plan levels. This is volume from orders declared as Retail Inventory where receipts were not provided or the sales were not - profitable.

Primary Personal Consumption (PPC)

Volume from orders declared for personal consumption that is within the defined limit (currently \$235, between 185-260 in Volume), which is subject to change each year.

Secondary Personal Consumption (SPC)

Volume from orders declared for personal consumption that exceeds the defined monthly personal consumption limit.

Primary Rewardable Volume (PRV)

The sum of Documented Volume (DV) and Primary Personal Consumption (PPC). Your Uplines will be compensated on this volume in accordance with the Sales & Marketing Plan as long as the DV meets the 2/3 – 1/3 Rule, which is explained on the next page.

Secondary Rewardable Volume (SRV)

The sum of Non-Documented Volume (NDV) and Secondary Personal Consumption (SPC).

- If sales receipts indicate a non-profitable sale, then they will be considered as SRV.
- SRV will be moved to the Accumulate & Allocate (A&A) bucket and redistributed as explained later.

2/3 – 1/3 Rule

Herbalife Nutrition will pay out wholesale profit, royalty overrides and production bonus on the earn base of Primary Rewardable Volume (PRV) component (Documented Volume + Primary Personal Consumption) of US sales. In addition, when Herbalife Nutrition meets the requirement of the 80% rule, it will increase the payout on the PRV to account for the Secondary Rewardable Volume (SRV) component (Non-Documented Volume + Secondary Personal Consumption) of US sales using the Accumulate & Allocate (A&A) process.

The 2/3 - 1/3 Rule requires that at least 2/3 of the PRV must come from Documented Volume. If this threshold is not met, we must move some of the Primary Personal Consumption out of PRV so that there is twice as much Documented Volume as Primary Personal Consumption volume remaining in the PRV. Example: If a Distributor has 10,000 PRV and 5,000 was Documented Volume and 5,000 was Primary Personal Consumption then 2,500 of that Primary Personal Consumption must be moved out of the PRV. This leaves twice as much Documented Volume (5,000) in the PRV as Primary Personal Consumption (2500).

For Royalty Overrides and Production Bonus, the Primary Personal Consumption Volume that is moved is shifted to the SRV bucket and used to increase the payout on remaining PRV through the A&A process. This should allow the earner to retain their normal payout. For Wholesale Profit, the Primary Personal Consumption Volume that is moved is rolled up to the first upline wholesale profit earner that can absorb that volume and not violate the 2/3 - 1/3 rule themselves. This means that, for Wholesale Profit, a Distributor will still earn on the PRV and the SRV will still be used to increase the payout on remaining PRV through the A&A process. However, unlike with Royalty Overrides and Production Bonus, the Wholesale Profit earner will not be able to earn on the Primary Personal Consumption that was moved nor will they be able to use what was moved to increase the payout on the PRV through the A&A process.

80% Rule and Accumulate & Allocate (A&A)

- As long as 80% of U.S. and Puerto Rico Net Sales in Herbalife Nutrition's fiscal year (effectively a typical calendar year) is Primary Rewardable Volume (Documented Volume + Primary Personal Consumption), Herbalife Nutrition will make payments under the Accumulate & Allocate process (Secondary Rewardable allocation payout) based on their Primary Rewardable amounts.
- The A&A process is the method by which Herbalife Nutrition will make payouts on U.S. and Puerto Rico earnings so that any orders not paid via the Primary Rewardable method can be paid.
- If less than 80% of U.S. and Puerto Rico Net Sales in Herbalife Nutrition's fiscal year is Primary Rewardable Volume, Herbalife Nutrition can only pay out on Primary Rewardable Volume and the Secondary Rewardable Volume payout will not be paid.

[Back to Top](#)

How do you Qualify to Earn?

FIRST: You 'Qualify to Earn' based ONLY on your Documented Volume from the 6 different categories previously identified.

SECOND: After you have Qualified to Earn, then you are eligible to earn: Wholesale Profits, Royalty Overrides, Production Bonuses, Vacations, and other compensation *

* Eligibility is based on you reaching the corresponding qualifications.

Important: Your Personal Consumption purchases will **NOT** count toward qualifying to earn Wholesale Profits, Royalties, Bonuses or other compensation or to achieve higher levels of discount.

What You Earn On

Once you are qualified to earn in the Sales & Marketing Plan, there is a two-step process in the calculation of your Wholesale Profit, Royalty Overrides and Production Bonus:

- Earn 8%-25% Wholesale Profit from your downline purchasing at less than 50% discount, and your Charter Preferred and Preferred Members purchasing at 25% - 42% discount levels.
- Earn Royalty Overrides and Production Bonus on the documented sales of your downline Supervisors at 50% & Chartered Preferred Members at 50%. Royalty Overrides and Production Bonuses are paid out using the Primary Rewardable and Secondary Rewardable methods described below.

Step I (Primary Rewardable Method):

Documented Volume and Primary Personal Consumption are calculated (Primary Rewardable Volume) and paid out based on the 2/3-1/3 rule.

If your Documented Volume is less than 2/3 of your Primary Rewardable Volume, a portion of your Primary Personal Consumption Volume will be re-allocated as Secondary Rewardable Volume in order to meet the 2/3 ratio of Documented Volume to Primary Rewardable Volume.

Step II (Secondary Rewardable Method):

Non-documented purchases and Secondary Personal Consumption are calculated (Secondary Rewardable Volume) and are paid out using the Accumulate & Allocate (A&A) process.

The Accumulate and Allocate Process is the method used to pay Distributors in proportion to their rewardable organizational earn base, as a percentage of Herbalife Nutrition's total primary rewardable volume in the U.S. and Puerto Rico. This process is subject to change and even elimination in certain circumstances.

Important to consider:

Wholesale Profit

If more than 1/3 of the Primary Rewardable Earnings consists of Primary Personal Consumption, then a portion of that Primary Personal Consumption will be rolled up to the first Upline Wholesale Profit earner whose Downline's Primary Personal Consumption is less than 1/3 of their Primary Rewardable Earnings.

Royalty Overrides and Production Bonus

If more than 1/3 of the Primary Rewardable Volume consists of Primary Personal Consumption, then a portion of that Primary Personal Consumption will be moved to the Secondary Rewardable Volume.

We recognize that the process described above is complex and will take time to understand. However, please remember that Herbalife Nutrition will be tracking your qualifications and eligibility to earn for you.

- Use MyHerbalife to see the 'My Volume' and BizWorks reports including the 'Linear View Plus' report and more.
- Throughout the month, you can track the Volume on which you are eligible to earn and how you and your organization are tracking toward Qualifying to Earn.

It is critical to create and submit receipts for all of your retail sales and teach every Distributor in your organization to do the same.

[Back to Top](#)

Introduction

Herbalife Nutrition's Sales & Marketing Plan offers you unique opportunities which can lead to various levels of success; the plan was developed by Herbalife Nutrition's founder, Mark Hughes. The result is arguably the best Sales & Marketing Plan in the industry. Herbalife Nutrition's Sales & Marketing Plan pays a high percentage of product revenues to Distributors in the form of Retail and Wholesale Profits, Royalty and bonus income and incentives. This tested, proven business plan is designed to maximize rewards for effort and provide substantial and ongoing income.

The Herbalife Nutrition business opportunity and the Sales & Marketing Plan are identical for every Distributor. Each Distributor's success is dependent on two primary factors:

- The time, effort and commitment put into the Herbalife Nutrition business and
- The product sales made by a Distributor and their downline organization.

These two factors raise the importance of a Distributor's responsibility to train, support and motivate their downline organization.

The following pages describe the different levels of Herbalife Nutrition's Sales & Marketing Plan. Each level has specific qualifications and associated benefits to reward Distributors for their efforts and enhance their success.

Table of Contents

[Sales & Marketing Plan](#)

[Steps to Success](#)

[President's Team Plus Awards and Recognition](#)

[Achievement Awards and Anniversary Pins](#)

[Understanding Volume](#)

[Distributor Benefits](#)

[Royalty Override Income](#)

[President's Team Plus](#)

[TAB Team Production Bonus Payout Guidelines](#)

[Glossary of Terms](#)

[Ordering Procedures](#)

Becoming a Distributor – The Important First Step

The only required purchase in order to become an Herbalife Nutrition Distributor is the International Business Pack (IBP). Each IBP contain the Herbalife Nutrition Distributorship Application and Agreement, which you must complete and submit in order to receive an Herbalife Nutrition Identification Number and purchase products.

Registration

You officially become an Herbalife Nutrition Independent Distributor when your properly completed Application has been processed and accepted by the Herbalife Nutrition Corporate Office. The quickest and easiest method of completing your registration is online at MyHerbalife.com. You may also mail your Application; however, this process might take a few days. Once your Application has been accepted, your contract with Herbalife Nutrition becomes effective immediately, giving you all the rights, responsibilities and privileges of an Herbalife Nutrition Independent Distributor.

Income Opportunities

The Herbalife Nutrition Sales & Marketing Plan provides many opportunities to earn income and other rewards.

Immediate Retail Profit

25% to 50%

The profit from direct sales to customers.

Wholesale Profit (also known as Commissions)

Up to 25% of Earn Base value

The difference between what you pay for products and what Distributors in your personal organization pay for products.

Monthly Royalty Override Income



















As a Supervisor, you can earn up to 5% on the Earn Base value of the sales from your three active levels of downline Supervisors.

Monthly Production Bonus

TAB Team can earn an extra 2% to 7% Production Bonus.

Mark Hughes Bonus A bonus that eligible President Team members and above may qualify to earn in recognition of outstanding performance.















Steps to Success

<p>Distributor</p> 	<p>Senior Consultant</p>  <p>500 Volume Points or more accumulated in 1 month</p>	<p>Success Builder</p>  <p>1,000 Personally Purchased Volume Points or more in one order*</p>	<p>Qualified Producer</p>  <p>2,500 accumulated Volume Points accumulated in 1 to 3 months, all orders must be purchased directly through Herbalife Nutrition*</p>	<p>Supervisor</p>  <p>4,000 Volume Points (VP) in 1 month or 4,000 accumulated over 2 consecutive months (with a minimum of 1,000 of those VP Unencumbered) or 4,000 accumulated VP within 12 months</p>	<p>World Team</p>  <p>2,500 Volume Points (VP) in each of 4 consecutive months or 10,000 VP at 50% in 1 month or 500 Royalty Override Points in 1 month</p>
<p>Global Expansion Team</p>  <p>1,000 Royalty Override Points in 3 consecutive months</p>	<p>Millionaire Team</p>  <p>4,000 Royalty Override Points in 3 consecutive months</p>	<p>President's Team</p>  <p>10,000 Royalty Override Points in 3 consecutive months</p>	<p>15K President's Team</p>  <p>Gold & Diamond Cufflinks & Earrings 15,000 Royalty Override Points in 3 consecutive months</p>	<p>20K President's Team</p>  <p>20,000 Royalty Override Points in 3 consecutive months</p>	<p>30K President's Team</p>  <p>30,000 Royalty Override Points in 3 consecutive months</p>
<p>40 K President's Team</p>  <p>Herbalife Nutrition-branded Movado Watches 40,000 Royalty Override Points in 3 consecutive months</p>	<p>50K President's Team</p>  <p>50,000 Royalty Override Points in 3 consecutive months</p>	<p>60K President's Team</p>  <p>White Gold and Diamond Necklace and Cufflinks 60,000 Royalty Override Points in 3 consecutive months</p>	<p>70K President's Team</p>  <p>White Gold and Diamond Signet Rings 70,000 Royalty Override Points in 3 consecutive months</p>	<p>80K President's Team</p>  <p>White Gold and Diamond Ring and Earrings 80,000 Royalty Override Points in 3 consecutive months</p>	<p>90K President's Team</p>  <p>Piaget Herbalife Nutrition-branded Diamond Watch and White Gold Diamond Logo Bracelet 90,000 Royalty Override Points in 3 consecutive months</p>

*It is not necessary to become a Senior Consultant, Success Builder or Qualified Producer before qualifying as Supervisor. For complete qualification details, refer to your IBP.

*Actual watch model may vary based on availability at time of qualification.

President's Team Plus Awards and Recognition

<p>1 Diamond</p>  <p>Executive President's Team 1 first-line, Fully Qualified President's Team member* in any line of your organization</p>	<p>2 Diamond</p>  <p>Senior Executive President's Team 2 first-line, Fully Qualified President's Team members* in 2 separate lines of your downline organization</p>	<p>3 Diamond</p>  <p>International Executive President's Team 3 first-line, Fully Qualified President's Team members* in 3 separate lines of your downline organization</p>	<p>4 Diamond</p>  <p>Chief Executive President's Team 4 first-line, Fully Qualified President's Team members* in 4 separate lines of your downline organization</p>	<p>5 Diamond</p>  <p>Chairman's Club 5 first-line, Fully Qualified President's Team members* in 5 separate lines of your downline organization</p>
<p>6 Diamond</p>  <p>Chairman's Club 6 first-line, Fully Qualified President's Team members* in 6 separate lines of your downline organization</p>	<p>7 Diamond</p>  <p>Chairman's Club 7 first-line, Fully Qualified President's Team members* in 7 separate lines of your downline organization</p>	<p>8 Diamond</p>  <p>Chairman's Club 8 first-line, Fully Qualified President's Team members* in 8 separate lines of your downline organization</p>	<p>9 Diamond</p>  <p>Chairman's Club 9 first-line, Fully Qualified President's Team members* in 9 separate lines of your downline organization</p>	<p>10 Diamond</p>  <p>Founder's Circle 10 first-line, Fully Qualified President's Team members* in 10 separate lines of your downline organization</p>
<p>Baume & Mercier Watches†</p>  <p>250,000 Royalty Override Points in 12 consecutive months (calendar year)</p>	<p>Gold and Diamond Marquis Rings</p>  <p>500,000 Royalty Override Points in 12 consecutive months (calendar year)</p>	<p>Piaget Gold and Diamond Watches†</p>  <p>750,000 Royalty Override Points in 12 consecutive months (calendar year)</p>	<p>Piaget Diamond Watches†</p>  <p>1,000,000 Royalty Override Points in 12 consecutive months (calendar year)</p>	

*For complete qualification details, refer to your IBP.

†Actual watch model may vary based on availability at time of qualification.

[Back to Top](#)

ACHIEVEMENT AWARDS AND ANNIVERSARY PINS

1 Million Lifetime Achievement Award



1 Million Volume Points

Lifetime Achievement Awards are given to Distributors who have achieved 1 million Volume Points or more during their Herbalife Nutrition career*

2 Million Lifetime Achievement Award



2 Million Volume Points

Lifetime Achievement Awards are given to Distributors who have achieved 2 million Volume Points or more during their Herbalife Nutrition career*

3 Million Lifetime Achievement Award



3 Million Volume Points

Lifetime Achievement Awards are given to Distributors who have achieved 3 million Volume Points or more during their Herbalife Nutrition career*

4 Million Lifetime Achievement Award



4 Million Volume Points

Lifetime Achievement Awards are given to Distributors who have achieved 4 million Volume Points or more during their Herbalife Nutrition career*

1-Year Anniversary



1-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

3-Year Anniversary



3-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

5-Year Anniversary



5-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

7-Year Anniversary



7-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

10-Year Anniversary



10-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

15-Year Anniversary



15-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

20-Year Anniversary



20-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

25-Year Anniversary



25-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

30-Year Anniversary



30-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife Nutrition

*For complete qualification details, refer to your IBP.

[Back to Top](#)

Understanding Volume

Throughout this manual, we use the term volume extensively. Volume is a key element in the Sales & Marketing Plan and is the basis for qualifying and working your way to higher levels.

Each Herbalife Nutrition product has a Volume Point value assigned to it that is equal in all countries (see order forms and price lists for exact information). Official International Business Packs (IBP), literature items and sales tools do not count as volume. As you order products, you accumulate Volume Points that are applicable to the products ordered. These accumulated Volume Points become your sales production and are used for purposes of qualifications and benefits.

Volume is assigned to you in various ways depending on who purchased the product, their status and discount, your own status and other factors of the Herbalife Nutrition Sales & Marketing Plan. Volume is calculated on the accumulated Volume Point value of products ordered in a Volume Month.

Explanation of Volume Month

Definition of Volume Month

Volume is assigned to and accumulated by a Supervisor on a Volume Month basis. The Volume Month begins on the first business day of the month and ends on the last business day of the month. If the last day falls on a weekend, the Volume Month will be extended to Monday. Likewise, if the last day of the month is considered a holiday, the month may be extended to the first business day after the holiday. Herbalife Nutrition reserves the right to modify the Volume Month as it deems appropriate.

Determination of Volume Month

Volume is assigned to the Volume Month in which the order is both placed and full payment is received by Herbalife Nutrition.

Add-On Volume

The following conditions must be met for an order to be accepted as Add-On volume:

1. Order must be placed no later than the designated last order day of a Volume Month
2. Full payment must be made, or initiated, on the same last order day of the month. For example if payment is mailed, the postmark must be stamped the designated last order day of a volume month. If the payment is a wire transfer, direct deposit or other bank transaction, then it must be initiated on the last order day of a volume month.
3. Full payment must be received by Herbalife Nutrition no later than the 5th day of the following month. If the 5th of the month falls on a weekend or a holiday, then the payment must be received by the last business day before the 5th.

If for any reason, a payment is not accepted or received, then the order will be canceled and the Volume will not be applied.

There are a number of ways volume is assigned in the Herbalife Nutrition Sales & Marketing Plan. The following definitions and examples illustrate these:

Personally Purchased Volume (PPV)

Personally Purchased Volume is the volume on orders purchased directly from Herbalife Nutrition using your Herbalife Nutrition Identification Number.

Downline Volume (DLV)

Downline Volume is achieved on orders placed by your non-Supervisor downline directly from Herbalife Nutrition.

Downline Volume Example		
	Purchases/ Discount %	Downline Volume
A Supervisor	2,500 Volume Points @ 50% discount	*
B Senior Consultant	500 Volume Points @ 35% Discount	900 Volume Points (C&D's Volume)
C Senior Consultant	500 Volume Points @ 35% Discount	400 Volume Points (D's Volume)
D DISTRIBUTOR	400 Volume Points @ 25% Discount	0

*For Fully Qualified Supervisors, Downline Volume is counted towards Personal Volume or Group Volume.

Personal Volume (PV)

As a Fully Qualified Supervisor, Personal Volume is achieved from your own purchases and purchases made by your non-Supervisor downline, down to your first Fully Qualified Supervisor.

As a non-Supervisor Distributor you may purchase directly from Herbalife Nutrition, from your Sponsor or your first upline Fully Qualified Supervisor. Please note that purchases made from your Sponsor or first upline Fully Qualified Supervisor may not be used for Supervisor Qualifications, only orders placed with the Company count towards these levels.

Therefore, if you are a Fully Qualified Supervisor, all of your own orders purchased at 50% as well as all orders purchased by your downline Distributors, Senior Consultants, Success Builders and Qualified Producers at 25% to 42% discount count as your Personal Volume.

Personal Volume Example		
	Purchases/Discount %	Personal Volume
A Supervisor	1,000 Personal Volume Points + B, C & D's Volume	= 2,800 Personal Volume
B Success Builder	1,100 Volume Points + C & D's Volume @ 42% Discount	= 1,800 Personal Volume
C Senior Consultant	300 Volume Points + D's Volume @ 35% Discount	= 700 Personal Volume
D Distributor	400 Volume Points @ 25% Discount	= 400 Personal Volume

Group Volume (GV)

Group Volume is the volume on orders purchased at a temporary 50% discount by Qualifying Supervisor(s) during the qualifying month.

This Temporary 50% Volume is accumulated as Personal Volume for the Qualifying Supervisor who is purchasing, and it is Group Volume for the first upline Fully Qualified Supervisor. As a Fully Qualified Supervisor you will earn Royalty Overrides on Group Volume if all other Royalty Override requirements are met. (Refer to the "Qualifying as a Supervisor" and "Temporary 50%" sections of the Sales & Marketing Plan and Business Rules for complete details.)

Group Volume Example		
	Purchases/ Discount %	Personal Volume
A Supervisor Volume	2,500 Volume Points	6,500 Personal
	+ B & C's Volume	+1000
		= <u>Group Volume</u>
Volume		7,500 Total
B Qualifying Supervisor Volume	1,000 Volume Points @ Temporary 50% Discount	= 5,000 Personal
	+ C's Volume	
C Distributor	4,000 Accumulated Volume Points	= 4,000 Personal Volume

Total Volume (TV)

Total Volume is the sum of Personal Volume plus Group Volume. (See "Group Volume Example" for Supervisor A's Total Volume.) Total Volume is the factor on which some qualifications are based.

Organizational Volume (OV)

Organizational Volume is the accumulated Volume amount on which a Supervisor earns Royalty Overrides. (See the "Organizational Volume Example" that follows.)

Organization Volume Example		
A Supervisor	2,500 Volume Points	
1st Level Supervisor	10,000 Total Volume Points	
2nd Level Supervisor Volume	10,000 Total Volume Points	= 30,000 Organization
3rd Level Supervisor	10,000 Personal Volume Points	

Encumbered and Unencumbered Volume

Encumbered Volume

Encumbered Volume is volume being used by your downline to qualify for Supervisor.

Unencumbered Volume

Unencumbered Volume is volume not being used for Supervisor qualifications by your downline.

The example that follows illustrates the use of Encumbered and Unencumbered Volume for each of the Distributors.

Encumbered and Unencumbered Volume			
A Supervisor for A	2,500		2,500
	Total Volume Points		Unencumbered
	+B & C's Volume	=	5,000 Encumbered to A
B Qualifying B Supervisor	1,000		1,000
	Total Volume Points		Unencumbered for
	+ C's Volume	=	4,000 Encumbered to B
C Qualifying for C Supervisor	4,000 Accumulated	=	4,000
	Total Volume Points		Unencumbered

DISTRIBUTOR BENEFITS

Retail Profit

As a Distributor, you may purchase Herbalife Nutrition products at a wholesale discount of 25% to 50% on the Earn Base value. As your volume increases, this discount will increase up to a maximum of 50% when you qualify as a Supervisor. You earn an immediate Retail Profit when you sell these products to customers. The difference between the discounted product price paid by you and the retail price paid by your customer is your Retail Profit. (See the "Retail Profit Example.")

Retail Profit Example				
Suggested Retail Price	Earn Base	Discounted Amount (at 25% discount taken from the Earn Base Amount of \$100)	Your Cost (Discounted Amount of \$25 taken from the Suggested Retail Price of \$110)	Your Profit (Suggested Retail Price of \$110 minus Your Cost of \$85)
\$110	\$100	\$25	\$85	\$25

Wholesale Profit (Commissions)

In addition to Retail Profit, as an Herbalife Nutrition Distributor, you can earn Wholesale Profit on products purchased by your downline. Your Wholesale Profit, also called Commissions, is the difference between the discounted price you pay for products and the discounted price paid by your downline.

If your downline purchase their product directly from Herbalife Nutrition, then Herbalife Nutrition pays the Wholesale Profit to the eligible Senior Consultant, Qualified Producer, Qualifying Supervisor and/or Fully Qualified Supervisor based on their respective final discount percentage achieved at the end of the month. This payment is made during the monthly Royalty Override process. If you sell products directly to your downline, you can earn up to 25% Wholesale Profit. These payments are called Wholesale Profit. (See the "Wholesale Profit [Commissions] Example" that follows.)

Wholesale Profit (Commissions) Example				
Retail Profit	Earn Base	Your Cost (at 50%)	Your Downline's Cost (at 25%)	Your
\$110	\$100	\$60	\$85	\$25

Split Commission Example						
Total Retail	Earn Base	Discount Level	Your Downline's Cost	Split Commissions		
				To the Qualified Producer (QP)	To the Supervisor	
\$110	\$100	25%	\$85	\$17		\$8
\$110	\$100	25%	\$85	N/A (no QP)		\$25
\$110	\$100	35%	\$75	\$7		\$8
\$110	\$100	35%	\$75	N/A (no QP)		\$15

Senior Consultant

Improve Your Profits With the Discount Scale

As you and your non-Supervisor Downline sell more Herbalife Nutrition products, your Total Volume increases and you may reach the next level of Senior Consultant. As such, you become eligible to purchase products at a 35% or 42% discount off the Earn Base, giving you a greater profit margin.

[Back to Top](#)

Discount Scale

As a Distributor you may purchase at a 25% discount on all orders until you become eligible for a higher discount by achieving the Senior Consultant level. Thereafter, your discount on purchases will be determined by the Discount Scale as indicated below at no less than a 35% discount.

Volume Points accumulate either from orders placed by you directly with Herbalife Nutrition, which are referred to as Personally Purchased Volume, or from orders your downline Distributors place with Herbalife Nutrition, which are called Downline Volume. Both types of volume may be used to achieve Senior Consultant Level at a 35% or 42% discount.

Level	Monthly Volume	Discount	Eligibility
Senior Consultant	Achieve 500 Volume Points	35%	All orders will be placed at 35% discount until you become eligible for a higher discount.
Senior Consultant	Achieve 2,000 Volume Points	42%	Once you have achieved 2,000 Volume Points, you are eligible to place this order and all orders for the remainder of the Volume Month at a 42% discount.
Success Builder	Minimum 1,000 (One Order)	42%	Your own Personally Purchased Volume order of 1,000 Volume Points or more entitles you to a 42% discount on this order and all Volume Points orders for the remainder of the month.
Qualified Producer	Accumulate 2,500 Volume Points within 1-3 months	42%	As a Qualified Producer you are entitled to a 42% Discount on every order until you become eligible for a higher discount.
Qualifying Supervisor	Achieve 4,000 Volume Points in one volume month with a minimum 1,000 Volume Points Unencumbered or - Achieve 4,000 Volume Points over two consecutive months, with a minimum 1,000 Volume Points Unencumbered or - Accumulate 4,000 Volume Points within 12 months with a minimum of 3 months required	Temporary 50%	Once Qualifying Volume Points are achieved additional orders are purchased at a Temporary 50% discount.
Supervisor	3 ways to qualify: See "Qualifying as a Supervisor" in this section of the Sales & Marketing Plan and Business Rules for details	50%	As a Supervisor, you are entitled to a 50% discount on every order. (Must requalify annually).

Note:

Your Personal Volume, plus your downline's Volume, count as your Total Volume. Once you are on the Discount Scale, your discount will never be less than 35% for as long as you remain an active Distributor and/or until you become to a higher discount. The more you sell, the greater your profit potential. Remember that each Volume Month you begin again at a 35% discount and can work your way up to 42% and 50% discount.

Success Builder

As an Herbalife Nutrition Independent Distributor, you have an opportunity to purchase a single order of 1,000 Volume Points directly from Herbalife Nutrition at a 42% discount. This qualifies you to become a Success Builder. As a Success Builder, you will be able to order at a 42% discount for the remainder of the Volume Month.

Distributors (non-Supervisors) who do not achieve Success Builder are able to order at a 42% once they have accumulated 2,000 Volume Points in one month or have achieved the Qualified Producer level.

- The Success Builder level is a Personally Purchased Volume qualification; Downline Volume may not be used towards this discount opportunity.

Qualified Producer

You have the opportunity to achieve Qualified Producer status by accumulating 2,500 Volume Points within 1-3 month. All volume achieved towards this qualification must be from orders purchased directly from Herbalife Nutrition.

You will automatically receive the 42% once the qualification has been achieved; and will be updated to this status on the 1st of the month following the month your qualification volume was achieved.

A Qualified Producer is eligible to:

- Purchase at 42% immediately after qualifying for this status
- Earn a 42% Retail Profit
- Earn up to 17% Wholesale Profit (Commissions) on the Earn Base value from purchases made by your downline Distributors at a 25% or 35% discount

Once you achieve Qualified Producer status, all purchases will be at a discount of no less than 42% as long as your Annual Distributor Services Fee remains current and paid.

Fully Qualified Supervisor

At the Supervisor status you will earn the highest discount of 50%, plus Retail and Wholesale Profit, and become eligible to earn Royalty Overrides (RO).

A Fully Qualified Supervisor is eligible to:

- Earn a 50% Retail Profit
- Earn up to 25% Wholesale Profit (Commission) on the Earn Base value from purchases made by your downline Distributors at a 25% - 42% discount
- Earn RO of 1% to 5% on their first, second and third-level active Supervisor
- Attend special workshops and training sessions
- Qualify for special Supervisor recognition

Distributors who achieved the level of Supervisors are often referred to as Distributors or Herbalife Nutrition Independent Distributors.

As a Supervisor, purchases may only be made by you directly from Herbalife Nutrition.

Qualifying as a Supervisor

There are three ways to qualify as a Supervisor:

- **One-Month Qualification:** Achieve 4,000 Volume Points in one Volume Month (with a minimum 1,000 of those 4,000 Volume Points Unencumbered).
- **Two-Month Qualification:** Achieve 4,000 Volume Points over two consecutive months (with a minimum of 1,000 of those 4,000 Volume Points Unencumbered over the same two month period).
- **Accumulated Qualification:** Achieve 4,000 Volume Points within 12 months (of which a minimum of three months is required). Distributors have the opportunity to qualify via this method when purchasing their orders directly with Herbalife Nutrition.

For all methods of Supervisor Qualification, once achieved, you are automatically updated to Supervisor status on the 1st of the month following completion of your qualification.

Distributors that are qualifying for Supervisor in line with their downline Distributors may require a Supervisor Qualification Form. This form can be downloaded from MyHerbalife.com – Documents and Policies or can be obtained from Herbalife Nutrition.

Qualifying Supervisor

Eligibility for Temporary 50% Discount

Once you have achieved the required Volume Points toward Supervisor Qualification you will be considered a **Qualifying Supervisor** until the 1st of the following month, when you will become a **Fully Qualified Supervisor**. As a **Qualifying Supervisor**, you are eligible for a temporary 50% discount for the remainder of the Volume Month in which your qualifying Volume Points were achieved.

Orders purchased at a 50% discount must be purchased directly from Herbalife Nutrition.

The Volume from orders purchased at a Temporary 50% is considered Personally Purchased Volume for the purchaser and Group Volume for the Fully Qualified Supervisor.

Matching Volume

Matching Volume is the Personal and Total Volume a Supervisor must have in order to validate the Supervisor qualifications in your downline.

Matching Volume is how Herbalife Nutrition verifies and validates the qualification of new Supervisors. Whenever a Supervisor sponsors a Distributor to the Supervisor position, the sponsoring Supervisor's Total Volume must be at least the same as the Total Volume of their downline Distributor(s) qualifying within that same month. Without adequate Matching Volume, the new Supervisor will be moved to the next upline Supervisor.

The following Matching Volume example illustrates the amount of Personal Volume and Total Volume that must be achieved by the sponsoring Supervisor for the downline Distributors who are qualifying for Supervisor. In this example, "A" (the sponsoring Supervisor) must have at least 4,000 Personal Volume Points and at least 1,000 Group Volume Points in the month that "B" and "C" are qualifying for Supervisor. This volume obligation for the Supervisor is considered to be their Matching Volume requirement.

Matching Volume Example			
A	Matching Volume Requirement for Supervisor "A"		
Sponsoring Supervisor	4,000 Personal Volume		
	+ 1,000 Group Volume		
	= 5,000 Total Volume		
B			
Qualifying Group Supervisor	1,000 Volume Points	=	1,000
Volume for "A"		@ Temporary 50% Discount	
C			
Qualifying Personal Supervisor	4,000 Accumulated Volume Points	=	4,000
for "A"			Volume

Insufficient Matching Volume

As the first upline Fully Qualified Supervisor, if you do not have enough Volume in the qualifying month(s) to substantiate your downline's Supervisor qualification you will be "short" Matching Volume. Herbalife Nutrition will notify you of the insufficient Volume and allow you to place a Matching Volume Order for the amount you are short. The Order Department will be authorized to accept the Matching Volume Order for the appropriate month.

To place this volume, the order must be clearly identified a "Matching Volume Order for Month of _____."

Matching Volume Order

To receive proper credit for the Matching Volume Order, the order must be clearly identified as Matching Volume Order for the appropriate month and year, with full payment included. A Matching Volume Order can only be accepted by Herbalife Nutrition if the Company has identified a Matching Volume problem and notified you accordingly, and has authorized the Order Department to accept the order from you as the sponsoring Supervisor. This order will be applied to the Volume Month specified.

Appropriate adjustments will be made on Matching Volume order to your upline Royalty and Production Bonus receiving Supervisors. However, Royalty points and TAB Team production Bonuses percentages will not be adjusted when a Matching Volume Order is placed after the Volume Month in question. If multiple occurrences of Matching Volume take place, as the Sponsoring Supervisor, you will not be paid the Royalty earnings for up to four months on the qualifying line and this earning will be paid to the next upline Royalty receiving Supervisor.

Failure to Match Volume

In order to avoid a penalty, you must place the Matching Volume Order once you have received notification from Herbalife Nutrition.

If you are short volume and fail to place an order to match that Volume, a Matching Volume Penalty will be assessed. The penalty is that you will permanently lose the Supervisor who qualified the month in question and that Supervisor's downline.

Failure to Qualify as a Supervisor

If your sponsored downline becomes a Fully Qualified Supervisor before you do, you will have one year from the date of your downline's qualification to also become a Fully Qualified Supervisor.

If you do not become a Fully Qualified Supervisor within the one year following your downline's Supervisor qualification, you will permanently lose that downline to your first upline Supervisor at the end of your downline Supervisor's first requalification year.

Example:

08/01/2012
Downline
Supervisor's
Qualification Month

February 2014
Sponsor loses
Qualified Downline
is Sponsor hasn't
become a Fully
Qualified Supervisor

08/01/2012 – 01/31/2014 Sponsor's Opportunity to Qualify for Supervisor
--

Supervisor Requalification

Once you become Supervisor status and above you must requalify your Supervisor status annually between February 1 and January 31 (i.e. upon qualifying as a Supervisor, you will have at least twelve (12) months during which to requalify as a Supervisor) to maintain your rights and privileges.

The requalification requirements for this are described below.

- One-Month Qualification: Achieve 4,000 Volume Points in one Volume Month (with a minimum 1,000 of those 4,000 Volume Points unencumbered).
- Two-Month Qualification: Achieve 4,000 Volume Points over two consecutive months (with a minimum of 1,000 of those 4,000 Volume Points Unencumbered over the same two month period.)
- Twelve-Month Requalification: Accumulate 10,000 Unencumbered Total Volume Points over the 12-month Requalification period.

Or,

Accumulate 4,000 Unencumbered Total Volume Points over the 12-month requalification period.

When requalifying by accumulating 4,000 Unencumbered Volume Points between February 1 and January 31 you will retain your Supervisor status and 50% buying privileges. However, any downline lineage that includes a Supervisor will be lost and moved to your next upline Fully Qualified Supervisor.

You will automatically requalify as a Supervisor each year if the volume requirements are met during the qualification period. As a reminder, you have the advantage of receiving a 50% discount on your requalification orders.

In addition to requalifying your Supervisor status, you must assure your Annual Distributor Services Fee is current and paid. Failure to pay the Annual Distributor Services Fee prior to or within 90 days after requalification will result in suspension of your ordering privileges and earnings until the fee is paid.

If you do not complete your Supervisor Requalification you will lose all rights and privileges of a Supervisor, including the loss of any lineage that includes a Supervisor. In this case, the entire downline lineage will be moved to your next upline Fully Qualified Supervisor.

As a Supervisor if you fail to requalify each year by January 31 you will be demoted to the position of Qualified Producer.

Three Levels of Success

The people you personally sponsor as Herbalife Nutrition Independent Distributors are known as your First Level. They may be friends or family or business associates, or even people you have just met. You can personally sponsor as many people as you want in any country in which Herbalife Nutrition officially operates. When these Distributors in your First Level sponsor other Distributors those new Distributors become your second level. When your Second Level, in turn, sponsor others, those they sponsor become the third level in your Herbalife Nutrition organization.

By training your Distributors and encouraging them to follow your example, some may choose to set their goals and qualify at the Supervisor level. As a Supervisor with Fully Qualified or Qualifying Supervisors in your first three levels, you may qualify to earn Royalty Overrides between 1% to 5% of your Organizational Volume.

[Back to Top](#)

ROYALTY OVERRIDE INCOME

Payment of Royalty Overrides

Your Royalty Override percentage is based on your Total Volume for each month, if your Volume Points are less than 500 Volume Points, then no Royalty Overrides are earned. If you produce 2,500 Volume Points or more, then a maximum 5% is earned on three active downline levels. The following Royalty Override scale shows the volume requirements that you must meet as a Supervisor every month to earn Royalty Overrides.

Royalty Override Scale	
Your Total Override Volume Points	Royalty Earning %
0–499	0%
500–999	1%
1,000–1,499	2%
1,500–1,999	3%
2,000–2,499	4%
2,500 plus	5%

Royalty Overrides are paid as follows:

In the following example, at the maximum 5%, your Royalty Override is calculated on 30,000 Organizational Sale Volume, which gives you 1,500 Royalty Override Points. Royalty Override Points are used for qualification purposes. Keep in mind, earnings are calculated on the Earn Base value of the products in the country from which the product is ordered. In certain countries, these Royalty Override earnings are converted to your local currency.

Royalty Override Example		
YOU Override	2,500 Volume Points	Your Total Royalty = 1,500 Royalty Points
First-Level Supervisor Points	10,000 Volume Points	= 5% = 500 Royalty
Second-Level Supervisor Points	10,000 Volume Points	= 5% = 500 Royalty
Third-Level Supervisor Points	10,000 Volume Points	= 5% = 500 Royalty

Royalty Points are calculated as follows:

- 1% to 5% **Royalty Points** are achieved from the Total Volume of personally sponsored first-level qualified Supervisors.
- 1% to 5% **Royalty Points** are achieved from the Total Volume of personally sponsored second-level qualified Supervisors (e.g. a Supervisor who has been sponsored in turn by your personally sponsored Supervisor).
- 1% to 5% **Royalty Points** are achieved from the Personal Volume of personally sponsored third-level qualified Supervisors (e.g. a Supervisor who has been sponsored in turn by a second-level Supervisor).

Royalty Override Roll-Up

As a Supervisor, you also have the opportunity to earn Royalty Override Roll-Ups. Royalty Override Roll-Ups are paid to the appropriate qualified upline Supervisor(s) when any downline Royalty Override contributing Supervisor earns less than the maximum 5% payout. This "roll-up" percentage is the difference between the 5% maximum Royalty Override and the actual percentage earned by the downline Royalty contributing Supervisor.

To be eligible for Royalty Override Roll-Ups, as a Supervisor you must be at the maximum 5% earning level, based on the Royalty Override Sliding Scale. You may not earn more than 5% Royalty Override on any order.

Royalty Override Roll-Up Example			
YOU	2,500 Total Volume Points 5% Royalty Override	=	Earns 5% Royalty on First, Second and Third-level Supervisors Earns 4% Royalty Override Roll – Up on Fourth-Level Supervisor
First-Level Override Supervisor	2,500 Total Volume Points 5% Royalty Points	=	Earn 5% Royalty on Second, Third and Fourth-Level Supervisors
Second-Level Supervisor	2,500 Total Volume Points 5% Royalty Points	=	Earn 5% Royalty Override on Third and Fourth-Level Supervisors
Third-Level Supervisor Override	500 Total Volume Points 1% Royalty Override	=	Earns 1% Royalty on Fourth-Level Supervisor
Fourth-Level Supervisor	1,000 Total Volume Points No Royalty Override	=	Supervisor does not have downline to earn Royalty Overrides

World Team

Qualifying as a World Team member is an important step in your Herbalife Nutrition business. You have demonstrated your success by qualifying for this prestigious team. World Team is your launching pad to move on to qualifying for the TAB Team.

To Qualify:

- Achieve 10,000 Total Volume Points in one Volume Month after becoming a Qualifying Supervisor or a Fully Qualified Supervisor.
- OR As a Fully Qualified or Qualifying Supervisor, achieve 2,500 Total Volume Points, each Volume Month, in four consecutive months.
- OR Achieve 500 Royalty Points in one Volume Month.

Providing you have achieved your Supervisor qualification, after achieving the required Volume or Royalty Points you will be updated to World Team-status on the first of the following month.

You Receive:

- All the benefits of a Supervisor
- A World Team pack, containing a personalized World Team Certificate, World Team pin and Herbalife Nutrition daily journal

Plus You Become Eligible to:

- Attend special planning and training sessions targeted to accelerate your progress to TAB Team

TAB Team

Successful Supervisors have the opportunity to proceed to the higher scale of the Herbalife Nutrition Sales & Marketing Plan, which is the Top Achievers Business (TAB) Team. There are three levels within the TAB Team: Global Expansion Team (GET), Millionaire Team and President's Team.

Achieving TAB Team status is a prestigious recognition within the Herbalife Nutrition Sales & Marketing Plan. TAB Team status indicates that the Supervisor has developed a strong, active downline Supervisor base and has demonstrated a willingness to take a leadership role. Upon achieving TAB Team status you will be eligible to receive additional benefits and earn leadership status. Reaching each new level enables you to participate in advanced training, earn generous Production Bonuses and qualify for exceptional awards and incentives.

TAB Team Production Bonus

As a TAB Team, you have the potential to receive 2% to 7% Production Bonus on your entire downline organization's activity on a monthly basis. It is necessary to submit a completed TAB Team Production Bonus Acknowledgment Form to be eligible for Production Bonus payments. The TAB Team Production Bonus is, in part, a reward for your leadership and undivided loyalty. (Please refer to the "Sample Forms" section of the Sales & Marketing Plan and Business Rules.) The Acknowledgment Form must be accepted and approved by Herbalife Nutrition in order to receive payments; the form will be sent to you by Herbalife Nutrition during your qualification period. (See individual team qualifications for specific Production Bonus qualifications.)

Annual Bonus

A bonus payment representing up to a percentage of Herbalife Nutrition's worldwide sales is distributed annually among Herbalife Nutrition's eligible President's Team members in recognition of their outstanding performance in advancing sales of Herbalife Nutrition products. (Refer to "Mark Hughes Bonus Award Rules" distributed to President's Team members, and available online at MyHerbalife.com.)

Vacation and Training Events

Reward, recognition and training are of the utmost importance at Herbalife Nutrition. As an Herbalife Nutrition Independent Distributor you have the opportunity to be eligible to qualifying for various Vacation and Training Events (when offered). Vacations and Training Events are both fun and informative and are held in exciting locations around the world; these events will teach you how to meet your goals, increase your earning power and build an international business. You'll learn all this while enjoying an exciting, adventurous vacation.

TAB – The following levels represent both recognition and earning levels within the TAB team.

Global Expansion Team (GET)

To Qualify:

Achieve 1,000 Royalty Points each month for three consecutive months; the first of the following month you will be updated to Global Expansion Team (GET)

Benefits

- All the benefits of a Supervisor
- A Global Expansion Team Recognition Certificate and pin
- Eligible to immediately earn up to 2% monthly TAB Team Production Bonus on your downline organization's volume. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in the Sales & Marketing Plan and Business Rules.) Upon completion of your qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Eligible to qualify for Company training event promotions.
- Eligible to participate in special advanced trainings.
- Eligible to participate in special conference calls.

Millionaire Team

To Qualify:

Achieve 4,000 Royalty Points each month for three consecutive months; the first of the following month you will be updated to Millionaire Team.

Benefits

- All benefits of a Supervisor
- A Millionaire Team Certificate and pin
- After a waiting period of 2 months, you will be eligible to earn up to 4% monthly TAB Team Production Bonus on your downline organization's volume. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in the Sales & Marketing Plan and Business Rules.) Upon completion of your qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Eligible to qualify for Company training event promotions.
- Eligible to participate in special conference calls.

President's Team

To Qualify:

- President's Team: Achieve 10,000 Royalty Points in three consecutive months.

President's Team Earning levels

- 20K President: Achieve 20,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 6.5% Production Bonus.
- 30K President: Achieve 30,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 6.75% Production Bonus.
- 50K President: Achieve 50,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 7% Production Bonus.

The first of the month following completion of your qualification, you will be updated to the appropriate President's Team level based on your qualification.

Benefits

- All benefits of a Supervisor
- A prestigious President's Team Certificate and pin
- After a waiting period of three months, you will be eligible to earn up to 7% TAB Team Production Bonus based on your qualification level. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in the Sales & Marketing Plan and Business Rules.) Upon completion of your qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Eligible to qualify for a special President's Team vacation and training event even promotions.
- Eligible to participate in special conference calls and advanced trainings.

Awards Policies

Herbalife Nutrition delivers recognition awards (such as, but not limited to) pins, plaques, and jewelry in a timely manner to Distributors that have achieved such recognition.

In the event an award is not received, the Awards and Recognition Department should be contacted in writing (via email or at the postal address below). The request must be received by Herbalife Nutrition no later than six (6) months after the qualification date associated with the Award.

Awards Replacement and/or Repair Policy:

Herbalife Nutrition strives to provide the highest quality awards available. In the event that an award was received defective or otherwise damaged, you may return the item(s) for free replacement within six (6) months of the original qualification date associated with the award.

After this six-month period, you may return damaged item(s) to be professionally refurbished or repaired which shall be at their cost paid through an earning deduction form. Any deviations from this policy shall be at the sole and absolute discretion of Herbalife Nutrition.

Request may be submitted by phone or in writing to:

Herbalife Nutrition
P.O. Box 80210
Los Angeles, CA 90080-0210
or
toll-free at 866-866-4744.

PRESIDENT'S TEAM PLUS

President's Team Plus Awards and Recognition



One Diamond

Executive President's Team

To qualify you must have one first-line, Fully Qualified President's Team member in any line of your downline organization.



Two Diamonds

Senior Executive President's Team

To qualify you must have two first-line, Fully Qualified President's Team members in two separate lines of your downline organization.



Three Diamonds

International Executive President's Team

To qualify you must have three first-line, Fully Qualified President's Team members in three separate lines of your downline organization.



Four Diamonds

Chief Executive President's Team

To qualify you must have four first-line, Fully Qualified President's Team members in four separate lines of your downline organization.



Five Diamonds

Chairman's Club

To qualify you must have five or more first-line, Fully Qualified President's Team members in five or more separate lines of your downline organization.



Ten Diamonds

Founder's Circle

To qualify you must have 10 or more first-line, Fully Qualified President's Team members in 10 or more separate lines of your downline organization.

Presidential Plus Awards

The Presidential Plus Awards are based on production (January through December Volume Months).



Baume & Mercier Watch 250,000 Royalty Override Points



Marquis Diamond Ring 500,000 Royalty Override Points



Paget Gold and Diamond Watch[†] 750,000 Royalty Override Points



Paget Diamond Watch[†] 1,000,000 Royalty Override Points

[†]Actual watch model may vary based on availability at time of qualification.

Qualifications by Team Level

Following is an easy-to-understand graph of qualifications for each team level.

Qualifications

Waiting and Earning Periods

Team	Achieve required Royalty Points each month for 3 consecutive months	Waiting Period	Earning Period
Global Expansion Team (GET)	1,000	None	12 months from Fully Qualified/Requalified Date
Millionaire Team (MILL)	4,000	2 months	12 months after waiting period is complete
President's Team (PRES)	10,000	3 months	12 months after waiting period is complete
President's Team20K (20K)	20,000	3 months	12 months after waiting period is complete
President's Team30K (30K)	30,000	3 months	12 months after waiting period is complete
President's Team50K (50K)	50,000	3 months	12 months after waiting period is complete

Production Bonus Earning Percentage Requirements

Once you have qualified and/or requalified for a particular TAB Team earning percentage level, the following must be achieved in each of the earning months to receive a TAB Team Production Bonus ("PB" on the following table) during your earning period:

Max Earning % Level	Total Volume Points Required	Royalty Points Required for Max 2% PB	Royalty Points Required for Max 4% PB	Royalty Points Required for Max 6% PB	Royalty Points Required for Max 6.5% PB	Royalty Points Required for Max 6.75% PB	Royalty Points Required for Max 7% PB
2%	3,500	1,000					
4%	3,000	1,000	4,000				
6%	2,500	1,000	4,000	10,000			
6.5%	2,500	1,000	4,000	10,000	20,000		
6.75%	2,500	1,000	4,000	10,000	20,000	30,000	
7%	2,500	1,000	4,000	10,000	20,000	30,000	50,000

TAB TEAM PRODUCTION BONUS PAYOUT GUIDELINES

To help you better understand the TAB Team Production Bonus [Production Bonus] Payout, we've put together the following guidelines.

- When a TAB Team in your downline earns a Production Bonus at a lower % level than you, you will earn the % difference on their downline. For example, if you earn a Production Bonus at the 6% level and your downline TAB Team earns a Production Bonus at the 2% level, you will earn 6% on that TAB Team-and the remaining 4% Production Bonus on their downline organization down to the next Production Bonus earner. Your Production Bonus earnings below those downline Production Bonus earners will depend upon the earning % of each Production Bonus earner..
- When a downline TAB Team earns Production Bonus at the same % level as you, you will earn on that TAB Team but you will be unable to earn a Production Bonus on their downline. This is commonly referred to as "Cut-Off".
- When a downline TAB Team earns a Production Bonus at a higher level than you, you will be unable to earn a Production Bonus on that downline and their organization. This is commonly referred to as "Blocking".
- Remember, to be eligible to receive the Production Bonus, your completed TAB Team Production Bonus Acknowledgment Form must have been accepted and approved by Herbalife Nutrition, and all other terms and conditions must be met.

Production Bonus Eligibility Period Examples

Qualification Period			Global Expansion Team (GET)														
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1,000 Royalty Points	1,000 Royalty Points	1,000 Royalty Points	Eligible to earn 2% PB from April to March														
			Requalification Period from April to March														

Qualification Period			Millionaire Team														
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
4,000 Royalty Points	4,000 Royalty Points	4,000 Royalty Points	Waiting Period		Eligible to earn 4% PB from June to May												
			Requalification Period from April to March														

Qualification Period			President's Team														
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
10k, 20k, 30k, 50k Royalty Points x 3 months			Waiting Period			Eligible to earn 6% PB from July to June											
			Requalification Period from April to March														

Production Bonus Requalification

To continue earning your Production Bonus, you need to requalify at your team level or above. Here's how you do just that:

Requalification

To remain at your earning level, simply achieve three consecutive months of Royalty Point requirements (same as original qualification) every year during your requalification period.

Please note: When you qualify for any Team status, you retain that status regardless of your Production Bonus earning % level (unless you achieve a higher TAB Team status or are demoted as a Supervisor).

If you don't requalify for any Production Bonus earning % level during your last requalification period and later qualify for the same level, you will need to observe the waiting period before you start earning at that level.

Requalification Period

To allow you ample time to requalify and continue to earn your Production Bonus, you have a 12-month time frame from your last Team qualification/requalification date.

[Back to Top](#)

The following terms are used throughout this text. Some have specific Herbalife Nutrition connotations, so please become familiar with them and make them a part of your vocabulary as quickly as possible.

Blocking: As a Production Bonus earner, when you have a Production Bonus earner below you earning at a higher Production Bonus earning percentage, you will be “blocked” from earning on that Production Bonus earner as well as their downline organization.

Charter Preferred Member (CPM): Existing Members who convert between October 1 and January 8, 2017 who only wish to consume the Herbalife Nutrition products at a discount and are not interested in the business opportunity. They are unable to sell the products or recruit others.

Commission (Wholesale profit): The difference between the discounted price paid by the Sponsor and the price paid by the downline. It is also known as Wholesale Profit.

Customer: Anyone who is not an Herbalife Nutrition Independent Distributor who purchases Herbalife Nutrition products at retail price.

Cut Off: As a Production Bonus earner, when you have a downline earning an equal Production Bonus percentage, you will be able to earn your eligible Production Bonus on the sales activity down to and including that earner, but will not earn Production Bonus on any lineage below.

When you have a downline earning a lower Production Bonus percentage, you will earn your eligible Production Bonus on the sales activity down to and including the earner plus you will earn the percentage difference on their downline.

Discount Scale: An earned discount of 35% to 50% which is allowed after reaching specified sales goals.

Distributor (DS): Uses Herbalife Nutrition products for consumption and is interested in the business opportunity to earn income from the compensation plan. Distributors build their business by selling the products and recruiting and working with their customers, Preferred Members and Distributors.

Downline: All Distributors personally sponsored by you as well as all other persons sponsored by them.

Earn Base Value: The value assigned to a product, in local currency, on which discounts and earnings are calculated.

First-Level Distributor: All Distributors you personally sponsor are considered your First Level.

Fully Qualified Supervisor: A Distributor who has met all the requirements for Supervisor qualification and is now entitled to all Supervisor privileges.

Lineage: All Distributors who are part of one organization as a result of sponsoring or being sponsored.

Preferred Member (PM): Purchases Herbalife Nutrition products for consumption at a discount; cannot sell or recruit. Anyone who enrolls or converts on or after January 9, 2017 will be considered Preferred Members.

Production Bonus: A bonus of 2% to 7% earned on your entire downline organization's activity paid to eligible TAB Team.

Profit, Retail: The difference between the discounted product price paid by a Distributor and the retail price paid by a customer.

Profit, Wholesale: The difference between the discounted price paid by the Sponsor and the price paid by the downline. Also known as Commission.

Qualified Producer: A Distributor who accumulates 2,500 Personally Purchased Volume Points within 1 to 3 months and is entitled to purchase at a 42% discount and earn split commissions.

Qualifying Month: The month in which a Distributor meets the requirements for a specific qualification.

Qualifying Supervisor: A Distributor who has achieved the required Volume Points toward Supervisor Qualification in their qualifying month. Assuming that all qualifications are met, they will be recognized as a Fully Qualified Supervisor on the first of the following month. A Qualifying Supervisor is eligible to purchase from Herbalife Nutrition at a temporary 50% discount.

Royalty Override: A monthly payment ranging from 1% to 5% made to Fully Qualified Supervisors on the sales activity of their three levels of active downline Supervisors.

Royalty Points: Used for qualification purposes, this is the sum of a Supervisor's Organizational Volume times their royalty earnings percentage.

Royalty Roll-Ups: Herbalife Nutrition pays Supervisors the full 5% for each of three active downline Supervisor levels. Royalty Roll-Ups are paid to the appropriate upline Supervisor(s) when a downline Supervisor earns less than the maximum 5% Royalty Override payout per level. In these instances, the difference between 5% and the Supervisor's earning percentage (1% to 4%) results in the Royalty Roll-Ups.

Senior Consultant: A Distributor who has qualified to purchase at 35% or 42% discount.

Split Commission: The commission earned from a downline who is purchasing at a lower discount than your discount at the end of the volume month. A commission of up to 25% will be split amongst the eligible Senior Consultant, Qualified Producer, Qualifying Supervisor and Fully Qualified Supervisor in the purchasing Distributor's upline.

Sponsor: A Distributor who brings another individual into Herbalife Nutrition.

Success Builder: A Distributor who places an order of 1,000 Volume Points at 42% discount.

Supervisor's Personal Organization: Includes all Distributors in the Supervisor's downline who are Distributors, Senior Consultants, Success Builders, Qualified Producers and Qualifying Supervisors.

TAB Team: A Distributor who has met all the requirements for GET, Millionaire Team or President's Team.

Upline Organization: Your Sponsor and their Sponsor and their Sponsor's Sponsor, and so on.

Volume, Downline: Volume achieved on orders placed by your non-Supervisor downline directly from Herbalife Nutrition.

Volume, Encumbered: Volume being used by your downline for Supervisor qualification purposes.

Volume, Group: Orders purchased at a temporary 50% discount, by Qualifying Supervisor(s) in a Supervisor's personal organization.

Volume, Matching: The Total Volume a sponsoring Supervisor must have in a given month to equal or exceed the volume achieved by their downline Distributor(s) who are qualifying for Supervisor.

Volume, Organizational: The accumulated volume amount on which a Supervisor earns Royalty Overrides.

Volume, Personal: The volume from orders purchased by you as a Fully Qualified Supervisor and all others in your downline organization, excluding any 50% orders by Qualifying or Qualified Supervisors.

Volume, Personally Purchased: The volume from orders purchased directly from Herbalife Nutrition using your Herbalife Nutrition Identification Number.

Volume, Total: The combined total of Personal Volume plus Group Volume.

Volume, Unencumbered: Volume not being used by your downline for Supervisor qualification purposes.

Volume Point: A point value assigned to each Herbalife Nutrition product that is equal in all countries.

This section is designed to acquaint you with Herbalife Nutrition's Administrative policies, which ensure the smooth flow of daily business activity.

Every profitable enterprise establishes clear guidelines for the conduct of its own business. The rules provide the parameters within which the business operates freely. Many of the rules relating to the conduct of business are applied externally, by government, regulatory bodies, consumer legislation, or industry codes and practices. In addition to the rules governing companies in the United States, other countries and the direct-selling industry, Herbalife Nutrition has developed a set of rules for the conduct of an Herbalife Nutrition Distributorship, to ensure the maximum fairness and protection for all Distributors.

These ordering procedures provide consistency, security, integrity and honesty, enabling the Company and Distributors to enjoy total confidence in the system and respect for our industry.

Important Ordering Tips

As soon as you become a Distributor you must purchase directly from Herbalife Nutrition.

As a Distributor, you may place a single product order equivalent of up to 1,100 Volume Points on your first order. Within the next 10 days, you may continue to purchase products for your personal consumption, your downline, or your Customers. During this 10 day period these total purchases may reach up to 3,999.99 Volume Points. As a reminder all orders must be placed directly with Herbalife Nutrition for the volume activity to count towards qualification levels within the Sales & Marketing Plan.

There are several convenient methods to place an order directly with Herbalife Nutrition: online, mobile, telephone, or in person at a Herbalife Nutrition Sales or Distribution Center. Once you choose the method to place your order, you will need to declare an Order Purpose. The Order Purpose allows Herbalife Nutrition to clearly identify the following:

- When products are being shipped by Herbalife Nutrition to one of your Customers (**Customer Direct**)
- When you are buying product that is being shipped to you that you intend to use or sell as you build your business (**Retail Inventory**)
- When you are buying product for personal use (**Personal Consumption**) that cannot be sold to anyone

All orders will be shipped the next business day, whenever possible, once payments have cleared. Herbalife Nutrition's ordering process is computerized, so once you submit your order it can no longer be adjusted or altered. No matter which method you choose to place your order, it is important to remember the following to ensure accurate and speedy processing.

Orders must be paid in full, confirmed and processed for Herbalife Nutrition to release the order.

- Prepare your order in advance.
- Have your Herbalife Nutrition Identification Number ready.

Identify your Order Purpose: Personal Consumption, Customer Direct or Retail Inventory

- Have shipping method and shipping address, recipient's name and corresponding telephone number (if applicable).
- Provide the appropriate discount percentage.
- Provide method of payment and appropriate details (i.e., credit card number, expiration date, Automatic Payment System [APS] PIN number, etc.).
- All calculations – prices, discounts, Volume Points, and taxes of the city/county/state to which you are shipping. (Please have the correct ZIP code available.) Refer to the latest U.S. price list on MyHerbalife.com.
- Provide the stock number(s), description and quantity of the item(s) you are ordering.
- Complete all calculations and totals.

Online Orders

Online orders can be placed any time of day, any day of the week via MyHerbalife.com. All you need to do is log in and create a unique User Name and password which can only be used online, once logged in, go to Shop where you can view the product catalog, search for products and purchase products, event tickets and even Herbalife Nutrition apparel.

Telephone Orders

To place your telephone orders, please call the Sales Order Department toll-free at 866-866-4744 between the hours of:

Monday–Friday:	7:00 a.m.–6:00 p.m. (PT)
Saturday:	7:00 a.m.–2:00 p.m. (PT)
Weekday EOM:	7:00 a.m.–10:00 p.m. (PT)
Weekend day EOM	7:00 a.m.–2:00 p.m. (PT)
Holidays:	Closed
Closed Sunday	

TTY Assistance

TTY Users: 800-503-6180

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)

Closed Saturday and Sunday

Acceptable methods of telephone payment are:

- Major Credit Cards (Visa, MasterCard, American Express and Discover).
- Automatic Payment System (APS); approved applications must be on file at the World Home Office (must have 4-digit code). You may download the form from MyHerbalife.com or contact Herbalife Nutrition. The APS application form is also located in the Sample section of the Sales & Marketing Plan and Business Rules.
- PayNearMe: Pay for your order with cash at your nearby 7-Eleven, Family Dollar store or CVS. This method of payment may be used by placing an order on Myherbalife.com, mobile device HLMobile+ or by contacting Herbalife Nutrition.

Orders must be paid in full, confirmed and processed in order for Herbalife Nutrition to release the order.

All telephone orders must be placed and fully paid by the close of business day on the designated “End of Month” (EOM) day. Please have your order ready before calling the Sales Order Department.

Walk-In Orders

If you are near an Herbalife Nutrition Sales or Distribution Center, the fastest way to receive product(s) is to place, pay for and pick up your order in person.

The addresses of our U.S. Sales and Distribution Centers listed in Business numbers and Address for the full list of Sales Center addresses and operating hours.

All walk-in orders must be placed and fully paid by the close of business day at the respective Sales or Distribution Center on the designated EOM day. Please have your order ready before handing it to a Sales Order Representative. You must have your Herbalife Nutrition ID number, photo ID and order number with you in order to pick up your order.

Cashier's checks, money orders, most major credit cards, or cash are the acceptable methods of payment through the Herbalife Nutrition Sales or Distribution Centers.

Payment Policy

Orders must be paid in full, processed and accepted for Herbalife Nutrition to release and ship the order. The following are acceptable methods of payment:

Personal Checks

Those who have been Fully Qualified Supervisors for at least 30 days may use personal checks to purchase products. A check-writing policy of \$5,000 in one day is the maximum amount allowed. Any order in excess of this amount must be paid for by any of the other acceptable payment methods.

Guaranteed Checks

Cashier's checks, traveler's checks and money orders, may be used as method of payment. They must be made out to Herbalife International of America, Inc., and must be in U.S. dollars only. Guaranteed checks may be used for mail and walk-in orders only.

Credit Cards

Herbalife Nutrition accepts Visa, MasterCard, American Express and Discover. The credit card must be in the name of the purchaser.

Cash

Herbalife Nutrition accepts U.S. dollars only. Cash may be used for walk-in orders at our Sales or Distribution Centers only. Please do not mail cash!

Automatic Payment System (APS)

To speed up and simplify the processing of your telephone order, Supervisors who have been fully qualified for 30 days may authorize Herbalife Nutrition to deduct the exact amount from their bank or other financial institution as payment for their order.

PayNearMe:

- Distributors may purchase products from Herbalife Nutrition using PayNearMe. You can now pay for your orders with cash at an 7-Eleven®, Family Dollar® store or CVS in the continental US, except Alaska and Hawaii.
- You must pay the exact total due for each order, one at a time.
- Each order cannot exceed \$1000 limit (including tax). However, you can place multiple orders of less than or equal to \$1,000 using this payment method
- All combined orders cannot exceed a \$2,900 limit (including tax) in a 24 hour period and \$10,000 limit (including tax) in a rolling 30 day period using this payment method.
- All orders must be paid on the same-day ordered, by 12:00 Midnight (Pacific Time) to avoid cancellation. Please note, orders placed on Saturday may be paid for no later than 12 Midnight on Sunday (Pacific Time).
- **Important:** From Saturday 6:00pm (Pacific Time) through Sunday 12:00pm (Pacific Time), payments will not be accepted due to Herbalife Nutrition System Maintenance.

Shipping Procedures

Orders will be shipped on the next business day, whenever possible, if all payments have cleared. You must indicate the method of shipment as applicable on each order.

Selecting the right method of shipment for your order is an important decision. You will want to keep the freight cost as low as possible and at the same time, get the best results in terms of service.

Federal Express (FedEx) Home Delivery

Federal Express home delivery is our standard ground carrier, this may be one of your best options for shipping.

Things to Remember:

- FedEx Home Delivery takes typically three to five working days Tuesday to Saturday for delivery. It is recommended that someone be available to accept the shipment. (You may desire to address your shipment to your neighbor, friend, relative, etc.)
- When your shipment consists of several boxes, they may not all be delivered at the same time. If this happens, simply allow two additional days for the balance of the shipment to be delivered.

Orders to be shipped via FedEx are shipped from the Los Angeles and Memphis Distribution Centers on a freight prepaid basis. When you request FedEx as the method of shipment on an order, your delivery and freight will be calculated as indicated in the following ground chart:

FedEx Home Delivery

Rate	times (X)	Retail Value
4.25%		\$1,000 and Up
4.75%		\$700 - \$999.99
5.25%		\$400 - \$699.99
5.75%		\$125 - \$399.99
\$7.50		\$50 - \$124.99
\$5.00	Minimum	\$0 - \$49.99

Examples:

- A) \$400 retail value x 5.25% = \$21.00 freight cost
- B) \$130 retail value x 5.75% = \$7.48 freight cost
- C) \$124.99 retail value - add \$7.50 freight cost
- D) \$49.99 retail value – add \$5.00 minimum freight cost

Please be sure to include the shipping costs in your payment to avoid any delay in processing and shipping your order.

FedEx 2 and 1 Day Delivery
FedEx - 2 Day 7.75% - \$11 minimum
FedEx - 1 Day 11.75% - \$19 minimum

When Receiving Your Order

Herbalife Nutrition products are in perfect condition when the carrier takes possession of the shipments at our Distribution Center loading docks. Upon receipt of your package, here are some things to remember:

- Your signature or your acceptance of the package means that you have received your shipment in a satisfactory manner (unless otherwise specified).
- Determine the number of boxes your shipment includes, either by the packing slip or by the number of boxes marked on top of each box (e.g., 1 of 3, 2 of 3, etc.).
When signing, only sign for the actual number of boxes received.
- Check your shipment for obvious outside damages. (Even though there is no apparent damage on the outside of a box, some damage may have occurred inside.) See “Shipping Inquiries and Claims” below.
- Note any damages and/or box shortages on the carrier’s delivery documents. (FedEx may not deliver all boxes the same day.)
- FedEx lost shipments (complete or partial) must be reported to Herbalife Nutrition within seven (5) days after the estimated time of arrival

Shipping Inquiries

For any specific inquiry or problem associated with a particular shipment (damaged and lost order claims, etc.) please call Herbalife Nutrition’s Order Support Department toll-free at 866-866-4744.

Month-End Ordering Guidelines

The Herbalife Nutrition U.S. Sales Order Department, as well as all Herbalife Nutrition Sales Order Departments, will be open extended business hours on the designated End of Month (EOM); Distribution Centers will be open regular business hours that day. Please refer to Business numbers and Address for the full list of Sales Center addresses and operating hours.

For additional information on products, qualifications, Sales & Marketing Plan, etc., please contact Herbalife Nutrition English and Spanish Lines:

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)
EOM: 9:00 a.m.–6:00 p.m. (PT)
Closed Holidays, Saturday and Sunday

End of Month Ordering and Payment Deadlines

The deadlines specified below are set to ensure accurate payment of earnings.

- Orders MUST be received on or before the designated End of Month (EOM) day in order to count for that month’s Volume. The EOM day is absolutely the last day for us to process your order in the current month.
- Telephone orders must be placed and fully paid by the end of business day on each country’s specified EOM day.
- Walk-in orders must be placed and fully paid by close of business day on the specified EOM day.
- Payments for all orders placed on the EOM day must be processed, accepted and paid in full by the end of that same day to count for that month’s Volume, no matter what day the EOM actually falls on.
- Distributors are responsible for making whatever arrangements are necessary to ensure payment is received on time and that adequate credit is available to assure approval of any credit card purchases.
- International orders must be placed on or before the shipping country’s End of Month date to count for the required volume month.
- Online, Mobile, Automated Sales Center and Auto Attendant orders (where applicable) must be placed and fully paid by the end of the business day on your country’s specified EOM.

[Back to Top](#)

Tax Information for U.S. Citizens and Residents Only

The following are key points for Herbalife Nutrition Distributors related to U.S. taxes. These points are not intended to cover all aspects of taxation that may impact an organization, so it is recommended that the Distributor consult with their own tax or business advisor, or their local, state or federal taxation offices for guidance.

A. Federal/State Income Tax and Reporting

1. Income tax laws in the U.S., states and municipalities require individuals and businesses to report income earned annually. U.S. residents and U.S. citizens, wherever they reside, are required to file income tax returns reporting all of their income. Nonresidents may also need to report their U.S. source income. Distributors are solely responsible for the proper reporting of their income and payment of their taxes.

2. It is important to establish and maintain a proper set of books and records for your business. Inexpensive manual and computerized systems are available, or you may prefer to hire an experienced bookkeeper. Under federal law, tax records should be maintained for a minimum of three years, but it may be prudent to maintain them for a longer period.

3. Federal and state tax laws impose certain reporting requirements upon Herbalife Nutrition. On or before January 31 of each year, U.S. Distributors will be sent Form 1099 MISC which will report the amount of earnings (commissions, overrides, bonuses, etc.) received during the prior calendar year and any tax withheld. The form will also note whether the Distributor paid \$5,000 or more for products. This information is also filed with the Internal Revenue Service (IRS), and is made available to the states.

4. As a result of the reporting requirements, all Distributors residing in the U.S. and U.S. citizens, wherever residing, must provide proper taxpayer identification numbers (usually a Social Security number or Individual Tax Identification Number). It is the Distributor's responsibility to assure that the name, legal address and taxpayer identification number are properly recorded in the Herbalife Nutrition computer system and to immediately advise if a correction is needed. If such information is not correct, tax laws impose a 28% "backup" withholding tax. Depending on the state in which the Distributor resides, state withholding tax may apply as well. The tax that is withheld can be claimed by the Distributor on their individual income tax return as a prepayment of tax during the year.

B. Nonresident Withholding Tax

1. All payments of commissions, overrides and bonuses resulting from U.S. orders are deemed by the IRS to be U.S. source income. As such, payments to upline Distributors residing outside the U.S. are subject to U.S. nonresident withholding tax (currently 30%).

2. On or before March 15 of each year, Herbalife Nutrition will send Form 1042-S to Distributors which will report the amount of U.S. source earnings received during the prior year and the amount of U.S. tax withheld. Depending on the Distributor's situation and the laws of the Distributor's resident country, a refund from the IRS may be requested or relief from double taxation is often available. Impacted Distributors are encouraged to consult with their tax advisors.

C. State and Local Sales Taxes

1. Herbalife Nutrition is registered in many states to pre-collect state and local sales tax on behalf of the Distributors with respect to Herbalife Nutrition product sales.

In situations where Distributors are reselling the products and have obtained a resale/exemption certificate form from their state, the certificate can be provided to Herbalife Nutrition so that their orders will be exempt from tax at the time product is purchased from Herbalife Nutrition. By doing so, the Distributors retain primary responsibility for the collection, reporting and payment of all such taxes. Nutrition clubs may be obligated to separately file sales tax returns and are encouraged to consult with their tax advisors.

D. Business Licenses and Registrations

Many cities or municipalities within the U.S. require that Herbalife Nutrition Distributors register their business when starting their business activity. It is recommended that U.S. Distributors contact their local government offices for information about these requirements.

E. Social Security or Individual Tax Identification Number and Other Taxes

Herbalife Nutrition Distributors are independent and as such, are responsible for their own Social Security tax payments to the SSA, Medicare and other tax payments that may apply. Advance payments of these taxes may be required. Further information is available from the respective tax office or your tax advisor.

The information noted above may be modified from time to time by the respective authorities. To ascertain your personal situation or if you have any questions, we suggest that you consult the respective federal, state and local tax offices in your area, or your qualified tax advisor.

Tax Information Puerto Rico Residents Only

The following are key points for Herbalife Nutrition Distributors in Puerto Rico. These notes are not intended to cover all aspects of registration or taxation that may affect your organization, so it is recommended that the Distributor consult with their own tax or business adviser, or their local, state or federal taxation offices.

A. Puerto Rico Income Tax and Reporting

1. Income tax laws in Puerto Rico require that individuals with income from businesses report such income. Residents of Puerto Rico are required to file income tax returns reporting all of their income from whatever sources. Moreover, Puerto Rico residents who are U.S. citizens may also be required to report income from sources outside Puerto Rico at the U.S. federal level. Nonresidents of Puerto Rico need to report in Puerto Rico their Puerto Rico source income if registered in Puerto Rico. Distributors are solely responsible for the proper reporting of their income and payment of their taxes.

2. It is important to establish and maintain a proper set of books and records for your business. Inexpensive manuals and computerized systems are available, or you may prefer to hire an experienced bookkeeper. Under Puerto Rico law, tax records should be maintained for a minimum of six years, but it may be prudent to maintain them for a longer period.

3. Puerto Rico tax laws impose certain reporting requirements upon Herbalife Nutrition. On or before February 28 of each year, Puerto Rico Distributors will be sent Form 480.6A; 480.6B. Form 480.6C will be sent on or before April 15. The forms will state the amount of earnings (commissions, overrides, bonuses, etc.) they received during the prior calendar year, together with any applicable withholding of tax at source made. This information is also filed with the Puerto Rico Treasury Department (PRTD - Hacienda).

4. For these reporting reasons, all Distributors in Puerto Rico must provide proper taxpayer identification numbers (usually their Social Security number or Individual Tax Identification Number if the Distributor is not a U.S. citizen or a green card holder). It is the Distributor's responsibility to assure that the name, legal address and taxpayer identification number are properly recorded in the Herbalife Nutrition computer system and to immediately advise if a correction is needed.

B. Nonresident Withholding Tax

1. All payments of commissions, overrides and bonuses resulting from Puerto Rico orders are deemed by the PRTD to be Puerto Rico source income. As such, payments to upline Distributors residing outside Puerto Rico are subject to nonresident withholding tax of 20% for U.S. residents with a Social Security number and 29% in the case of U.S. corporations and other non-U.S. residents.

2. On or before February 28 of each year, Herbalife Nutrition will send Form 480.6a and b stating the amount of earnings (commissions, overrides, bonuses, etc.) received during the prior calendar year, together with the applicable taxes withheld will be reported. Form 480.6c will be mailed on or before April 15. This information is also filed with the PRTD. Depending on the Distributor's situation and the laws of the Distributor's resident country, a refund from the PRTD may be requested or relief from double taxation is often available. Impacted Distributors are encouraged to consult with their tax advisors.

C. State and Municipal Sales and Use Taxes

1. Herbalife Nutrition has voluntarily registered with the PRTD to pre-collect the sales tax on behalf of Distributors. In some municipalities, Distributors engaged in business activities may still need to register and comply with the sales tax requirements, despite Herbalife Nutrition's agreement with the PRTD.

D. Business Licenses and Registrations

Distributors may need to register their business when starting their business activity within Puerto Rico where such business is carried out. Distributors are encouraged to consult with their tax advisors to make this determination based on facts and circumstances.

E. Social Security or Individual Tax Identification Number and Other Taxes

Herbalife Nutrition Distributors are independent contractors and as such, are responsible for their own Social Security tax payments to the SSA, Medicare and other tax payments that may apply. Advance payments of these taxes may be required. Distributors are encouraged to consult with their tax advisors.

The information noted above may be modified from time to time by the tax authorities. To ascertain your personal situation or if you have any questions, we suggest that you consult your qualified tax advisors.

Frequently Asked Questions

How do I place an order?

It's easy! Place orders through Herbalife Nutrition directly. It is important for you to have certain information prepared prior to placing an order directly with Herbalife Nutrition. You may place orders with Herbalife Nutrition by mobile, telephone, by going to one of our walk-in locations or via our online ordering system on MyHerbalife.com.

What are the different order purposes?

Personal Consumption, Retail Inventory, and Customer Direct

- **Personal Consumption:** When you are purchasing product that you or your household family will consume.
- **Retail Inventory:** When you are buying product that is being shipped to you that you intend to use or sell as you build your business. When you choose "Retail Inventory" YOU will need to submit your receipts as you make the sales to your Customers for the sale to be considered documented volume* (receipted).
- **Customer Direct:** When you purchase products and have Herbalife Nutrition ship them to your Customer. When you choose Customer Direct receipt will automatically be created as part of the order placement process.

How much product may I purchase on my first order with Herbalife Nutrition?

A Distributor may place a single product order equivalent of up to 1,100 Volume Points on their first order with Herbalife Nutrition. Within the next 10 days, you may continue to purchase products to satisfy your needs for personal consumption, sales to your downline, or Customers, and these purchases may achieve cumulative Personally Purchased Volume (including the volume from the initial product order) up to 3,999.99 Volume Points.

This is to support new Distributors during their own product experience and whilst they begin retailing products. This is also intended to help discourage financial expenditures without that experience.

May I go to the Sales or Distribution Center and pick up the products myself?

You may either place your order with our Sales Order Department and specify that you will pick it up in person, or you can simply go to our Sales and Distribution Centers, place and pay for your order there, and pick up the products at the same time. You must have your Herbalife Nutrition ID number and photo ID.

May I call Herbalife Nutrition directly with questions?

Absolutely, we're here to assist you in any way possible. We also always encourage you to review the Sales & Marketing Plan and Business Rules and to work closely with your Sponsor and upline Supervisor, since they have a great deal of field experience. However, we are also here to assist you, you can reach us on this toll-free number in Los Angeles at 866-866-4744.

How quickly will my order be processed and how long will it take to reach me?

All orders will be shipped the next business day, whenever possible, if payment is received and processed. Shipping times vary, of course, depending on the shipping method you choose. All orders shipped from our Los Angeles and Memphis Distribution Centers via FedEx home delivery service are shipped freight prepaid, and will generally arrive within three to five working days.

Do I have to pay any other charges on top of the price of the products?

Orders shipped via FedEx, Herbalife Nutrition's most popular freight service, are shipped freight prepaid. Orders picked up from a Sales or Distribution Center will have a logistics and handling fee (pick up and handling). Taxes are based on the tax rates of your shipping destination.

How do I retail the products?

Retailing the Herbalife Nutrition products will be one of the most important keys to your success! As Herbalife Nutrition's founder, Mark Hughes always stressed, use the products, wear the button and talk to people. You will develop your own selling style, which might include talking to your Circle of Influence, distributing flyers, conducting surveys and/ or participating in seasonal promotions. Your Sponsor has the field experience to provide you with the proper training.

Wear the Button

- You become a walking advertisement.
- Wear or use or any Herbalife Nutrition item that will attract people to talk to you – this makes conversation easy.

Talk to People

- When they ask, tell your weight-management success story or your income success story.
- Explain the products and business opportunity.
- Talk to people you know.
- Talk to everyone.

May I export the products?

Regulations vary from country to country in which we are officially open. Each country that Herbalife Nutrition operates in has its own line of products, literature and promotional items specific to each of these countries. Distributors may only bring products approved for a specific country within that country. Distributors may not bring products from one Herbalife Nutrition country to another, unless approved for sale there.

Where can I get more training on the Herbalife Nutrition products and selling methods?

You have a multitude of fantastic choices! Your Sponsor and/or upline Supervisor should be able to assist you, and we always suggest you contact them first. There are many training sessions held throughout the world and by clicking on MyHerbalife.com, you can access training and business-building tools 24/7. Some of our websites include:

Herbalife.com

Herbalife Nutrition's official website establishes Herbalife Nutrition as a leading nutrition company in the areas of weight loss, energy and fitness, targeted and outer nutrition. The site provides consumers with information on the company, our products and business opportunity and a request form to be contacted to learn more.

MyHerbalife.com

The primary business management and success resource website for Herbalife Nutrition Distributors – optimizing recruitment, retention, retail and community. Login requires User Name and passcode.

HerbalifeFamilyFoundation.org

This website is dedicated to the Herbalife Nutrition Family Foundation, which helps at-risk children around the world.

There is also the Herbalife Nutrition Broadband Network (HBN), which features fast, high-quality audio and video streaming to anyone with Internet access, 24 hours a day.

Are there any tax issues I should be aware of?

Yes, and they are similar to any business you would independently operate. Distributors are solely responsible for the proper reporting of their income and payment of their taxes. Any questions should be referred to the individual Distributor's own tax advisor. (For more information, please refer to the "Tax Information" section after the "Ordering Procedures" section of the Sales & Marketing Plan and Business Rules.)

Rules of Conduct

Following are the answers to some of the most commonly asked questions by new Distributors regarding Herbalife Nutrition's Rules of Conduct. Please carefully review the "Rules of Conduct" section in the Sales & Marketing Plan and Business Rules, which will provide you with the full details. These Rules of Conduct have been established for your protection. They represent the code of ethics by which all Herbalife Nutrition Distributors must operate.

We encourage you to read and understand them, so you are fully aware not only of your own obligations, but also of your rights as a Herbalife Nutrition Distributor. We believe Herbalife Nutrition products and Sales & Marketing Plan are the best in the industry. We also believe in our Distributors and in supporting them by working together to uphold the highest possible ethical standards. We are committed to maintaining the integrity of Herbalife Nutrition, its Sales & Marketing Plan and its global distribution network of Distributors.

What are the age requirements for becoming a Distributor?

An Applicant must be at least 18 years of age to become an Herbalife Nutrition Distributor and to conduct business in the United States. However, a minor who is above the age of 14 may submit an Application for a Minor Distributorship, under certain conditions. (Please refer to Chapter 2 in the "Rules of Conduct" section for full details.)

May my spouse and I have separate Distributorships?

Married couples may have only one Distributorship. Married couples wishing to become Distributors together, must complete and sign a single Distributorship Application and include the chosen Distributor as the individual on the application, the spouse may be added for recognition purposes, thereby having only one Sponsor. It is very important for new Distributors to note that an individual may have only one Herbalife Nutrition Distributorship and should never sign more than one Distributor Application. (Please refer to Chapter 2 in the "Rules of Conduct" section of the Sales & Marketing Plan and Business Rules for full details.)

May I submit my Distributorship Application in the name of a Corporation or Partnership?

The long-term success of Herbalife Nutrition's Sales & Marketing Plan has been based on the entrepreneurial spirit of individuals. In order to help protect the integrity of the Sales & Marketing Plan, Herbalife Nutrition only accepts Distributorship Applications in the name of individuals. (Please refer to Chapter 2 in the "Rules of Conduct" section of the Sales & Marketing Plan and Business Rules for full details.)

What is the relationship with my Sponsor?

The relationship between a Distributor and their Sponsor is the foundation of Herbalife Nutrition's Sales & Marketing Plan. Many Sponsors spend a significant amount of time locating new Distributors, training and working with them over a period of time. (Please refer to Chapter 5 in the "Rules of Conduct" section of the Sales & Marketing Plan and Business Rules for details regarding the responsibilities of a Sponsor.)

May I sell Herbalife Nutrition products anywhere in the world?

As an Herbalife Nutrition Distributor, you may sponsor Distributors, train and build your downline business in any of the countries where Herbalife Nutrition is operates in. Please note Distributors may only sell products approved for a specific country within that country. They may not bring products from one Herbalife Nutrition country to another, unless approved for sale. Permissible Herbalife Nutrition business activities vary in each country, depending on local laws. Please contact Herbalife Nutrition for detailed information on a specific country's rules. Officially opening a country is an involved and complicated process. All countries have rules and regulations regarding the manufacture, labeling and sale of products and other regulations with which we must comply. Therefore, we cannot allow the sale of our products in a country in which we are not yet officially open. Additionally, country openings will be delayed if government officials find that our products are being improperly imported into that country. For these reasons, we consider violations of our export policy to be extremely serious. Such violations could result in the immediate termination of a Distributorship. (Please refer to Chapter 3 of the "Rules of Conduct" section of the Sales & Marketing Plan and Business Rules for complete information.)

What is Herbalife Nutrition's Customer Refund Policy?

Herbalife Nutrition products have a 30-day money-back guarantee for the Retail Customer, from the time the product is received. Distributors must respond quickly and courteously when the Retail Customer requests this guarantee be honored. The Distributor may offer the Retail Customer a choice of a full refund of the purchase price or full credit for exchange of other Herbalife Nutrition products, and the Distributor must honor the Retail Customer's choice. (Please refer to the "Gold Standard Protections" section and Chapter 4 in the "Rules of Conduct" section of the Sales & Marketing Plan and Business Rules for full details on these procedures, policies and rules.)

Does Herbalife Nutrition have specific policies and rules regarding advertising and promotion?

The integrity of Herbalife Nutrition's Sales & Marketing Plan and legalities make it necessary for us to enforce important rules and policies regarding advertising and promotion. We are confident that you will find these rules and policies protect you and your business as much as they protect Herbalife Nutrition.

Distributors may produce their own ads or flyers, provided they follow all of Herbalife Nutrition's rules for advertising. It is the Distributor's responsibility to ensure they are complying with these rules. If you have any questions regarding our advertising guidelines, please contact Herbalife Nutrition. (Additionally, please refer to Chapter 4 through 7 in the "Rules of Conduct" section for full details.)

Herbalife Nutrition Worldwide Offices

Listed on this page are the addresses, phone numbers and hours of operation for Herbalife Nutrition's Worldwide Corporate Headquarters, Operations Home Office and U.S. Distribution and Sales Centers. Herbalife Nutrition Distributors may order products or literature to be shipped from any of our Worldwide Distribution Centers to prospective Distributors and Customers. Please contact your local Sales Order Department to find out more information about this service and place an international order.

For information regarding Herbalife Nutrition's Distribution Centers throughout the world, please refer to the listing on MyHerbalife.com, or contact Herbalife Nutrition toll-free at 866-866-4744.

If you have any questions or require assistance placing an order, please call Herbalife Nutrition.

Herbalife International of America, Inc.

Worldwide Corporate Headquarters
800 West Olympic Boulevard, Suite 406
Los Angeles, CA 90015, USA
Main Number: 310-410-9600
Monday–Friday: 8:30 a.m.–5:30 p.m. (PT)
Closed Saturday and Sunday

Herbalife International of America, Inc.

Operations Home Office
950 West 190th Street
Torrance, CA 90502
Main Number: 310-410-9600
Monday–Friday: 8:30 a.m.–5:30 p.m. (PT)
Closed Saturday and Sunday

Sales Order Department

Monday–Friday: 7:00 a.m.–6:00 p.m. (PT)
Saturday: 7:00 a.m.–2:00 p.m. (PT)
Weekday EOM: 9:00 a.m.–10:00 p.m. (PT)
Weekend EOM: 7:00 a.m.–2:00 p.m.
Holidays: Closed
Closed Sunday

Sales Order Department: 866-866-4744 (All orders)

Herbalife Nutrition

Monday–Friday: 8:00 a.m.–5:00 p.m. (PT)
EOM: 9:00 a.m.–6:00 p.m. (PT)
Closed Holidays, Saturday and Sunday
Telephone: 866-866-4744
Fax: 310-258-7019

TTY Assistance

TTY Users: 800-503-6180
Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)
Closed Saturday and Sunday

Los Angeles Distribution Center (LADC)

18431 S. Wilmington Avenue
Carson, CA 90746
Telephone: 310-952-0100
Monday–Friday: 9:00 a.m.–7:00 p.m. (PT)
Saturday: 9:00 a.m.–5:00 p.m. (PT)
Closed Sunday

Memphis Distribution Center

5025 Crumpler Road
Memphis, TN 38141
Telephone: 901-795-5056
Monday–Friday: 8:00 a.m.–7:00 p.m. (CT)
Closed Saturday and Sunday

Dallas Sales Center

8105 North Beltline Road, Suite 120

Irving, TX 75063

Telephone: 214-441-3333

Monday–Friday: 9:00 a.m.–6:00 p.m. (CT)

Saturday: 10:00 a.m.–3:00 p.m. (CT)

Closed Sunday

Phoenix Sales Center

1606 E. University Dr., Suite 109

Phoenix, AZ 85034

Telephone: 602-358-2066

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

Puerto Rico Sales Center

Ave. Jose (Tony) Santana

Building #18 C-8

Carolina, P.R. 00979

Monday–Friday: 11:00 a.m.–7:00 p.m. (PT)

Saturday: 9:00 a.m.–2:00 p.m. (PT)

Closed Sunday

Chicago Quick Response Center

200 Howard Avenue, Suite 232

Des Plaines, IL 60018-5910

Telephone: 847-298-9533

Monday–Friday: 10:00 a.m.–6:00 p.m. (CT)

Saturday: 10:00 a.m.–3:00 p.m. (CT)

Closed Sunday

Bronx Quick Response Center

2359 Hollers Avenue

Bronx, NY 10475

Telephone: 718-708-7020

Monday–Friday: 10:00 a.m.–6:00 p.m. (ET)

Saturday: 10:00 a.m.–3:00 p.m. (ET)

Closed Sunday

Houston Quick Response Center

4702 N. Sam Houston Pkwy. W., Suite 130

Houston, TX 77086

Telephone: 281-895-8193

Monday–Friday: 10:00 a.m.–6:00 p.m. (CT)

Saturday: 10:00 a.m.–3:00 p.m. (CT)

Closed Sunday

Riverside Quick Response Center

7560 Jurupa Avenue

Riverside, CA 92504

Telephone: 951-689-4444

Monday–Friday: 10:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

Brooklyn Quick Response Center

919 Flushing Avenue

Brooklyn, NY 11206

Telephone: 718-381-9610

Monday–Friday: 10:00 a.m.–6:00 p.m. (ET)

Saturday: 10:00 a.m.–3:00 p.m. (ET)

Closed Sunday

San Jose Quick Response Center

1430 Tully Road, Suite 417

San Jose, CA 95122

Telephone: 408-280-0444

Fax: 408-724-8380

Monday–Friday: 10:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

New Jersey Quick Response Center

107 Industrial Avenue

Little Ferry, NJ 07643

Telephone: 201-440-4380

Monday–Friday: 10:00 a.m. - 6:00 p.m. (ET)

Saturday: 10:00 a.m. - 3:00 p.m. (ET)

Sunday: Closed

Miami Quick Response Center

14350 NW 56th Court Suite 109

Opa Locka, FL 33054

Telephone: 305-685-1780

Monday–Friday: 10:00 a.m. – 6:00 p.m. (ET)

Saturday: 10:00 a.m. – 3:00 p.m. (ET)

Sunday: Closed

Introduction

The following pages contain samples of forms which you may be required to use to communicate with Herbalife Nutrition as you conduct your business. They are included to help you become familiar with them and to assist you in completing them. Please review them and become familiar with their use.

Downloadable and printable forms are also available online at MyHerbalife.com by clicking “Documents” in the “My Office” area on the home page. Then select “USA” from the drop-down menu.

Table of Contents

Introduction

[Herbalife Nutrition Distributorship Application and Agreement](#)

[TAB Team Production Bonus Acknowledgment Form](#)

[Automatic Payment Service \(APS\) Authorization Agreement & Application](#)

[Change of Address Form](#)

[Request for Refund Form](#)

[Repurchase of Inventory](#)

[Inventory Repurchase Request Form](#)

[Product I Wish to Return](#)

[Literature/Promotional Items I Wish to Return](#)

[Nutrition Club Operator’s Notice](#)

[Hygiene and Sanitary Practices Notice](#)

[Location Registration Form](#)

[Weight Loss Challenge Participation Agreement](#)

Congratulations on your decision to join Herbalife Nutrition!



We believe our science-based products are the best and the Herbalife Nutrition business opportunity is unrivaled in the direct-selling industry. We are especially proud to offer what we believe to be the **Gold Standard** in consumer protection for all our new Distributors. Please take the time to review the Gold Standard Guarantees. They provide valuable information that will help ensure your Herbalife Nutrition Distributorship experience is a positive one!

Gold Standard Guarantees



- 1 There are no minimum purchases required and start-up costs are low.
- 2 There is a fully refundable, 12-month money-back guarantee for the cost of the International Business Pack if Distributorship is canceled for any reason, including the shipping cost to return the Pack. To obtain a refund, Distributors may call Herbalife Nutrition at 866-866-4744 or submit the refund form available at MyHerbalife.com (<http://hrbl.me/InventoryRefund>).
- 3 There is a 100% refund guarantee on unopened products, including taxes and handling costs, that were purchased in the previous 12 months if Distributorship is canceled for any reason. The cost of shipping, both the initial delivery and return shipping, will also be refunded. To obtain a refund, Distributors may call Herbalife Nutrition at 866-866-4744 or submit the refund form available at MyHerbalife.com (<http://hrbl.me/InventoryRefund>).
- 4 There is no requirement to purchase any sales and business tools to start up or succeed in your Herbalife Nutrition Distributorship.
- 5 We clearly define the benefit of each product and appropriate method of use directly on the product label – we want to make absolutely sure that the right products are taken the right way to achieve realistic results. We provide realistic expectations of the business opportunity and the effort required to succeed at all levels.
- 6 We provide clear, accurate, and timely disclosures to prospective Distributors regarding potential income.

SAMPLE FORM

Registration Card

is an authorized Herbalife Nutrition Independent Distributor

ID No:



Application Date
____ / ____ / ____
Mo. / Day / Year

Registration Card

is an authorized Herbalife Nutrition Independent Distributor

ID No:



Application Date
____ / ____ / ____
Mo. / Day / Year

GOLD STANDARD GUARANTEES

Herbalife Nutrition takes pride in the policies we have in place to protect all of our Distributors. Please review the Gold Standard Guarantees and check each box to acknowledge that you have read and understand each item.

1 There are no minimum purchases required and start-up costs are low.

The only required purchase to become an Herbalife Nutrition Independent Distributor or engage in the Herbalife Nutrition business is the International Business Pack. No product purchases are required. If I choose to purchase products, I understand my purchases should not exceed my own needs or amounts I am confident I can resell in a reasonable amount of time.

I have read and understood this message

2 There is a fully refundable, 12-month money-back guarantee for the cost of the International Business Pack, if Distributorship is canceled for any reason, including the shipping cost to return the Pack. To obtain a refund, Distributors may call Herbalife Nutrition at 866-866-4744 or submit the refund form available at MyHerbalife.com (http://hrbl.me/InventoryRefund).

If I choose to cancel my Distributorship within 12 months, I have the right to a full refund of the purchase price of the International Business Pack, including the shipping cost to return the Pack.

I have read and understood this message

3 There is a 100% refund guarantee on unopened products, including taxes and handling costs, that were purchased in the previous 12 months if Distributorship is canceled for any reason. The cost of shipping, both the initial delivery and return shipping, will also be refunded. To obtain a refund, Distributors may call Herbalife Nutrition at 866-866-4744 or submit the refund form available at MyHerbalife.com (http://hrbl.me/InventoryRefund).

If my Distributorship is canceled for any reason, I may return to the company unused and resalable products or sales materials that I purchased in the previous 12 months for a full refund of the purchase price, including taxes, handling and shipping, both the initial delivery and return shipping costs.

I have read and understood this message

4 There is no requirement to purchase any sales and business tools to start up or succeed in your Herbalife Nutrition Distributorship.

I am not required to purchase any business tools, and can use the promotional literature and sales tools that Herbalife Nutrition makes available for free or at minimal cost. I understand that I must successfully complete the "Required Distributor Training" (available on MyHerbalife.com) within 30 days of enrollment as a new Distributor, in order to purchase Herbalife Nutrition products for resale, recruit others to become Herbalife Nutrition Distributors or Preferred Members, or receive multi-level compensation from Herbalife Nutrition. Prior to entering into any lease, sublease or purchase of a commercial location, Herbalife Nutrition Independent Distributors are required to be a Distributor for at least 12 consecutive months, successfully complete the Company's "Keys to Your Business" training available on MyHerbalife.com, prepare a written business plan, using the simple Form available on MyHerbalife.com, and complete Registration Requirements per the Location Registration Form.

I have read and understood this message

5 We clearly define the benefit of each product and appropriate method of use directly on the product label – we want to make absolutely sure that the right products are taken the right way to achieve realistic results. We provide realistic expectations of the business opportunity and the effort required to succeed at all levels.

We clearly define the benefit of each product and appropriate method of use directly on the product label – we want to make absolutely sure that the right products are taken the right way and that Distributors have the correct information to talk about the products to their customers. Similarly, we provide accurate information about the financial results that Herbalife Nutrition Independent Distributors have achieved so that it may be shared with those being introduced to the Herbalife Nutrition business opportunity. Any claims I make about Herbalife Nutrition products or about the Herbalife Nutrition business opportunity must be lawful, true, not misleading, substantiated in writing in advance and consistent with claims made in the current materials published by Herbalife Nutrition. I may not make any written, therapeutic or curative claims about Herbalife Nutrition products (whether or not they are about my own personal experience), except those stated in materials published by Herbalife Nutrition, or use the name of the Food and Drug Administration (FDA) or any other regulatory agency when representing Herbalife Nutrition products.

I have read and understood this message

6 We provide clear, accurate, and timely disclosures to prospective Distributors regarding potential income.

I understand that it takes hard work, dedication and skill to make an Herbalife Nutrition Distributorship successful. I understand that the Statement of Average Gross Compensation that follows is available on MyHerbalife.com, and is the only authorized information about the financial results that Herbalife Nutrition Distributors have achieved. I confirm I am not relying on any other information.

To see all of your rights and obligations as an Herbalife Nutrition Distributor, please review Herbalife Nutrition's Rules of Conduct (https://hrbl.me/RulesOfConduct) available at MyHerbalife.com.

I have read and understood this message

I hereby acknowledge that I understand the Herbalife Nutrition Gold Standard Guarantees.

Applicant's Signature: _____ /_____/_____
Month Day Year

IDENTIFICATION NUMBER

The number above will be my Herbalife Nutrition ID Number once this Application is accepted



HERBALIFE INTERNATIONAL OF AMERICA, INC.
P.O. Box 80210
Los Angeles, California 90080-0210
Tel: (310) 410-9600

Sales Order Department
Tel: (866) 866-4744
TTY User: (800) 503-6180

IDENTIFICATION NUMBER

The number above will be my Herbalife Nutrition ID Number once this Application is accepted

HERBALIFE NUTRITION DISTRIBUTORSHIP APPLICATION AND AGREEMENT

This Application must be completed accurately and in its entirety in order to be considered by Herbalife International of America, Inc.

APPLICANT INFORMATION

Last Name First Name Middle Initial

Residential Address (P.O. Boxes are not accepted)

City State ZIP Code

Country Code Area Code Day Phone Area Code Mobile Phone Area Code Evening Phone

What is your preferred language for certain communications when available? English Spanish

Email Address (if applicable) Your email address must be unique and not shared by another Distributor. By providing your email address, you have consented to receive commercial email communications from Herbalife Nutrition.

Date of Birth (month - spelled out) (day) (year) Applicant's Social Security Number or Individual Taxpayer Identification Number Spouse's Social Security Number or Individual Taxpayer Identification Number

Spouse's Last Name First Name Middle Initial

Spouse's name is for recognition purposes only and is not an indication of ownership or entitlement.

SPONSOR'S INFORMATION

Sponsor's Name (print)

Phone

Sponsor's Herbalife Nutrition ID Number

SUPERVISOR'S INFORMATION

Supervisor's Name (print)

Phone

Supervisor's Herbalife Nutrition ID Number

A DISTRIBUTORSHIP

1. Becoming a Distributor: Thank you for applying to become an Herbalife Nutrition Independent Distributor ("Distributor"). You will become a Distributor only when we (Herbalife International of America, Inc.) accept your application and your Distributorship is entered into our records. The terms and conditions of our Agreement are found in this application, the Sales and Marketing Plan, Rules of Conduct ("Rules") (https://hrbl.me/SMPandRules) and other documents posted on MyHerbalife.com (collectively the "Materials"). We may revise the Materials from time to time in our discretion, so we encourage you to regularly visit MyHerbalife.com. You may also call Herbalife Nutrition at 866-866-4744 for assistance in obtaining these Materials. You acknowledge that you will be required to successfully complete Herbalife Nutrition Distributor training in order to purchase Herbalife Nutrition products for resale, recruit others to become Herbalife Nutrition Distributors or Preferred Members, or receive multi-level compensation from Herbalife Nutrition. Training may be found on the Learning Center at MyHerbalife.com, or you may call Herbalife Nutrition at 866-866-4744.

2. Prior Distributorship or Preferred Membership: If you and your spouse have never participated in an Herbalife Nutrition Distributorship or as a Preferred Member please skip to 3 below.

If you or your spouse owned or participated in an Herbalife Nutrition Distributorship in the past year, you may not apply for a new Distributorship under a different Sponsor until twelve (12) months from the date you last participated in the Distributorship, or your Distributorship was terminated, whichever is later. For any prior Distributorships, please provide the information requested below:

Your or/Spouse's Prior Distributorship ID: _____ Name: _____

Application Date: ____/____/____. Date of last activity in connection with that Distributorship ____/____/____.
Month Day Year Month Day Year

If you or your spouse were an Herbalife Nutrition Preferred Member in the past year, you may not apply for a Distributorship under a different Sponsor until twelve (12) months from the date your Membership was terminated. For any prior Preferred Membership, please provide the information requested below:

Prior Membership ID: _____ Name: _____

Application Date: ____/____/____. Date of termination of Preferred Membership ____/____/____.
Month Day Year Month Day Year

A DISTRIBUTORSHIP (CONTINUED)

- 3. International Business Pack:** Along with this application you purchased and received from Herbalife Nutrition a new, unopened IBP. If you resign your Distributorship for any reason within twelve (12) months of the date Herbalife Nutrition accepted this application, you are entitled to a full refund of the cost of the IBP, including shipping costs if we ask you to return the IBP. To obtain a refund you may call Herbalife Nutrition at 866-866-4744 or submit the refund form you will find at MyHerbalife.com (<http://hrbl.me/InventoryRefund>).
- 4. Term:** The term of the Agreement will be one year from the date this application was accepted by us, renewable annually, so long as you comply with certain requirements such as payment of an Annual Services Fee, or completion of additional business training. You may cancel your Distributorship at any time by notifying Herbalife Nutrition in writing at usarecadmin@Herbalife.com. You may also contact Herbalife Nutrition at 866-866-4744 for more information. Herbalife Nutrition may terminate your Agreement if it determines that you or others participating in your Distributorship have violated the Agreement.
- 5. Inventory Refund:** If you decide to resign your Distributorship for any reason at any time, you are entitled to a full refund for any unopened product you purchased during the previous twelve (12) month period. The amount you will be refunded includes the cost of the product, any taxes you paid on the purchase, and the cost of shipping, both the initial delivery and return shipping costs. To obtain a refund please call Herbalife Nutrition at 866-866-4744 or submit the refund form you may find at MyHerbalife.com (<http://hrbl.me/InventoryRefund>).
- 6. Self-employed:** As a Distributor you are a self-employed independent contractor deciding, among other things, your schedule, how much time you wish to devote to your business, your expenses and methods of operation. As an independent contractor you are not an employee, agent, franchisee, fiduciary or beneficiary of Herbalife Nutrition or any other Distributor. You acknowledge that as an independent contractor, you will have no rights or benefits that an employee of Herbalife Nutrition may have nor will you make any claim to the contrary.

B UNDERSTANDING THE HERBALIFE NUTRITION BUSINESS OPPORTUNITY

- 1. Diligent Inquiry:** A successful Herbalife Nutrition Distributorship involves hard work, diligence and development of business skills as your business grows. You agree to carefully review the Materials so you will be informed about the potential risks, benefits and Rules applicable to your Distributorship.
- 2. Compensation You Might Earn:** The Statement of Average Gross Compensation is the only authorized representation of Distributor earnings, and you acknowledge that you are not relying upon any other written or oral information or representations about the financial results you might achieve. You are aware that you will earn no compensation or other economic benefit solely by enrolling or recruiting other Distributors. If you choose to build and maintain a sales organization by sponsoring other Herbalife Nutrition Distributors, you may receive payments from Herbalife Nutrition based, among other things, on those Distributors' profitable retail sales to their customers. This multi-level compensation opportunity is detailed in Herbalife Nutrition's Sales & Marketing Plan, which is available at MyHerbalife.com (<http://hrbl.me/enUS-SMP>).
- 3. The Only Required Purchase:** The only required purchase to become an Herbalife Nutrition Distributor is the IBP. All product purchases are optional. You are never required to purchase a minimum quantity of products, maintain an inventory, or attend meetings or events. Herbalife Nutrition believes that you can advance in the Sales & Marketing Plan without incurring debt. For more information, please see the Business Tools and Other Optional Expenses available at MyHerbalife.com (<http://hrbl.me/BusinessToolsandOtherOptionalExpenses>).
- 4. Business Tools:** We do not recommend that you purchase Business Tools. You may not buy or sell, in any manner, Business Tools or leads related advertising. For more information please see the [Business Tools and Other Optional Expenses](#) found at MyHerbalife.com (<http://hrbl.me/BusinessToolsandOtherOptionalExpenses>).
- 5. Sale of Products:** By becoming a Distributor you are representing the Herbalife Nutrition brand, and you agree that you will promote the sale of Herbalife Nutrition products only in a manner that enhances the reputation of Herbalife Nutrition, your business and the Herbalife Nutrition businesses operated by other Distributors. Your advancement will only come from sales of Herbalife Nutrition product by you, or other Distributors that you might sponsor, to retail customers for their genuine consumption.
- 6. Leased or Purchased Commercial Locations:** While it is not necessary to conduct your Herbalife Nutrition business from a commercial location, some Distributors lease or purchase a commercial location to, for instance, operate an Herbalife Nutrition Nutrition Club, fitness facility or office. Operating from a commercial location involves expense and financial risk. Therefore, we require that before you lease or purchase a commercial location you must be an Herbalife Nutrition Distributor for at least twelve (12) consecutive months. You must also complete additional Herbalife Nutrition training, and prepare and retain a written business plan. Information about training and the business plan may be found on the Learning Center at MyHerbalife.com, or you may call Herbalife Nutrition at 866-866-4744.

C INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION

- 1. Limited Revocable License:** You are hereby granted, during the term of your Distributorship, a limited, revocable license to use Herbalife Nutrition's trade name, logo, trademarks and certain intellectual property only to the extent expressly permitted under the terms of the Agreement or otherwise by Herbalife Nutrition in writing, and only in connection with the conduct of your Distributorship and for no other purpose.
- 2. Confidential Information:** During the term of your Distributorship, you and your spouse will hold in strict confidence and trust for the exclusive benefit of Herbalife Nutrition any trade secrets, formulas, business plans, customer lists, Distributor information, or any other confidential or proprietary business information, and any other information of commercial value provided by Herbalife Nutrition ("Confidential Information"). You acknowledge and agree that you will not use Confidential Information, directly or indirectly, for any purpose other than the conduct of your Herbalife Nutrition Distributorship and you will take reasonable care to protect Confidential Information.
- 3. Use of Your Image:** You hereby authorize Herbalife Nutrition to record your image at Herbalife Nutrition events and you grant to Herbalife Nutrition a limited license to use your name, photograph, video image, personal story and information that you provide to Herbalife Nutrition, in Herbalife Nutrition promotional or other materials. You hereby waive all claims for payment for such use.

D MISCELLANEOUS LEGAL PROVISIONS

- 1. Transfers:** Your Distributorship, or any interest in your Distributorship, may not be transferred or assigned unless authorized in writing by Herbalife Nutrition in its sole discretion as provided in the Rules. Herbalife Nutrition may assign this Agreement in its discretion.
- 2. Non-Solicitation:** While you are a Distributor, neither you nor your spouse may solicit or promote the products or business opportunity of another multi-level marketing or direct-selling company to any Herbalife Nutrition Distributor, Preferred Member or customer.
- 3. Representations and Warranties:** You represent and warrant that you have not been convicted of a crime involving dishonesty, moral turpitude, or violence to others. You acknowledge and agree that you are applying to become an Herbalife Nutrition Distributor solely for the business opportunity and use of Herbalife Nutrition products and not for any other purpose.
- 4. Damages:** To the fullest extent allowed by applicable law, neither party shall be liable to the other for any incidental, consequential, special, exemplary or punitive damages under any legal or equitable theory, regardless of whether the possibility of such damages is known by either party.
- 5. Waiver and Delay:** No failure, refusal or neglect of Herbalife Nutrition to exercise any right, power or option under this Agreement with you or any other Distributor shall constitute a waiver of the provisions or a waiver by Herbalife Nutrition of its rights at any time under the Agreement.
- 6. Severability:** Except as otherwise provided in paragraph 2 of the Arbitration Agreement, if any provision in the Agreement is found to be invalid, illegal, or unenforceable in any respect, it shall be severed from the Agreement and have no effect on the remainder of the Agreement, which shall remain in full force and effect. Further, there shall be added automatically as part of the Agreement a provision as similar as possible to the severed provision that would be legal, valid, and enforceable.
- 7. Choice of Law:** The Agreement, and any dispute arising from the relationship between you and Herbalife Nutrition, shall be governed by California substantive law without the application of conflict of law principles, except that the interpretation and enforcement of the Arbitration Agreement shall be governed by federal law.
- 8. Indemnification:** You will indemnify, defend and hold Herbalife Nutrition harmless from any suit, action, demand, prosecution or claim, including all costs, liabilities and damages, relating to or arising from your breach of the Agreement or the conduct of your Herbalife Nutrition Distributorship. Herbalife Nutrition may, among other things, offset amounts you are owed to satisfy any obligations arising under this indemnity.
- 9. Claims Between Distributors:** Herbalife Nutrition shall not be liable to you for any cost, loss, damage, or expense suffered by you directly or indirectly as a result of any act, omission, representation, or statement by another Distributor.
- 10. Binding Terms:** The Agreement shall be binding upon and inure to the benefit of the parties, their heirs and permitted successors in interest.
- 11. Privacy and Data Protection:** Herbalife Nutrition collects, uses, and shares personally identifiable information ("PII") of Distributors as set forth in the Rules and our Privacy Policy, located at <http://www.herbalife.com/privacy-policy>. We do so to fulfill our obligations under this Agreement and for the other purposes described in the privacy statements referenced. As a Distributor, some of your PII may be shared with other Distributors who are entitled to receive such information about persons within their downline.

E ARBITRATION AGREEMENT

- 1. Overview:** Herbalife Nutrition will try to resolve any dispute amicably and informally. However, if there is a dispute that cannot be resolved informally, you and Herbalife Nutrition each agrees, subject to Sections 2 and 3 below, to resolve the dispute solely and exclusively by binding arbitration. Arbitration proceedings are designed to provide parties with a fair hearing that is faster and less formal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge or jury, allows for limited discovery, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award. The following provisions are referred to as the "Arbitration Agreement."
- 2. Jury and Class Action Waiver:** You and Herbalife Nutrition both waive the right to trial by jury. Also, any arbitration under the Agreement shall take place on an individual basis; class or representative actions shall not be permitted. If the foregoing provision is, for any reason, found to be unenforceable, then the Arbitration Agreement shall be null and void (but the Agreement shall remain in full force and effect).
- 3. Scope:** You and Herbalife Nutrition agree, with two exceptions, to arbitrate all disputes and claims between each other, including, without limitation, disputes or claims arising out of or relating to the Agreement, the Rules of Conduct, Sales & Marketing Plan decisions, relationships with other Distributors, and the purchase, sale or use of Herbalife Nutrition products, and regardless of whether the dispute or claim arose before your contractual relationship with Herbalife Nutrition. The two exceptions are: (1) either party may sue in court to enjoin infringement or other misuse of intellectual property rights; and (2) you may bring an individual action for monetary damages (but no other relief) in small claims court where permitted by law.
- 4. Applicable Rules:** The interpretation and enforcement of this Arbitration Agreement is governed by the Federal Arbitration Act. Any arbitration that is commenced pursuant to this Arbitration Agreement is governed by the Commercial Arbitration Rules ("AAA Rules") of the American Arbitration Association ("AAA"), except as modified herein, and will be administered by the AAA. The AAA Rules are available online at adr.org, by calling the AAA at 1-800-778-7879, or by writing to the Herbalife Nutrition Notice Address, Office of the General Counsel, Herbalife International of America, Inc., 800 West Olympic Blvd., Suite 406, Los Angeles, CA 90015.
- 5. Commencing Arbitration:** Forms and instructions for giving notice and commencing arbitration can be obtained at <http://www.adr.org>, by calling the AAA at 1-800-778-7879, or by writing to the Herbalife Nutrition Notice Address. If either you or Herbalife Nutrition are sued in arbitration, they may assert any counterclaims they may have against the other party.
- 6. Arbitration Fees:** For any arbitration initiated by you in accordance with the AAA Rules, Herbalife Nutrition will pay all administration and arbitrator fees and will promptly reimburse you for any initial filing fee unless (i) you seek more than \$75,000 in damages, or (ii) the arbitrator finds that your claim or demand for relief is frivolous or was brought for an improper purpose under the standards of Federal Rule of Civil Procedure 11(b), in which case the payment of fees will instead be governed by the AAA Rules and you must reimburse Herbalife Nutrition for any payments that would have been your obligation to pay under the AAA Rules.
- 7. Arbitration Procedure:** All arbitration procedures, including, without limitation, representation by counsel, determinations of arbitrability, selecting and communicating with the arbitrator, discovery, confidentiality, pre-hearing conferences, and evidentiary hearings, will be governed by the AAA Rules. **Note: As explained in the AAA Rules, the arbitrator shall determine the scope and enforceability of this Arbitration Agreement and the arbitrability of any disputes.** Hearings will take place in the county (or parish) where you reside, unless the parties agree otherwise.
- 8. Arbitration Award:** The arbitrator shall issue a written award in accordance with the AAA Rules, but may only award declaratory or injunctive relief in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. Regardless of whether attorneys' fees and costs are recoverable by law, Herbalife Nutrition will pay your reasonable attorneys' fees and costs if the arbitrator issues an award in your favor, unless Herbalife Nutrition made a written settlement offer worth more than your award before an arbitrator was selected. Herbalife Nutrition will be responsible for its own attorneys' fees and costs.
- 9. Amendments:** No amendment or modification of the Agreement will apply to claims that have accrued or are otherwise known to Herbalife Nutrition at the time of the amendment or modification.

IDENTIFICATION NUMBER

The number above will be my Herbalife Nutrition ID Number once this Application is accepted

I hereby acknowledge that I have reviewed and understand this Herbalife Nutrition Distributorship Application and Agreement, including the arbitration agreement, and all of the documents defined above as "Materials," which are incorporated herein, and that I agree to be bound by all of them.

Applicant's Signature: _____ /_____/_____
Month Day Year

Only complete if you intend to cancel this transaction.

NOTICE OF CANCELLATION

FEDERAL AND STATE LAW: Regulations require that we print the following Notice of Cancellation. The Herbalife Nutrition Refund Policy provides you greater protection than the law requires.

Date of Transaction: ____/____/____

You may CANCEL this transaction, without any Penalty or Obligation, within THREE BUSINESS DAYS from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within TEN BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed copy of this Cancellation Notice or any other written notice, or send a telegram to:

Herbalife International of America, Inc.
P.O. Box 80210
Los Angeles, CA 90080-0210

NOT LATER THAN MIDNIGHT OF: ____/____/____ (Date: 3 days after date of order)

I HEREBY CANCEL THIS TRANSACTION:

____/____/____
Month Day Year

Buyer's Signature

--	--	--	--	--	--	--	--	--	--	--	--

Distributorship ID

F CANCELLATION

Important Notice Regarding Right of Cancellation




I, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction.

See the "Notice of Cancellation" form that follows for an explanation of this right. After the 3-day cancellation period provided in this Application and Agreement, I am still protected by Herbalife Nutrition's refund policies.



Herbalife Nutrition is a member of the Direct Selling Association (DSA) and has agreed to follow the DSA Code of Ethics.

What should I know about being an Herbalife Nutrition Independent Distributor?

<p>How can I participate?</p>	<p>As an Herbalife Nutrition Distributor, you can participate in three ways:</p> <ul style="list-style-type: none"> You can buy Herbalife Nutrition products at a discount for your own or household use. You can sell Herbalife Nutrition products to make a retail profit. You can recruit others who want to consume or sell Herbalife Nutrition products. <p>If your only purpose in joining Herbalife Nutrition is to receive a discount on the products, you have the option to join as a Preferred Member. Most people join Herbalife Nutrition as Preferred Members at a cost of \$34.95 and do not participate in the business. A Preferred Member may convert to Distributor and build a business at any time by buying a Conversion Pack for \$59.95 and completing the required Distributor training</p>									
<p>What should I know about the business opportunity?</p>	<ul style="list-style-type: none"> There are no required purchases other than the initial Distributorship kit also known as the International Business Pack (\$94.10) or International Business Pack - Super Starter (\$124.10). Distributors enjoy setting their own schedule and choosing how and when to work. Most people start their Herbalife Nutrition business by working part-time and selling to people they know or people they meet as a way to make a little extra money. There are no guarantees that you will earn money. Like all business people, some Distributors will succeed, while some will not. Building a successful Herbalife Nutrition business takes skill, hard work, and time. 									
<p>How can I earn money?</p>	<p>You can earn money by selling Herbalife Nutrition products that you buy at a discount. Your initial discount is approximately 25%. The more you sell, the higher your discount, up to a maximum of 50%. For example, the initial discount on Formula 1, Herbalife Nutrition's best-selling product is shown on the right:</p> <table border="1" data-bbox="966 673 1448 868"> <tr> <td></td> <td>Suggested Retail price</td> <td>\$41.20</td> </tr> <tr> <td></td> <td>Distributor price <i>(with initial discount and before shipping and tax)</i></td> <td>— \$31.42</td> </tr> <tr> <td></td> <td>Potential profit</td> <td>\$ 9.78</td> </tr> </table> <ul style="list-style-type: none"> If you buy at this initial discount and sell 10 canisters at the Suggested Retail Price, passing along shipping and taxes, you would make \$97.80 before expenses. You can also earn money from the sales of people you sponsor. You cannot earn money by only recruiting or only sponsoring other Distributors. 		Suggested Retail price	\$41.20		Distributor price <i>(with initial discount and before shipping and tax)</i>	— \$31.42		Potential profit	\$ 9.78
	Suggested Retail price	\$41.20								
	Distributor price <i>(with initial discount and before shipping and tax)</i>	— \$31.42								
	Potential profit	\$ 9.78								
<p>How much can I earn in a typical month?</p>	<p>In a typical month between July 2017 to June 2018, about 51,500 U.S. Distributors ordered products for resale from Herbalife Nutrition and about 46,500 of them earned money from their sales and the sales of those they sponsored. Here is what they earned in a typical month, before expenses.</p> <table border="1" data-bbox="509 1135 1457 1459"> <thead> <tr> <th>First year Distributors (14,000)</th> <th>All other Distributors (32,500)</th> </tr> </thead> <tbody> <tr> <td>50% (7,000) earned more than \$140</td> <td>50% (16,000) earned more than \$315</td> </tr> <tr> <td>Top 10% (1,400) earned more than \$840</td> <td>Top 10% (3,250) earned more than \$3,400</td> </tr> <tr> <td>Top 1% (140) earned more than \$2,800</td> <td>Top 1% (325) earned more than \$14,100 <i>The Top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years.</i></td> </tr> </tbody> </table>	First year Distributors (14,000)	All other Distributors (32,500)	50% (7,000) earned more than \$140	50% (16,000) earned more than \$315	Top 10% (1,400) earned more than \$840	Top 10% (3,250) earned more than \$3,400	Top 1% (140) earned more than \$2,800	Top 1% (325) earned more than \$14,100 <i>The Top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years.</i>	
First year Distributors (14,000)	All other Distributors (32,500)									
50% (7,000) earned more than \$140	50% (16,000) earned more than \$315									
Top 10% (1,400) earned more than \$840	Top 10% (3,250) earned more than \$3,400									
Top 1% (140) earned more than \$2,800	Top 1% (325) earned more than \$14,100 <i>The Top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years.</i>									
<p>What if it doesn't work for me?</p>	<ul style="list-style-type: none"> You can cancel your Distributorship at any time. If you are in your first year, you can cancel and receive a full refund of your International Business Pack. If you cancel your Distributorship, you can return unopened products you purchased within the last year for a full refund. We even pay for shipping. Please contact 866-866-4744 for more information. 									

U.S. STATEMENT OF AVERAGE GROSS COMPENSATION JULY 2017 TO JUNE 2018

- C. I must not, directly or indirectly through any person, entity, or artifice, participate in or promote the products, services or earnings opportunity associated with any other multilevel marketing or direct sales company. I must not do so while I am participating in the Program. Without limiting the generality of the foregoing, I acknowledge that: while I am an Herbalife Nutrition Distributor, I may not, directly or indirectly, solicit, promote, sponsor or recruit any Herbalife Nutrition Distributor to join, or participate in any way with, any other multilevel marketing or direct sales company, and; that these prohibitions apply to my spouse and myself, acting through any company or entity which my spouse or I may control or in which either of us have an economic interest.
- D. All aspects of my relationship with Herbalife Nutrition, including but not limited to those relating to the Program, are and shall remain subject to modification by Herbalife Nutrition in its discretion from time to time, such modifications to take effect upon the publication by Herbalife Nutrition or upon such other date as such publication shall indicate.
- E. I am an independent contractor selling Herbalife Nutrition products and sharing its earnings opportunities with others. Nothing in this Acknowledgment or in any other aspect of my relationship with Herbalife Nutrition shall give rise to any of the following legal relationships between Herbalife Nutrition and myself: employee, agent, partner or joint venturer. Specifically, I am not an employee of Herbalife Nutrition for Federal tax purposes, or for any other State or Federal tax or non-tax purpose.
- F. I may not conduct business in any country in which Herbalife Nutrition has not yet officially opened for business.
- G. If, in connection with the conduct of my Herbalife Nutrition business, I violate Herbalife Nutrition rules, including those rules mentioned or referred to above, Herbalife Nutrition shall have the right not to pay me the TAB Team Production Bonus ("Bonus") and not to pay me any other monies for which I may be otherwise qualified, and that Herbalife Nutrition may terminate my Herbalife Nutrition Distributorship, in its sole discretion and without any further liability or obligation to me.
- H. Herbalife Nutrition, at its sole discretion may disqualify a Distributor from receiving the TAB Team Production Bonus.
- I. A condition of receiving the TAB Team Production Bonus is accepting responsibility for the methods by which Distributors of my downline are recruited and the development of my downline according to applicable law and by Herbalife Nutrition's rules. As a part of that responsibility, I understand that any request by my downline for Herbalife Nutrition to repurchase products – in any Herbalife Nutrition country – will result in a loss to me of any applicable Commission, Royalty Override, Production Bonus or TAB Team status associated with the volume that is repurchased. If I lose my TAB Team qualification as a result of these deductions, I must return to Herbalife Nutrition any TAB Team pins earned previously by me for that team status.
- J. Any dispute between Herbalife Nutrition and me arising from or relating to any aspect of my relationship with Herbalife Nutrition, shall be governed by construed in accordance with the domestic law of the State of California.

The personal information entered on this form, will be used by Herbalife Nutrition to process your request, to fulfill all legal and contractual requirements, and for other business purposes as described our privacy policy, located at <https://www.herbalife.com/privacy-policy>. Herbalife Nutrition or its authorized third parties may contact you directly for these purposes. Contact us at 866-866-4744 or Privacy@herbalife.com for more information. **CALIFORNIA RESIDENTS:** please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>). A paper copy is available upon request.

Acknowledge:

Distributor's Signature: _____ Date: ____/____/____

For Office Use Only



Automatic Payment Service (APS) Authorization Agreement & Application

Note: APS not available for Puerto Rico residents.

I authorize HERBALIFE INTERNATIONAL (HERBALIFE) to begin deductions from my account with the financial institution named for payment of my Herbalife Nutrition product, literature and/or sales promotion orders (Herbalife Nutrition orders).

This authorization will remain in effect until properly revoked by me in writing. I understand that my right to stop automatic payment of my HERBALIFE NUTRITION orders will be effective upon receipt of timely written notice by HERBALIFE NUTRITION and/or my designated financial institution prior to the time my account is charged. I understand that HERBALIFE NUTRITION and/or the financial institution indicated reserve the right to end this payment plan and my participation therein upon dispatch of timely written notice.

APS IS AVAILABLE TO SUPERVISORS WHO HAVE BEEN QUALIFIED FOR 30 DAYS OR MORE.

**NOTE: IMPORTANT INFORMATION BELOW – PLEASE COMPLETE
ONE APS APPLICATION PER DISTRIBUTORSHIP**

Please print your name (as shown on financial institution records) (_____) Daytime Telephone Number

Home Address Street City State Zip Code

Email Address

Name and ID Number on Herbalife Nutrition Distributor Application (please print) Applicant's Social Security Number or Individual Taxpayer Identification Number

Indicate four-digit code number (must be numerical, no letters) to be used for verification*

Signature (Primary Distributor) If Joint Account (Other Signature) Date

Please allow 15 days for processing

IMPORTANT: To avoid delay in processing, you must attach a check marked "VOID," or a savings account deposit slip (most savings accounts only allow a limited number of deductions per month) with your bank's routing number and your account number noted on the deposit slip. In addition, please verify this information with your bank especially if using a credit union account as the transit routing number may be different than what is on your check or deposit slip. Please fill in the spaces provided below:

Transit Routing Number (9 digits) Bank Account Number Checking Savings

Name of Your Bank, Savings & Loan, etc. City, State (_____) Bank Telephone #

* Please fill in the boxes provided with a four-digit Personal Identification Number (PIN). (You decide the code– it may be a birth date, anniversary date, etc.) Please remember your PIN and refer to it each time you place an APS Phone-In Order. Please keep a copy of this Agreement & Application form for your records.

**RETURN THIS ENTIRE PAGE TO: HERBALIFE NUTRITION WORLD HOME OFFICE
ATTN: ACCOUNTS RECEIVABLE DEPARTMENT
P.O. BOX 80210
LOS ANGELES, CA 90080-0210**

The personal information entered on this form, will be used by Herbalife Nutrition to process your request, to fulfill all legal and contractual requirements, and for other business purposes as described our privacy policy, located at <https://www.herbalife.com/privacy-policy>. Herbalife Nutrition or its authorized third parties may contact you directly for these purposes. Contact us at 866-866-4744 or Privacy@herbalife.com for more information. **CALIFORNIA RESIDENTS:** please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>). A paper copy is available upon request.



REFUNDS AND REPURCHASE DEPARTMENT
 950 WEST 190TH STREET
 TORRANCE, CA 90502
 (310) 410-9600 Ext 43132
 DS_CSSupport@Herbalife.com

REQUEST FOR REFUND FORM

Herbalife Nutrition Independent Distributor

Within 30 days following the refund to your customer, this form must be completely filled out. This form must be signed and returned to the Refunds and Repurchase Department, along with a copy of the Herbalife Nutrition Retail Receipt Form, Proof of Refund and product labels.

Note: All of the items listed above are required in order to process this request.

Herbalife Nutrition ID Number

Distributor's Name

Distributor's Address

City State Zip Code

Phone

Please indicate the address for your refund.
 Same as Distributor's address

Distributor's Name

Distributor's Address

City State Zip Code

I certify that on this date ____/____/____ I refunded the customer (named below) for the sum of \$ _____, or upon their request. I issued my customer full credit toward the purchase of other Herbalife® product(s). (Please refer to the Herbalife Nutrition Satisfaction Guarantee in the Sales & Marketing Plan and Business Rules for detailed requirements.). I understand that my documented volume for the current month will be impacted.

Distributor's Signature: _____ **Date:** ____/____/____

Herbalife Nutrition Customer

Name:
Address:
City:
Phone:
Email:

Please state the reasons you were dissatisfied with the product:

Select one of the following: Refund (check, paypal, direct deposit) Refund via Cash Other: _____

Customer's Signature: _____ **Date:** ____/____/____

The personal information entered on this form, will be used by Herbalife Nutrition to process your request, to fulfill all legal and contractual requirements, and for other business purposes as described our privacy policy, located at <https://www.herbalife.com/privacy-policy>. Herbalife Nutrition or its authorized third parties may contact you directly for these purposes. Contact us at 866-866-4744 or Privacy@herbalife.com for more information. CALIFORNIA RESIDENTS: please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>). A paper copy is available upon request.

For Herbalife Nutrition Use Only

- Within 30 days following the Distributor's refund to the customer, Refunds & Repurchase has:
- Received a Copy of the Herbalife Nutrition Receipt
 - Received a Copy of Proof of Refund (bank statement, paypal transaction, cancelled check)
 - Received Product labels



Repurchase of Inventory

The opportunity to be an Herbalife Nutrition Independent Distributor is entirely voluntary. If a Distributor permanently resigns for any reason, the Distributor is entitled to a full refund of the cost of the following:

- (a) the IBP (if resignation occurs within 12 months of becoming a Distributor); and
- (b) any unopened products and Herbalife Nutrition produced literature and sales aids that are purchased within the previous 12 months and returned to Herbalife Nutrition.

The amount of the refund includes the cost of the items, any taxes, and shipping and handling costs on the original delivery and return of the items to Herbalife Nutrition. Herbalife Nutrition will also arrange for the pick-up of items to be returned to Herbalife Nutrition.

Herbalife Nutrition will deduct the amount of Royalty Overrides, Commissions, Production Bonuses and any other earnings or benefits paid on the returned products from the respective earners and adjust qualifications as appropriate.

The 12 month resignation period may be extended for Distributors living in Wyoming, Georgia, Massachusetts and Puerto Rico.*

*Puerto Rico Residents: If a Distributor resigns for any reason within the first 90 days of becoming a Distributor or resigns at any time due to Herbalife Nutrition's breach of an essential obligation under the Application or Herbalife Nutrition's conduct that was detrimental to the Distributor's business, the Distributor will be entitled to reimbursement for 90% of all payments paid for services rendered by Herbalife Nutrition.



How to Initiate a Repurchase of Inventory

To initiate a repurchase of inventory, complete the following forms, then mail, email or fax them to Herbalife Nutrition:

- Inventory Repurchase Request Form
- Product Return Form
- Literature and Sales Aids Return Form

Mailing Address

Herbalife International of America, Inc.

Attention: Refunds & Repurchase Department

950 W. 190th St.

Torrance, CA 90502-1001

Email Address

DS_CSSupport@Herbalife.com

Fax Number

310-258-7155

The completed and signed Inventory Repurchase Request Form will be accepted by Herbalife Nutrition as your resignation acknowledgement.

Return Product Authorization

- If you have met the requirements specified on the Inventory Repurchase Request Form and submitted your forms to Herbalife Nutrition via any of the methods described above, please contact Herbalife Nutrition's Refunds and Repurchase Department at 866-866-4744 Ext. 43132 to arrange the pickup of your inventory.
- Please be aware that all terms and conditions must be met. To avoid handling delays each side of your package must reflect the letters "BB" followed by your Herbalife Nutrition Identification Number in large print (i.e., BB1000000000).
- Once Herbalife Nutrition has processed the return, your refund will be issued.

For questions, please contact Herbalife Nutrition at 866-866-4744 or Herbalife Nutrition's Refunds and Repurchase Department at extension 43132.

Inventory Repurchase Request Form

This form must be signed, dated, and returned to Herbalife Nutrition to initiate your request.

- I hereby permanently resign as an Herbalife Nutrition Independent Distributor.
- I understand that only unopened products and Herbalife Nutrition produced literature and sales aids that are purchased within the previous 12 months** are eligible for repurchase by Herbalife Nutrition.
- I understand my refund will be issued for the cost I paid for the items, plus any taxes and shipping and handling costs on the original delivery and return of the items to Herbalife Nutrition. Herbalife Nutrition will also arrange for the pickup of items to be returned to Herbalife Nutrition.
- I understand that I will be refunded via the same method of payment used when I bought the items. (However, if paid by money order or wire transfer, the refund will be via check.)
- I understand that Herbalife Nutrition has no responsibility for items returned that are not eligible for return under Rule 2.5.2. – Refund and Resignation
- I have included proof of purchase for any merchandise (copies of credit card statements, money orders or cancelled checks), which I did not purchase directly from Herbalife Nutrition.
- I understand that if I permanently resign within 12 months after the date Herbalife Nutrition accepted my Herbalife Nutrition Distributorship Application and Agreement, I am entitled to a full refund of the cost of my International Business Pack whether or not in resalable condition.

By my signature, I acknowledge and agree to the above.

(Name - Please Print)

(Herbalife Nutrition Identification Number)

(Signature)

(Date)

The personal information entered on this form, will be used by Herbalife Nutrition to process your request, to fulfill all legal and contractual requirements, and for other business purposes as described our privacy policy, located at <https://www.herbalife.com/privacy-policy>. Herbalife Nutrition or its authorized third parties may contact you directly for these purposes. Contact us at 866-866-4744 or Privacy@herbalife.com for more information. CALIFORNIA RESIDENTS: please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>). A paper copy is available upon request.

Please contact Herbalife Nutrition s Refunds and Repurchase Department at 866-866-4744 Ext. 43132 to arrange the pick-up of your inventory.

**The 12 month resignation period may be extended for Distributors living in Wyoming, Georgia, Massachusetts, and Puerto Rico.



Herbalife International of America, Inc.
Refunds & Repurchase
950 W. 190th St. Torrance CA 90502-1001
T. 310.410.9600 Ext.43132 F. 310.258.7155
Email: DS_CSSupport@Herbalife.com

Product Return Form

In addition to the **Inventory Repurchase Request Form**, complete this form if your request includes Herbalife Nutrition products.

Name: _____

Herbalife Nutrition Identification Number: _____

Stock No.	Product Description	No. of Cases	or No. of Units	Herbalife Nutrition Use Only

The personal information entered on this form, will be used by Herbalife Nutrition to process your request, to fulfill all legal and contractual requirements, and for other business purposes as described our privacy policy, located at <https://www.herbalife.com/privacy-policy>. Herbalife Nutrition or its authorized third parties may contact you directly for these purposes. Contact us at 866-866-4744 or Privacy@herbalife.com for more information. CALIFORNIA RESIDENTS: please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>). A paper copy is available upon request.

Please contact Herbalife’s Refunds and Repurchase Department at 866-866-4744 Ext. 43132 to arrange the pick-up of your inventory.

**The 12 month resignation period may be extended for Distributors living in Wyoming, Georgia, Massachusetts, and Puerto Rico.

Nutrition Club Operator's Notice

This Nutrition Club is operated by Herbalife Nutrition Independent Distributor ("Operator")_____. Operator's mailing address is_____, and Operator's business phone number is_____. Operator, not Herbalife Nutrition, is responsible for all of the activities related to this Nutrition Club.

Nutrition Clubs are accessible by invitation only and are not open to the public. Nutrition Clubs bring people together with a focus on good nutrition and living an active healthy lifestyle.

Many Club customers have lost weight using the Herbalife Nutrition products. However, lowering caloric intake, eating a balanced diet consisting of healthy foods, and engaging in regular physical activity is key to any weight-loss program and a healthy lifestyle. Everyone's experience as an Herbalife Nutrition customer is unique, but people who use Herbalife Nutrition Formula 1 twice a day as part of a healthy lifestyle can generally expect to lose around half a pound to 1 pound per week.

In addition, Herbalife Nutrition products distributed in Nutrition Clubs are not intended to prevent, treat or cure diseases or medical conditions.

From time to time, you might hear your Nutrition Club Operator or other Distributors talk about their success as Herbalife Nutrition Independent Distributors. Income depicted is unique to the individual and is not typical. Achievements require skill and consistent work. For typical earnings, see Statement of Average Gross Compensation at Herbalife.com.

Hygiene and Sanitary Practices Notice

Although Nutrition Clubs are not retail establishments, cafes, restaurants or takeout establishments, Herbalife Nutrition requires a Nutrition Club operator to practice good hygiene and keep the Club clean and sanitary. Club operators are responsible for understanding all applicable food safety requirements under local law.

Listed below are the core principles of good hygiene and sanitation that are always required. Refer to Rule 8.1.8 Good Hygiene which contains additional details.

- Keep your Club, particularly your entire kitchen area, clean at all times.
- Thoroughly clean and sanitize kitchen equipment before and after each use, including blenders and cutting boards.
- Frequently wash hands and forearms with soap and warm water.
- Use purified or bottled water when preparing beverages served at the Club.
- Inspect ingredients such as fruits and vegetables for freshness and quality upon delivery and again before use. Wash fruits and vegetables prior to use.
- Store fruits, vegetables, milk, and other perishables in refrigerators or freezers, in separate containers.
- Buy ice in small bags for immediate use; if you use an ice maker, regularly empty accumulated ice and clean the equipment.
- Use disposable cups to serve beverages.
- Distribute disposable stirrers, spoons, and other utensils.
- Immediately clean up spills and empty trash bins frequently.
- Keep cleaning equipment and solutions/substances away from food preparation and utensil cleaning areas.

Health codes and food safety law require more than these simple steps. Some require special fixtures and equipment. Some specify the methods and temperatures for cleaning equipment. Some require completion of a food handling course before you can prepare food for consumers. Please check with your local health and safety department to learn about any additional requirements.

Who Needs To Register?

In addition to completing the Location Registration Form, Distributors are required to meet the following three requirements prior to signing a lease, sublease or purchasing a commercial location¹.

1. Be a Distributor for at least 12 consecutive months to obtain training and experience about the Herbalife business;
2. Successfully complete Herbalife's Keys to Your Business: Commercial Location Training, in the Learning Center;
3. Prepare an interactive business plan, using the form available on MyHerbalife.com, and make it available to Herbalife upon request.

Registering² will keep you connected with Herbalife's latest news, trainings, and promotions. The registration process also helps to ensure that Herbalife's requirements are met before you make financial commitments and enter into a legally binding lease, sublease or purchase agreement.

IMPORTANT: Distributors opening a Residential Nutrition Club, or Commercial Location which does not require the Distributor to sign a lease, sublease or purchase a Commercial Location, are encouraged to register but ARE NOT required to meet the three requirements listed above.

Additional Requirements for Commercial Nutrition Clubs³

In addition to meeting the three requirements above, the following items must be submitted with the Location Registration Form.

- A photo of the building's entire exterior (e.g., structure of the Club, all windows, doors and surroundings);
- A drawing of each proposed exterior sign, or photo of the existing sign(s);
- A drawing of each proposed window and door covering (curtains or shades), or photo of the existing covering(s), and a brief description of the covering(s), including the dimensions, locations and number; and
- An overall photo that captures the full entire exterior.

Submitting your proposed Club name, location, signage, and window covering ideas prior to your Commercial Nutrition Club's opening will help avoid premature expenditures that may not be compliant with Herbalife's Nutrition Club Rules. Information about signage and window and door covering requirements can be found in Rule 8.4 Commercial Nutrition Clubs and on MyHerbalife.com. Any missing information may delay the confirmation of your Registration.

How Do I Register and Submit My Additional Information?

There are four simple ways to register your Commercial Location or Nutrition Club and submit your additional information:

1. **Online:** Go to MyHerbalife.com and login > select "Register your Commercial Location or Nutrition Club"
2. **Email:** MPCNutritionClubsNAM@herbalife.com
3. **Mail:** Herbalife International of America, Inc.
Attention: MPC
950 W. 190th Street
Torrance, CA 90502
4. **Fax: (310) 216-5145.** Please note, photos must be sent only via email or mail; not by fax.

¹ Commercial Location means Commercial Office or Commercial Nutrition Club. See Rule 3.1.13 Leased or Purchased Business Locations, and Rule 8.4.1 Commercial Club Requirements.

² Failure to register may result in sanctions to your Distributorship.

³ Commercial Nutrition Club means any Non-Residential Nutrition Club.

Instructions: Complete all sections marked with an asterisk*

Primary Operator Information*

First Name: _____ Last Name: _____

ID#: _____ Sales and Marketing Plan Level: _____

Applicant Information* (If different than Primary Operator)

First Name: _____ Last Name: _____

Distributor ID#: _____ Sales and Marketing Plan Level: _____

I previously submitted this form, but have an update/change to the Primary Distributor, Location Name, and Signage or will be closing my Location (if checked, complete Change Request section of this Form).

Location Information*

Select Location Type:
 Commercial Nutrition Club
 Residential Nutrition Club (Home)
 Commercial Business Location (office)
 Satellite Club

Select Location Subtype:
 Single Operator (Traditional)
 Multiple Operators (Central/Multi-Club)
 Other: _____

Location Details:
 This is an existing location This is a planned location

Estimated Opening Date: _____

Primary language: English Spanish

Club Name (Commercial Nutrition Clubs Only):
 Proposed Name: _____
 Location Has No Name

Seating Capacity: _____

Average daily consumptions/attendees expected: _____

What percentage of your business will you expect to come from your use of the location? _____%

Select Business Methods conducted at location:
 Weight Loss Challenge Total Plan
 Wellness Coach
 Healthy Active Lifestyle (Fitness Club) Other: _____

Location Contact Information*

Country: _____

Location Street Address: _____

City: _____

State: _____

Zip Code: _____

Main Phone Number: _____

Alternate Phone Number: _____

Email Address: _____

Website URL (if applicable): _____

Commercial Business Location Requirements*

I will sign a lease or sublease Yes No

Anticipated lease/sublease start date (MM/DD/YY): _____

I will purchase a commercial location Yes No

Anticipated purchase date (MM/DD/YY): _____

I have been a Distributor for at least 12 consecutive months Yes No

I have successfully completed Herbalife's Keys to Your Business: Commercial Location training in the Learning Center

Yes No

I have prepared an interactive business plan, using the form available on MyHerbalife.com Yes No

I will not purchase a commercial location, or sign a lease or sublease and understand that I do not therefore need to meet these three requirements

List all other Distributors (Name, Herbalife ID# and Sales & Marketing Plan Level) who will sign the lease, sublease or purchase agreement, if applicable:

Name: _____ ID: _____ Level: _____

Name: _____ ID: _____ Level: _____

Name: _____ ID: _____ Level: _____

Name: _____ ID: _____ Level: _____

If sharing your Location with more than four (4) Operators, submit the details requested on a separate page.

Additional Information *

Hours of Operation:

All Day Monday – Friday _____ to _____

Or daily hours of operation

Morning _____ to _____

Afternoon _____ to _____

Evening _____ to _____

All Day Saturday _____ to _____

Or daily hours of operation

Morning _____ to _____

Afternoon _____ to _____

Evening _____ to _____

All Day Sunday _____ to _____

Or daily hours of operation

Morning _____ to _____

Afternoon _____ to _____

Evening _____ to _____

Additional (Optional) Training:

I was trained by my Upline

Date: _____

Upline Name: _____

I participated in a Training by an Independent Distributor

Date: _____

Event Name/Location _____

I participated in an Herbalife Corporate Training

Event Date: _____

Event Name/Location _____

I was trained by an Ambassador/ Date: _____

Ambassador Name: _____

I did not receive training

Other _____

Change Requests

Change Location Name: Current Name: _____ New Name: -

Change Commercial Nutrition Club Signage:

-

Change Primary Operator: **For changes to the Primary Distributor, both the Current and New Distributor must sign this form.*

New Primary Distributor Name*: _____ New Primary Distributor Name ID
#: _____

Signature Current Primary Distributor*:

Signature New Primary Distributor*:

I am closing or have closed my location

Date of Closure: _____

Reason for Closure: _____

Comments: *Please include all questions and comments here:*

DISTRIBUTOR ACKNOWLEDGMENT:

I have reviewed and understand Herbalife's Rules of Conduct, including Rules 3.1.13 Leased or Purchased Business Locations, and Rule 8.4 Commercial Clubs. The information I have provided in this form is accurate and complete.

Applicant Signature: _____ **Date:** _____

The personal information entered on this form, will be used by Herbalife Nutrition to process your request, to fulfill all legal and contractual requirements, and for other business purposes as described our privacy policy, located at <https://www.herbalife.com/privacy-policy>. Herbalife Nutrition or its authorized third parties may contact you directly for these purposes. Contact us at 866-866-4744 or Privacy@herbalife.com for more information. CALIFORNIA RESIDENTS: please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>). A paper copy is available upon request.

Weight Loss Challenge Participation Agreement

Thank you for your interest in the Weight Loss Challenge! Through the Challenge, Herbalife Nutrition Independent Distributors (also known as “coaches”) are able to help participants work toward their weight-loss goals and improve their overall wellness. We want you to have a great time as you have fun and meet new friends at our Weight Loss Challenge. Remember that any reasonable diet or weight management program includes exercise and sensible meals, and it’s always a good idea to consult your primary physician before starting an exercise or weight-management program.

The coach(es) responsible for this Challenge:

Name(s): _____

Contact Information: _____

Please read this document carefully and sign it to confirm that you understand all of the general terms of the Weight Loss Challenge.

- In return for your Participation Fee of _____ (not to exceed \$35*) and upon signing this document, you are entitled to participate in the Weight Loss Challenge identified below and you will be eligible for the various prizes and/or payouts which are awarded upon its conclusion. You will also attend weekly weigh-ins where you will have the opportunity to ask questions, and receive coaching and education.
- This Weight Loss Challenge begins the week of _____ / _____, 20____ and ends the week of _____ / _____, 20____.
- Coaches are independent businesspersons; they are solely and exclusively responsible for the operation and details of each Weight Loss Challenge.
- The purchase or consumption of Herbalife Nutrition products in conjunction with your participation is recommended, but not required.
- The *Participation Fee* covers all prize payouts, plus minimal operational costs.
- The *Weight-Gain Fee* is \$1* per pound for weight gained since the last recorded weigh-in.
- The *Absence Fee* is \$5* for each absence. One (1) absence is allowed without penalty.
- The Participation Fee is fully refundable if requested by the participant within the first 48 hours of the Challenge start date.

* Amount is in U.S dollars.

- *Weight-Loss Payouts* are paid to the top 3 weight losers as follows:
 - 1st Place: 50 percent will be paid to the person who has lost the greatest percentage of his/her body weight by the end of the Challenge.
 - 2nd Place: 30 percent will be paid to the person who has lost the next greatest percentage of his/her body weight by the end of the Challenge.
 - 3rd Place: 20 percent will be paid to the person who has lost the next greatest percentage of his/her body weight by the end of the Challenge.
- An *Inches Payout* is paid to the participant who loses the most inches and is not also a top 3 weight loser; this winner receives all money collected from Weigh-Gain and Absence Fees.
- If, after reading this document, you have any further questions about the Weight Loss Challenge, do not hesitate to ask the coach(es) listed in this Agreement.
- As a participant, you should communicate regularly and fully about your progress and never hesitate to ask questions, so you can receive the appropriate advice and coaching.
- You must be at least 14 years of age to enter a Weight Loss Challenge; if you are 14 to 17 years old, your parent or legal guardian must sign this Agreement on the line provided.
- Your Weight Loss Challenge Coach(es) will collect your name, address, telephone number and e-mail address solely for the purpose of running a Challenge, unless you authorize your Coach(es) to use this information for other purposes as well. Your Coach(es) will treat your information in accordance with the law and you have the right to access and correct this information by contacting your Coach(es).

[] Please check here if you are interested in receiving follow-up messages from your Coach(es), including information about Herbalife Nutrition and Herbalife Nutrition products.

I, _____, have reviewed and agree to all of the above.
(PRINT NAME)

Signature: _____ Date: ____/____/____

Signature: _____ Date: ____/____/____
(Parent or legal guardian signature required if participant is under the age of 18)

Address: _____

City: _____ Zip: _____

Phone: _____ - _____ - _____

Email: _____

How did you hear about this Challenge? (please check)

Prior Participant Referred by a friend (name): _____

Newspaper ad Postcard (color of postcard or name listed): _____

Other: _____

By signing this Agreement, you agree that your Distributor may collect your personally identifiable information (PII) provided by you. Distributors are required to process your information in accordance with applicable laws and Herbalife Nutrition's rules. Your Distributor may share your PII with the local Herbalife Nutrition entity, on the basis of their legitimate business interest to run the Challenge, process your orders and otherwise support their business operations, and to maintain the optimal functioning of the Herbalife Nutrition Sales and Marketing Plan, in accordance with all legal and contractual obligations to which Distributors are subject. Herbalife Nutrition will use your PII in accordance with the terms of its online privacy policy located at <http://www.herbalife.com/privacy-policy>. CALIFORNIA RESIDENTS: please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>) A paper copy is available upon request.

Introduction

Congratulations! As an Herbalife Nutrition Independent Distributor, you are now part of a community of like-minded people who are committed to our “mission for nutrition”. As global leaders in the nutrition industry, we have the responsibility to operate with ethics and integrity. As such, please review these Rules of Conduct¹ to help you on your journey.

Before you start your business, take the time to read and understand each Rule. Because we know some aspects of running a business can be complicated, there is a team of people here at Herbalife Nutrition standing by to help you. If you have questions, you can reach them at (866) 866-4744.

Whatever your goals for your business, we hope you find your Distributorship rewarding. We thank you for your passion and commitment to improve people’s lives.

Best wishes for your success,

Your Herbalife Nutrition Team

¹ Herbalife Nutrition has the sole and absolute discretion to change the Rules of Conduct and issue other rules, policies and advisories from time to time (altogether the “Rules”). However, the changes and new Rules will be prospective, which means they will not be applied to past behavior. Herbalife Nutrition may impose any corrective action or sanction to address any breach of the Rules, and we reserve the right to waive, fully or partially, any breach of any Rule.

Table of Contents

Introduction

Chapter 1 Getting Started

1.1 Applying to Become a Distributor & Required Training

- [1.1.1 Restrictions on Purchase Requirements](#)
- [1.1.2 Debt Discouraged](#)
- [1.1.3 One Distributorship Permitted Per Person](#)
- [1.1.4 Annual Distributor Services Fee](#)
- [1.1.5 Acceptance/Rejection of Fee](#)
- [1.1.6 Truthful Submissions and Communications with Herbalife Nutrition](#)
- [1.1.7 Proper Purchasing](#)
- [1.1.8 Payment](#)

Chapter 2 Distributorship Particulars

2.1 Distributorship Eligibility

- [2.1.1 Distributors Must Be Individuals](#)
- [2.1.2 Dual Distributorships](#)
- [2.1.3 Distributorship Minimum Age](#)
- [2.1.4 Special Rules for Applicants Age 14-17 \(Puerto Rico Residents: Age 14-20\)](#)
- [2.1.5 Married Couples and Distributors Who Marry](#)
- [2.1.6 Recognition of Spouse or Life Partner](#)
- [2.1.7 Activities of a Spouse or Life Partner](#)
- [2.1.8 Former Participant in Distributorship](#)
- [2.1.9 Disclosure of Former Distributorship or Preferred Membership](#)
- [2.1.10 Period of Inactivity](#)

2.2 Transferring Your Distributorship

- [2.2.1 Assignment, Sale, or Transfer of Distributorship](#)
- [2.2.2 May Only Be Assigned or Transferred to a Non-Herbalife Nutrition Distributor](#)
- [2.2.3 Status and Benefits](#)
- [2.2.4 Responsibility after Transfer](#)

2.3 Separation, Divorce, and Dissolution of Life Partner Relationships

- [2.3.1 Establishing a New Distributorship](#)
- [2.3.2 Requests to Modify the Original Distributorship](#)
- [2.3.3 Joining Under a Different Sponsor/Participating in another Distributorship](#)
- [2.3.4 Divorce and Dissolution of a Life Partner Relationship and the Herbalife Nutrition Sales & Marketing Plan](#)

2.4 Inheritance

2.5 Termination of Your Distributorship

- [2.5.1 Resignation](#)
- [2.5.2 Refund and Resignation](#)

Chapter 3 Business Activities

3.1 Operating Your Business

- [3.1.1 General Compliance](#)
- [3.1.2 Distributors are Self-Employed](#)
- [3.1.3 Maintaining Reputation and Image of Herbalife Nutrition](#)
- [3.1.4 Responsibility for Conduct of Others Assisting with Distributorship](#)
- [3.1.5 No Association of Other Organizations with Herbalife Nutrition](#)
- [3.1.6 No Inducement to Sell Other Products or Services](#)
- [3.1.7 TAB Team Limitations](#)
- [3.1.8 Sales & Marketing Plan Manipulation](#)

- [3.1.9 Debts Owed to Herbalife Nutrition](#)
- [3.1.10 Military Base Restrictions](#)
- [3.1.11 Interviews or Statements to Media](#)
- [3.1.12 Conduct Regarding Harassment/Discrimination](#)
- [3.1.13 Leased or Purchased Business Locations](#)
- [3.1.14 Responsibility for Vendors](#)

3.2 International Business

- [3.2.1 Activities in Countries or Territories Not Yet Open](#)
- [3.2.2 Activities in Open Countries or Territories](#)
- [3.2.3 Activities in China](#)
- [3.2.4 Personal Use and Travel](#)
- [3.2.5 Prohibited Countries](#)
- [3.2.6 OFAC List](#)

3.3 Business Tools

- [3.3.1 Sale of Business Tools Not for Profit](#)
- [3.3.2 Leads](#)
- [3.3.3 Written Permission for Business Tools](#)
- [3.3.4 Promotion of Business Tools Provided by Vendors](#)
- [3.3.5 Notice to Cease Use or Sale of Business Tools](#)

Chapter 4 Selling

4.1 Sales to Consumers

- [4.1.1 Retail Establishments Not Permitted](#)
- [4.1.2 Distributors' Private Offices](#)
- [4.1.3 Retail Receipts](#)
- [4.1.4 Refund Policy for Preferred Members and Retail Customers](#)

4.2 Payments and Adjustments

4.3 Selling Practices

- [4.3.1 Distributors as Brand Ambassadors](#)
- [4.3.2 Product Sales to Non-Distributors for Resale](#)
- [4.3.3 Modifications to Products, Labels and Materials](#)
- [4.3.4 No Resale of Samples or Daily Use Portions](#)
- [4.3.5 Presentations and Directions for Use](#)
- [4.3.6 Product Storage and Handling](#)
- [4.3.7 Customer Service](#)

Chapter 5 Sponsoring and Leadership

5.1 Sponsoring Responsibilities

- [5.1.1 Training](#)
- [5.1.2 Independent Relationship](#)
- [5.1.3 Preparation of Distributor Documents](#)

5.2 Maintaining Lines of Sponsorship

- [5.2.1 Inducement to Change Sponsors](#)
- [5.2.2 Sponsorship Correction](#)
- [5.2.3 Applying for Change of Sponsorship](#)

Chapter 6 Marketing Your Business

6.1 Claims

- [6.1.1 Lawful, Truthful and Not Misleading](#)
- [6.1.2 Weight-Loss Claims](#)
- [6.1.3 Product Claims](#)
- [6.1.4 Earnings Claims](#)

- [6.1.5 Lifestyle Claims](#)
- [6.1.6 Size and Placement of Disclaimers](#)
- [6.1.7 Home-Based Business Claims](#)
- [6.1.8 Claims Regarding Relationship Between Herbalife Nutrition and Herbalife Nutrition Distributors](#)
- [6.1.9 Opportunity Claims](#)

6.2 Use of Herbalife Nutrition Intellectual Property

- [6.2.1 Definitions](#)
- [6.2.2 Copyrighted Materials](#)
- [6.2.3 Trademarks, Trade Dress and Trade Names](#)
- [6.2.4 Trade Secrets](#)
- [6.2.5 Use Limited to Herbalife Nutrition Business](#)
- [6.2.6 Intellectual Property in Media](#)
- [6.2.7 Electronic Media](#)
- [6.2.8 Toll-Free Telephone Numbers](#)
- [6.2.9 Telephone Directory Listings](#)
- [6.2.10 Name or Image of Mark Hughes](#)
- [6.2.11 Herbalife Nutrition Addresses](#)
- [6.2.12 Prohibited Use of Third Parties Intellectual Property](#)
- [6.2.13 Termination of Herbalife Nutrition Distributorship](#)

6.3 Advertising and Promotions

- [6.3.1 Herbalife Nutrition Advertising Templates](#)
- [6.3.2 Distributor Advertisements and Promotional Materials](#)
- [6.3.3 Posting of Advertising Materials](#)
- [6.3.4 Broadcasting Prohibited](#)

6.4 Preserving the Personal Relationship

- [6.4.1 Promoting the Preferred Member Program](#)
- [6.4.2 Price Advertising](#)

Chapter 7 Use of the Internet and Electronic Marketing

7.1 Distributor Conduct

- [7.1.1 Standard of Personal Conduct](#)
- [7.1.2 Unauthorized Computer Access](#)
- [7.1.3 Consumer Data](#)

7.2 Distributor Websites

- [7.2.1 Distributors Must Disclose Relationship with Herbalife Nutrition](#)
- [7.2.2 Domain Names, Email Addresses, and Websites](#)
- [7.2.3 Hyperlinking and Associations](#)
- [7.2.4 Third Party Advertisements on Distributor Websites](#)
- [7.2.5 International Business](#)
- [7.2.6 Website Privacy Statements](#)
- [7.2.7 Search Engine Advertising and Optimization](#)
- [7.2.8 Distributor Websites](#)

7.3 Prohibition of Internet and Auction Sales

7.4 Email

- [7.4.1 Requirements and Restrictions](#)
- [7.4.2 Government Notice to Discontinue Emailing](#)

7.5 Social Media

- [7.5.1 Responsibility for Postings](#)
- [7.5.2 Social Media as a Sales and Promotion Forum](#)
- [7.5.3 Postings and Claims](#)

- [7.5.4 Use of Herbalife Nutrition Intellectual Property](#)
- [7.5.5 Photos, Video/Audio Recordings](#)
- [7.5.6 Terms of Use](#)
- [7.5.7 Professionalism](#)
- [7.5.8 No Purchasing Followers and Likes on Social Medias](#)
- [7.5.9 No Targeting Followers on Social Media Platforms](#)
- [7.5.10 No Data Mining and Website Scraping Software](#)
- [7.5.11 No Inappropriate Communication Practices](#)

7.6 Telemarketing

- [7.6.1 Definitions](#)
- [7.6.2 Telemarketing Requirements](#)
- [7.6.3 Autodialers](#)
- [7.6.4 Prerecorded or Artificial Voice Messages](#)
- [7.6.5 Unsolicited Faxes](#)
- [7.6.6 Government Inquiries](#)

Chapter 8 Nutrition Clubs

8.1 General Rules

- [8.1.1 Reviews](#)
- [8.1.2 Distributor-Led Nutrition Club Training](#)
- [8.1.3 Independent Business Operations](#)
- [8.1.4 Primary Club Operator](#)
- [8.1.5 Good Neighbor Policy](#)
- [8.1.6 Comply With the Law](#)
- [8.1.7 Required Postings](#)
- [8.1.8 Good Hygiene](#)

8.2 Club Operations

- [8.2.1 Fees](#)
- [8.2.2 Club Attendance Not Mandatory](#)
- [8.2.3 Authorized Herbalife Nutrition Products Only](#)
- [8.2.4 Product Offerings](#)
- [8.2.5 Product Retailing](#)
- [8.2.6 Proper Disposal of Product Containers](#)

8.3 Marketing, Promotion and Advertising

- [8.3.1 Claims and Representations](#)
- [8.3.2 Personal Club Invitations](#)
- [8.3.3 Club Advertising and Promotion](#)
- [8.3.4 Residential Nutrition Club Signage Prohibited](#)
- [8.3.5 Social Media Disclosure](#)

8.4 Commercial Nutrition Clubs

- [8.4.1 Commercial Club Requirements](#)
- [8.4.2 Retail and Service Establishments](#)
- [8.4.3 Carry-Outs](#)
- [8.4.4 Product Displays](#)
- [8.4.5 Commercial Club Exterior Signage](#)
- [8.4.6 Commercial Club Exterior](#)
- [8.4.7 Employees](#)
- [8.4.8 A Nutrition Club is not a Franchise](#)
- [8.4.9 No Assigned or Exclusive Territories](#)
- [8.4.10 Multiple Clubs](#)
- [8.4.11 Sharing Club Premises](#)
- [8.4.12 Sale of Clubs Prohibited](#)
- [8.4.13 Satellite Clubs](#)

Chapter 9 Weight Loss Challenge

9.1 Maximum Number of Participants

- [9.1.1 Fees](#)
- [9.1.2 Maximum Payout](#)
- [9.1.3 Duration](#)
- [9.1.4 Weekly Meetings](#)
- [9.1.5 Recommending Herbalife Nutrition Products](#)
- [9.1.6 Refunding the Participation Fee](#)
- [9.1.7 Advertising](#)
- [9.1.8 Required Participation Agreement](#)
- [9.1.9 Minimum Age](#)
- [9.1.10 Data Privacy and Confidentiality](#)

Chapter 10 Enforcement Procedures

10.1 Complaint Procedure

- [10.1.1 Inquiry](#)
- [10.1.2 Sanctions](#)
- [10.1.3 Requests for Reconsideration \(unrelated to Terminations\)](#)
- [10.1.4 Termination of a Distributorship](#)
- [10.1.5 Appealing a Termination](#)

Chapter 11 Additional Legal Provisions

11.1 Damages

- [11.2 Waiver and Delay](#)
- [11.3 Severability](#)
- [11.4 Choice of Law](#)
- [11.5 Indemnification](#)
- [11.6 Claims Between Distributors](#)

Chapter 12 Arbitration Agreement

- [12.1 Overview](#)
- [12.2 Jury and Class Action Waiver](#)
- [12.3 Scope](#)
- [12.4 Applicable Rules](#)
- [12.5 Commencing Arbitration](#)
- [12.6 Arbitration Fees](#)
- [12.7 Arbitration Procedure](#)
- [12.8 Arbitration Award](#)
- [12.9 Amendments](#)

Chapter 13 Privacy and Data Protection

Chapter 14 Definitions

Chapter 1 Getting Started

1.1 APPLYING TO BECOME A DISTRIBUTOR & REQUIRED TRAINING

A person applying to become an Independent Herbalife Nutrition Independent Distributor (“Applicant”) must:

1. Be sponsored by another Distributor (“Sponsor”);
2. Purchase an International Business Pack (IBP);
3. Submit a completed Herbalife Nutrition Distributorship Application and Agreement (“Agreement”);
and
4. Have the Agreement accepted by Herbalife Nutrition.²

All Distributors must successfully complete the Required Distributor training in order to (1) purchase Herbalife Nutrition products for retail sale³; (2) recruit or receive potential earnings from Herbalife Nutrition; and (3) sponsor others to become Herbalife Nutrition Independent Distributors.

1.1.1 Restrictions on Purchase Requirements

The only required purchase to become a Distributor is the IBP, which is sold to a new Distributor at cost without markup or profit to the Sponsor.

The IBP may not be combined with other products, services or materials. Sponsors may not require Distributors to purchase:

- Herbalife Nutrition products.
- Business Tools or other materials, products or services, whether or not produced by Herbalife Nutrition.
- Tickets to attend seminars, meetings or other events.

1.1.2 Debt Discouraged

One of the benefits of an Herbalife Nutrition business is that it is inexpensive: The only required expense is the purchase of a IBP. Distributors are encouraged to build their business debt-free. Distributors don’t need to invest in large inventories or incur burdensome debt.

Herbalife Nutrition strongly discourages incurring debt or obtaining loans to pursue the Herbalife Nutrition opportunity. Money loaned or granted for any purpose not specifically related to Herbalife Nutrition (including educational loans or grants) may not be used in the operation of an Herbalife Nutrition business.

1.1.3 One Distributorship Permitted Per Person

An individual may own, operate, and support only one Distributorship, except as permitted by the Married Couples and Distributors who Marry, Separation, Divorce, and Dissolution of Life Partner Relationship and Inheritance Rules. (See Rules [2.1.6](#), [2.3](#) and [2.4](#)) If an individual submits more than one Agreement, the first Agreement received and accepted is the valid Distributorship.

1.1.4 Annual Distributorship Services Fee

Distributors are charged an Annual Distributorship Services Fee (“Fee”) for Herbalife Nutrition computer processing and other services. The Fee must be received from the Distributor and may not be paid by another Distributor. If a Distributor does not pay the Fee by the anniversary date of the original Agreement, the Distributorship is terminated. Herbalife Nutrition tries to remind Distributors by mail/electronic mail of the deadline for payment. However, the Distributor is responsible for paying the Fee on time.

² Herbalife Nutrition reserves the right to accept or reject any Agreement in its sole and absolute discretion.

³ Within the first 30 days after submission of their Agreement, Distributors may purchase, for personal consumption only, up to \$235 of Herbalife Nutrition products prior to completion of the Required Distributor training.

1.1.5 Acceptance/Rejection of Fee

If a Distributor has violated the Rules, Herbalife Nutrition may refuse to accept payment of the Fee, in which case the Distributorship will be terminated, and Herbalife Nutrition will refund payment of the Fee.

1.1.6 Truthful Submissions and Communications with Herbalife Nutrition

All documents and statements given to Herbalife Nutrition, including the Distributorship Application & Agreement, Herbalife Nutrition Retail Receipts⁴ and Orders must be truthful, complete, and submitted on time.

Distributors must keep all of their contact information, including permanent home or business address, current in Herbalife Nutrition records.

1.1.7 Proper Purchasing

Non-Supervisor Distributors may only purchase Herbalife Nutrition products directly from Herbalife Nutrition, from their Sponsor, or their first upline Fully Qualified Supervisor. Note: Only orders placed with the Company for customer sales and include a profitable receipt accepted by Herbalife Nutrition will count towards documented volume, and can be used for qualification to earn, achieve discount levels, advancement in the Sales & Marketing Plan, and qualification for promotion. All products must be delivered within a reasonable amount of time after sale.

Fully Qualified Supervisors may only purchase products from Herbalife Nutrition.

Distributors may not place or pay for orders on behalf of other Distributors.⁵

1.1.8 Payment

Distributors must ensure that all payments submitted to Herbalife Nutrition are authorized and sufficiently funded. Distributors must receive and keep written authorization from credit cardholders before using the credit card(s) for payment.

Distributors are financially liable for payments that are rejected for any reason.⁶

Herbalife Nutrition may restrict a Distributor's buying privileges for violations of this Rule and make volume and earning adjustments to settle disputed charges.

⁴ Find more information about Herbalife Nutrition Retail Receipts by visiting MyHerbalife.com.

⁵ This rule applies unless Herbalife Nutrition requests and receives written authorization from the Distributor for payment to be made by another person. Written authorization may only be given for one specific order.

⁶ A Distributor whose check is returned for insufficient funds may be surcharged by Herbalife Nutrition.

Chapter 2 Distributorship Particulars

2.1 DISTRIBUTORSHIP ELIGIBILITY

2.1.1 Distributors Must Be Individuals

Herbalife Nutrition only accepts Agreements for Distributorship in the name of individuals. However, Distributors may have their Herbalife Nutrition income paid to a partnership or corporation by submitting a written request to Herbalife Nutrition.⁷ The Distributorship will remain in the name of the individual, and the income of the Distributorship will be reported in the name and tax identification number of the individual Distributor.

2.1.2 Dual Distributorships

If Herbalife Nutrition determines that a Distributor, spouse, Life Partner, or other individual participating in a Distributorship has submitted more than one Agreement, or has worked or assisted in the development of another Distributorship, Herbalife Nutrition has the sole and absolute discretion to:

- Terminate or place conditions on one or both of the Distributorships.
- Impose penalties or sanctions on the Distributorships and/ or Sponsors.
- Adjust the volume and compensation of either or both sponsoring organizations for any period prior to the transfer or deletion of the Distributorship.
- Take other action it deems appropriate.

In cases of dual Distributorships and similar violations, the Distributor may be allowed to continue as an Herbalife Nutrition Distributor, but must do so in the proper line of sponsorship as determined by Herbalife Nutrition. Herbalife Nutrition will determine the disposition of the deleted Distributorship's downline lineage.

2.1.3 Distributorship Minimum Age

A person must be at least 18 years old to apply for Distributorship or participate in another Distributor's Herbalife Nutrition business.⁸

Puerto Rico Residents: An Applicant must be at least 21 years of age to become an Herbalife Nutrition Distributor and to conduct business in Puerto Rico.

2.1.4 Special Rules for Applicants Age 14–17 (Puerto Rico Residents: Age 14-20)

A minor who is at least 14 years of age who lives and proposes to conduct business in the United States and Puerto Rico may submit an Agreement, accompanied by a Deed of Guarantee for Minors form. The Deed of Guarantee signed by the minor's parent or legal guardian is an agreement that (1) the minor's parent or legal guardian accepts responsibility for the actions of the minor and (2) will not participate in the operation of the minor's Distributorship if the minor's parent or legal guardian currently operates or participates in the operation of an Herbalife Nutrition Distributorship.

2.1.5 Married Couples and Distributors Who Marry

Married couples and Life Partners⁹ may participate in only one Distributorship. If two Distributors marry each other, one Distributorship must be relinquished. If two Distributors enter into a Life Partner relationship with each other one Distributorship must be relinquished. The only exception to this Rule is when each Distributorship is at Supervisor level or greater at the time of marriage or entering into the Life Partner relationship. In this case, each spouse or Life Partner may continue to operate his or her individual Distributorship.

⁷ Herbalife Nutrition may be reached by calling 866-866-4744.

⁸ Minimum age requirements vary from country to country. For age requirements in other countries, contact Herbalife Nutrition.

⁹ Life Partner: A person designated by an Herbalife Nutrition Independent Distributor as their Life Partner on the "Add Life Partner Request Form." Forms are available through Herbalife Nutrition.

2.1.6 Recognition of Spouse and Life Partner

A Distributor may add their spouse or Life Partner to their Distributorship record to support them in the business and for recognition¹⁰ purposes.

The Distributor will remain the Distributor of record. However, in the event the Distributor separates from their spouse or Life Partner, the Distributor's ownership or entitlement of the Distributorship may be impacted¹¹.

2.1.7 Activities of a Spouse or Life Partner

A Distributor is responsible for the acts of their spouse or Life Partner, whether or not the spouse or Life Partner participates in the Distributorship and whether or not the Distributor was aware of the spouse's or Life Partner's actions. The spouse and Life Partner must comply with the Rules and laws related to the Herbalife Nutrition business. For example, a Distributor will be responsible if their spouse or Life Partner solicits or promotes another multi-level marketing (MLM) or direct-selling opportunity to any Herbalife Nutrition Independent Distributor, Preferred Member or Customer.

Herbalife Nutrition reserves the right to terminate a Distributorship if the spouse or Life Partner engages in activities which, in Herbalife Nutrition's opinion diminish, damage, or weaken the reputation of Herbalife Nutrition or its products.

2.1.8 Former Participant in Distributorship

A Former Participant (meaning a former Distributor, Preferred Member, spouse, Life Partner, or an individual who assisted in a Distributorship) must fulfill the Period of Inactivity requirements before reapplying for a Distributorship or Preferred Membership under a different Sponsor or assisting any other Distributorship. (See Rule [2.1.10](#)).

2.1.9 Disclosure of Former Distributorship or Preferred Membership

If a Former Participant applies for a new Distributorship or Preferred Membership, the Former Participant must notify Herbalife Nutrition at the time of application and provide the former Distributorship or Preferred Membership ID number. A Distributorship or Preferred Membership may be terminated if the Distributor does not inform Herbalife Nutrition of activity in another Distributorship or Preferred Membership or makes misrepresentations about his activity in the other Distributorship or Preferred Membership.

2.1.10 Period of Inactivity

The Period of Inactivity is a waiting period where Former Participants (meaning a former Distributor, Preferred Member, spouse, Life Partner, or an individual who assisted in a Distributorship) may not participate in the Herbalife Nutrition business in any way prior to changing Sponsors.

Waiting Period

- Supervisors and Below: one year
- World Team and above: two years (at time of deletion - from resignation or expiration of the annual Membership services fee)

During the waiting period, Former Participants may not:

- Be involved in an Herbalife Nutrition business in any way.
- Sell any Herbalife Nutrition products or Materials.
- Sponsor or offer the Herbalife Nutrition opportunity.
- Promote, assist or support any Distributorship.
- Attend any Herbalife Nutrition or Distributor trainings or meetings.
- Visit Nutrition Clubs, unless they are only acting as a Customer and are not involved in the Herbalife Nutrition opportunity in any way.
- Purchase products other than for personal use.

¹⁰ As an example recognition allows Herbalife Nutrition event attendance, recognition for new business and Marketing Plan achievements.

¹¹ In the event of a separation/divorce or dissolution of Life Partner Relationship where a legal and/or financial aspect of the Distributorship becomes disputed, whether the spouse or Life Partner is added to the account or not may impact the local court's decision.

The Period of Inactivity is calculated as follows:

Example 1: Distributor or Preferred Member Resigns		
	Supervisors and Below	World Team and Above
Distributor Agreement (Application) Date	January 1, 2020	January 1, 2020
Distributor or Preferred Member Resignation Date	August 28, 2021	August 28, 2021
Period of Inactivity Timeframe	August 28, 2021-August 27, 2022	August 28, 2021-August 27, 2023
Date the Distributor or Preferred Member would be eligible to sign a new Agreement under a different Sponsor	August 28, 2022	August 28, 2023

Example 2: Distributor Does Not Pay Annual Distributorship Services Fee		
	Supervisors and Below	World Team and Above
Distributor Agreement (Application) Date	January 1, 2020	January 1, 2020
Date Annual Distributorship Services Fee is due (anniversary date) but is not paid	January 1, 2021	January 1, 2021
Period of Inactivity Timeframe	January 1, 2021 – December 31, 2021	January 1, 2021 – December 31, 2022
Date the Distributor would be eligible to sign a new Agreement under a different Sponsor	January 1, 2022	January 1, 2023

Example 3: Distributor who Converts to Preferred Member		
	Supervisors and Below	World Team and Above
Distributor Agreement (Application) Date	January 1, 2020	January 1, 2020
Date the Distributor converts to a Preferred Member under the same Sponsor and signs a Preferred Membership Agreement	June 1, 2021	June 1, 2021
Date the Preferred Member resigns	December 15, 2021	December 15, 2021
Period of Inactivity Timeframe	December 15, 2021 to December 14, 2022	December 15, 2021 to December 14, 2023
Date the Preferred Member would be eligible to sign a new Agreement under a different Sponsor	December 15, 2022	December 15, 2023

After the Period of Inactivity, the Former Participant may apply for a new Distributorship or Preferred Membership under another Sponsor.

Exception to Period of Inactivity

If the Former Participant wishes to apply for a new Distributorship or Preferred Membership under the original Sponsor and that Sponsor has remained in the original organization, Herbalife Nutrition may waive the waiting period.

2.2 TRANSFERRING YOUR DISTRIBUTORSHIP

2.2.1 Assignment, Sale, or Transfer of Distributorship

The assignment, sale, or transfer of any right or interest in a Distributorship is not permitted without prior written consent by Herbalife Nutrition in its sole and absolute discretion.

A Distributor may not transfer a Distributorship in order to circumvent the Rules or the law. If Herbalife Nutrition becomes aware that the former Distributor (Transferor) and/or the Transferor’s spouse or Life Partner has engaged in conduct or activity that would violate the Rules after granting the transfer request, Herbalife Nutrition may apply sanctions to the transferred Distributorship.

2.2.2 May Only Be Sold, Assigned or Transferred to a Non-Herbalife Nutrition Distributor

A Distributorship can only be sold, assigned or transferred to an individual who is not a Distributor, except as allowed by Rule [2.4](#). Herbalife Nutrition will not consider a transfer request if the proposed Distributor (Transferee) has not satisfied the period of inactivity requirements (See Rule [2.1.10](#) Period of Inactivity).

2.2.3 Status and Benefits

The achievements of a Distributor are personal, and if a sale, assignment or transfer is approved, the status and benefits achieved by the Distributor may not be transferred with the Distributorship. The Transferee may be required to achieve all qualifications for status and earning requirements after the assignment or transfer is made. This includes Supervisor status, TAB Team status, vacation qualifications or any other rights of the individual Distributor.

2.2.4 Responsibility After Transfer

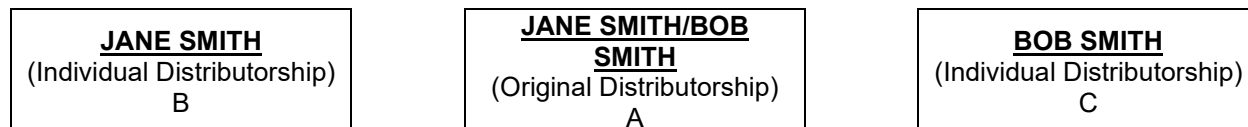
After transfer of the Distributorship:

- The Transferee shall be responsible to Herbalife Nutrition for any and all violations of the Rules committed by or on behalf of the Transferor in connection with the Distributorship.
- For a period of six months following the effective date of the transfer, acts by the Transferor and/or the Transferor’s spouse or Life Partner, which would violate the Rules if the Transferor were still a Distributor, shall be treated as though the violations were the Transferee’s violation.

2.3 SEPARATION, DIVORCE AND DISSOLUTION OF LIFE PARTNER RELATIONSHIP

2.3.1 Establishing a New Distributorship

If a Distributor’s spouse or Life Partner wishes to continue in the Herbalife Nutrition business during divorce proceedings or immediately after a divorce or dissolution of a Life Partner relationship, the Distributor and spouse/Life Partner each must start a new separate Distributorship under the original Distributor’s Sponsor. Herbalife Nutrition will deactivate the buying privileges of the original Distributorship and credit each new separate Distributorship with the business activity of the original Distributorship through an “Association.” (See Rule [2.3.4](#)) Each Distributor must use the new ID number in his or her business.



The original Distributorship and its downline cannot be divided between the Distributor and the former spouse/Life Partner. For example they may not “divide” the Distributorship by giving each person a 50% ownership.

Herbalife Nutrition must receive the following documents to establish new Distributorships:

From a Divorcing Couple

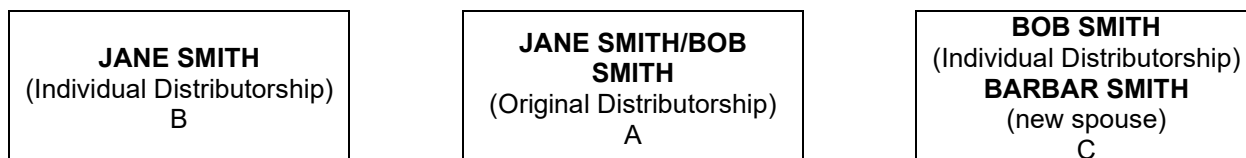
- Newly completed and signed Agreements for the Distributor and spouse, sponsored by the Sponsor of the original Distributorship.
- A signed and notarized Divorce and Separation Form.
- A copy of the Petition for Dissolution of Marriage, Settlement Agreement, or final divorce judgment.

- Newly completed and signed TAB Team Production Bonus Acknowledgment Forms for the Distributor and spouse, reflecting the ID number of the new separate Distributorship (TAB Team level Distributorships only).

From Partners in Dissolution of Life Partner Relationship

- Newly completed and signed Agreements for the Distributor and Life Partner, sponsored by the Sponsor of the original Distributorship.
- A signed and notarized Dissolution of Life Partner Relationship Form from both parties. (If both parties do not provide the signed and notarized Form, a court order indicating that the relationship has ended will be required).
- Newly completed and signed TAB Team Production Bonus Acknowledgment Forms for the Distributor and Life Partner, reflecting the ID number of the new separate Distributorship (TAB Team level Distributorships only).

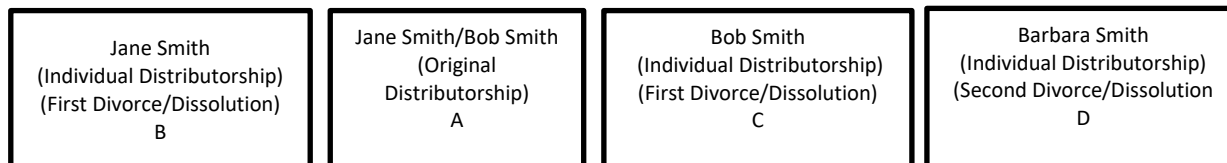
If a Distributor remarries or designates a new Life Partner, that person’s new spouse or Life Partner may be added to the Distributor’s new separate Distributorship to support the Distributor in the business and for recognition purposes.



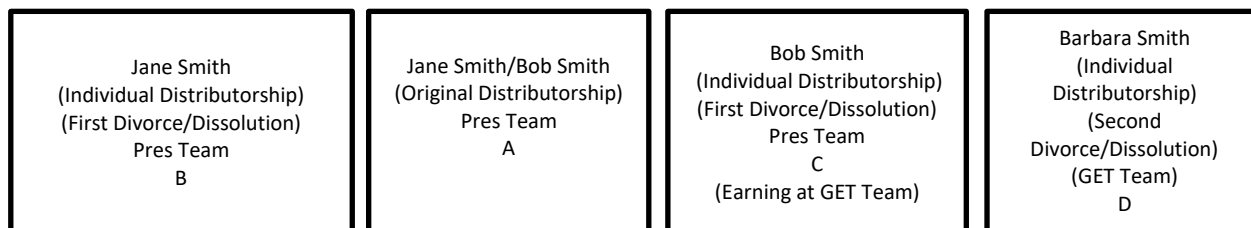
More than one Dissolution or Divorce:

Herbalife Nutrition will only associate one set of divorced or dissolved Distributorships. In the case of more than one Divorce or Dissolution of Life Partner Relationship, the divorced Spouse or the dissolved Life Partner may establish a separate Distributorship, but the Distributorship will have no association.

For example, if Bob and Barbara divorce, Barbara may start a new Distributorship (“D”) under the original Distributorship Sponsor, but it will not be associated to Bob’s Distributorship (“C”).



The Sales & Marketing Plan level of Barbara’s Distributorship (“D”) will be established based upon the business activity achieved under Distributorship (“C”). For example, the business activity of Distributorship (“C”) is earning at GET Team, so Barbara’s new Distributorship (“D”) will be established at GET Team level.



2.3.2 Requests to Modify the Original Distributorship

Herbalife Nutrition will accept requests to make changes to the original Distributorship. All requests must be signed and notarized by both parties unless Herbalife Nutrition receives a certified copy of the court's final judgment.

Removing a spouse or Life Partner's Name: Herbalife Nutrition must receive a completed Request to Remove spouse Form, or a Request to Remove Life Partner Form to remove the name of a spouse or Life Partner from the Distributorship record.

Payments: Herbalife Nutrition must receive a completed Request to Pay Form to make payment changes. Subsequent requests must be signed and notarized by both parties. The income statements for the original Distributorship will be mailed to the address of record unless both parties submit a signed and notarized letter of instruction.

Transfers: Herbalife Nutrition must receive a completed Divorce and Separation Form, or Dissolution of Life Partner Relationship Form, to transfer a Distributorship to someone who is not the Distributor, a former spouse or former Life Partner.

If a Distributor transfers a Distributorship and decides to establish a new Distributorship:

- The new Distributorship must operate independently from the original.
- Advancement within the Sales & Marketing Plan, Royalty Overrides, Production Bonuses and other payments will be based solely on the achievements of the new Distributorship.

For Herbalife Nutrition to accept the new Agreement within one year of the transfer:

- The Sponsor of the original Distributorship must sponsor the new Distributorship.
- The new Distributorship's status will be equal to the status of the original at the time of the transfer.

If the Distributorship to be transferred is associated with another Distributorship as a result of a previous divorce, the transferred Distributorship will no longer be associated with that Distributorship.

2.3.3 Joining Under a Different Sponsor/Participating in another Distributorship

To join under a different Sponsor, the Distributor or spouse or Life Partner must provide Herbalife Nutrition with the following required documents:¹²

From a Divorcing Couple

- A newly completed and signed Agreement.
- Signed and notarized Divorce and Separation Form.
- Copy of the Petition for Dissolution, Settlement Agreement, or final divorce judgment, or documentation from a court which declares an interim determination that the marital community has ended.

From Partners in Dissolution of Life Partner Relationship

- A newly completed and signed Agreement.
- Signed and notarized Dissolution of Life Partner Relationship Form from both parties. (If both parties do not provide the signed and notarized Dissolution of Life Partner Relationship Form, a court order indicating that the relationship has ended will be required).

In addition, the Distributor or spouse or Life Partner must comply with the Period of Inactivity. The Period of Inactivity will be determined as stated in Rule [2.1.10 \(Period of Inactivity\)](#) or by the issuance date of the court document received, whichever is later.

Note: Establishing a new Distributorship under a different Sponsor requires the purchase of an IBP, and benefits will begin at a 25% discount with no association to the original Distributorship.

¹² Forms and Agreements are available through Herbalife Nutrition.

2.3.4 Divorce and Dissolution of a Life Partner Relationship and the Herbalife Nutrition Sales & Marketing Plan

Production Bonus eligibility for the original Distributorship will be determined based on the achievement of the highest individual Distributorship.

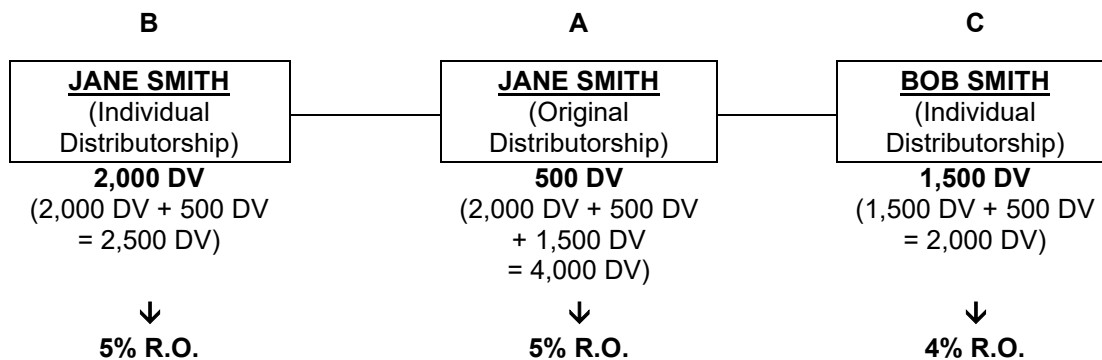
Documented Volume: Each individual Distributorship will receive Documented Volume credit from the original Distributorship to combine with its own Documented Volume (“Association”). This will determine each individual Distributorship’s eligibility to earn Royalty Overrides, qualifications, re-qualifications and/or Production Bonuses.

For the purpose of Royalty Override percentage eligibility, the original Distributorship will include its own Documented Volume and the Documented Volume of each individual Distributorship. Production Bonus percentage eligibility for the original Distributorship will be based on the highest of the two individual Distributorships.

**Example:
Documented Volume (DV)**

Volume for B and C will be as follows:

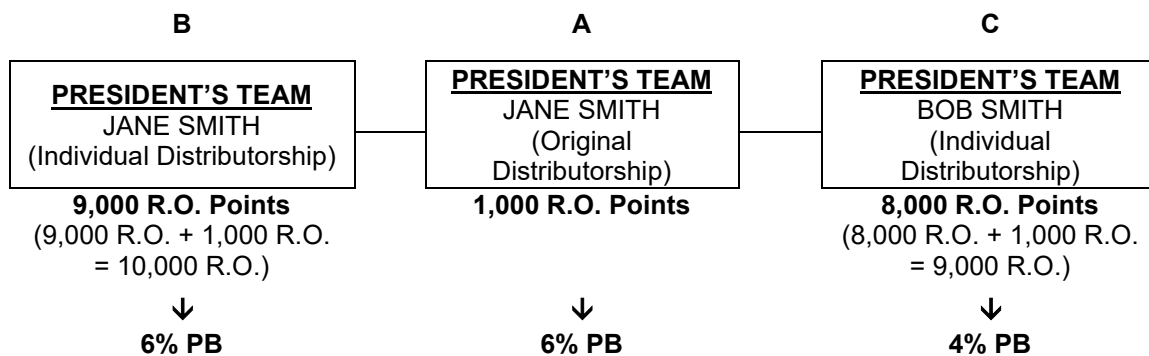
B + A and C + A



Royalty Points

The Royalty Override Points for Production Bonus purposes are combined as follows:

B + A and C + A



Requirements: Each individual Distributorship must comply with all requirements to earn Royalty Overrides. Each Distributorship must also achieve the necessary Documented Volume to meet the Matching Volume requirements for their own downline who are qualifying for Supervisor status. The buying privileges of the original Distributorship will be temporarily granted to accommodate any Matching Volume requirements for its downline qualifiers.

Recognition: Each Distributorship will be recognized for its own accomplishments under the Sales & Marketing Plan. The original Distributorship will not receive recognition. If an individual Distributorship, combined with the original Distributorship, reaches the level of President's Team, only one diamond will be awarded to the upline President's Team member, which remains consistent with the diamond allocation for Distributorships that are not part of a divorce or dissolution of a Life Partner relationship. If the individual Distributorship qualifies for a diamond, only that Distributorship will advance within the diamond status(es).

Events: Rules related to event attendance are specific to each event and may vary. Please refer to event materials for information about accommodations, tickets, transportation and other event details.

2.4 INHERITANCE¹³

The Distributorship of a deceased Distributor may be transferred to an heir, subject to applicable laws, Rules, and Herbalife Nutrition approval which shall not be unreasonably withheld¹⁴.

A Distributor may own and operate a maximum of three Distributorships – the Distributor's own, plus up to two others acquired by inheritance. An inherited Distributorship may be transferred to the individual heir directly, or in the case of a Distributorship that is TAB Team level, to a Corporation owned by the heir.¹⁵

The Period of Inactivity (as specified in Rule [2.1.10](#)) for an inherited Distributorship shall be waived if the lineage relationship between the heir's existing Distributorship and the inherited Distributorship(s) are vertical (in the same line).

The heir must provide all documentation requested by Herbalife Nutrition in its sole and absolute discretion.

Requests to cancel a deceased's Distributorship must be made directly to Herbalife Nutrition.

2.5 TERMINATION OF YOUR DISTRIBUTORSHIP

Herbalife Nutrition goal is to meet and exceed the needs and expectations of parties interested in selling Herbalife Nutrition products and/or building a solid independent business. Likewise, the purpose of this Section is to provide assurance; essentially to ensure newer Distributors understand the Herbalife Nutrition commitment to their success and share the view that their association with Herbalife Nutrition is valuable.

2.5.1 Resignation

A Distributor may resign by submitting a signed letter to Herbalife Nutrition. Electronic requests will be accepted if they are received from the email address on record. The resignation becomes effective when received and accepted by Herbalife Nutrition.

2.5.2 Refund and Resignation

If a Distributor resigns for any reason, the Distributor is entitled to a full refund of the cost of the following:

- (a) the IBP (if resignation occurs within 12 months of becoming a Distributor); and
- (b) any unopened products and Herbalife Nutrition produced literature and sales aids that are purchased within the previous 12 months and returned to Herbalife Nutrition.

¹³ For estate planning and inheritance, the Business Continuation Program is available to assist with the continuity of your Distributorship. Please contact Herbalife Nutrition for more information or view the [Herbalife Nutrition Distributorship - Planning Ahead](#) document available on MyHerbalife.com.

¹⁴ The Deceased Transfer Declaration Form is available from Herbalife Nutrition

¹⁵ Inherited Distributorships are considered to be separate entities, each subject to fulfilling the business activities, volume and compensation terms as set forth in the Sales & Marketing Plan, with the exception of lifetime volume achievements, which permit the combination of the heir's own Total Documented Volume with the inherited Distributorship's Total Documented Volume. The heir is responsible for payment of fees and debts of each Distributorship.

The amount of the refund includes the cost of the items, any taxes, and shipping and handling costs on the original delivery and return of the items to Herbalife Nutrition. Herbalife Nutrition will also arrange for the pick-up of items to be returned to Herbalife Nutrition.

For a refund please call 866-866-4744 or submit the Inventory Repurchase Request Form on MyHerbalife.com.

The 12-month resignation period may be extended for Distributors living in Wyoming, Georgia, Massachusetts, and Puerto Rico¹⁶

Chapter 3 Business Activities

3.1 OPERATING YOUR BUSINESS

3.1.1 General Compliance

In each country where Distributors conduct Herbalife Nutrition business, they must comply with all laws and Rules, including all laws and Rules that pertain in any way whatsoever to the conduct of the Herbalife Nutrition business. Distributors are to review these Rules with downline Distributors.

In addition, Distributors may not encourage other Distributors or Preferred Members to violate the terms of their Agreements, any rules issued by Herbalife Nutrition, or the law.

3.1.2 Distributors are Self-Employed

As a Distributor, you are a self-employed independent contractor deciding, among other things, your schedule, how much time you wish to devote to your business, your expenses and methods of operation. As an independent contractor, you are not an employee, agent, franchisee, fiduciary or beneficiary of Herbalife Nutrition or any other Distributor. As an independent contractor, you will have no rights or benefits that an employee of Herbalife Nutrition may have nor will you make any claim to the contrary.

3.1.3 Maintaining Reputation and Image of Herbalife Nutrition

The foundation of Herbalife Nutrition business and brand is integrity, a value that Herbalife Nutrition is committed to protecting. Accordingly, no Distributor shall engage in conduct (whether or not in connection with the Herbalife Nutrition business) which Herbalife Nutrition determines, in its sole and absolute discretion, is or could be detrimental to the reputation of Herbalife Nutrition, its products, Distributors, Intellectual Property or goodwill.

3.1.4 Responsibility for Conduct of Others Assisting with Distributorship

A Distributor is responsible for the conduct of those who assist in the operation of the Distributorship.

3.1.5 No Association of Other Organizations with Herbalife Nutrition

Herbalife Nutrition meetings, or any other Herbalife Nutrition-related activities, may not be used as a forum to express personal beliefs unrelated to Herbalife Nutrition or promote any other commercial or non-commercial organization, company, event or individual.

Herbalife Nutrition is an equal opportunity business and does not discriminate because of gender, race, religion, national origin, ancestry, color, age, marital status, medical condition/disability, sexual orientation, gender identity, gender expression, veteran status or political affiliation.

Likewise, Distributors may not include literature or other material that promotes any other organization or individual, whether religious, political, business or social or that implies any association with Herbalife Nutrition.

¹⁶ Puerto Rico Residents: If a Distributor resigns for any reason within the first 90 days of becoming a Distributor, or resigns at any time due to Herbalife Nutrition's breach of an essential obligation under the Agreement or Herbalife Nutrition's conduct that was detrimental to the Distributor's business, the Distributor will be entitled to reimbursement for 90% of all payments paid for services rendered by Herbalife Nutrition.

3.1.6 No Inducement to Sell Other Products or Services

During the course of a Distributorship, the Distributor or spouse or Life Partner may not solicit or promote the products or business opportunity of another MLM or direct-selling company to any Distributor, Preferred Member or Customer.

3.1.7 TAB Team Limitations

Herbalife Nutrition TAB Team members may not be a distributor or representative of any other MLM or direct sales company or otherwise participate in or promote the products, services or earnings opportunity associated with any such company. Herbalife Nutrition TAB Team members may not own more than five percent of a company engaged in direct sales or MLM.¹⁷

3.1.8 Sales & Marketing Plan Manipulation

Improper enrollment practices and other attempts to manipulate the Sales & Marketing Plan are serious violations of Herbalife Nutrition Rules. This includes teaching or encouraging others to engage in such activities. Sanctions may include termination and loss of earnings and qualifications of the Distributorships of anyone directly or indirectly involved.

Examples of Sales & Marketing Plan manipulation may include, but are not limited to:

- Purchasing products in another Distributor's name (except as expressly allowed in Rule [1.1.7](#)).
- Purchasing products primarily as an attempt to benefit under the Sales & Marketing Plan (as opposed to the purchase of products in reasonable amounts for resale to Customers or for personal use).
- Discouraging a downline Distributor from making retail sales as a strategy for the upline to benefit under the Sales & Marketing Plan.
- Submitting an Herbalife Nutrition Retail Receipt with false or misleading information.
- Teaching or encouraging violation of the Rules of Conduct or manipulation of the Sales & Marketing Plan.
- Purchasing or encouraging others to purchase outside the U.S. solely for the purpose of benefiting under and manipulating the Sales & Marketing Plan.
- Signing up Preferred Members who are not legitimate retail Customers purchasing for their and their household's personal consumption.

Examples of improper enrollment practices

- Submitting an Agreement with false or misleading information.
- Promising an Agreement that the Sponsor or upline will provide downline Distributors for the Agreement once he or she becomes a Distributor.

3.1.9 Debts Owed to Herbalife Nutrition

If a Distributor owes Herbalife Nutrition a debt¹⁸ and until it is paid in full, Herbalife Nutrition reserves the right to (i) deduct the amount owed from any amount payable to the Distributor, (ii) withhold payment of monies owed, and (iii) withhold recognition for any qualification.

3.1.10 Military Base Restrictions

Distributors in the military also must comply with military regulations. Distributors should request and obtain permission from their base commander before starting their Herbalife Nutrition independent business.

¹⁷ This includes direct or indirect participation of a company engaged in direct sales or MLM through any person, entity, or artifice.

¹⁸ Such debts can include any amounts owed to Herbalife Nutrition for product purchases, adjustments to earnings for inventory repurchases from downline Distributors, fines due to violations of the Rules, checks returned for insufficient funds, and past due Fees.

3.1.11 Interviews or Statements to Media

From time to time, reporters may be interested in interviewing Distributors about Herbalife Nutrition products or business. While interest expressed in the products and business is appreciated, only the Company or its designee is permitted to speak with or write to the press or any other media for, or on behalf of, Herbalife Nutrition or any of its subsidiaries.

If a Distributor is asked for a media interview or statement about Herbalife Nutrition, the Distributor shall forward the media request to the Herbalife Nutrition Corporate Communications Department ("Corporate Communications").¹⁹

Likewise, Distributors are not allowed to offer to be interviewed or to knowingly invite the press or media to an Herbalife Nutrition meeting or event without securing prior approval from Corporate Communications.

3.1.12 Conduct Regarding Harassment/Discrimination

Herbalife Nutrition prohibits any form of unlawful discrimination and harassment in its workplace.

3.1.13 Leased or Purchased Business Locations

For most Distributors, a home-based business provides the convenience, ease and flexibility they want from the Herbalife Nutrition opportunity. However, some Distributors choose to operate their businesses from a location outside their home such as a private office or Nutrition Club, which involves more significant expenses such as leasing, subleasing or buying a physical location and buying furniture and fixtures.

Prior to entering into any lease, sublease, or purchase of a physical location to operate their Herbalife Nutrition business, a Distributor must:

- Have been a Distributor for at least twelve (12) consecutive months;
- Successfully complete Herbalife Nutrition *Keys to Your Business: Commercial Location* training;²⁰
- Prepare a business plan for the operation of the Herbalife Nutrition-related business at the physical location using the interactive Form available on MyHerbalife.com, and make it available to Herbalife Nutrition upon request;²¹ and
- Register the Club online at MyHerbalife.com or by calling Herbalife Nutrition at 866-866-4744.

3.1.14 Responsibility for Vendors

When using the services of a non-Herbalife Nutrition vendor, the actions or omissions of the vendor will be considered actions or omissions of the Distributor for purposes of compliance with these Rules and applicable law. Distributors must confirm that the vendor's services comply with these Rules and all applicable laws.

¹⁹ Corporate Communications may be reached by emailing media@herbalife.com or by calling 213-745-2931.

²⁰ Access the *Keys to Your Business: Commercial Location* training by:

- Visiting the Learning Center of MyHerbalife.com or the Herbalife Nutrition Learning App;
- Calling Herbalife Nutrition at 866-866-4744; and
- Contacting your Regional Ambassadors or Regional Sales Staff.

²¹ Distributors must keep their business plans during the entire term of their Distributorships.

3.2 INTERNATIONAL BUSINESS

3.2.1 Activities in Countries or Territories Not Yet Open

A Distributor may not engage in any business activity relating to Herbalife Nutrition in any country not yet officially opened for business by Herbalife Nutrition.²²

3.2.2 Activities in Open Countries or Territories

Herbalife Nutrition products are formulated and labeled in compliance with each country's product and labeling requirements. For that reason, products produced and labeled for one country may not be shipped, sold or distributed in another country.

3.2.3 Activities in China

Non-Chinese nationals may not do business in China. No Distributor may ship (or arrange for shipment) or bring any Herbalife Nutrition product into China even for personal use, consumption or as a gift.

Distributors registered in China may not purchase, sell or distribute Herbalife Nutrition products outside of China.

3.2.4 Personal Use and Travel

Distributors may buy up to 1,000 Volume Points of assorted products per Volume Month to carry with them for their personal consumption and for use by their household²³ while traveling.

However, Distributors may not arrange shipment of products from one country to another, even if it is for personal use.

3.2.5 Prohibited Countries

A Distributor may not be a resident of a "Prohibited Country."²⁴

Additionally, a Distributor may not directly or indirectly conduct any Herbalife Nutrition business activities with an individual or entity who the Distributor has reason to believe is:

- (i) a resident of, or operating businesses in, a Prohibited Country;
- (ii) engaged in sales to individuals residing in a Prohibited Country; or
- (iii) owned or controlled by an entity located in, or an individual ordinarily residing in, a Prohibited Country.

Business activities include but are not limited to the following:

- Promoting the Herbalife Nutrition opportunity;
- Sponsoring or recruiting Distributors, Preferred Members or Customer; or
- Promoting or selling Herbalife Nutrition products.

Violation of this Rule will result in termination of one's Distributorship.

²² Prohibited acts, efforts, or attempts include:

- Approaching government authorities regarding the importation, exportation or distribution of Herbalife Nutrition products.
- Registering or licensing Herbalife Nutrition Intellectual Property, products or its Sales & Marketing Plan.
- Gifting, selling, or distributing Herbalife Nutrition products, the IBP.
- Promoting Herbalife Nutrition products or opportunity.
- Holding meetings relating to Herbalife Nutrition, its products or opportunity.
- Sponsoring or recruiting residents of, or visitors from, a country not yet open.
- Publicizing that Herbalife Nutrition will soon be open or that Herbalife Nutrition products will soon be available. This includes prospecting for Customers or new Distributors by any electronic communications, distribution of literature, or in person.

²³ A household includes a Distributor, his/her spouse and dependents (if any) living at the same address.

²⁴ The list of Prohibited Countries is updated from time-to-time and can be found on MyHerbalife.com. Additional requirements may apply for citizens of Prohibited Countries residing outside of the Prohibited Country. Please contact Herbalife Nutrition at 866-866-4744 for additional information.

3.2.6 OFAC List

Distributors may not conduct any business activities (see Rule [3.2.5](#)) with any person, entity, or organization included on the list of Specially Designated Nationals maintained by the U.S. Treasury Department's Office of Foreign Assets Control (the "OFAC List") or any person, entity or organization owned or controlled by someone listed. The OFAC List can be found at <https://www.treasury.gov/resource-center/sanctions/SDN-List>.

3.3 BUSINESS TOOLS

While Herbalife Nutrition makes available free or inexpensive trainings promotional literature and other sales aids for Distributors to use, the phrase "Business Tools," as used here refers to sales aids not produced by Herbalife Nutrition. Business Tools include third party trainings, services or products that may help Distributors promote, grow, and/or manage their direct sales business. Business Tools can be geared toward getting Customers, recruiting other Distributors, or financial management, among other things.

All Business Tools and Distributors creating, promoting, soliciting, selling or using such Business Tools must comply with all Rules and applicable law.²⁵

3.3.1 Sale of Business Tools Not for Profit

Distributors may sell Business Tools to other Distributors at a price no greater than the monetary expenditures to produce the training, product or service being sold.²⁶

Distributors may sell Business Tools to other Distributors solely for the purpose of:

- Selling Herbalife Nutrition products.
- Building Herbalife Nutrition business.
- Training and motivating the purchasing Distributor's downline.

The sale of Business Tools by Distributors to other Distributors may not be an income-generating enterprise that is being conducted instead of or in conjunction with the Distributor's Herbalife Nutrition business.

NOTE: THE PROMOTION, SALE, AND PURCHASE OF BUSINESS OPPORTUNITY LEADS, OR PRODUCT LEADS FROM ANY SOURCE IS PROHIBITED. HOWEVER, HERBALIFE NUTRITION DISTRIBUTORS MAY GENERATE LEADS FOR THEIR OWN USE AND THEY MAY ALSO PROVIDE THOSE LEADS AT NO COST TO THEIR DOWNLINE PROVIDED THEY COMPLY WITH HERBALIFE NUTRITION RULES OF CONDUCT AND ANY LOCAL PRIVACY AND DATA PROTECTION LAWS.

3.3.2 Leads

Leads are prospects for Herbalife Nutrition products or opportunity, as well as leads-related advertising, advertising slots, or decision packs.

Distributors may generate Leads for their own use, Distributors may also provide those Leads at no cost to their downline Distributors, provided those downline Distributors receiving Leads assume full responsibility for managing the sale, following up, and maintaining the customer relationship. In addition, Leads generation must comply with the Rules and any privacy and data protection laws. Distributors may not sell Leads to other Distributors and Distributors may not purchase Leads from any source.

²⁵ This includes laws relating to confidentiality of consumer data, privacy rights, restrictions on telemarketing in all its forms, and marketing over the Internet.

²⁶ Distributors who sell Business Tools or charge fees for independent trainings or meetings are required to utilize the "Expense and No Profit Tracking Schedule" made available by Herbalife Nutrition, and to keep copies of the Tracking Schedule, all associated records, invoices, receipts, and other supporting documentation, which must be kept for a minimum of two (2) years. Herbalife Nutrition has the right to request copies of these documents and to verify compliance with this Rule.

3.3.3 Written Permission for Business Tools

Distributors may not promote, solicit or sell Business Tools to a non-downline Distributor or to a downline Distributor below a President's Team member, unless prior written consent has been obtained from the receiving Distributor's immediate upline President's Team member.²⁷

If consent is revoked, the promotion, solicitation or selling of Business Tools must be promptly discontinued, unless Herbalife Nutrition in its sole discretion determines it would be damaging to the purchaser (for example, midway in a subscription).

3.3.4 Promotion of Business Tools Provided by Vendors

Distributors may only promote Business Tools provided by vendors if:

- a) the Distributor has independently confirmed that the vendor and its products or services comply in all respects with the Rules and applicable law.²⁸
- b) the Distributor provides Herbalife Nutrition with certification and supporting documentation from a certified public accountant confirming that they have received no payment directly or indirectly and will derive no economic benefit from the vendor.

A Distributor offering Web services through a vendor must provide the name, address, fax and phone numbers, and email address of the vendor to other Distributors using the website.

3.3.5 Notice to Cease Use or Sale of Business Tools

If Herbalife Nutrition determines that a Business Tool violates its Rules, the law, or the legal rights of others, or that it represents a risk of damage to Herbalife Nutrition reputation, brand or image, Herbalife Nutrition shall have the right (without liability) to require the Distributor to cease the sale or use of the Business Tool.

²⁷ Attending Corporate and Corporate sponsored events such as HOM, STS, or similar are an exception to this rule.

²⁸ If a Distributor has an economic interest in a vendor or in any of its transactions, the actions of the vendor shall be regarded as the actions of the Distributor for purposes of the Rules. Herbalife Nutrition does not recommend or endorse materials that it has not produced.

Chapter 4 Selling

4.1 SALES TO CONSUMERS

Herbalife Nutrition is a direct-selling company, whose independent contractors (Distributors) sell Herbalife Nutrition products directly to Customers and provide them with product guidance and social support.

4.1.1 Retail Establishments Not Permitted

A Distributor may not display or sell Herbalife Nutrition products, literature, or promotional items in a retail establishment. A retail establishment is a store or any other fixed location where passers-by are attracted or people come to purchase products because of advertising, location, signage, visibility or otherwise. For example, it includes markets (open or enclosed), pharmacies, kiosks or booths (temporary or permanent), swap meets or flea markets as well as any other location which Herbalife Nutrition determines, in its sole and absolute discretion, as inconsistent with direct-selling. Please refer to the following “*Direct Sales – Do’s and Don’ts*” chart.

Direct Sales Do’s and Don’ts						
Locations	Display	Sales	Promotion or Advertising of Product Sales	Exterior Signs	Sampling	Branded Materials
Retail Locations	No	No	No	No	Yes	Yes
*Temporary Kiosks, Booths in Malls and Outlets	No	No	No	No	Yes	Yes
Swap Meets, Flea Markets, Open-Air Markets, Street/ Vendor Carts	No	No	No	No	No	No
Distributor’s Private Offices	Yes ¹	Yes	No	Yes ²	Yes	Yes
Doctor’s or Other Professional Offices	No	Yes	No	No	Yes	Yes
Nutrition Clubs (Non-Residential Locations)	Yes ¹	Yes	No	Yes ²	Yes	Yes
Nutrition Clubs (Home Locations)	Yes ¹	Yes	No	No	Yes	Yes
**Satellite Clubs	No ⁴	Yes	No	No	Yes	Yes
Service Establishments	No	Yes	No	No	Yes	Yes
Trade Fairs, Athletic & Community Events	Yes	No	No	Yes ³	Yes	Yes

* Temporary is defined as occasionally present, not permanent. Permanent locations are not permitted.

** Satellite Clubs: A temporary location, outside of a Nutrition Club, such as recreational beach or park where a Club Operator hosts workouts for their customers or inside a building, such as, in-services in a private office.

1 Not visible from the exterior.

2 Subject to limitations as to content.

3 Allowed for booth identification. Subject to limitations as to content.

4 Exception: display of Herbalife Nutrition products is allowed in an in-service.

4.1.2 Distributors' Private Offices

Herbalife Nutrition products may be sold in private offices, provided they are not advertised for sale and the office appearance, signage or location does not invite persons who are passers-by to purchase Herbalife Nutrition products. Distributors who are doctors or other health care professionals may sell, but not display, Herbalife Nutrition products in their professional offices

4.1.3 Retail Receipts

At the time of sale, Distributors must provide Customers with an Herbalife Nutrition Retail and/or Nutrition Club Receipt generated from HN MyClub, Herbalife Nutrition Point of Sale (POS) tool or MyHerbalife.

In addition, Distributors must report all of their sales²⁹ to Herbalife Nutrition using HN MyClub, Herbalife Nutrition Point of Sale (POS) tool or MyHerbalife.com.

4.1.4 Refund Policy for Preferred Members and Retail Customers

Herbalife Nutrition products have a 30-day money-back guarantee for all Customers (Preferred Members or retail Customers), also known as the Herbalife Nutrition Satisfaction Guarantee. The 30-day period begins on the date the Customer receives the product.

When a Customer asks a Distributor to honor the guarantee, the Distributor must respond quickly and courteously.

The Distributor must offer the Customer the choice between a full refund of the product purchase price, including taxes and shipping and handling costs, or a full credit for exchange of other Herbalife Nutrition products in accordance with the return procedures. Distributors must honor the Customer's choice and may not retaliate against or discourage a Customer from requesting a refund.³⁰

Customers may also contact Herbalife Nutrition for a refund by calling 866-866-4744 or by following the instructions available at Herbalife.com.

If a Customer requests a refund directly from a Distributor, the Distributor must complete a Request for Refund Form, a copy of which is included in the "Sample Forms" section of the Sales & Marketing Plan and Business Rules. The Distributor should calculate the amount of the Customer's refund or credit due, have the Customer sign the Refund Form, and immediately pay the refund to the Customer or apply a credit to other products.

The Distributor should then submit the Request for Refund Form and a copy of the Customer's original Retail Receipt Form, along with the original product labels, to Herbalife Nutrition within 30 days of making the refund to the Customer. Herbalife Nutrition will then refund the Distributor the amount they originally paid for the product as soon as all the required documentation has been received.

4.2 PAYMENTS AND ADJUSTMENTS

To qualify for monthly Royalty Overrides, Production Bonuses or other bonuses offered by Herbalife Nutrition, Distributors must meet Documented Volume and Royalty Point requirements that are fully defined in the Sales & Marketing Plan and in other literature and promotional material.

²⁹ Only (a) profitable retail sales in the U.S. or outside the U.S. by U.S./U.S. Territory Distributors reported to Herbalife Nutrition, (b) Preferred Member purchases and (c) non-U.S./U.S. Territory purchases made by non U.S./U.S. Territory Distributor downline, count as documented volume for purposes of advancing in the marketing plan.

³⁰ For additional details on processing Customer refunds, please see the Herbalife Nutrition Satisfaction Guarantee statement at the beginning of the Sales & Marketing Plan and Business Rules.

4.3 SELLING PRACTICES

4.3.1 Distributors as Brand Ambassadors

A Distributor shall always be courteous and considerate and may not engage in high-pressure selling.

4.3.2 Product Sales to Non-Distributors for Resale

No Distributor may sell or otherwise provide Herbalife Nutrition products to non-Distributors for the purposes of resale, nor may a Distributor sell to a non-Distributor any quantity of Herbalife Nutrition products greater than that generally purchased by an individual for personal or family use.

4.3.3 Modifications to Products, Labels and Materials

A Distributor may not delete, add, modify, tamper with, or alter any labels, literature, material, or packaging for Herbalife Nutrition products or literature, including the IBP.

4.3.4 No Resale of Samples or Daily Use Portions

Products which are not packaged and labeled for individual sale as individual units or single servings are not permitted for resale.

4.3.5 Presentations and Directions for Use

Presentations of Herbalife Nutrition products must be complete and truthful and consistent with information on product labels and accompanying literature.

When selling or providing samples, a Distributor must explain the directions for use and cautions, if any, specified on product labels. Distributors should recommend that Customers with medical conditions or who are under current medical treatment seek the advice of a physician before changing their diet.

4.3.6 Product Storage and Handling

Distributors are responsible for following storage instructions provided on Herbalife Nutrition product labels and for the proper storing and handling of Herbalife Nutrition products. Proper storage and handling of products includes:

- Inspecting products to ensure that products are not expired or soon to be expired, damaged, or tampered with;
- Ensuring that the product's seal has not been broken;
- Keeping products properly sealed; and
- Maintaining products in a cool dry place and out of direct sunlight.

4.3.7 Customer Service

Distributors must provide their current contact information to their Customers and let Customers know that they are available to answer questions, provide advice, and respond to concerns. Distributors must respond to any such questions or concerns. Distributors should consult their materials, refer to and use available educational tools, or contact Herbalife Nutrition directly in responding to questions or concerns. In addition, Distributors must deliver all products to Customers within a reasonable amount of time after sale.

Chapter 5 Sponsoring and Leadership

5.1 SPONSORING RESPONSIBILITIES

5.1.1 Training

One of the Sponsor's principal roles is to stay informed of the Rules and to advise and train downline Distributors. A Sponsor may seek assistance from upline Supervisors or TAB Team members, but the primary responsibility for training is the Sponsor's. This includes teaching correct principles about:

- Herbalife Nutrition products and their usage.
- Herbalife Nutrition Rules.
- Herbalife Nutrition Sales & Marketing Plan.
- Proper use of advertising, literature, and sales aids.
- Herbalife Nutrition Satisfaction Guarantee.

A Sponsor may not require a personally sponsored Distributor to pay for training or training facilities unless the Sponsor fully explains that the Distributor may choose whether or not to participate in the training and states, in advance, the cost. If the Distributor declines to participate in the training, the Sponsor is obligated to provide at no cost the basic training necessary to learn the business.³¹

5.1.2 Independent Relationship

A Sponsor must maintain and uphold the independent relationship with a downline Distributor. The Sponsor may not participate in or interfere with the business of downline Distributors and may not suggest or develop an employee/employer relationship with downline Distributors.

5.1.3 Preparation of Distributor Documents

The Sponsor must properly prepare Agreements and Supervisor Qualification forms, and submit them to Herbalife Nutrition in a timely manner.

5.2 MAINTAINING LINES OF SPONSORSHIP

The Sponsor/Distributor relationship is the foundation of the Sales & Marketing Plan. These Rules protect both parties, including safeguarding rights of sponsorship. Sponsoring Distributors invest considerable time, energy, leadership and training to support their downline. Sponsorship changes are detrimental to the integrity of the Herbalife Nutrition business and are discouraged. Only on rare occasions are Sponsorship changes permitted, and always at the sole and absolute discretion of Herbalife Nutrition.

5.2.1 Inducement to Change Sponsors

A Distributor may not interfere with the relationship between another Distributor or Preferred Member and their Sponsor. For instance, a Distributor may not attempt to induce another Distributor to change their Sponsor.

5.2.2 Sponsorship Correction

A Distributor who wishes to request a sponsorship correction must complete and submit a: "Change of Sponsorship Request" Form,³² "Change of Sponsorship Consent" Form from the current Sponsor, and a letter of acceptance from the proposed Sponsor. All documents must be notarized. Requests for sponsorship corrections will only be considered if all the following circumstances are met:

- Sponsorship details provided on the Agreement were in error.
- The request is made within 90 days of Herbalife Nutrition accepting the current Agreement.
- The current and proposed Sponsor are in the same Line.
- The current Distributorship has not reached the level of Supervisor.
- The Distributor making the request has not yet sponsored any other Distributors.

³¹ See Rule [3.3.1 Sale of Business Tools Not for Profit](#).

³² The required Change of Sponsorship Request and Change of Sponsorship Consent Forms may be obtained from Herbalife Nutrition. These forms and all other specified documentation must be submitted to Herbalife Nutrition in order for Herbalife Nutrition to consider the request.

5.2.3 Applying for Change of Sponsorship

In order to protect the integrity of lineage, which is a fundamental principle of multi-level marketing, a change of sponsorship is discouraged and will only be approved by Herbalife Nutrition in the most exceptional circumstance.

A Distributor may only apply for a change of Sponsorship within their upline President's Team organization.

A Distributor who wishes to request a sponsorship change should first consult with their upline to discuss and review the circumstances. Should the Distributor then wish to continue, they must complete and submit a notarized "Change of Sponsorship Request" Form,³³ along with a notarized "Change of Sponsorship Consent" Form from the current Sponsor, and all Royalty Override and Production Bonus earners in the upline. In addition, Herbalife Nutrition must receive a notarized "Change of Sponsorship Acceptance" Form from the proposed Sponsor.

If both the current and proposed Sponsors share the same upline Sponsor, and each are at equal status and earning levels under the Sales & Marketing Plan, the Distributor requesting the change only needs to obtain a notarized Change of Sponsorship Consent Form from the current Sponsor and a notarized "Change of Sponsorship Acceptance" Form from the proposed Sponsor.

If Herbalife Nutrition approves the change, the requesting Distributor will not be allowed to keep downline Distributors and Preferred Members.

If the request for a change of sponsorship is denied, the Distributor may resign their Distributorship and comply with the Period of Inactivity before reapplying for Herbalife Nutrition Distributorship or under a different Sponsor. (See Rule [2.1.10](#)).

³³ The required Change of Sponsorship Request and Change of Sponsorship Consent Forms may be obtained from Herbalife Nutrition. These forms and all other specified documentation must be submitted to Herbalife Nutrition in order for Herbalife Nutrition to consider the request.

Chapter 6 Marketing Your Business

6.1 CLAIMS

A Claim or representation is **any** statement, story, image or video about Herbalife Nutrition products, or the Herbalife Nutrition opportunity. Claims can include simple statements about product benefits, and photos of before and after results. Claims can also describe the Herbalife Nutrition opportunity, such as lifestyles, items, and vacations achieved through the Sales & Marketing Plan. It's fine for Distributors to make Claims, provided they comply with these Rules, which are intended, in part, to help Distributors comply with the law.

6.1.1 Lawful, Truthful and Not Misleading

All Claims must be lawful, truthful, substantiated, and not misleading:

- Truthful and Substantiated: This means the Claim must be true and supported by written documentation, in advance of making the Claim. Claim substantiation might include earnings statements (e.g. BizWorks reports) and sales receipts to support an income claim, or a weight loss log to support a weight loss claim.
- Not Misleading: Claims that are true and substantiated can still be misleading if they fail to include sufficient context to inform the audience that the result depicted is better than what the typical Distributor can expect to achieve. Where the Claim conveys a result that is better than what the typical Distributor could expect to achieve, it must be accompanied by the appropriate weight loss or income disclaimer. Claims that convey a “net impression” that is false or unrealistic are misleading.

Distributors should consult related advisories and guidelines for more information on how to ensure that their Claims comply with the Rules and are not misleading.³⁴

6.1.2 Weight-Loss Claims

All weight-loss claims, including testimonials must:

- Include reference to lowering caloric intake, eating a balanced diet consisting of healthy foods and engaging in regular physical activity.
- Be accompanied by the following disclaimer:

People who replace two meals a day with Herbalife Nutrition Formula 1 as part of a healthy lifestyle (such as lowering caloric intake, eating a healthy, balanced diet or engaging in regular physical activity), can generally expect to lose around half a pound to 1 pound per week.

6.1.3 Product Claims

Distributors MUST:

- Make only those claims permitted by product labeling or in Herbalife Nutrition Materials.
- Accompany all claims with the approved disclaimers.

Distributors MUST NOT:

- State that Herbalife Nutrition products prevent, treat, or cure diseases or medical conditions or discuss any experience with medications.
- Use the name of the Food and Drug Administration (FDA) or other regulatory agencies when representing the Herbalife Nutrition products.

³⁴ Advisories and guidelines are available by contacting Herbalife Nutrition or on MyHerbalife.com.

6.1.4 Earnings Claims

An Earnings Claim is any expressed or implied Claim regarding a Distributor's actual or potential income achieved through the Herbalife Nutrition opportunity. Photos involving cars, pools, vacations, or houses, are also Earnings Claims. See Rule [6.1.5](#) ("Lifestyle Claims"). Earnings Claims may not create a false or unrealistic net impression regarding what a Distributor can reasonably expect to earn.

Prohibited Earnings Claims

References to extreme Earnings Claims, even if true, may be so powerful that they should not be used at all, even with a disclaimer. Prohibited Earnings Claims include the following or similar statements that participants can:

- "Quit your job"
- "Be set for life"
- "Earn millions of dollars"
- "Make more money than they ever have imagined or thought possible"
- "Get Rich"
- "Realize unlimited income"

For all other Earnings Claims, the following disclaimers should be used:

Mill Team and Below

Social Media and Written Income Disclaimer

Income depicted is unique to the individual and is not typical. Achievements require skill & consistent work. For typical earnings, see Statement of Average Gross Compensation at HerbalifeNutrition.com/SAGC.

President's Team and Above (Top 1%)

Social Media and Written Income Disclaimer

The top 1% of Distributors are typically President's Team members. The time it took them to reach President's Team typically ranges between 5 and 11 years. Requires skill, consistent work and dedication. For typical earnings, see Statement of Average Gross Compensation at HerbalifeNutrition.com/SAGC.

6.1.5 Lifestyle Claims

A Lifestyle Claim is any expressed or implied Claim suggesting that a Distributor can attain a certain lifestyle, or purchase certain items by participating in the Herbalife Nutrition opportunity. A Distributor MAY make a Lifestyle Claim provided the Claim complies with this Rule, Rules [6.1.1](#) ("Lawful, Truthful and Not Misleading") and [6.1.4](#) ("Earnings Claims"), and related advisories and guidelines.³⁵

Claims that are not representative of what a typical Herbalife Nutrition Distributor can reasonably buy or achieve must be accompanied by the proper income disclaimer, and the overall net impression must not be misleading. See Rule [6.1.4](#) ("Earnings Claims").

Lifestyle Claims suggesting that participating in the Herbalife Nutrition opportunity will result in a lavish lifestyle are prohibited. A lavish lifestyle claim is one depicting a style of living that is extravagant, rich, costly, expensive, elaborate, grand, posh or luxurious.

³⁵ Advisories, training and guidelines are available by contacting Herbalife Nutrition or on MyHerbalife.com.

Prohibited lavish Lifestyle Claims include the following, or any substantially similar representations:

- Opulent mansions (e.g., large, impressive homes that are magnificent, ritzy, classy, splendid, plush or grand);
- Private helicopters, jets, or yachts; or
- Exotic automobiles are cars that are out-of-the ordinary, expensive, and have a stunning look unlike common cars. For the current list of exotic automobiles, please contact Herbalife Nutrition or see MyHerbalife.com.

Non-lavish items (such as non-exotic automobiles) may be shown, as long as the overall net impression is not misleading and the claim is made in accordance with rule [6.1.4](#).

6.1.6 Size and Placement of Disclaimers

Audio Presentations (whether live or previously recorded)

The disclaimers must be made orally in conjunction with the claim.

Visual Presentations (whether live or previously recorded)

If presented on stage or in a video, the disclaimer must be legible and be presented in close proximity to the claim. If on-screen, the disclaimer must appear long enough and in large enough font for an average reader to be able to read it completely.

Written Presentations

The disclaimer must be displayed in:

- A color that contrasts with the color of the background (e.g., black on white);
- Close proximity to the claim (the disclaimer must appear on the same page or screen as the claim); and
- A font at least 75% as large as the size of the font used for the claim, but not smaller than 10-point type and in large enough font for an average reader to be able to read it completely.

6.1.7 Home-Based Business Claims

When promoting the Herbalife Nutrition opportunity, Distributors may not misrepresent the extent to which the activities of a Distributor can be conducted solely in the home. Distributors should emphasize that personal interaction is fundamental to direct-selling.

6.1.8 Claims Regarding Relationship Between Herbalife Nutrition and Herbalife Nutrition Distributors

The Herbalife Nutrition opportunity provides Distributors the potential to earn income, but under no circumstances is it a “job.” Herbalife Nutrition Distributors are self-employed independent contractors. As such, Distributors may not claim, represent or imply that they are employed by, speak for, or provide any kind of consulting services to Herbalife Nutrition. Nor may they suggest that their independent Herbalife Nutrition business is a job.

For example, Distributors may not use the terms “job,” “salary,” “employment,” (or any similar term) when promoting the opportunity.

Distributors may not market the Herbalife Nutrition opportunity using tools primarily devoted to advertising job opportunities, including “Help Wanted” ads, employment bulletin boards, and Internet job search engines such as Monster.com and Careerbuilder.com unless the advertisements clearly and conspicuously indicate that what is being offered is an *independent income opportunity*.

6.1.9 Opportunity Claims

When offering, promoting or talking about the Herbalife Nutrition opportunity, Distributors may not:

- Misrepresent the Herbalife Nutrition opportunity as a franchise³⁶ or offer a franchise in connection with an Herbalife Nutrition Distributorship; or
- State or imply that:
 - Sponsoring Distributors is as important as sales to Customers;
 - A Distributor can primarily benefit by sponsoring other Distributors;
 - A Distributor is required to sponsor other Distributors;
 - A Distributor can be successful with little or no effort;
 - Distributors have to buy Herbalife Nutrition products, materials (besides the IBP), or Business Tools; or
 - Royalty Overrides, Production Bonuses or other benefits may be obtained primarily from the purchase of products rather than the sale of products.

6.2 USE OF HERBALIFE NUTRITION INTELLECTUAL PROPERTY

Maintaining the integrity of the Herbalife Nutrition brand is one of Herbalife Nutrition primary responsibilities. This Section is meant to help Distributors understand the significance of Herbalife Nutrition intellectual property. Herbalife Nutrition continuously polices the marketplace for improper, inconsistent and inappropriate use of its intellectual property, including trademarks, logos, slogans, and copyrights, among other things. Such dedicated monitoring ensures Herbalife Nutrition hard-earned reputation as a high-quality producer of global nutrition products is retained.

6.2.1 Definitions:

Copyrighted materials: Herbalife Nutrition owns the copyright to all printed material, internet content, and audio and video recordings produced by or for it.

A trademark is a proprietary name or symbol that identifies Herbalife Nutrition as the source of the products and services being sold and provided by Distributors. For example, Herbalife Nutrition and the Tri-Leaf logo are Herbalife Nutrition trademarks, as are many product brands, such as Cell-U-Loss[®] or Herbalifeline[®].

A trade name is a business name which Herbalife Nutrition has the exclusive right to use. For example, Herbalife International of America, Inc., and Herbalife of Canada, Ltd. are trade names. Distributors may not register trade names that include the word HERBALIFE NUTRITION or other Herbalife Nutrition brand names.

Trade dress includes the characteristics of the visual appearance of a product or its packaging that signify the source of the product to consumers. For example, it includes the design of some of Herbalife Nutrition products and packaging.

A trade secret is confidential information that is generally not known outside of Herbalife Nutrition and has commercial value. Trade secrets held by Herbalife Nutrition include formulas, vendor relationships, branding and product development projects not yet in the marketplace, business plans, processes, and compilations of data identifying or relating to other Distributors, including genealogies.

Herbalife Nutrition Intellectual Property includes Herbalife Nutrition copyrighted materials, trademarks, trade names and trade secrets.

6.2.2 Copyrighted Materials

Herbalife Nutrition owns the copyright to all printed material, Internet content, and audio and video recordings produced by or for it. Distributors must follow any conditions listed in the download instructions or other written authorization.

³⁶ Herbalife Nutrition does not have territories or franchises, and an Herbalife Nutrition Distributorship is not a franchise.

All Herbalife Nutrition copyrighted materials must be accompanied by the following statement:

Reproduced with the permission of Herbalife Nutrition. All rights reserved.

Herbalife Nutrition reserves the right to withdraw its consent to use of its copyrighted materials at any time in its sole and absolute discretion.

6.2.3 Trademarks, Trade Dress and Trade Names

Distributors may use those trademarks, trade names and trade dress which Herbalife Nutrition makes available for downloading.

- Herbalife Nutrition trademarks and trade names may only be obtained from Herbalife Nutrition.
- Distributors must always identify themselves clearly as Herbalife Nutrition Independent Distributors.
- Distributors may not alter the trademarks and trade dress in any way, except to resize them. Resizing items is permitted only if the image remains clear in all details and does not diminish the perception or quality of Herbalife Nutrition products and services.
- Distributors may use Herbalife Nutrition trademarks and trade dress only in accordance with the current Herbalife Nutrition Independent Distributor Style Guide.³⁷

Herbalife Nutrition reserves the right to withdraw its consent to Distributor use of these items at any time at its sole and absolute discretion.

6.2.4 Trade Secrets

A Distributor will hold trade secrets in confidence and may not disclose them at any time, even after termination of the Distributorship.

6.2.5 Use Limited to Herbalife Nutrition Business

Distributors may use Herbalife Nutrition Intellectual Property solely for the purpose of conducting their Herbalife Nutrition business.

6.2.6 Intellectual Property in Media

The word “Herbalife” or the specific mention or pictures of any Herbalife Nutrition product or service may not be used in any media advertisements including print, digital, audio or visual recordings, in newspapers, magazines, radio, television, the Internet, or any other medium except as permitted.

In addition, see Rule [6.3.4](#) – Broadcasting Prohibited.

6.2.7 Electronic Media

For electronic media, a Distributor may not advertise on any internet search provider (e.g., Google, Bing, etc.) if the advertisement uses Herbalife Nutrition related keywords as search terms. These search terms include any term that includes the word Herbalife or the name of any Herbalife Nutrition product or service offering.

This rule applies to all advertisements whereby a priority position (such as an appearance in the “paid ad” search boxes) is secured.

In addition to the sanctions set forth in Rule [10.1.2](#), Herbalife Nutrition reserves the right to re-direct to the generic URL www.goherbalife.com, any query coming from paid advertisements to any individual Distributor’s GoHerbalife site.

6.2.8 Toll-Free Telephone Numbers

Distributors may have a toll-free telephone number. However, a Distributor may not use any Herbalife Nutrition trademarks, trade names, product names, or slogans in conjunction with the toll-free number. Distributors may only identify or list themselves as an Herbalife Nutrition Independent Distributor.

³⁷ The Herbalife Nutrition Independent Distributor Style Guide is posted in the Resource Center at MyHerbalife.com.

6.2.9 Telephone Directory Listings

Distributors may list themselves in the telephone directory under the heading “Herbalife Nutrition Independent Distributor.” The only information that may follow is the Distributor’s name, address, telephone number, fax number, email address or website. Display advertisements must conform to all Herbalife Nutrition advertising Rules. The word “Herbalife” (other than “Herbalife Nutrition Independent Distributor”) and other Herbalife Nutrition Intellectual Property may not be used in any way other than as used in advertisements approved in advance by Herbalife Nutrition. Listings by category are permissible under accurate and lawful headings including: “Hair Care Products,” “Skincare Products,” “Health Products” or “Nutritional Products,” and “Weight Loss/Control.”

6.2.10 Name or Image of Mark Hughes

The name or image of Mark Hughes (founder of Herbalife Nutrition) may not be used in any advertisements.

6.2.11 Herbalife Nutrition Addresses

The addresses of any Herbalife Nutrition offices may not be used, published, or promoted by any Distributor as their own.

6.2.12 Prohibited Use of Third Parties Intellectual Property

Distributors may not use third parties’ copyrighted materials, trademarks, trade names, product names (or any variations) text, photo images, videos, or graphics owned or created by third parties unless they have obtained prior written consent from the owner. All third-party intellectual property must be properly referenced as the property of the third party, and Distributors must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

6.2.13 Termination of Herbalife Nutrition Distributorship

If an Herbalife Nutrition Distributorship becomes terminated for any reason, the Distributor must immediately discontinue use of Herbalife Nutrition Intellectual Property and update profile information for any social media accounts to disclose that they are no longer an Herbalife Nutrition Independent Distributor.

6.3 ADVERTISING AND PROMOTIONS

6.3.1 Herbalife Nutrition Advertising Templates

Herbalife Nutrition publishes a variety of advertising templates which Distributors may use without alteration, except for adding their name and contact information. The templates are available for download from MyHerbalife.com.

6.3.2 Distributor Advertisements and Promotional Materials

Herbalife Nutrition produces promotional literature and sales tools for Distributor use in advertising and promoting their Herbalife Nutrition business. Distributors may produce their own promotional materials, but must ensure the materials:

- Are truthful and accurate;
- Make no therapeutic, disease or medical claims;
- Do not imply an employment opportunity; and
- Comply with all applicable Rules and law.

6.3.3 Posting of Advertising Materials

Private Property Distributors may post advertising materials on private property with the prior written consent of the owner. To document consent, Distributors may use Herbalife Nutrition template “Letter of Consent to Post Advertising on Private Property,” available at MyHerbalife.com and from Herbalife Nutrition.

Advertising materials may not be visible from the street or sidewalk when used at a private office or other location where Herbalife Nutrition business is done, and may not be posted in a manner that might be a distraction to motorists or pedestrians.

Materials must be promptly removed upon the request of any government authority, the owner of the property or Herbalife Nutrition.

Public Property Distributors may not post advertising materials on public property, such as utility poles, street lights, traffic lights, parking meters or traffic signs.

In addition to the above, advertising on park benches, billboards, and similar mediums are prohibited.

6.3.4 Broadcasting Prohibited

Distributors may not broadcast or advertise on television, radio, or any similar medium.

6.4 PRESERVING THE PERSONAL RELATIONSHIP

Direct-selling is about personal relationships and product knowledge, and the value both skills provide to existing and potential Customers. These Rules protect the direct sales channel by supporting a Distributor's ability to establish and maintain a strong connection with existing and potential Customers. It is through these relationships with Customers and personally sponsored downline that Distributors achieve success, inspire others to do the same, and ensure the highest level of Customer satisfaction.

6.4.1 Promoting the Preferred Member Program

The Preferred Member Program is intended for Distributors to use with their existing Customers once they have established a relationship and understand their Customers' nutrition, health and wellness goals. To preserve this one-on-one relationship with Distributors and their Customers, Distributors may not advertise, market or in any way promote the Preferred Member Program to the General Public.³⁸

6.4.2 Price Advertising

Herbalife Nutrition Independent Distributors are independent businesspersons and may sell Herbalife Nutrition products, literature and promotional items at any price they choose. The sole exception is that the IBP is subject to Herbalife Nutrition suggested retail price, as specified by Herbalife Nutrition without any mark-up. However, to preserve the one-on-one nature of direct-selling, Distributors may only advertise Pricing Information to existing Customers, their downline, and potential new Customers who have indicated an interest in purchasing Herbalife Nutrition products.

Except as automatically displayed on a Distributor's GoHerbalife home page, Herbalife Nutrition Distributors may not advertise Pricing Information to the general public. Pricing Information is any indication of price and includes but is not limited to:

- "special offer"
- "____ % off"
- "free shipping"
- "pay less"
- "best prices"
- "lowest prices"
- "special discounts"
- "apply this code at checkout"³⁹

This Rule applies to branded and unbranded advertising to all forms of media including television, radio, telephone, newspapers, magazines, flyers, leaflets, pull-tabs, signage and all means of internet based electronic communication.⁴⁰

Finally, Distributors may not modify Herbalife Nutrition-produced literature or materials which in its original form features suggested retail prices. Those materials must be used without alteration.

³⁸ "General Public" refers to persons who have not had prior personal contact in any manner with the Distributor placing the advertisement.

³⁹ The terms used in the examples are also prohibited from being used in website tagging strategies. If a word or term cannot appear in an advertisement because it would violate the Price Advertising Rule, then that word or term cannot be used as part of the website tagging strategy to promote the website in search results when used as part of a search.

⁴⁰ "Internet based electronic communication" includes social media tools including, but not limited to, LinkedIn, Facebook, Instagram, Pinterest, Snapchat, Twitter, WeChat, What's App, and Viber. It also includes blogs, public message boards, email, and SMS/MMS campaigns along with targeted internet advertising that is delivered through pop-up or banner advertisements, pay-per-click advertisements, sponsored search results, and sponsored advertisements to discuss pricing. All these forms of advertising are, by their nature, either specifically targeting or generally accessible by the general public and hence may not be used.

Chapter 7 Use of the Internet and Electronic Marketing

7.1 DISTRIBUTOR CONDUCT

7.1.1 Standard of Personal Conduct

Distributors may not publish, post or distribute any materials on or via the Internet, whether or not in connection with Herbalife Nutrition that are, in Herbalife Nutrition sole and absolute judgment, defamatory, libelous, disparaging, threatening, offensive, harassing, abusive, obscene or pornographic.

7.1.2 Unauthorized Computer Access

Distributors may not:

- Interfere or take any action that results in interference with or disruption of:
 - Herbalife.com
 - MyHerbalife.com
 - other websites maintained by Herbalife Nutrition or its Distributors
- Gain or attempt to gain access to computer systems or networks connected to these sites without prior written permission from Herbalife Nutrition.

7.1.3 Consumer Data

Distributors may not sell, trade, or use consumer or site user information including email addresses, except in connection with the Herbalife Nutrition products or opportunity. If any person or entity requests that their information not be used, the Distributor must immediately honor such request.

7.2 DISTRIBUTOR WEBSITES

7.2.1 Distributors Must Disclose Relationship with Herbalife Nutrition

Distributors operating independent websites that use Herbalife Nutrition trademarks must clearly and conspicuously display the Distributor's personal name and business address along with "Herbalife Nutrition Independent Distributor":

- on the home page;
- as part of any contact information; and
- as part of any publicly accessible profile information.

The Distributor's business name may not be a substitute for the personal name of the individual Distributor, but may be included in addition to the Distributor's personal name.⁴¹ Anonymous postings or the use of an alias are prohibited.

7.2.2 Domain Names, Email Addresses, and Websites

Distributors may not use Herbalife Nutrition Intellectual Property in their:

- Website domain name (URL).
- Titles for any pages on a Distributor's website (including, but not limited to, the home page).
- Email addresses.
- Title tags, meta tags.

Examples of Herbalife Nutrition Intellectual Property terms that may not be used:

- Herbalife Nutrition
- Herbalife Nutrition product names

Any Distributor violating this Rule must transfer the domain name or email account to Herbalife Nutrition on Herbalife Nutrition request and at no cost to Herbalife Nutrition. Herbalife Nutrition reserves its other rights and remedies.

⁴¹ If multiple Distributors are participating on the same website, all Distributor contact names and contact information must be listed.

7.2.3 Hyperlinking and Associations

Distributors may link their websites to:

- The home page on Herbalife.com (or any other website produced or maintained by Herbalife Nutrition).
- Any other website maintained by the Distributor to promote the Herbalife Nutrition product and opportunity.
- Any third-party website that will assist the Distributor in promoting the Herbalife Nutrition products and opportunity, so long as such websites are compliant with Rule [7.2.4](#).

Distributors may not use third parties' trademarks, trade names, or product names in their:

- Website domain name (URL).
- Titles for any pages within a website (including home pages).
- Email addresses.
- Title tags, meta tags.⁴²

7.2.4 Third Party Advertisements on Distributor Websites

Distributors may feature third-party advertisements on websites they use in connection with their Herbalife Nutrition business so long as, in the sole and absolute judgment of Herbalife Nutrition, the advertisements DO NOT:

1. Relate to any religious, political or commercial organization.
2. Damage the reputation of Herbalife Nutrition or its Distributors.
3. Misuse Herbalife Nutrition Intellectual Property.
4. Directly or indirectly promote any other:
 - a. direct-selling or MLM company regardless of products offered; or
 - b. products competitive with those sold by Herbalife Nutrition, such as:
 - i. meal replacements,
 - ii. nutritional supplements, or
 - iii. cosmetics.

7.2.5 International Business

Distributors conducting or seeking to conduct business in international markets via their own or other websites may sell only products approved for sale in the country to which communications are directed.

7.2.6 Website Privacy Statements

Distributors must post, in a prominent location, a "Privacy Statement" that:

- Informs consumers whether or not personal information is being collected about them and how such information will be used; and
- Fulfills the privacy law requirements of each jurisdiction in which business is being conducted.

7.2.7 Search Engine Advertising and Optimization

Herbalife Nutrition trade names and product names may not be used in search engine optimization, such as:

Metadata

- 25-word description.
- Keywords that make up a meta tag.

Meta Tags

- The URL.
- Title tags.
- Alt/image tags that describe the images of a site.
- Any other page-related factors used by search engines in determining website rankings.

⁴² The only exception to this Rule is if and when a Distributor has obtained prior written consent from the owner. A Distributor shall indemnify Herbalife Nutrition against any claim arising or related to the Distributor's use of third-party trademarks, trade names, or product names.

Distributors may not use any misleading or deceptive tactics to improve their index preference with search engines.

Distributors must comply with all Rules and regulations of each country, including (but not limited to) laws related to:

- Confidentiality of consumer data.
- Privacy rights.
- Restrictions on telemarketing.
- Restrictions on marketing over the Internet.

7.2.8 Distributor Websites

All Distributors who use the Internet to sell products for delivery in the United States must do so exclusively through the GoHerbalife platform. In addition, the Distributors' name and current phone number must be clearly indicated on their GoHerbalife platform.

The current phone number indicated on the GoHerbalife profile must originate from the country in which the platform is hosted. For example, an Italian Distributor using a GoHerbalife platform in the U.S. must indicate a current U.S. phone number.

7.3 PROHIBITIONS OF INTERNET AND AUCTION SALES

Sales of Herbalife Nutrition products by Distributors on the Internet shall be done exclusively through the GoHerbalife platform. See Rule [7.2.8](#). Auction sales, sales on online auction sites, and sales on other unauthorized websites weaken the personal relationships Distributors have with their Customers, as well as the Herbalife Nutrition brand and the image Herbalife Nutrition establishes for its products. Accordingly, Distributors may not (directly or indirectly through any intermediary or instrumentality) offer for sale, or facilitate the offering of Herbalife Nutrition products for sale through any auction, online auction website, or any e-commerce or other website. This prohibition includes, but is not limited to, selling Herbalife Nutrition products on eBay or Amazon.

7.4 EMAIL

These Rules apply to Distributors who send email regarding the Herbalife Nutrition products or opportunity and are in addition to applicable law.

Distributors must also comply with the terms of use or service for all email service providers used in their Herbalife Nutrition businesses.

7.4.1 Requirements and Restrictions

1. All email messages sent by Distributors regarding Herbalife Nutrition must meet the following requirements:

- a. Distributors must disclose the origin of any email message:
 - i. Source, destination and routing information attached to the message (including the originating domain name and originating email address) must be accurate.
 - ii. The "From" line of each message must accurately identify the Distributor who initiated the message.
- b. The "Subject" line of each message must not be misleading.

2. The following additional requirements apply to Distributors' email messages are commercial in nature, irrespective of whether the messages are part of a bulk-message distribution or whether the intended recipients are businesses or individuals. A commercial email is an email message that advertises or promotes a commercial product or service, including content on a website operated for a commercial purpose. Commercial emails include messages promoting Herbalife Nutrition. An email is still considered commercial even if it also includes other non-commercial content.

- a. Each message must include the Distributor's valid physical postal address.
 - b. Each message must include a clear, conspicuous notice about how to make an opt-out request:
 - i. The message must contain a functioning return email address or Internet-based mechanism that a recipient may use to submit a request that they not receive future commercial email messages from the sender (each an "opt-out mechanism"). All opt-out mechanisms must be able to process opt-out requests for at least 30 days from when the message was sent.
 - ii. All opt-out requests must be honored within 10 business days and Distributors must stop initiating or sending commercial email to such persons at that time.
 - iii. The opt-out mechanism may not be burdensome and cannot require the recipient to take steps other than sending a reply email or visiting a single web site as a condition of opting-out. Recipients cannot be asked or required to provide personally identifying information beyond an email address in order to process an opt-out request.
 - iv. Distributors cannot charge a fee for processing out-out requests.
 - v. Each Distributor must produce and maintain its own Do-Not-Email List ("DNE list") to track and honor all opt-out requests.
3. Distributors are prohibited from sending commercial email messages unless the:
- i. Distributor has an existing business relationship with the recipient based on a prior purchase or transaction; or
 - ii. Distributor is a friend, family member, or acquaintance of the recipient; or
 - iii. Recipient provided prior written consent to receive the message. The consent must be specific to receiving messages about Herbalife Nutrition.
4. Distributors may not obtain email addresses by address harvesting, dictionary attacks, or brute force searching.
- i. "Address harvesting" is the use of automated means to collect email addresses that are listed on a website or online service, when that website or online service contains a notice that it will not give, sell or otherwise transfer addresses maintained by such website or online service to any other person for the purpose of initiating commercial email messages.
 - ii. "Dictionary attack" refers to automated means used to generate possible email addresses by combining names, letters or numbers into numerous permutations.
 - iii. "Brute force searching" refers to automated or manual efforts used to discover possible email addresses by scraping publicly accessible web pages to acquire text strings with an "@" within them.
5. Distributors are prohibited from using scripts or other automated means to register for multiple email accounts or online user accounts from which to send email messages.

7.4.2 Government Notice to Discontinue Emailing

Distributors must immediately discontinue email activity if they receive any notice from a governmental authority regarding their email practices. Distributors must promptly report all such notices to Herbalife Nutrition, by calling 866-866-4744, within 24 hours after such notice is received.

7.5 SOCIAL MEDIA

These Rules apply to Distributors using social media sites such as Twitter, YouTube, Facebook, Instagram, Pinterest, and Snapchat as well as online communities such as blogs. These Rules are in addition to applicable law.

7.5.1 Responsibility for Postings

Distributors are responsible for all Herbalife Nutrition-related content they post online. Distributors using social media sites as part of their Herbalife Nutrition business must clearly and conspicuously identify themselves by name and as an Herbalife Nutrition Independent Distributor.

7.5.2 Social Media as a Sales and Promotion Forum

Social media sites may not be used to conduct sales of Herbalife Nutrition products. Online sales of Herbalife Nutrition products may only be made from a Distributor's GoHerbalife website.

7.5.3 Postings and Claims

Distributors must be accurate and truthful in all social media posts. All claims, representations and testimonials must be in compliance with the Rules, including the Rules on claims. See Section [6.1 Claims](#).

7.5.4 Use of Herbalife Nutrition's Intellectual Property

Social media profile names and posts must comply with the requirements of Rule [6.2 Use of Herbalife Nutrition Intellectual Property](#), including the requirement that Distributors only use the trade name "Herbalife Nutrition" in a manner that clearly identifies the Distributor as an Herbalife Nutrition Independent Distributor.

Examples of unauthorized uses of the Herbalife Nutrition trade name in social media profile names/posts are:

- "Herbalife Nutrition Wellness Challenge"
- "The Herbalife Nutrition Page"
- "Let's Talk Herbalife Nutrition"

Examples of authorized uses of the Herbalife Nutrition trade name in social media profile names/posts are:

- "Herbalife Nutrition Independent Distributor – Wellness Challenge"
- "The Herbalife Nutrition Page – Herbalife Nutrition Independent Distributor"
- "Let's Talk Herbalife Nutrition –Herbalife Nutrition Independent Distributor"
#HerbalifeNutrition
#TeamHerbalife Nutrition
#IAmHerbalife Nutrition

However, Distributors may use official Company hashtags that include the trade name "Herbalife Nutrition," share Company social media posts, or link to official Company websites and social channels.

7.5.5 Photos, Video/Audio Recordings

Distributors may post audio/video material on YouTube and similar social media sites, provided the content complies with the Rules.

Herbalife Nutrition reserves the right to determine, in its sole and absolute discretion, if recordings or images (including their manner of use) violate the Rules or diminish Herbalife Nutrition reputation. Herbalife Nutrition reserves the right to require the removal of any such images or recordings. Distributors must comply with all of the privacy laws, intellectual property laws, social media platforms' policies terms of use, terms and conditions, guidelines or other similar terms, and Herbalife Nutrition Rules when using images or recordings of other individuals on social media sites.

7.5.6 Terms of Use

Distributors must comply with the terms of use, terms and conditions, terms of service, acceptable use guidelines or similar terms of the social media platforms used in their Herbalife Nutrition businesses.

7.5.7 Professionalism

Distributors should not respond to those who place negative posts about them, other Independent Distributors, or Herbalife Nutrition. Negative posts may be reported by email to: DPCcomplaintsNAM@herbalife.com.

7.5.8 No Purchasing Followers and Likes on Social Media

Distributors may not purchase Followers or Likes⁴³, or use any other misleading or deceptive tactics to boost the perceived popularity of their social media accounts or pages.

7.5.9 No Targeting Followers on Social Media Platforms

Distributors may not systematically target another person's Followers for the purpose of selling Herbalife Nutrition products or obtaining Leads. Additionally, systematic, automated apps or software, and manual direct messaging to other Distributors with the intention of selling Herbalife Nutrition products or recruiting, are prohibited.

7.5.10 No Data Mining and Website Scraping Software

Distributors who utilize social media and other digital platforms to conduct their Herbalife Nutrition businesses must do so in compliance with each social media platform's and internet service provider's privacy policy and terms of use. Data mining and website scraping tactics (including but not limited to the use of web spiders, crawlers, and bots) are considered deceptive and are prohibited.

7.5.11 No Inappropriate Communication Practices

Distributors who utilize social media platforms to conduct their Herbalife Nutrition business must do so in compliance with each social media platform's communications rules and policies. Unsolicited commercial communications are generally prohibited. Distributors must ensure that they have permission to contact people and honor any requests that they may receive to cease contact.

7.6 TELEMARKETING

Federal and state laws severely restrict telemarketing operations and are highly technical. Distributors are responsible for knowing and obeying federal and state telemarketing laws when using telecommunication services such as live or recorded calls, texts, and facsimile (fax) messages in connection with their Herbalife Nutrition businesses.

Distributors must also comply with the terms of use, terms and conditions, terms of service, acceptable use guidelines or similar terms for all telemarketing service providers used in their Herbalife Nutrition businesses.

These Rules are being provided as an accommodation to Distributors, but not as legal advice.

⁴³ A Follower is a person who subscribes to a social media account in order to receive updates. On Facebook, a person who Likes a page is the same as a Follower, Friend or Fan. A Like is an action that can be made by a Facebook, Twitter or Instagram user. Instead of writing a comment or sharing a post, a user can click the Like button as a quick way to show approval.

7.6.1 Definitions

Autodialer

Equipment that dials telephone numbers automatically, including any computerized equipment that performs the dialing function whether or not the machine is pre-programmed with a list of numbers or dials numbers on a random basis.⁴⁴

Broadcast Fax or Blast Fax

Sending a fax to recipients who have not requested the fax, including equipment that can send multiple faxes to multiple recipients.

Established Business Relationship (EBR)

A prior relationship between a Distributor and a telephone subscriber based on the subscriber's:

- Purchase or transaction within 18 months immediately preceding the date of the telephone call, if the relationship has not previously been terminated.
- Inquiry about products or services within three (3) months immediately preceding the telephone call, if the relationship has not previously been terminated.

(If the subscriber makes a "Do-Not-Call" request to a Distributor, that request terminates the EBR even if the subscriber continues to do business with the Distributor.)

Prior Express Consent

A written agreement or email between a Distributor and consumer clearly stating the consumer agrees to be contacted by the Distributor regarding Herbalife Nutrition products or opportunity, including the telephone or fax number through which such contact may be made.

Telemarketing

The act of selling, soliciting, marketing, promoting, or providing information about a product or service using a telephone, cell phone, text message, fax machine, autodialer, pre-recorded or artificial voice recording, or like device.

7.6.2 Telemarketing Requirements

Distributors engaged in Telemarketing must:

- Set up a business account with the Do-Not-Call Registry identifying the Distributor as the "Seller" or "Client."⁴⁵
- Pay all fees associated with accessing the Do-Not-Call Registry.
- Maintain and observe "Do-Not-Call" lists recording the number(s) of persons requesting not to be contacted.
- Access the Do-Not-Call Registry and remove newly registered numbers from call lists at least every 31 days.
- Train all personnel engaged in Telemarketing on these Rules.
- Not call numbers on state and federal Do-Not-Call lists unless the Distributor has an EBR with the Client.

7.6.3 Autodialers

Distributors may not use an Autodialer in connection with an Herbalife Nutrition business, products, or opportunity.

7.6.4 Prerecorded or Artificial Voice Messages

Distributors may not use prerecorded or artificial voice messages in connection with an Herbalife Nutrition business.

⁴⁴ Includes computerized equipment such as:

- Predictive Dialers – which dial calls while telemarketers are talking to other Customers by predicting the average time it takes for a consumer to answer the telephone and when a telemarketer will be free to take the next call.
- Preview Dialers – which provide a number to be dialed on the telemarketer's screen and, when directed by the telemarketer, dials the number for the telemarketer.

⁴⁵ Distributors must not identify Herbalife Nutrition as the "Seller" or "Client."

7.6.5 Unsolicited Faxes

- Distributors may not use a Broadcast Fax, Blast Fax, or similar services to send fax messages.
- Distributors may send faxes only to EBRs who have provided Prior Express Consent to receive faxes from the Distributor.
- When sending faxes to EBRs, the Distributor must have obtained the fax number through:
 - The recipient's voluntary communication or
 - From a directory, advertisement, or website to which the EBR voluntarily agreed to make the fax number available
- All faxes must include:
 - A clear and conspicuous notice on the first page that the recipient may request the sender not to send future faxes ("Do-Not-Fax request") and that failure to comply with the request within 30 days is unlawful.
 - A domestic contact telephone number and a fax number (for the recipient to transmit a Do-Not-Fax request).
 - At least one cost-free mechanism the recipient can use to transmit a Do-Not-Fax request to the Distributor, such as a website address, email address, or toll-free number.
- Distributors must accept and process Do-Not-Fax requests 24 hours a day, seven days a week, and all requests must be fully honored within 30 days.
- All faxes must include (either in the top or bottom margins on each page or on the first page of the Fax):
 - Date and time the Fax is sent;
 - Identity of the sender (which must be the Distributor's personal or company name); and
 - Telephone number of the sending fax machine and of the Distributor.

7.6.6 Government Inquiries

Distributors must immediately discontinue Telemarketing if they receive any notice from a governmental authority regarding their Telemarketing activity. Distributors must promptly report all such notices to Herbalife Nutrition.

Chapter 8 Nutrition Clubs

These rules apply to the operation of all Nutrition Clubs (“Clubs”):

- Section [8.1](#) General Rules;
- Section [8.2](#) Club Operations; and
- Section [8.3](#) Marketing, Promotion and Advertising.

In addition, Section [8.4](#) Commercial Nutrition Clubs applies only to Clubs in non-residential locations (“Commercial Clubs”). Distributors must also comply with all other Rules and the law.

Clubs provide a way for Distributors to introduce and retail Herbalife Nutrition products to customers, as well as an opportunity to offer activities to make their Clubs dynamic and exciting for Club customers.

Club activities may include:

- Introducing prospective Distributors to Herbalife Nutrition
- Talking about good nutrition;
- Sharing recipes and uses of Herbalife Nutrition products;
- Setting goals to achieve a healthy lifestyle;
- Participating in healthy activities;
- Learning the value of regular exercise;
- Making friends who share lifestyle goals; or
- Socializing.

8.1 GENERAL RULES

8.1.1 Reviews

Distributors must cooperate with Herbalife Nutrition periodic review of Clubs.

8.1.2 Distributor-Led Nutrition Club Training

For Distributors who enter into any lease, sublease or purchase of a physical location, Herbalife Nutrition offers mandatory training, free of charge, called *Keys to Your Business: Commercial Location*, described in Rule [8.4.1](#), as well as other comprehensive training materials.⁴⁶

Distributors may offer additional, optional training for a fee, provided the fee is no more than the Distributor’s out of pocket costs to provide the training.⁴⁷

8.1.3 Independent Business Operations

Distributors are independent business people, and their Clubs are independent from Herbalife Nutrition. Herbalife Nutrition assumes no responsibility or liability for any Club.

⁴⁶ *Keys to Your Business: Commercial Location* is available through:

- The Learning Center of MyHerbalife.com or the Herbalife Nutrition Learning App;
- Distributor Services;
- Regional Ambassadors; and
- Regional Sales Staff.

⁴⁷ Distributors must keep detailed records and supporting documentation for a period of two (2) years, itemizing their out of pocket costs and fees charged. Herbalife Nutrition may request copies to verify compliance with Rule [3.3.1 Sale of Business Tools Not For Profit](#) and Rule [5.1.1 Training](#), which prohibit Distributors from profiting from Business Tools, trainings or meetings.

8.1.4 Primary Club Operator

One Distributor must be designated as the primary Club operator, who is responsible for and oversees all Club operations.

If multiple Distributors share a common space to operate their Club, the primary Club operator must appoint another Distributor to be responsible when the primary Club operator is not present at the Club.

8.1.5 Good Neighbor Policy

A Club operator must be a good and considerate neighbor and take reasonable steps to respond to requests and complaints.

8.1.6 Comply With the Law

As with other business activities, Distributors shall comply with the legal requirements that apply to Club activities, including business licenses, food permits, fire and safety requirements, and tax obligations.

8.1.7 Required Postings

Every Club operator must post the “Nutrition Club Operator’s Notice” and the “Hygiene and Sanitary Practices Notice” in a prominent location in the Club. The Notices must be at least 8.5” x 11” and in a font size of at least 17 points.⁴⁸

8.1.8 Good Hygiene

Serving Herbalife Nutrition products to Club customers requires a Club operator to practice good hygiene and keep the Club clean and sanitary. The following hygiene practices are required; however, Herbalife Nutrition cannot guarantee that these practices will ensure compliance with local laws. Club operators are responsible for understanding and complying with all applicable food safety laws:

Food Sourcing, Handling and Preparation

- Buy fruits, vegetables and other non-Herbalife Nutrition ingredients from reputable suppliers who maintain high standards for food cleanliness and safety.
- Inspect ingredients for freshness and quality upon delivery and again before use.
- Use purified or bottled water for beverages served at the Club.
- Thoroughly clean and sanitize kitchen equipment before and after each use, including blenders and cutting boards.
- Clean refrigeration units at least once a week.
- Use disposable cups to serve beverages.

Perishable and Non-Perishable Products

- Use older, unexpired products first.
- Wash fruits and vegetables prior to use.
- Store perishable products in a manner that protects them from damage, spoilage, or contamination.
- Store Herbalife Nutrition products and non-perishable ingredients in a cool, clean, well-ventilated space.

⁴⁸ The notices are available for duplication in the forms section of the Sales & Marketing Plan and Business Rules, or on MyHerbalife.com.

Personal Hygiene

- Frequently wash hands and forearms with soap and warm water and always:
 - After using the restroom.
 - Before and after handling any food items.
 - After sneezing, coughing or blowing nose.
 - After smoking, eating, drinking or leaving the Club premises.
 - After touching hair or any other body part.
 - After touching another person.
 - After touching used or dirty kitchen equipment or utensils.
- Keep clothing and hair clean and neat at all times.
- If you feel ill, leave the Club premises even if it requires closing the Club.

Club Premises

- Immediately clean up spills, and warn guests to avoid the affected areas until cleanup is complete.
- Keep multiple covered trash bins lined with high-quality garbage bags throughout the Club and empty them frequently.

8.2 CLUB OPERATIONS

8.2.1 Fees

A Club operator may charge Nutrition Club membership and/or consumption fees at any price the operator chooses. Tiered Nutrition Club fees for additional privileges are permitted.⁴⁹

8.2.2 Club Attendance Not Mandatory

Club attendance is a personal decision for the Club customer, guest, Preferred Member, or Distributor. Club operators must never state or imply that there is an obligation to attend.

8.2.3 Authorized Herbalife Nutrition Products Only

Only Herbalife Nutrition products⁵⁰ may be served, sold, promoted, or otherwise distributed in the Club.⁵¹

8.2.4 Product Offerings

A Club operator may offer products such as shakes, teas, and Herbal Aloe beverages.

All Herbalife Nutrition products must be prepared according to their label instructions, and Distributors may not add alcoholic beverages or medications to any products. In addition, loose tablets may not be served to Club customers.

⁴⁹ If the Club operator is making a taxable sale, he/she may be required to collect and remit sales tax. Club operators must offer copies of receipts for Nutrition Club fees, product purchases and consumption item purchases to Club customers.

Refer to your personal tax advisor for questions regarding whether your Nutrition Club has an obligation to file sales tax returns.

Puerto Rico Residents: A Club operator who provides one or more Nutrition Club fee options may be required to register and collect SUT.

⁵⁰ However, shake add-ons such as fruits, vegetables and flavors are permitted.

⁵¹ **United States Residents:** Only Herbalife Nutrition products authorized for sale in the U.S. may be served or sold in U.S. Clubs.

Puerto Rico Residents: Only Herbalife Nutrition products authorized for sale in Puerto Rico may be served or sold in Puerto Rico Clubs.

Club should ask all customers whether they have any food allergies.

If a customer has an allergy, the Distributor should inform the customer of any allergens that may be present in the foods served at the Club.

Major food allergens include milk, eggs, fish, crustaceans, shellfish, tree nuts, peanuts, wheat and soybeans.

8.2.5 Product Retailing

A Club operator may keep sufficient inventory on hand to service the Club and to retail Herbalife Nutrition products. All Herbalife Nutrition products must be sold unopened and in original Herbalife Nutrition packaging. A Club operator may not:

- Sell, as individual units or single servings, products not packaged and labeled for individual sale including loose tablets, which may not be sold or provided for sampling;
- State or imply that product purchases are required of Club customers.

8.2.6 Proper Disposal of Product Containers

To protect against the counterfeiting of Herbalife Nutrition products, Club operators must deface or destroy product labels or containers before disposal.

8.3 MARKETING, PROMOTION AND ADVERTISING

Published materials and oral statements made to generate interest in Herbalife Nutrition products or the Herbalife Nutrition opportunity are subject to regulation by federal and state authorities. Laws seek to ensure that products and business opportunities are described truthfully and are not misleading.

8.3.1 Claims and Representations

Club customers may share their experiences. However, all claims, representations, and testimonials must comply with the law and the Rules.

Club operators are responsible for all claims and representations made in their Clubs, regardless of who makes them.

Club operators must always use the required disclaimers and make reasonable efforts to correct any statements made in their Clubs that do not comply with the law or the Rules.⁵²

8.3.2 Personal Club Invitations

Consistent with the fundamentals of direct selling, Distributors may extend Club invitations during a conversation or send written (including email) invitations. Club invitations may include:

- The name of the Club and Club operator;
- Phone number;
- The Club address;
- The Club operator's email address;
- The Club hours; and
- Any other content permitted under the Rules.

⁵² See Rule [6.1 Claims and Representations](#).

8.3.3 Club Advertising and Promotion

Because personal interaction supports direct selling, Clubs are not intended to attract “walk-in” traffic. For that reason, advertising and promotion to the general public are limited to:

- Promoting services provided at the Club, such as Weight Loss Challenges, Wellness Evaluations, or wellness presentations;
- Providing the name of the Club and Club operator; and
- Providing the Club phone number and the Club operator’s email address.

The address and hours of a Club may not be included on the advertisement. This information may only be communicated to those who have had prior personal contact with the Club operator.

8.3.4 Residential Nutrition Club Signage Prohibited

Clubs operating from residential locations may not use exterior signage of any kind. For Commercial Club exterior signage Rules, see Rule [8.4.5](#).

8.3.5 Social Media Disclosure

The address of a Nutrition Club may be disclosed on social media, as follows:

- On posts
- On the Distributor page, or the Nutrition Club Facebook page
- By customer check-in, upon visiting a Nutrition Club page
- By creating a “Places” page or listing on Facebook, Instagram and Google

8.4 COMMERCIAL NUTRITION CLUBS

8.4.1 Commercial Club Requirements

Prior to entering into any lease, sublease or purchase of a physical location to operate an Herbalife Nutrition-related business, a Distributor must:

- Have been a Distributor for at least twelve (12) consecutive months;
- Successfully complete Herbalife Nutrition *Keys to Your Business: Commercial Location* training;⁵³
- Prepare a business plan using the interactive Form available on MyHerbalife.com, and make it available to Herbalife Nutrition upon request;⁵⁴ and
- Register the Club online at MyHerbalife.com or by calling Herbalife Nutrition at 866-866-4744.

8.4.2 Retail and Service Establishments

Retail Establishments: Clubs may not operate on the premises of retail establishments (i.e., fixed locations for the onsite sale of goods to the public).

Service Establishments: Clubs may operate on the premises of certain service establishments, such as beauty salons, barber shops, gyms and health clubs, provided Club activities and signage are in an enclosed room and are not visible to passers-by.

Clubs may not operate on the premises of food service establishments.

⁵³ Access the *Keys to Your Business: Commercial Location* training by:

- Visiting the Learning Center of MyHerbalife.com or the Herbalife Nutrition Learning App;
- Calling Herbalife Nutrition at 866-866-4744; or
- Contacting your Regional Ambassadors or Regional Sales Staff.

⁵⁴ Distributors must keep their business plans during the entire term of their Distributorships.

8.4.3 Carry-Outs

Recognizing that social interaction is a valuable part of the Club experience, products served are intended for consumption in the Club. However, customers may carry out up to six (6) full consumptions per visit, which include a shake, tea, aloe or any other any other product consumed at the Nutrition Club.

8.4.4 Product Displays

A Club may display Herbalife Nutrition products, product-related literature, and promotional items, provided the displays are not visible from outside the Club.

8.4.5 Commercial Club Exterior Signage

Clubs are not retail establishments, cafés, restaurants or takeout establishments. Because personal interactions are the foundation of direct selling, Club customers should be attracted to a Club through personal invitation. Limited exterior Club visibility supports the one-on-one relationships that Distributors work hard to establish, as part of their direct selling businesses. These limitations regarding a Club's exterior help avoid attracting passers-by.

As part of the registration process, Distributors are required to submit details regarding proposed exterior signage for Herbalife Nutrition review before entering into a lease, sublease or purchase of a physical location to operate the Club.

The following exterior signage standards apply:

Content, Club Names, and Radius:

- No two Commercial Clubs may have identical names or signage within a 100-mile radius.⁵⁵

Signage may not:

- Imply that Herbalife Nutrition products are available for purchase;
- Be used as an identifier to a specific group (Geographical Location, Distributor Organization, Nutrition Clubs, etc.) in such a way that it may be construed as a Franchise or part of a chain of Nutrition Clubs;

The following are examples of prohibited signage used as identifiers to specific groups:

“Happy Nutrition - Los Angeles”

“Happy Nutrition - Anaheim”

“Happy Nutrition - San Pedro”

“Julie’s Family Club”

“Tom’s Family Club”

“Mary’s Family Nutrition”

- Imply that the occupant has an Herbalife Nutrition business;
- Indicate the services offered through the Club (for example, “Weight Loss Challenge”);
- Use repetitive names or contain numbers to signify multiple locations (e.g., “Rockin’ Wellness #3,” “Rockin’ Wellness #4”); or
- Include the word shake, or use Herbalife Nutrition Intellectual Property, product names or brands, such as:
 - Mark Hughes;
 - Liftoff®;
 - Formula 1®;
 - Nutrition Club; and
 - Herbalife Nutrition.

⁵⁵ This would include anything visible from the exterior that might suggest that the location is a franchise.

The following are examples of signage do's and don'ts:

Do's: "Angela's Wellness Center" "Healthy Lifestyle Club" "The Feel Good Zone."	Don'ts: "Angela's Shake Café" "Healthy Nutrition Bar" "Herbalife Nutrition Weight-Loss Shop."
---	---

8.4.6 Commercial Club Exterior

Commercial Clubs are not retail establishments, cafés, restaurants or takeout establishments. To avoid any misconceptions by passers-by, Commercial Clubs may not have outdoor tables, chairs, or other seating.

Door and window coverings are optional, provided they do not:

- Display Herbalife Nutrition branding (names, logos, etc.);
- Imply that Herbalife Nutrition products are available for purchase;
- Feature "Before & After" photographs; or
- Display the word "shake," pictures of shakes or any other product (even if unbranded).

The following are also not allowed on the Club's exterior:

- Credit card merchant decals or signs;
- Pictures of shakes, blenders, food or products.
- Website references such as ".com," "www," ".net"; or
- Logos, taglines or slogans. (A tagline is a descriptive term used in conjunction with the name of a Club.)

8.4.7 Employees

A Club operator may hire employees⁵⁶ to assist with certain tasks, as long as the employment is in compliance with the law, including wage and hour and other employment laws.

8.4.8 Nutrition Club is not a Franchise

Distributors may not say or imply that a Club is a franchise and may not receive a fee or payment from another Distributor for help or advice related to the opening or operation of a Club (other than as allowed in Rule [8.1.2](#) Distributor-Led Nutrition Club Training).

Clubs are not franchises and are different from franchises in many ways, including:

- Herbalife Nutrition does not charge Distributors a fee to open a Club or ongoing franchise fees.
- Distributors are not required to make any purchases from Herbalife Nutrition.
- Clubs are not subject to franchise laws which require, among other things, the presentation of a franchise disclosure document to potential buyers.

8.4.9 No Assigned or Exclusive Territories

There are no exclusive territories for Clubs. A Club may be opened and operated wherever legally permissible.

8.4.10 Multiple Clubs

A Distributor may not operate Commercial Nutrition Clubs at more than two locations or enter into more than two leases for the purpose of operating Clubs, subject to the exception below.⁵⁷

⁵⁶ Distributors are responsible for the conduct of their employees including compliance with the Rules and the law.

⁵⁷ This Rule applies to a Distributor operating as an individual, through an entity, or by any other means.

A Distributor may enter into more than two leases for the purpose of operating Nutrition Clubs, if in Herbalife Nutrition's absolute discretion; there is sufficient evidence of the following:

- The Nutrition Club is not a franchise (see Rule [8.4.8](#)).
- The Club will not be sold for profit (see Rule [8.4.13](#)).
- Rent or facility charges collected from other Distributors for their use of Club premises is no more than the expenses directly related to the other Distributors' use of the facility (see Rule [8.4.11](#)).
- The Club owner or operator will not allocate Volume to Distributors for the purpose of facilitating qualifications or engage in any other activity that would violate the Sales and Marketing Plan Manipulation Rule (see Rule [3.1.8](#)).

If a Distributor opens a Club for use by his or her downline, the Distributor's Retail Inventory may be retailed by the downline Distributors, in exchange for the value and benefit of using the Club premises. The Documented Volume derived from such sales may be credited to the Distributor's Personally Purchased Volume, if agreed to by all parties.

8.4.11 Sharing Club Premises

A Club operator who charges other Distributors for the use of his or her Club premises may collect, as rent or facility charges, no more than the expenses directly related to the other Distributors' use of the facility. The Club operator may not profit by charging other Distributors for the use of his or her Club premises. All Distributors subleasing space within the Club must complete the Commercial Club requirements set forth in Rule [8.4.1](#).

8.4.12 Sale of Clubs Prohibited

Transfer of Lease: The sale of Clubs is prohibited. However, a Club operator may transfer the Club's lease to another Distributor to operate a Club from that location. Before entering into the lease, the Distributor must first satisfy the Commercial Club operator requirements in Rule [8.4.1](#).

The transferring Club operator may not charge any fees other than the assumption of the rent obligation to the landlord. Once the lease is transferred, the transferee must complete the Nutrition Club registration process.

Sale of Club Items: The transferring Club operator may sell the transferee the furniture, fixtures (including signage) and equipment used in the operation of the Club. However, the purchase price for these items may not exceed the greater of the initial price paid by the transferor, or the fair market value of these items.

8.4.13 Satellite Clubs

Club Operators may prepare and serve Herbalife Nutrition products to customers who have been personally invited to a setting away from their Nutrition Club, whether it be inside another building or outside in the open air, provided they have the required permit(s)⁵⁸ authorizing the preparation and service of food products in those locations.

Products must be prepared as individual servings, in accordance with instructions on the product label. Whether preparing foods at an event for immediate consumption or in advance, Club Operators must comply with applicable health regulations. It is important to follow any applicable regulations for serving and storing prepared foods, as well as the terms of permit.

In addition, the use of food trucks, stands, booths and similar setups are not appropriate for Satellite Club locations and are not permitted.

⁵⁸ A permit may be required depending on the city/state.

Chapter 9 Weight Loss Challenge

The Weight Loss Challenge (“Challenge”) is an optional method of operation available to all Distributors. This method is a fun way for Challenge participants to learn about nutrition. However, it is imperative that Challenge Rules are followed.

9.1 MAXIMUM NUMBER OF PARTICIPANTS

Each Challenge is limited to a maximum of 40 participants.

9.1.1 Fees

Participation Fee: The Participation Fee covers all prize payouts, plus minimal operational costs. Participation Fees may not be used to generate a profit and, under no circumstance, may they exceed \$35.

Weight-Gain Fee: Distributors may charge a weight-gain fee of \$1 per pound for weight gained since a participant’s last recorded weigh-in.

Absence Fee: Distributors may charge an absence fee of \$5 for each absence from a weekly meeting. One (1) absence is allowed without penalty.

The only permissible action for non-payment of Weight-Gain and Absence Fees is disqualification from the Challenge; Distributors may not otherwise press or pursue participants (or former participants) for payment.

9.1.2 Maximum Payout

First-prize payout for each Challenge may not exceed \$599.⁵⁹

9.1.3 Duration

Each Challenge must run for a minimum of 6 weeks.⁶⁰

9.1.4 Weekly Meetings

Weekly meetings are a required element of any Challenge. They may be conducted in any suitable location or online.⁶¹

9.1.5 Recommending Herbalife Nutrition Products

Distributors may always recommend, promote and educate on Herbalife Nutrition products, but may not require that the products be purchased or consumed as part of a Challenge.

9.1.6 Refunding the Participation Fee

The participation fee must be fully refunded if requested by the participant within the first 48 hours of the Challenge start date. Refunds requested more than 48 hours after the Challenge commences may be granted at the discretion of the responsible Distributor(s).

9.1.7 Advertising

Herbalife Nutrition makes a variety of finished ads for Distributors to use in their Challenge. If you make your own ads, they must comply with Herbalife Nutrition Rules and the law.

When advertising a Challenge, Distributors may include their name and phone number in the ad.

⁵⁹ There are 2 reasons for this maximum payout amount:

- Participants should be driven by the results they will achieve, with the “extra” benefit of possibly winning money.
- Larger funds could encourage participants to engage in unhealthy or excessive weight loss and exercise practices.

⁶⁰ Each Challenge should run for 12 weeks. This allows the participants to better reach their goals during the course of the Challenge.

• The Weight Loss Challenge Manual, MyHerbalife.com support materials, and Herbalife Nutrition’s Weight Loss Challenge website for participants (HerbalifeWLC.com) are based on a 12-week program.

⁶¹ Meetings should include a weekly weigh-in, discussion of the participants’ progress, educational talks by the Distributor(s)/coach(es), and formulation of a plan and/or goal for the coming week.

However, if the Challenge will be at a Nutrition Club, the ad may only include:

- The name of the Club.
- The name of the Club operator.
- The Club's phone number.

Distributors may only provide the address for the Challenge through personal interaction, not through the ad.

Challenge ads may not say or imply that money will be paid out merely for participating in a Challenge because only up to four participants in each Challenge may receive cash payouts. However, ads may say that the Challenge winner can earn money.

9.1.8 Required Participation Agreement⁶²

Every participant must review and sign a Participation Agreement, which must be kept on file by the Distributor(s) for at least 1 year from signing and produced to Herbalife Nutrition upon request.

9.1.9 Minimum Age

The minimum age for participation in a Challenge is 14, and persons ages 14 to 17 require written permission from a parent or legal guardian.

9.1.10 Data Privacy and Confidentiality

Distributors may collect only the following personal information from each participant to operate the Challenge: name, address, telephone number, and e-mail address. Distributors may also collect information about participants such as initial weight, weekly weigh-in weights, and waist measurements.

All information must be kept confidential, stored securely, and not be shared with any third party. Distributors may not use the information for purposes other than the Challenge unless the participant has authorized them to do so and Distributors must destroy all information in a secure manner one (1) year after the Challenge is complete unless the participant authorized an alternative use that continued after the Challenge was completed.

⁶² The Participation Agreement form is available at MyHerbalife.com.

Chapter 10 Enforcement Procedures

The Rules protect the Herbalife Nutrition opportunity and brand. Violations can adversely influence the opinions of regulators, the media and the public about Herbalife Nutrition, its products and its Distributors. While many Rule violations may be resolved by educating the Distributor about the Rules and proper business practices, there are instances where violations of the Rules merit more severe penalties.

Distributors are strongly encouraged to promptly report alleged violations of the Rules to Herbalife Nutrition in order to protect the goodwill and reputation of Herbalife Nutrition and its Distributors. Herbalife Nutrition generally will only act on complaints brought within one year of when the Distributor knew or should have known of the violation but reserves the right to conduct an inquiry at any time.⁶³

10.1 COMPLAINT PROCEDURE

Distributors should report suspected violations to Herbalife Nutrition at MyHerbalife.com or by calling Herbalife Nutrition toll free at 866-866-4744. Required information includes the nature of the complaint and the factual details that support the allegations.⁶⁴

Distributors may not discourage a Customer or Distributor from making a complaint or retaliate in any way.

10.1.1 Inquiry

If Herbalife Nutrition determines, in its sole and absolute discretion, that there is sufficient information to support an allegation, Herbalife Nutrition will contact the Distributor who is the subject of the complaint to permit the Distributor an opportunity to respond. In certain circumstances it may be necessary to place restrictions on a Distributorship while an inquiry is in process.

Restrictions may include a prohibition from attending Herbalife Nutrition events and suspension or denial of:

- Buying privileges;
- Payment of Royalty Overrides;
- Payment of TAB Team Production Bonus;
- Awards or benefits (i.e., vacations, pins, etc.);
- Speaking at Herbalife Nutrition-sponsored training seminars or meetings;
- Qualifications in progress; and/or
- The right to represent oneself as an Herbalife Nutrition Distributor.

10.1.2 Sanctions

Violations of the Rules may result in legal or regulatory challenges for Herbalife Nutrition and endanger the business for all Distributors. For this reason, penalties may be substantial. Herbalife Nutrition shall have sole and absolute discretion to determine the appropriate penalty based on the nature of the violation and consequence that resulted or could result, including:

- Suspension of all Distributor rights and privileges;
- Monetary sanctions;
- Obligation to reimburse Herbalife Nutrition legal fees;
- Prohibition from attending or speaking at Herbalife Nutrition sponsored events;
- Disqualification from participation in the annual Mark Hughes Bonus;

⁶³ Herbalife Nutrition's enforcement of the Rules shall not create liability to pay compensation for loss of profits or goodwill, or any consequential damages.

⁶⁴ Factual details include names, addresses, and telephone numbers of persons involved as well as dates, times, places, etc.

- Disqualification from participation in the Production Bonus program;
- Permanent loss of lineage;
- Volume and earnings adjustments;⁶⁵ and/or
- Termination of Distributorship (see “Termination or Deletion of a Distributorship” below).

If Herbalife Nutrition concludes that other Distributors assisted, encouraged or were party to the violations, Herbalife Nutrition also may hold such Distributors responsible for the violations.

Herbalife Nutrition reserves the right to publish the violating Distributor’s name, the facts and circumstances of the violation, and penalty.

10.1.3 Requests for Reconsideration (unrelated to Terminations)

Distributors may submit a request for Herbalife Nutrition reconsideration of a decision within 15 days of the date of the decision. When requesting reconsideration, the Distributor may submit additional information they believe should be considered, and must also state why this information was not provided during the inquiry. If the reconsideration request is not submitted within the 15-day period, the request will be denied, although Herbalife Nutrition reserves the right to consider evidence submitted beyond the 15-day period in its sole and absolute discretion.

10.1.4 Termination of a Distributorship

Herbalife Nutrition may, in its sole and absolute discretion, terminate a Distributorship if a Distributor violates the Rules.⁶⁶

The termination is effective on the date in Herbalife Nutrition written notification to the Distributor. Upon termination, the Distributor will have no claim against Herbalife Nutrition as a result of the termination. A terminated Distributor⁶⁷ may no longer:

- conduct business as a Distributor;
- represent himself as an Herbalife Nutrition Independent Distributor;
- use Herbalife Nutrition trade name, logo, trademarks and other intellectual property; and
- attend Herbalife Nutrition trainings, meetings, social events or promotions, even as a spouse or guest of a Distributor.

10.1.5 Appealing a Termination

Distributors may, submit a request for Herbalife Nutrition reconsideration of a termination decision within 15 days of the date of the decision. When requesting reconsideration, the Distributor may submit additional information they believe should be considered and must also state why this information was not provided during the inquiry. If the reconsideration request is not submitted within the 15-day period, the request will be denied, although Herbalife Nutrition reserves the right to consider evidence submitted beyond the 15-day time frame in its sole and absolute discretion.

⁶⁵ Volume and earnings adjustments resulting from corrective measures to resolve dual Distributorship violations will not include activity occurring more than two years before the date the complaint was received by Herbalife Nutrition.

⁶⁶ Termination means the complete cancellation of a Distributorship and revocation of the Distributor’s right to conduct the Herbalife Nutrition business. This includes cancellation of the Distributor’s right to receive any further income from the Distributorship.

⁶⁷ These prohibitions also apply to Distributors who resign or otherwise leave the Herbalife Nutrition business while under an inquiry for possible Rule violations.

The appeal will be reviewed by a committee comprised of an appointed representative from each of the Sales Department, the Distributor Services Department, and the Legal Department (the "Review Committee"). A majority of the Review Committee may uphold the termination, reinstate the Distributorship, or recommend an alternative penalty for the alleged violations. In reviewing a termination decision, the Review Committee will consider whether the alleged violation was material. This decision shall not create liability to pay compensation for loss of profits or goodwill.

Chapter 11 Additional Legal Provisions

References below to “Agreement” mean the Application and entire contractual relationship between Distributor and Herbalife Nutrition.

11.1 DAMAGES

To the fullest extent allowed by applicable law, neither Herbalife Nutrition nor Distributor shall be liable to the other for any incidental, consequential, special, exemplary or punitive damages under any legal or equitable theory, regardless of whether the possibility of such damages is known by either party.

11.2 Waiver and Delay

Herbalife Nutrition may address Rules violations or other breaches of the Agreement with any Distributor in its sole and absolute discretion. No failure, refusal or neglect of Herbalife Nutrition to exercise any right, power or option under the Agreement shall constitute a waiver of the provisions or a waiver by Herbalife Nutrition of its rights at any time under the Agreement.

11.3 Severability

Except as otherwise provided in [Chapter 12.2 below](#), if any provision in the Agreement is found to be invalid, illegal, or unenforceable in any respect, it shall be severed from the Agreement and have no effect on the remainder of the Agreement, which shall remain in full force and effect. Further, there shall be added automatically as part of the Agreement a provision as similar as possible to the severed provision that would be legal, valid, and enforceable.

11.4 Choice of Law

The Agreement, and any dispute arising from the relationship between Herbalife Nutrition and Distributor, shall be governed by California substantive law without the application of conflict of law principles, except that the interpretation and enforcement of [Chapter 12](#) Arbitration shall be governed by federal law.

11.5 Indemnification

Distributor will indemnify, defend, and hold Herbalife Nutrition harmless from any suit, action, demand, prosecution or claim, including all costs, liabilities and damages, relating to or arising from Distributor's breach of the Agreement or the conduct of Distributor's Herbalife Nutrition business. Herbalife Nutrition may, among other things, offset amounts it owes to Distributor to satisfy any obligations arising under this indemnity.

11.6 Claims Between Distributors

Herbalife Nutrition shall not be liable to any Distributor for any cost, loss, damage, or expense suffered by any Distributor directly or indirectly as a result of any act, omission, representation, or statement by another Distributor.

Chapter 12 Arbitration Agreement

Distributors and Herbalife Nutrition agree to submit to arbitration any disputes that they cannot resolve informally. Herbalife Nutrition reserves the right (with some restrictions) to amend the Arbitration Agreement. The current version is below. References below to “Agreement” mean the entire contractual relationship between Distributor and Herbalife Nutrition.

12.1 Overview

Herbalife Nutrition will try to resolve any dispute amicably and informally. However, if there is a dispute that cannot be resolved informally, Herbalife Nutrition and Distributor each agrees, subject to Rules [12.2](#) and [12.3](#) below, to resolve the dispute solely and exclusively by binding arbitration. Arbitration proceedings are designed to provide parties with a fair hearing that is faster and less formal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge or jury, allows for limited discovery, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award. The following provisions are referred to as the “Arbitration Agreement.”

Puerto Rico Residents: Puerto Rico does not have small claims courts. Any variation in terms in this Arbitration Agreement for Puerto Rico Residents is indicated below in italics.

12.2 Jury and Class Action Waiver

Herbalife Nutrition and Distributor both waive the right to trial by jury. Also, any arbitration under the Agreement shall take place on an individual basis; class or representative actions shall not be permitted. If the foregoing provision is, for any reason, found to be unenforceable, then the Arbitration Agreement shall be null and void (but the Agreement shall remain in full force and effect).

Puerto Rico Residents: Distributors in Puerto Rico agree that Herbalife Nutrition and Distributor are each waiving the right to a trial in any local or Federal Court of justice in Puerto Rico.

12.3 Scope

Herbalife Nutrition and Distributor agree, with two exceptions, to arbitrate all disputes and claims between them, including, without limitation, disputes or claims arising out of or relating to the Agreement, the Rules of Conduct, Sales & Marketing Plan decisions, relationships with other Distributors, and the purchase, sale or use of Herbalife Nutrition products, and regardless of whether the dispute or claim arose before Distributor’s contractual relationship with Herbalife Nutrition. The two exceptions are: (1) either Herbalife Nutrition or Distributor may bring suit in court to enjoin infringement or other misuse of intellectual property rights, and (2) Distributor may bring an individual action for monetary damages (but no other relief) in small claims court where permitted by law.

12.4 Applicable Rules

The interpretation and enforcement of this Arbitration Agreement is governed by the Federal Arbitration Act. Any arbitration that is commenced pursuant to this Arbitration Agreement is governed by the Commercial Arbitration Rules (“AAA Rules”) of the American Arbitration Association (“AAA”), except as modified herein, and will be administered by the AAA. The AAA Rules are available online at adr.org, by calling the AAA at 1-800-778-7879, or by writing to the Herbalife Nutrition Notice Address, Office of the General Counsel, Herbalife International of America, Inc., 800 West Olympic Blvd., Suite 406, Los Angeles, CA 90015.

12.5 Commencing Arbitration

Forms and instructions for giving notice and commencing arbitration can be obtained at <http://www.adr.org>, by calling the AAA at 1-800-778-7879, or by writing to the Herbalife Nutrition Notice Address. If either Herbalife Nutrition or Distributor is sued in arbitration, they may assert any counterclaims they may have against the other party.

12.6 Arbitration Fees

For any arbitration initiated by Distributor in accordance with the AAA Rules, Herbalife Nutrition will pay all administration and arbitrator fees and will promptly reimburse Distributor for any initial filing fee unless (i) Distributor seeks more than \$75,000 in damages, or (ii) the arbitrator finds that Distributor’s claim or demand for relief is frivolous or was brought for an improper purpose under the standards of Federal Rule of Civil

Procedure 11(b), in which case the payment of fees will instead be governed by the AAA Rules and Distributor must reimburse Herbalife Nutrition for any payments that would have been Distributor's obligation to pay under the AAA Rules.

12.7 Arbitration Procedure

All arbitration procedures, including, without limitation, representation by counsel, determinations of arbitrability, selecting and communicating with the arbitrator, discovery, confidentiality, pre-hearing conferences, and evidentiary hearings, will be governed by the AAA Rules. **Note: As explained in the AAA Rules, the arbitrator shall determine the scope and enforceability of this Arbitration Agreement and the arbitrability of any disputes.** Hearings will take place in the county (or parish) where Distributor resides, unless the parties agree otherwise.

12.8 Arbitration Award

The arbitrator shall issue a written award in accordance with the AAA Rules, but may only award declaratory or injunctive relief in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. Regardless of whether attorneys' fees and costs are recoverable by law, Herbalife Nutrition will pay Distributor's reasonable attorneys' fees and costs if the arbitrator issues an award in Distributor's favor, unless Herbalife Nutrition made a written settlement offer worth more than the award before an arbitrator was selected. Herbalife Nutrition will be responsible for its own attorneys' fees and costs.

12.9 Amendments

No amendment or modification of the Agreement will apply to claims that have accrued or are otherwise known to Herbalife Nutrition at the time of the amendment, modification, or termination.

Chapter 13 Privacy and Data Protection

Unless otherwise indicated, Herbalife Nutrition collects uses and shares “Personal Information” (e.g., your first and last name, mailing address, city, state, zip code, telephone number, email address, credit card, and banking information) in accordance with its Privacy Policy located at <http://www.herbalife.com/privacy-policy>. California residents, please see our Supplemental Privacy Notice for California Residents (<https://www.herbalife.com/privacy-policy#CaliforniaSupplement>) (a paper copy is available upon request).

Because of the unique nature of multi-level marketing, Distributors may receive Personal Information about others directly from Herbalife Nutrition, such as information regarding other Distributors and Preferred Members in a Distributor’s downline, Customers or referrals who express interest in Herbalife Nutrition products or services, or individuals who use our online properties and mobile applications (“Sites”). (The downline organization consists of all Distributors and Preferred Members that were personally sponsored by a particular Distributor, and in turn, all other persons sponsored by the subsequent Distributors.) Once Herbalife Nutrition provides Personal Information to a Distributor, he or she is responsible for it and must keep it strictly confidential. Distributors may only use this Personal Information to develop their Herbalife Nutrition business relationship with their downline, Customers or referrals, unless they have received consent from the individual to use his or her Personal Information for other purposes.

One way that Herbalife Nutrition shares information with Distributors is through Lineage Reports. These reports contain information regarding other Distributors and Preferred Members within a Distributor’s downline, such as their name and contact information, their Herbalife Nutrition Identification Number, and business metrics such as their level or rank, volume and sales statistics. Lineage Reports are provided to Distributors in the strictest confidence and for the sole purpose of supporting the Distributors in further developing their Herbalife Nutrition businesses. Lineage Reports, including all Personal Information and other data contained therein, constitute confidential, proprietary trade secrets of Herbalife Nutrition. Distributors may not collect, distribute or gather confidential information or personal or aggregate information about other Herbalife Nutrition Distributors, their Customers or the Preferred Members they sponsor, except in connection with their downlines and solely for the purposes of promoting their Herbalife Nutrition businesses, and to manage, motivate and train their downlines.

Distributors may also collect Personal Information from individuals directly or by other means, such as when they collect contact and payment information from Customers to process product orders. Distributors must abide by applicable privacy and data protection laws, including international data transfer restrictions, with respect to all Personal Information obtained by Distributor (from Herbalife Nutrition or otherwise) in connection with the Distributor’s Herbalife Nutrition business. In addition, it is the Distributor’s responsibility to maintain the security of all Personal Information that he or she receives.

Chapter 14 Definitions

Applicant: A person applying to become an Herbalife Nutrition Independent Distributor.

Agreement: The Herbalife Nutrition Distributorship Application and Agreement and the entire contractual relationship between the Distributor and Herbalife Nutrition, including the Sales and Marketing Plan, the Rules of Conduct and other documents posted on MyHerbalife.com and contained in the Sales & Marketing Plan and Business Rules in the IBP.

Association: In a divorce, or dissolution of a Life Partner relationship, the combination of volume between the original Distributorship and the new separate Distributorship of the divorced couple or the former Life Partners, for the purpose of earnings percentage calculation.

Autodialer: Equipment that dials, or has the capacity to dial, telephone numbers automatically (even if the Distributor does not actually use the equipment to automatically dial numbers). Any computerized equipment that performs the dialing function or could reasonably be modified to do so (such as by installing a software upgrade) should be treated as an Autodialer, whether or not the machine is pre-programmed with a list of numbers or dials numbers on a random basis.

Broadcast Fax or Blast Fax: Sending a fax to recipients who have not requested the fax, including equipment that can send multiple faxes to multiple recipients.

Business Tool: A sales aid which has not been made by Herbalife Nutrition.

Challenge: Weight Loss Challenge.

Claim: Any statement, story, image or video about Herbalife Nutrition products, or the Herbalife Nutrition opportunity.

Club: Nutrition Club.

Commercial Club: A Club in a non-residential location.

Company: Herbalife International of America, Inc.

Corporate Communications: Herbalife Nutrition Corporate Communications Department.

Customer: Preferred Members or retail customers

Distributor: An Herbalife Nutrition Independent Distributor.

Distributorship: A Distributor's Herbalife Nutrition independent business.

Earnings Claims: Any expressed or implied Claim regarding a Distributor's actual or potential income achieved through the Herbalife Nutrition opportunity.

Established Business Relationship (EBR): A prior relationship between a Distributor and a telephone subscriber based on the subscriber's inquiry, application, purchase or transaction regarding the Distributor's products or services.

Exotic Automobile: Exotic automobiles are cars that are out-of-the ordinary, expensive, and have a stunning look unlike common cars.

Fee: Annual Distributorship Services Fee which is charged by Herbalife Nutrition for computer processing and other services provided to Distributors.

Former Participant: A former Distributor, Preferred Member, spouse, Life Partner, or an individual who assisted in a Distributorship.

General Public: People with whom a Distributor has not had prior personal contact in any matter.

Herbalife Nutrition Intellectual Property: Herbalife Nutrition copyrighted materials, trademarks, trade names, trade dress, and trade secrets.

Herbalife Nutrition Retail Receipts: Receipts are required to (1) document sales, and (2) be provided to Customers. Find more information about Herbalife Nutrition Retail Receipts by visiting [MyHerbalife.com](#).

Herbalife Nutrition Satisfaction Guarantee: Herbalife Nutrition 30-day money-back product guarantee for all Customers.

IBP: International Business Pack. An IBP is Herbalife Nutrition starter kit for Distributors. IBPs contain Herbalife Nutrition products, promotional materials, and literature to assist a Distributor in starting their Herbalife Nutrition business.

Lavish Lifestyle: A lavish lifestyle claim is one depicting a style of living that is extravagant, rich, costly, expensive, elaborate, grand, posh or luxurious.

Leads: Prospects for Herbalife Nutrition products or the Herbalife Nutrition opportunity, as well as leads-related advertising, advertising slots, or decision packs.

Life Partner: A person designated by a Distributor as their Life Partner on the “Add Life Partner Request Form”.

Lifestyle Claims: Any expressed or implied Claim suggesting that a Distributor can attain a certain lifestyle, or purchase certain items, by participating in the Herbalife Nutrition opportunity.

Lineage Reports: These reports contain information regarding other Distributors and Preferred Members within a Distributor’s downline, such as their name and contact information, their Herbalife Nutrition Identification Number, and business metrics such as their level or rank, volume and sales statistics.

Materials: Herbalife Nutrition produced literature and sales aids.

MLM: Multi-level Marketing.

Net Impression: Net impression is the message that one takes away when viewing the entirety of the claim. This includes elements such as words, images, hashtags, disclaimers, etc.

Nutrition Clubs: Nutrition Clubs provide a supportive community setting for people who wish to focus on good nutrition through the consumption of Herbalife Nutrition products.

Opt Out Notice: A clear and conspicuous notice that must accompany all faxes sent by Distributors in connection with Herbalife Nutrition. See Rule [7.6.5 Unsolicited Faxes](#) for the details that must be contained in the Opt Out Notice.

Participation Agreement: The document all participants must sign and submit before participating in a Challenge. Find more about the Participation Agreement by visiting [MyHerbalife.com](#).

Period of Inactivity: A waiting period where Former Participants may not participate in the Herbalife Nutrition business in any way prior to changing Sponsors.

Waiting Period

Supervisors and Below - one-year

- World Team and above – two years (at time of deletion - from resignation or expiration of the annual Membership services fee)

See Rule [2.1.10 Period of Inactivity](#) for more information.

Personal Information: Information about a person such as first and last name, mailing address, city, state, zip code, telephone number, email address, credit card, and banking information.

Preferred Member: A Preferred Member is entitled to purchase Herbalife Nutrition product directly from Herbalife Nutrition at a discount. A Preferred Member is not allowed to (1) sell Herbalife Nutrition product or services; (2) recruit or sponsor others to be Herbalife Nutrition Independent Distributors or Preferred Members; or (3) receive compensation under the Sales & Marketing Plan.

Pricing Information: Information that gives any indication of price. See Rule [6.4.2 Price Advertising](#) for more information.

Primary Club Operator: The person who is responsible for and oversees all Club operations.

Prior Express Written Consent: A written agreement or email between a Distributor and consumer clearly stating (a) the consumer agrees to receive advertisements automated or prerecorded from the Distributor regarding the Herbalife Nutrition products or opportunity, including the telephone or fax number through which such contact may be made, (b) that the consumer is not required to agree to receive such messages as a condition of purchasing Herbalife Nutrition products, and (c) any other disclosures as may be required by applicable law. This agreement must also bear the signature of the person providing consent (the signature can be electronic or digital pursuant to state and federal law).

Prohibited Countries: Countries on Herbalife Nutrition Prohibited Countries list. This list is available on MyHerbalife.com.

Review Committee: The committee that reviews an appeal of a Distributor termination decision. Consists of an appointed representative from each of the Sales Department, the Distributor Services Department and the Legal Department.

Rules: The Herbalife Nutrition Rules of Conduct and all other rules, policies and advisories that Herbalife Nutrition issues from time to time.

Sales & Marketing Plan: The Herbalife Nutrition Sales & Marketing Plan.

Sponsor: The Distributor who brings another Distributor into the Herbalife Nutrition business.

Telemarketing: The act of selling, soliciting, marketing, promoting, or providing information about a product or service using a telephone, cell phone, text message, fax machine, autodialer, pre-recorded or artificial voice recording, or like device.

Transferee: The Distributor to whom a Distributorship is transferred.

Transferor: The former Distributor who is transferring his or her Distributorship to another person.



DIRECT SELLING ASSOCIATION

Code of Ethics

Table of Contents

A. Code of Conduct.....	1
1. Deceptive or Unlawful Consumer or Recruiting Practices.....	1
2. Products, Services and Promotional Materials	3
3. Terms of Sale	4
4. Warranties and Guarantees.....	5
5. Identification and Privacy	5
6. Pyramid Schemes.....	5
7. Inventory Purchases.....	6
8. Earnings Representations	9
9. Inventory Loading.....	11
10. Payment of Fees	12
11. Training and Materials	12
B. Responsibilities and Duties	13
1. Prompt Investigation and No Independent Contractor Defense.....	13
2. Required Code Communication	14
3. Code Responsibility Officer.....	15
4. Extraterritorial Effect.....	15
C. Administration	15
1. Interpretation and Execution.....	15
2. Code Administrator	16
3. Procedure	16
D. DSA Code of Ethics Enforcement Procedures	17
1. Receipt of Complaint	17
2. Cooperation with the Code Administrator.....	17
3. Investigation and Disposition Procedure	18
4. Appeals Review Panel.....	18
5. Appeals Review Procedure	19

E. Powers of the Administrator.....20

- 1. Remedies20
- 2. Case Closed.....20
- 3. Refusal to Comply 21
- 4. Appeal for Reinstatement after Suspension
or Termination 21
- 5. Referral to State or Federal Agency 21

F. Restrictions 21

- 1. Conferring with Others 21
- 2. Documents22
- 3. Pending Members of DSA.....22
- 4. Public Reporting of Code of Ethics Complaints and
Compliance Efforts.....22

G. Resignation..... 23

H. Amendments..... 23

Code of Ethics

Explanatory provisions in italics.

Preamble

The Direct Selling Association (“DSA”), recognizing that companies engaged in direct selling assume certain responsibilities toward consumers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies will continue to adhere to in the conduct of their business.

A. Code of Conduct

1. Deceptive or Unlawful Consumer or Recruiting Practices

- a. No member company or independent salesperson for a member company shall engage in any deceptive, false, unethical or unlawful consumer or recruiting practice. Member companies shall ensure that no statements, promises or testimonials are made that are likely to mislead consumers or prospective independent salespeople.
- b. Member companies and their independent salespeople must comply with all requirements of law. While this Code does not restate all legal obligations, compliance with all pertinent laws by member companies and their independent salespeople is a condition of acceptance by and continuing membership in DSA.

- ▶ 1. *This section does not bring “proselytizing” or “salesforce raiding” disputes under the Code’s jurisdiction, unless such disputes involve allegations of deceptive, unethical or unlawful recruiting practices or behaviors aimed at potential salespeople. In those cases, the section applies. As used in this section, “unethical” means violative of the U.S. DSA Code of Ethics.*

The DSA Code Administrator appointed pursuant to Section C.1 (“Administrator”) has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code using prevailing legal standards as a guide. Compliance with any particular law, regulation or DSA Code of Ethics provision is not a defense to a determination by the Administrator that a practice is deceptive, unlawful or unethical. For example, in a sale to

CONTINUED ON THE NEXT PAGE

c. Member companies shall conduct their activities toward other member companies in compliance with this Code and all pertinent laws.

d. Information provided by member companies and their independent salespeople to prospective or current

independent salespeople concerning the opportunity and related rights and obligations shall be accurate and complete. Member companies and their independent salespeople shall not make any factual representation to prospective independent salespeople that cannot be verified or make any promise that cannot be fulfilled. Member companies and their independent salespeople shall not present any selling opportunity to any prospective independent salesperson in a false, deceptive or misleading manner.

e. Member companies and their independent salespeople shall not induce a person to purchase products or services based upon the representation that a consumer can recover all or part of the purchase price by referring other consumers, if such reductions or recovery are violative of applicable referral sales laws.

f. Member companies shall provide to their independent salespeople either a written agreement to be signed by both the member company and the independent salesperson, or a written statement containing the essential details of the relationship between the independent salesperson and the member company. Member companies shall inform their independent salespeople of their legal obligations, including their responsibility to handle any applicable licenses, registrations and taxes.

g. Member companies shall provide their independent salespeople with periodic accounts including, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the member company's arrangement with the independent salesperson. All monies due shall be paid and any withholdings made in a commercially reasonable manner.

h. Independent salespeople shall respect any lack of commercial experience of consumers. Independent salespeople shall not abuse

1. CONTINUED...

a consumer, compliance with the Federal Trade Commission Cooling-Off Rule does not prevent the Administrator from making a determination that a particular sales practice is deceptive, unlawful or unethical and that a refund or compensation is required.

the trust of individual consumers, or exploit a consumer's age, illness, handicap, lack of understanding or unfamiliarity with a language.

2. Products, Services and Promotional Materials

- a. The offer of products or services for sale by member companies and their independent salespeople shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model and availability. All product claims made by member companies and their independent salespeople must be substantiated by competent and reliable evidence and must not be misleading. A consumer's order for products and services shall be fulfilled in a timely manner.
- b. Neither member companies nor their independent salespeople shall make misleading comparisons of another company's direct selling opportunity, products or services. Any comparison must be based on facts that can be objectively and adequately substantiated by competent and reliable evidence. Neither member companies nor their independent salespeople shall denigrate any other member company, business, product or service—directly or by implication—in a false or misleading manner and shall not take unfair advantage of the goodwill attached to the trade name and symbol of any company, business, product or service.
- c. Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are false, deceptive or misleading. (Promotional literature shall contain the name and address or telephone number of the member company and may include the telephone number of the individual independent salesperson).
- d. Independent salespeople shall offer consumers accurate information regarding: price, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Independent salespeople shall give understandable and accurate answers to questions from consumers. To the extent claims

▶ 1. and 2. These sections cover communications about your own company or another company. For example, this section covers misleading statements made by an independent salesperson for company A about company B and/or its products to consumers or prospective independent salespeople.

are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

3. Terms of Sale

- a. A written order or receipt shall be delivered to the consumer at or prior to the time of the initial sale. In the case of a sale made through the mail, telephone, Internet, or other non-face-to-face means, a copy of the order form shall have been previously provided, be included in the initial order, or be provided in printable or downloadable form through the Internet. The order form must set forth clearly, legibly and unambiguously:
 1. Terms and conditions of sale, including the total amount the consumer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;
 2. Identity of the member company and the independent salesperson, and contain the full name, permanent address and telephone number of the member company or the independent salesperson, and all material terms of the sale; and
 3. Terms of a guarantee or a warranty, details and any limitations of after-sales service, the name and address of the guarantor, the length of the guarantee, and the remedial action available to the consumer. Alternatively, this information may be provided with other accompanying literature provided with the product or service.
- b. Member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three business days from the date of the purchase transaction and receive a full refund of the purchase price.
- c. Member companies and their independent salespeople offering a right of return, whether or not conditioned upon certain events, shall provide it in writing.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with the terms of all warranties and guarantees offered to consumers.

5. Identification and Privacy

- a. At the beginning of sales presentations independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation shall stop upon the consumer's request.
- b. Member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, independent salesperson or prospective independent salesperson.

6. Pyramid Schemes

For the purpose of this Code, pyramid or endless chain schemes shall be considered actionable under this Code. The DSA Code Administrator (appointed pursuant to Section C.1) shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

- ▶ 6. The definition of an "illegal pyramid" is based upon existing standards of law as reflected in *In the matter of Amway*, 93 FTC 618 (1979) and the anti-pyramid statutes of various states. In accordance with these laws, member companies shall remunerate independent salespeople primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on purchases that are not simply incidental to the purchase of the right to participate in the program. See Section 9 for further clarification.

7. Inventory Purchases

a. Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall adopt and communicate a policy, in its recruiting literature, sales manual, or contract with an independent salesperson, that the company will repurchase on reasonable commercial terms currently marketable inventory and company produced promotional materials, sales aids, tools and kits, in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the independent salesperson's business relationship with the company. For purposes of this Code, "reasonable commercial terms" shall include the *repurchase of marketable inventory, and company produced promotional materials, sales aids, tools and kits* within twelve (12) months from the salesperson's date of purchase at not less than 90 percent of the salesperson's original net cost less appropriate set offs and legal claims, if any. For purposes of this Code, products shall not be considered "currently marketable" if returned for repurchase after the products'

► 7a. The purpose of the buyback is to eliminate the potential harm of "inventory loading;" i.e., the practice of loading up salespeople with inventory they are unable or unlikely to be able to sell or use within a reasonable time period. Inventory loading has historically been accomplished by giving sellers financial incentives for sales without regard to ultimate sales to or use by actual consumers. The repurchase provisions of the Code are meant to deter inventory loading and to protect distributors from financial harm that might result from inventory loading. Company-produced sales aids, kits and promotional materials, while not inventory, are subject to the repurchase requirement consistent with this section. Sales aids, kits and promotional materials that are produced by a third party, i.e. non-company produced, shall not be subject to the buyback.

"Inventory" is considered to include both tangible and intangible product; i.e., both goods and services. "Current marketability" of inventory shall be determined on the basis of the specific condition of the product. Factors to be considered by the DSA Code Administrator (appointed pursuant to Section C.1) when determining "current marketability" are condition of the goods and whether or not the products have been used or opened.

Changes in marketplace demand, product formulation, or labeling are not sufficient grounds for a claim by the company that a product is no

CONTINUED ON THE NEXT PAGE

commercially reasonable usable or shelf life period has passed; nor shall products be considered “currently marketable” if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

- b. The DSA Code Administrator appointed pursuant to Section C.1, upon finding a member company has engaged in false, misleading or deceptive recruiting practices, may employ any appropriate remedy to ensure any complainant shall not incur significant financial loss as a result of such prohibited behavior, including but not limited to requiring such member company to repurchase any and all inventory, and company produced promotional materials, sales aids and/or kits which a complainant has purchased.

7a. CONTINUED...

longer “marketable.” Nor does the ingestible nature of certain products limit the current marketability of those products. Government regulation that may arguably restrict or limit the ultimate resalability of a product does not limit its “current marketability” for purposes of the Code. State statutes mandate that certain buyback provisions required by law must be described in an independent salesperson’s contract.

While acknowledging that the contract is probably the most effective place for such information, the DSA Code allows for placement of the provision in either “its recruiting literature, sales manual or contract.” Regardless, the disclosure must be in writing and be clearly stated. Wherever disclosed, the buyback requirement shall be construed as a contractual obligation of the company. A member company shall not place any unreasonable or procedural impediments in the way of salespeople seeking to sell back products to the member company. Direct Selling Association Code of Ethics 9 The buyback process should be as efficient as possible and designed to facilitate buyback of products. The buyback provisions apply to all terminating independent salespeople who otherwise qualify for such repurchase, including independent salespeople who are not new to a particular company, or those who have left a company to sell for another company. The buyback policy should be published

CONTINUED ON THE NEXT PAGE

7a. CONTINUED...

in multiple locations and formats, and stated in a manner understood easily by a typical independent salesperson. It should be the goal of each member company to ensure that the typical independent salesperson is aware of the company's buyback policy. Therefore, each member company should undertake its best efforts to ensure the effective communication of the policy.

8. Earnings Representations

a. The following shall be considered “earnings representations” under this Code:

1. Any oral, written or visual claim that conveys, expressly or by implication:

- a) A specific level or range of actual or potential sales; or
- b) Gross or net income or profits, including but not limited to representations that either explicitly or implicitly suggest that lifestyle purchases—including homes, vehicles, vacations and the like—are related to income earned.

2. Any statement, representation or hypothetical scenario from which a prospective independent salesperson could reasonably infer that he/she will earn a minimum level of income;

3. Any chart, table or mathematical calculation demonstrating possible income, actual or potential sales, or gross or net profits based upon a combination of variables;

4. Marketing materials or advertising explicitly describing or promising potential income amounts, or material-based lifestyles of independent salespeople;

▶ 8. There is ample legal precedent in the form of FTC decisions to afford guidance on the subject of earnings representations. While not controlling, these precedents should be used by the Administrator in making determinations as to the substantiation of a member company's earnings claims.

The Code's simple prohibition of misrepresentations was intended, in part, to avoid unduly encumbering start-up member companies that have little or no actual earnings history with their compensation plan or established member companies that are testing or launching new compensation plans. The prohibition approach is meant to require that member companies in these circumstances need only ensure that their promotional literature and public statements clearly indicate that the compensation plan is new and that any charts, illustrations and stated examples of income under the plan are potential in nature and not based upon the actual performance of any individual(s).

5. Any award or announcement of compensation describing the earnings of any current or past salesperson. A company's sales incentive awards, trips or meetings, and/or commissions, overrides, bonuses or other compensation, shall not be considered earnings representations unless they are accompanied by express indication of their value.
- b. Member companies must comply with, and obligate their independent salespeople to also comply with, the following standards:
 1. Earnings representations and sales figures must be truthful, accurate, and presented in a manner that is not false, deceptive or misleading.
 2. Current and prospective independent salespeople must be provided with sufficient information to understand that:
 - a) Actual earnings can vary significantly depending upon time committed, skill level and other factors;
 - b) Not everyone will achieve the represented level of income; and
 - c) Such amounts are before expenses, if any.
 3. Current and prospective independent salespeople must be provided with sufficient information to enable a reasonable evaluation of the opportunity to earn income.
 4. If a specific independent salesperson's commission or bonus payments are included in an earnings representation, any distributions made for those payments to others in the sales organization must be disclosed or deducted from the figure(s) used.
 5. Any sales and earnings representations must be documented and substantiated. Member companies and their independent salespeople must maintain such documentation and substantiation, making it available to the Administrator upon written request.
 6. Industry-wide—including DSA-produced—financial, earnings or performance information cannot be used as the primary source in documenting or substantiating a member company's or independent salesperson's representations. Such information can, however, be used in a general manner.

- c. In assessing whether an earnings representation violates this section of the Code, the Administrator shall consider all relevant facts and information, including but not limited to the factors outlined in this section.

9. Inventory Loading

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed by the independent salesperson within a reasonable period of time.

Member companies shall take clear and reasonable steps to ensure that independent salespeople are consuming, using or reselling the products and services purchased.

It shall be considered an unfair and deceptive recruiting practice for a member company or independent salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. The Administrator may employ any appropriate remedy to ensure any individual salesperson shall not incur significant financial loss as a result of such prohibited behavior.

- 9. See, Code Explanatory Section 7a. regarding inventory loading.

This provision should be construed in light of the regulatory admonition that commissions be generated by purchases that are not simply incidental to the purchase of the right to participate in the program (see Federal Trade Commission 2004 Advisory Opinion Letter to DSA.) Member companies that implement procedures demonstrating that salespeople are purchasing the product for resale, for their own use/ consumption (i.e., "self-consumption", "personal consumption" or "internal consumption") or for other legitimate purposes will be better able to meet the requirements of Section 9. The Code recognizes this as a long-standing and accepted practice in direct selling and does not prohibit compensation based on the purchases of salespeople for personal use.

Further, the Code does not set forth specific standards or requirements that a minimum level of sales take place outside of the salesforce.

10. Payment of Fees

Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the member company's business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return.

11. Training and Materials

- a. Member companies shall provide adequate training to enable independent salespeople to operate ethically. Such training should include the scope of permissible representations especially the parameters regarding product claims, inventory purchases and earnings representations in accordance with sections 2, 7 and 8 of this Code.
- b. Member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company's policies and procedures.
- c. Independent salespeople selling member company-approved promotional or training materials, whether in hard copy or electronic form, shall:
 1. Use only materials that comply with the same standards used by the member company,
 2. Not make the purchase of such materials a requirement of other independent salespeople,

▶ 10. High entrance fees can be an element of pyramid schemes, in which individuals are encouraged to expend large upfront costs, without receiving product of like value. These fees then become the mechanism driving the pyramid and placing participants at risk of financial harm. Some state laws have requirements that fees be returned similar to the repurchase provisions delineated in Code Section 7a. The Code eliminates the harm of large fees by prohibiting unreasonably high fees. The Administrator is empowered to determine when a fee is "unreasonably high." For example, if a refund is offered for only a portion of an entrance fee, to cover what could be described as inventory, and there is nothing else given or received for the balance of the entrance fee, such as a training program, that portion of the entrance fee may be deemed to be unreasonably high by the Administrator. This Code section reinforces the provisions in Section B. Responsibilities and Duties requiring member companies to address the Code violations of their independent salespeople.

3. Provide such materials at not more than the price at which similar material is available generally in the marketplace, and
 4. Offer a written return policy that is the same as the return policy of the member company the independent salesperson represents.
- d. Member companies shall take diligent, reasonable steps to ensure that promotional or training materials produced by their independent salespeople comply with the provisions of this Code and are not false, misleading or deceptive.

B. Responsibilities and Duties

1. Prompt Investigation and No Independent Contractor Defense

- a. Member companies shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints.
- b. In the event any consumer shall complain that the independent salesperson offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to cause the redress of any wrongs that its investigation discloses to have been committed.
- c. Member companies will be considered responsible for Code violations by their independent salespeople where the Administrator finds, after considering all the facts, that a violation of the Code has occurred. For the purposes of this Code, in the interest of fostering consumer protection, member companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations, provided, however, that such action shall not be construed to be a waiver of the member companies' right to raise such defense under any other circumstance.
- d. Member companies should be diligent in creating awareness among their employees and/or the independent salespeople marketing the member company's products or services about the member company's obligations under the Code. No member company shall in any way attempt to persuade, induce or coerce another company to breach this

Code, and an attempt to induce a breach of this Code is considered a violation of the Code.

- e. Independent salespeople are not bound directly by this Code, but as a condition of participation in a member company's distribution system, shall be required by the member company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.
- f. This Code is not law but its obligations require a level of ethical behavior from member companies and independent salespeople that is consistent with applicable legal requirements. Failure to comply with this Code does not create any civil law responsibility or liability. When a company leaves the DSA membership, a company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a company was a member of DSA.

2. Required Code Communication

a. All member companies are required to publicize the DSA Code of Ethics and the process for filing a Code complaint to their independent salespeople and consumers. At a minimum, member companies must have one of the following:

1. an inclusion on the member company's website of the DSA Code of Ethics with a step-by-step explanation as to how to file a complaint; or
2. a prominent link from the member company's website to the DSA Code of Ethics web page, with a separate mention of, or separate link to, the Code complaint filing process; or

► *2a. The links should be clear and conspicuous. The location of the link on the member company's website should be prominent so as to be accessible and visible to salespeople and the consumer; member companies should place the link on a web page that is commonly accessed by salespeople and consumers. Inclusion of statements, such as, "We are proud members of the DSA. To view the Code of Ethics by which we abide please click here," and "To file a complaint, please contact us at [company email and/or phone number]. If you are unsatisfied with the resolution, you may escalate your complaint to the DSA by clicking here," are also ideal. Member companies should specifically link to either www.dsa.org/consumerprotection/Code and www.dsa.org/consumerprotection/filing-a-code-complaint.*

3. an inclusion of the member company's Code of Ethics and its complaint process on its website with an explanation of how a complainant may appeal to the Administrator in the event the complainant is not satisfied with the resolution under the member company's Code of Ethics or complaint process, with a reference to the DSA Code of Ethics web page.
- b. All member companies, after submission of their program, are required to state annually, along with paying their dues, that the program remains effective or indicate any change.

3. Code Responsibility Officer

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by his or her company and responding to inquiries by the DSA Code Administrator appointed pursuant to Section C.1. He or she will also serve as the primary contact at the member company for communicating the principles of the DSA Code of Ethics to the member company's independent salespeople, employees, consumers and the general public.

4. Extraterritorial Effect

Each member company shall comply with the World Federation of Direct Selling Associations' Code of Conduct with regard to direct selling activities outside of the United States to the extent that the WFDSA Code is not inconsistent with U.S. law, unless those activities fall under the jurisdiction of the code of conduct of another country's DSA to which the member company also belongs.

C. Administration

1. Interpretation and Execution

The Board of Directors of the DSA shall appoint a Code Administrator ("Administrator") to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code. The Administrator will be responsible directly and solely to the Board.

2. Code Administrator

- a. The Administrator shall be a person of recognized integrity, knowledgeable about the industry, and of a stature that will command respect by the industry and from the public. He or she shall appoint a staff adequate and competent to assist in the discharge of the Administrator's duties. During the term of office, neither the Administrator nor any member of the staff shall be an officer, director, employee, or substantial stockholder in any member of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall have the same rights of indemnification as the Directors and Officers have under the bylaws of the DSA.
- b. The Administrator shall establish, publish and implement transparent complaint handling procedures to ensure prompt resolution of all complaints.
- c. The Administrator shall review and determine all charges against member companies, affording those companies an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings and shall at all times have the full cooperation of all member companies.

3. Procedure

- a. The Administrator shall have the sole authority to determine whether a violation of the Code has occurred. The Administrator shall answer as promptly as possible all queries relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, Code amendments, or other implementation procedures to make the Code more effective.
- b. If, in the judgment of the Administrator, a complaint is beyond the Administrator's scope of expertise or resources, the Administrator may decline to exercise jurisdiction over the complaint and may recommend to the complainant another forum in which the complaint can be addressed.
- c. The Board of Directors may direct that the Administrator undertake an investigation of a DSA member company in response to reports, investigations or litigation that give rise to concerns regarding the member company's compliance with the Code of Ethics. The Administrator shall provide a report to the Board of Directors

regarding findings of the investigation and whether there are any Code of Ethics violations. The Board may (among other remedies) suspend the company based on the results of the investigation. The Board may end the suspension of the member company upon the Administrator's report that the matter is resolved.

- d. The Administrator shall undertake to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. DSA Code of Ethics Enforcement Procedures

1. Receipt of Complaint

Upon receipt of a bona fide complaint from a bona fide consumer, the Administrator shall forward a copy of the complaint, to the accused member company together with a letter notifying the company that a preliminary investigation of a specified possible violation is being conducted and requesting the member company's cooperation in supplying necessary information and documentation. If the Administrator has reason to believe that a member company has violated the Code, even if a written complaint has not been received, then the Administrator shall provide written notice to the member company stating the basis for the Administrator's belief that a violation has occurred. The Administrator shall honor request by complainants for confidential treatment of their identity. The subject matter of a complaint will not be kept confidential.

2. Cooperation with the Code Administrator

In the event a member company refuses to cooperate with the Administrator and/or refuses to supply necessary information and documentation, the Administrator shall serve upon the member company, by certified mail, a notice affording the member company an opportunity to request Appeals Review Panel to evaluate whether its membership in the DSA should not be terminated. In the event the member company fails to request a review by an Appeals Review Panel pursuant to Section D.5. below, the DSA Board of Directors may vote to suspend or terminate the membership of the member company.

3. Investigation and Disposition Procedure

- a. The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, the investigation and administrative action shall terminate and the complaining party shall be so notified.
- b. The Administrator may, at his discretion, remedy an alleged Code violation through informal, oral and written communication with the accused member company.
- c. If the Administrator determines that there are violations of such a nature, scope or frequency that the best interests of consumers, the DSA, and/or the direct selling industry require remedial action, the member company shall be notified. The reasoning and facts that resulted in the decision as well as the nature of the remedy under Section E.1. shall be included in the Administrator's notice. The notice shall also offer the member company an opportunity to consent to the suggested without the necessity of a Section D.4. appeal. If the member company desires to dispose of the matter in this manner, it will within 20 calendar days advise the Administrator, in writing. The letter to the Administrator may state that the member company's willingness to consent does not constitute an admission or belief that the Code has been violated.

4. Appeals Review Panel

If a member company has submitted a request for review pursuant to Section D.2. or an appeal of the Administrator's remedial action pursuant to Section D.3., an Appeals Review Panel consisting of three representatives from active member companies shall be selected by the Executive Committee of DSA's Board of Directors within 20 calendar days. The three member companies shall be selected in a manner that represents a cross-section of the industry. When possible, none of the three shall sell a product that specifically competes with the member company that is seeking the Appeals Review Panel (hereinafter "the Appellant"), and every effort shall be made to avoid conflicts in selecting the Panel. If for any reason, a member of the Panel cannot fulfill his or her duties, the Chairman of the Board of DSA can replace that person with a new appointment. The representatives serving on the Appeals Review Panel

shall during their time on the Panel have the same rights of indemnification the Directors and Officers have under the bylaws of the DSA.

5. Appeals Review Procedure

- a. A member company must make a request to convene an Appeals Review Panel in writing to the Administrator within 20 calendar days of the Administrator's notice of the member company's failure to comply or the Administrator's recommended remedial action. Within 10 calendar days of receiving such a request, the Administrator shall notify the Chairman of the Board of DSA. The Executive Committee then shall select the three-person Panel as set forth in Section D.4.
- b. As soon as the Panel has been selected, the Administrator shall inform the Appellant of the names of the panelists. Within 14 calendar days of that notification, the Administrator shall send a copy of the Complaint and all relevant documents, including an explanation of the basis of the decision to impose remedial action, to the panelists with copies to the Appellant. Upon receipt of such information, the Appellant shall have 14 calendar days to file with the Panel its reasons for arguing that remedial action should not be imposed along with any additional documents that are relevant. Copies of that information shall be provided to the Administrator, who can provide additional information as the Administrator decides is necessary or useful to the Panel and the Appellant.
- c. Once the information has been received by the panelists from both the Administrator and the Appellant, the Panel will complete its review within 30 calendar days or as soon thereafter as practicable. If the review pertains to whether the Appellant's membership in the DSA should be terminated, the Panel shall decide whether the member company's failure to work with the Administrator justifies suspending or terminating the Appellant's membership in the DSA. If the review pertains to the Administrator's suggested remedial action, the Panel shall decide whether the Administrator's decision to impose remedial action was reasonable under all of the facts and circumstances involved and shall either confirm the Administrator's decision, overrule it, or impose a lesser sanction under Section E. The Panel shall be free to contact the Administrator, the Appellant, and any other persons who may be relevant, in writing as deemed appropriate. A decision by the Panel shall be final and shall be promptly communicated both to the Administrator and the Appellant.

The costs involved in the appeal such as costs of photocopying, telephone, fax, and mailing, shall be borne by the Appellant.

E. Powers of the Administrator

1. Remedies

If pursuant to the investigation provided for in Section D.3., the Administrator determines that the accused member company has committed a Code violation or violations, the Administrator is hereby empowered to recommend any appropriate remedies, either individually or concurrently, including but not limited to the following:

- a. Complete restitution to the complainant of monies paid for the accused member company's products, promotional materials, sales aids and/or kits that were the subject of the Code complaint;
- b. Replacement or repair of any of the accused member company's product that was the source of the Code complaint;
- c. Payment of a voluntary contribution to a special assessment fund that shall be used for purposes of publicizing and disseminating the Code and related information. The contribution may range up to \$1,000 per violation of the Code;
- d. Submission to the Administrator of a written commitment to abide by the Code in future transactions and to exercise due diligence to assure there will be no recurrence of the practice leading to the subject Code complaint; and/or
- e. Cancellation of orders, return of products purchased, cancellation or termination of the contractual relationship with the independent salesperson or other remedies.

2. Case Closed

Once the Administrator determines that there has been compliance with all imposed remedies in a particular case, the complaint shall be considered closed.

3. Refusal to Comply

If a member company refuses to comply voluntarily with any remedy imposed by the Administrator and has not requested a review by an Appeals Review Panel, the DSA Board of Directors, or designated part thereof, may conclude that the member company should be suspended or terminated from membership in the DSA.

4. Appeal for Reinstatement after Suspension or Termination

If the DSA Board of Directors, or designated part thereof, suspends or terminates a member company pursuant to the provisions of this Code, the DSA shall notify the member company of such a decision by certified mail. A suspended member company, after at least 90 calendar days following that notice, and a terminated member company, after at least one year following that notice, may request the opportunity to have its suspension or termination reviewed by an Appeals Review Panel, which may in its discretion recommend that the Board of Directors reinstate membership.

5. Referral to State or Federal Agency

In the event a member company is suspended or terminated by the DSA Board of Directors, or designated part thereof, pursuant to the provisions of this Code, the DSA shall inform the Federal Trade Commission (“FTC”) of such suspension or termination and shall, if requested by the FTC, submit any relevant data concerning the basis for suspension or termination.

F. Restrictions

1. Conferring with Others

At no time during an investigation or the hearing of charges against a member company shall the Administrator or member of an Appeals Review Panel confer with anyone concerning the alleged violation(s) of the Code, except as provided herein and as may be necessary to conduct the investigation and hold a hearing. At no time during the investigation or the Appeals Review Panel process shall the Administrator or a member of the Appeals Review Panel confer with a competitor of the member company alleged to be in violation of the Code, except when it may be necessary to call a competitor concerning the facts, in which

case the competitor shall be contacted only for the purpose of discussing the facts. At no time shall a competitor participate in the Administrator's or in an Appeals Review Panel's disposition of a matter.

2. Documents

Upon request by the Administrator to any member company, all documents directly relating to an alleged violation shall be delivered to the Administrator. Any information that is identified as proprietary by the producing party shall be held in confidence. Whenever the Administrator, either by his own determination or pursuant to a decision by an Appeals Review Panel, closes an investigation, all documents shall either be destroyed or returned, as may be deemed appropriate by the Administrator, except to the extent necessary for defending a legal challenge to the Administrator's or Appeals Review Panel's handling of a matter, or for submitting relevant data concerning a complaint to a local, state or federal agency. At no time during proceedings under this Code shall the Administrator or a member of an Appeals Review Panel either unilaterally or through the DSA issue a press release concerning allegations or findings of a violation of the Code unless specifically authorized to do so by the Executive Committee of DSA's Board of Directors.

3. Pending Members of DSA

Nothing in Section F shall prevent the Administrator from notifying, at his discretion, DSA staff members of any alleged violations of the Code that have come to his attention and which may have a bearing on a pending member company's qualifications for active membership.

4. Public Reporting of Code of Ethics Complaints and Compliance Efforts

The Administrator may issue periodic reports on Code of Ethics compliance including disclosure of numbers and types of complaints as well as company-compliance efforts. The issuance of these reports will not identify individual complaints.

G. Resignation

Resignation from DSA by an accused member company prior to completion of any proceedings constituted under this Code shall not be grounds for termination of said proceedings, and a determination as to the Code violation shall be rendered by the Administrator at his or her discretion, irrespective of the accused member company's continued membership in DSA or participation in the complaint resolution proceedings.

H. Amendments

This Code may be amended by vote of two thirds of the Board of Directors.

As Adopted June 15, 1970

As Amended by Board of Directors
through June 3, 2017



DIRECT SELLING ASSOCIATION

1667 K Street NW

Suite 1100

Washington, D.C. 20006

202.452.8866 | Fax 202.452.9010

www.dsa.org

