

UK RULES OF CONDUCT

Introduction

Congratulations! As an Independent Herbalife Member, you are now part of a community of like-minded people who are driven by a purpose – to make the world healthier and happier. 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.

Most Members join to enjoy a discount on Herbalife® products while striving to achieve their personal nutrition and weight-management goals. If that’s the reason you joined, then you need only focus on the first few pages of our Rules. If now, or at some time in the future, you wish to 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 03450 560606.

Whatever your goals – better nutrition or better nutrition and extra income – we hope you find your Herbalife Membership rewarding.

Best wishes for your success,
Rich Goudis,
Chief Executive Officer
Herbalife Nutrition

Table of Contents

Introduction

[Chapter 1 Getting Started](#)

1.1 Applying to Become a Member

- 1.1.1 Restrictions on Purchase Requirements
- 1.1.2 Debt Discouraged
- 1.1.3 One Membership Permitted Per Person
- 1.1.4 Annual Membership Services Fee
- 1.1.5 Acceptance/Rejection of Fee
- 1.1.6 Communications with Herbalife
- 1.1.7 Proper Purchasing
- 1.1.8 Payment

[Chapter 2 Membership Particulars](#)

2.1 Membership Eligibility.....

- 2.1.1 Members Must Be Individuals
- 2.1.2: Citizenship and Residency
- 2.1.3 Dual Memberships
- 2.1.4 Membership Minimum Age
- 2.1.5 Married Couples and Members 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 Membership
- 2.1.9 Disclosure of Former Membership
- 2.1.10 Period of Inactivity

¹ Herbalife 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 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.

2.2 Transferring Your Membership
2.2.1 Assignment, Sale, or Transfer of Membership
2.2.2 May Only Be Assigned or Transferred to a Non-Herbalife Member
2.2.3 Status and Benefits
2.2.4 Responsibility After Transfer

2.3 Separation, Divorce, and Dissolution of Life Partner Relationship
2.3.1 Establishing a New Membership
2.3.2 Requests to Modify the Original Membership
2.3.3 Joining Under a Different Sponsor/Participating in Another Membership
2.3.4 Divorces and Dissolution of a Life Partner Relationship and the Herbalife Sales & Marketing Plan

2.4 Inheritance.....

2.5 Termination of Your Membership
2.5.1 Resignation
2.5.2 Resigning Within 90 Days
2.5.3 Inventory Repurchase.....

Chapter 3 Business Activities

3.1 Operating Your Business
3.1.1 Must Comply with the Rules and Law
3.1.2 Member is an Independent Contractor
3.1.3 Maintaining Reputation and Image of Herbalife
3.1.4 Responsibility for Conduct of Others Assisting with Membership
3.1.5 No Association of Other Organizations with Herbalife
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
3.1.10 Interviews or Statements to Media
3.1.11 Conduct Regarding Herbalife Employees

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 Consumption
3.2.5 Prohibited Countries

3.3 Business Tools
3.3.1 Sale of Business Tools Not for Profit
3.3.2 Leads
3.3.3 Written Permission for Distribution
3.3.4 Promotion of Business Tools Provided by Vendors
3.3.5 Notice to Cease Use or Sale of Business Tools.....

Corporate Policy Statement on Sales Aids and Business Tools.....

Chapter 4 Selling

4.1 Sales to Consumers
4.1.1 Retail Establishments Not Permitted
4.1.2 Members' Private Offices
4.1.3 Providing and Maintaining Retail Receipts/Records
4.1.4 Customer Refund Policy

4.2 Payments and Adjustments
4.2.1 Product Distribution
4.2.2 10 Retail Customers
4.2.3 70%.....

4.3 Selling Practices
4.3.1 Members as Brand Ambassadors
4.3.2 Product Sales to Non-Members for Resale
4.3.3 Modifications to 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	
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 Member Documents	

5.2 Offering the Opportunity	
5.2.1 No Franchises or Territories	
5.2.2 Representations	
5.2.3 Identification and Description	

5.3 Maintaining Lines of Sponsorship	
5.3.1 Inducement to Change Sponsors	
5.3.2 Sponsorship Correction	
5.3.3 Applying for Change of Sponsorship	

Chapter 6 Marketing Your Business

6.1 Claims and Representations	
6.1.1 Lawful, Truthful and Not Misleading	
6.1.2 Weight-Management Claims	
6.1.3 Product Claims	
6.1.4 Earnings Claims	
6.1.5 Size and Placement of Disclaimers	
6.1.6 Home-Based Business Claims	
6.1.7 Claims Regarding Relationship Between Herbalife and Herbalife Members	

6.2 Use of Herbalife Intellectual Property	
6.2.1 Definitions	
6.2.2 Copyrighted Materials	
6.2.3 Trademarks, Branding and Trade Names	
6.2.4 Trade Secrets	
6.2.5 Use Limited to Herbalife Business	
6.2.6 TV, Radio, Magazines or Newspapers	
6.2.7 Toll-Free Telephone Numbers	
6.2.8 Telephone Directory Listings	
6.2.9 Name or Image of Mark Hughes	
6.2.10 Herbalife's Addresses	
6.2.11 Prohibited Use of Third Parties Intellectual Property	
6.2.12 Termination of Herbalife Membership	

6.3 Advertising and Promotions	
6.3.1 Herbalife Advertising Templates	
6.3.2 Member Advertisements and Promotional Materials	
6.3.3 Posting of Advertising Materials	
6.3.4 Broadcasting	

6.4 Price Advertising	
------------------------------------	--

Chapter 7 Use of the Internet and Electronic Marketing

7.1 Member Conduct	
7.1.1 Standard of Personal Conduct	
7.1.2 Unauthorized Computer Access	
7.1.3 Consumer Data	

7.2 Member Websites	
7.2.1 Members Must Disclose Relationship with Herbalife	
7.2.2 Domain Names, Email Addresses, and Websites	
7.2.3 Hyperlinking and Associations	
7.2.4 Third Party Advertisements on Member Websites	
7.2.5 International Business	

7.2.6 Website Privacy Statements.....
7.2.7 Search Engine Advertising and Optimization

7.3 Prohibition of Auction Sales

7.4 Email

7.4.1 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’s Intellectual Property

7.5.5 Photos, Video/Audio Recordings.....

7.5.6 Professionalism

7.6 Telemarketing

7.6.1 Definitions

7.6.2 Do-Not-Call-Lists

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 Training

8.1.3 Employees

8.1.4 Not Franchises.....

8.1.5 Independent Business Operations

8.1.6 One Responsible Member

8.1.7 Good Neighbor Policy.....

8.1.8 Comply With the Law.....

8.1.9 No Assigned or Exclusive Territories.....

8.1.10 Multiple Clubs

8.1.11 Required Postings

8.1.12 Good Hygiene.....

8.2 Club Operations.....

8.2.1 Fees

8.2.2 Club Attendance Not Mandatory

8.2.3 Club Activities and Services

8.2.4 Attendee Referral Incentives

8.2.5 Authorized Herbalife® Products Only.....

8.2.6 Product Consumption

8.2.7 Carry-Outs

8.2.8 Product Retailing

8.2.9 Sampling

8.2.10 Inappropriate Mixtures

8.2.11 Product Packaging and Display.....

8.2.12 Proper Disposal of Product Containers

8.2.13 Sale of Clubs Prohibited

8.3 Marketing, Promotion and Advertising

8.3.1 Claims and Representations

8.3.2 Offering Nutritional Advice to Attendees and Guests

8.3.3 Advertising

8.3.4 Personal Websites.....

8.3.5 Residential Nutrition Club Signage Prohibited

8.4 Non-Residential Nutrition Clubs

8.4.1 Registration Process.....

8.4.2 Not Retail/Service Establishments

8.4.3 Signage Restrictions.....

8.4.4 Nutrition Club Exterior

8.4.5 Cash Registers
8.4.6 Leasing, Renting or Sharing Club Locations
8.4.7 Walk-In Traffic.....

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® Products.....
9.1.6 Refunding the Participation Fee.....
9.1.7 Advertising.....
9.1.8 Required Participation Agreement.....
9.1.9 Minimum Age.....

Chapter 10 Enforcement Procedures

10.1 Complaint Procedure
10.1.1 Inquiry.....
10.1.2 Sanctions.....
10.1.3 Corrective Measures.....
10.1.4 Requests for Reconsideration (unrelated to Terminations).....
10.1.5 Termination of a Membership.....
10.1.6 Appealing a Termination.....

Chapter 11 Additional Legal Provisions.....

11.1 Damages.....
11.1.1 Waiver and Delay.....
11.1.2 Severability.....
11.1.3 Choice of Law and Forum.....
11.1.4 Indemnification.....
11.1.5 Claims Between Members.....

Chapter 12 Privacy and Data Protection

Chapter 13 Definitions.....

1.1 APPLYING TO BECOME A MEMBER

An individual applying to become an Herbalife Member (“Applicant”) must:

1. Be sponsored by an Herbalife Member (“Sponsor”);
2. Purchase the Herbalife Member Pack (HMP);
3. Fill out and submit an Herbalife Membership Application and Agreement (“Application”); and
4. Have the Application accepted by Herbalife.²

1.1.1 Restrictions on Purchase Requirements

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

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

- An inventory of products.
- Materials, products or services, whether or not produced by Herbalife.
- Admission tickets to attend seminars, meetings or other events.

In addition, under the UK Trading Schemes Regulations (1997) Members may not pay or commit to pay in excess of £ 200 within the first 7 days from the date of entering into the Membership Application and Agreement This includes the purchase of Herbalife products, literature, sales aids etc.

1.1.2 Debt Discouraged

One of the benefits of an Herbalife business is that it is inexpensive: The only required expense is the purchase of an HMP. Members are encouraged to build their business debt-free. Members who elect to retail products and/or build Member organizations don't need to invest in large inventories or incur burdensome debt.

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

1.1.3 One Membership Permitted Per Person

An individual may own, operate, and support only one Membership, except as permitted by the Married Couples and Members who Marry, Separation, Divorce, and Dissolution of Life Partner Relationship and Inheritance Rules. (See Rules 2.1.5, 2.3 and 2.4) If an individual submits more than one Membership Application, the first Application received and accepted is the valid Membership.

1.1.4 Annual Membership Services Fee

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

1.1.5 Acceptance/Rejection of Fee

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

1.1.6 Communications with Herbalife

Members must provide a permanent home or business address to Herbalife and keep all contact information current in Herbalife's records. All documents and statements submitted to Herbalife must be complete, truthful, and submitted in a timely manner.

² Herbalife reserves the right to accept or reject any Application in its sole and absolute discretion. Until the Application is accepted, the Applicant is granted a revocable license to buy and sell Herbalife® products.

1.1.7 Proper Purchasing

Non-Supervisor Members may only purchase Herbalife® products directly from Herbalife, from their Sponsor, or their first upline Fully Qualified Supervisor. Note: only orders placed with the Company count towards qualification to become Qualified Producer or Supervisor. All products must be delivered within a reasonable amount of time after sale.

Fully Qualified Supervisors may only purchase products from Herbalife.

Members may not place or pay for orders on behalf of other Members.³ The sole exception is if a Supervisor is ordering for a non-Supervisor, because the purchase is considered to be the Supervisor's own Personal Volume.

1.1.8 Payment

Submitting Payments:

Members must ensure that all payments submitted to Herbalife are authorized and sufficiently funded. Members may not use the credit cards, personal checks or any other form of payment from their Members, retail customers or other individuals to pay for orders purchased from Herbalife. Members are financially liable for payments that are rejected for any reason.⁴

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

Accepting Payments:

When accepting payments online or via mobile, Members:

- **Must Incorporate a secure payment system.** For example:
 - Square, Flint, Spark Pay, iZettle or PayPal Here⁵
- **Must Implement appropriate security measures to protect customer information⁶ from unauthorized disclosure, access or compromise.** For example:
 - Never emailing or text messaging customer information, as these communication methods are not secure.
 - Always storing customer information in a centralized and protected location.
 - Regularly purging customer information, and only keep a minimal amount of customer data.
 - Properly disposing hard copies of customer information by shredding, burning or pulverizing the data.
 - Staying up to date with and complying with data protection standards provided by law.
- **Must Comply with the latest Payment Card Industry Security Standard (PCI-DSS) applicable for credit and debit card payments.⁷** Using a payment solution that is up to date with the security standards required by PCI-DSS will ensure the transmission, processing, and storage of the customer's debit and credit card data is handled consistently with the payment card industry's required best practice security standards.

The Member is responsible for compliance with all data protection laws applicable to the processing of personal data including sensitive personal data collected via the Member's own website and must be authorised to lawfully process customer's personal data and will be legally responsible for maintaining confidentiality and reporting any data breaches.

³ This rule applies unless Herbalife requests and receives written authorization from the Member for payment to be made by another person. Written authorization may only be given for one specific order.

⁴ A Member whose payment is returned for insufficient funds may be surcharged by Herbalife.

⁵ The secure payment systems provided as an example are for small to medium size businesses.

⁶ Customer information includes: names, addresses, Email addresses, phone numbers, and credit card information.

⁷ Examples of protective security standards required by PCI include, but are not limited to firewalls, and data encryption. Visit <https://www.pcisecuritystandards.org/> for more information regarding the PCI-DSS requirements.

2.1 MEMBERSHIP ELIGIBILITY

2.1.1 Members Must Be Individuals

Herbalife only accepts Applications for Membership in the name of individuals. However, Members may have their Herbalife earnings paid to a partnership or corporation by submitting a written request to the Herbalife Member Services Department (“Member Services”).⁸ The Membership will remain in the name of the individual, and the earnings of the Membership will be reported in the name and tax identification number of the individual Member.

2.1.2 Citizenship and Residency

A Member may not be a citizen or resident of Iran, Sudan, Cuba, Syria, North Korea, or the Crimea region of Ukraine⁹.

2.1.3 Dual Memberships

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

- Terminate or place conditions on one or both of the Memberships.
- Impose penalties or sanctions on the Memberships 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 Membership.
- Take other action it deems appropriate.

In cases of dual Memberships and similar violations, the Member may be allowed to continue as an Herbalife Member, but must do so in the proper line of sponsorship as determined by Herbalife. Herbalife will determine the disposition of the deleted Membership’s downline lineage.

2.1.4 Membership Minimum Age

A person must be at least 18 years old to apply for Membership or participate in another Member’s Herbalife business.¹⁰

2.1.5 Married Couples and Members Who Marry

Married couples and Life Partners¹¹ may participate in only one Membership. If two Members marry each other, one Membership must be relinquished. If two Members enter into a Life Partner relationship with each other one Membership must relinquished. The only exception to this Rule is when each Membership 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 Membership.

2.1.6 Recognition of Spouse or Life Partner

A Member may request that Herbalife add the name of a spouse or Life Partner to their Membership record. Adding a name to the record is for recognition¹² purposes only and it does not give the spouse or Life Partner ownership or other rights related to the Membership.

2.1.7 Activities of a Spouse or Life Partner

A Member is responsible for the acts of their spouse or Life Partner, whether or not the spouse or Life Partner participates in the Membership and whether or not the Member 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 business. For example, a Member will be responsible if their spouse or Life Partner solicits or promotes another Multilevel Marketing (MLM) or direct-selling opportunity to any Herbalife Member or customer.

⁸ Member Services may be reached by calling 03450 560606.

⁹ The list of prohibited countries may change from time-to-time. For the most current listing, please see uk.MyHerbalife.com.

¹⁰ Minimum age requirements vary from country to country. For age requirements in other countries, contact Member Services.

¹¹ Life Partner: A person designated by an Herbalife Member as their Life Partner on the “Add Life Partner Request Form”. Forms are available through Member Services.

¹² As an example, recognition allows Herbalife event attendance and recognition for new business and Marketing Plan achievements.

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

2.1.8 Former Participant in Membership

A Former Participant (meaning a former Member, spouse, Life Partner or an individual who participated in a Membership) must wait a minimum of one year and fulfill the Period of Inactivity requirements before reapplying for Membership under a different Sponsor or assisting any other Membership. (See Rule 2.1.10)

2.1.9 Disclosure of Former Membership

If a Former Participant applies for a new Membership, the Former Participant must notify Herbalife at the time of application and provide the former Membership ID number. A Membership may be terminated if the Member fails to inform Herbalife of activity in another Membership or makes misrepresentations regarding it.

2.1.10 Period of Inactivity

The Period of Inactivity means that during a one-year waiting period, the Former Participant may not:

- Be involved in the Herbalife business in any way.
- Purchase products other than for personal use.
- Sell any Herbalife® products or Materials.
- Sponsor or offer the Herbalife opportunity.
- Promote, assist or support any Membership.
- Participate in Herbalife trainings or meetings whether sponsored by Herbalife or a Member.

The one-year Period of Inactivity is calculated as follows:

Example 1: Member Resigns

- Prior application date is December 5, 2013.
- Resignation effective on August 28, 2014.
- The Period of Inactivity for this Membership would be from August 28, 2014 through August 27, 2015.
- This Member would be eligible to sign a new Application under a different Sponsor as of August 28, 2015.

Example 2: Member Does Not Pay Annual Membership Services Fee

- Prior application date is December 5, 2013. Annual Membership Services Fee is due on December 5, 2014 (anniversary date).
- If the Fee is not paid, the Period of Inactivity for this Membership would be from December 5, 2014 through December 4, 2015.
- This Member would be eligible to sign a new Application under a different Sponsor as of December 5, 2015.

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

Exception to Period of Inactivity

If the Former Participant wishes to apply for a new Membership under the original Sponsor and that Sponsor has remained in the original organization, the waiting period may be waived by Herbalife.

2.2 TRANSFERRING YOUR MEMBERSHIP

2.2.1 Assignment, Sale, or Transfer of Membership

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

A Member may not transfer a Membership in order to circumvent the Rules or the law. If Herbalife becomes aware that the former Member (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 may apply sanctions to the transferred Membership.

2.2.2 May Only Be Assigned or Transferred to a Non-Herbalife Member

A Membership can only be assigned or transferred to an individual who is not a Member, except as allowed by Rule 2.4. Herbalife will not consider a transfer request if the proposed Member (Transferee) has been involved in the Herbalife business in any way in the previous 12-month period.

2.2.3 Status and Benefits

The achievements of a Member are personal, and if an assignment or transfer is approved, the status and benefits achieved by the Member may not be transferred with the Membership. 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 Member.

2.2.4 Responsibility After Transfer

After transfer of the Membership:

- The Transferee shall be responsible to Herbalife for any and all violations of the Rules committed by or on behalf of the Transferor in connection with the Membership.
- 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 Member, shall be treated as though the violations were the Transferee’s violation.

2.3.1 Establishing a New Membership

If a Member’s spouse or Life Partner wishes to continue in the Herbalife business during or immediately after a divorce, or dissolution of a Life Partner relationship, the Member and spouse or Life Partner each must establish a separate Membership under the original Member’s Sponsor. Separate Memberships allow each individual to receive proper credit for their own efforts (building a downline, and volume and earning achievements) after the divorce or dissolution of a Life Partner relationship. Herbalife will deactivate the buying privileges of the original Membership. Herbalife will credit each separate Membership with the Volume Points of the original Membership through an “Association.” (See Rule 2.3.4) Each party must sponsor and place orders using their new ID numbers.



Neither the original Membership nor its downline can be divided between the Member and the former spouse or former Life Partner. For example a Member and the former spouse or former Life Partner may not “divide” the Membership giving each person a 50% ownership.

Herbalife must receive the following documents to establish a new Membership:

From a Divorcing Couple	From Partners in Dissolution of Life Partner Relationship
<ul style="list-style-type: none"> • A newly completed and signed Membership Application and Agreement, sponsored by the Sponsor of the original Membership.¹³ • Signed and notarized Divorce and Separation Form • Copy of the Petition for Dissolution, Settlement Agreement, or final divorce judgment. • Newly completed and signed TAB Team Production Bonus Acknowledgment Form, reflecting the ID number of the individual Membership (TAB Team level Memberships only). 	<ul style="list-style-type: none"> • A newly completed and signed Membership Application and Agreement sponsored by the Sponsor of the original Membership.¹³ • 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). • Newly completed and signed TAB Team Production Bonus Acknowledgment Form, reflecting the ID number of the individual Membership (TAB Team level Memberships only).

If a Member remarries or designates a new Life Partner, that person’s new spouse or Life Partner may be added to the Member’s individual Membership for recognition purposes.

¹³ Applications received one or more years after receipt of the Dissolution of Life Partner Relationship Form signifying the dissolution of a Life Partner relationship, or receipt of the Divorce and Separation Form signifying a married couple’s final divorce judgment will begin at Member status, with 25% discount buying privileges.

In the case of married couples who divorce and Life Partners who dissolve their relationship, Herbalife will only accept and associate one set of dissolved or divorced Memberships. To illustrate, if Bob and Barbara divorce or dissolve a Life Partner relationship, Barbara may have a new Membership, but it will not be associated to Bob's.



2.3.2 Requests to Modify the Original Membership

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

Removing a Spouse or Life Partner's Name: Herbalife 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 Membership record.

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

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

If a Member transfers a Membership and decides to establish a new Membership:

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

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

- The Sponsor of the original Membership must sponsor the new Membership.¹⁴
- The new Membership's status will be equal to the status of the original at the time of the transfer.

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

2.3.3 Joining Under a Different Sponsor/Participating in Another Membership

To join under a different Sponsor, the Member or spouse or Life Partner must provide Herbalife with the following required documents:¹⁵

From a Divorcing Couple	From Partners in Dissolution of Life Partner Relationship
<ul style="list-style-type: none"> • A newly completed and signed Membership Application and 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 material community has ended. 	<ul style="list-style-type: none"> • A newly completed and signed Membership Application and 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 Member 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.

¹⁴ Applications received one or more years after the Dissolution of Life Partner Relationship Form signifying the dissolution of a Life Partner relationship, or a married couple's final divorce judgment will begin at Member status, with 25% discount buying privileges.

¹⁵ Forms and Applications are available through Member Services.

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

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

Total Volume: The individual Memberships will receive Volume Point credit from the original Membership to combine with their own Volume Points (“Association”). This will determine the eligibility to receive Royalty Overrides, qualifications, re-qualifications and/or Production Bonuses.

For the purpose of Royalty Override percentage eligibility, the original Membership will combine volume with each of the individual Memberships, plus its own volume.

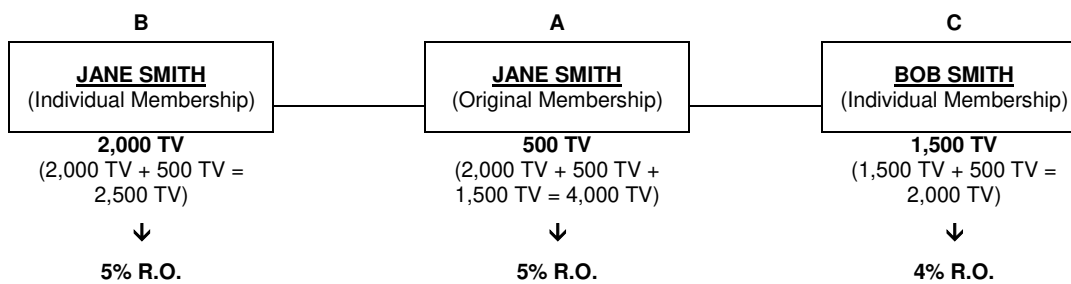
Production Bonus eligibility for the original Membership will be determined based on the achievement of the highest individual Membership.

Example:

Volume Points

Volume for B and C will be as follows:

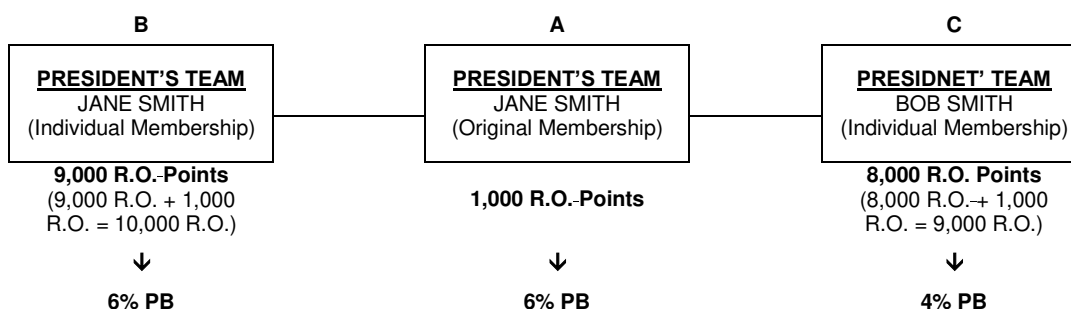
B + A and C + A



Royalty Points

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

B + A and C + A



Requirements: Each individual Membership must comply with the 10 Retail Customers Rule, the 70% Rule, and any other requirements to earn Royalty Overrides. Each Membership must also achieve the necessary volume to meet the Matching Volume requirements for their own downline who are qualifying for Supervisor status. The buying privileges of the original Membership will be temporarily granted to accommodate any Matching Volume requirements for its downline qualifiers.

Recognition: Each Membership will be recognized for its own accomplishments under the Sales & Marketing Plan. The original Membership will not receive recognition. If the original and an individual Membership reach 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 Memberships that are not part of a divorce or dissolution of a Life Partner relationship. If the individual Membership qualifies for a diamond, only that Membership 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 INHERITANCE

The Membership of a deceased Member may be transferred to an heir, subject to applicable laws, Rules, and Herbalife's approval in its sole and absolute discretion¹⁶

An active Member may own and operate a maximum of three Memberships – the Member's own, plus up to two others acquired by inheritance from a qualified family member.¹⁷ An inherited Membership may be transferred to the heir directly, or in the case of a Membership that is President's Team member status, to a Corporation owned by the heir.¹⁸

Through this process, the Period of Inactivity (as specified in Rule 2.1.10) shall be waived, provided the following additional conditions apply:

1. The lineage relationship between the heir's existing Membership and the inherited Membership(s) must be vertical (in the same line);
2. The inherited Membership must be at TAB Team level; and
3. The heir must provide documentation, including indemnities and assurances satisfactory to Herbalife, regarding the heir's legal ability to instruct Herbalife as to the disposition of the deceased's Membership.

The heir must abide by all Rules and the Sales & Marketing Plan, not only for their personal Membership, but also for any inherited Membership.

For transfers or requests to cancel a deceased's Membership, contact Member Services.

2.5 TERMINATION OF YOUR MEMBERSHIP

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

2.5.1 Resignation

A Member may resign a Membership by submitting a signed letter of resignation to Member Services. The resignation becomes effective when received and accepted by Herbalife.

2.5.2 Resigning Within 90 Days

If a Member decides to resign within 90 days of applying for Membership, the resigning Member may receive a refund for the full purchase price of the:

1. HMP; and
2. Unopened, unused and resalable products and Herbalife produced literature and sales aids ("Materials") that were purchased since becoming a Member.

2.5.3 Inventory Repurchase

A Member leaving the business at any time may return unused products and Materials purchased from Herbalife within the last 12 months, which are returned to Herbalife unopened and in resalable condition. For products not purchased directly from Herbalife, the Member must provide proof of purchase. Herbalife will arrange pick up and will pay shipping charges for the return of the product to Herbalife. The cost of shipping and handling paid on the original order will not be reimbursed.

¹⁶ Forms and Applications are available through Member Services.

¹⁷ A qualified family member means a spouse, Life Partner, parent, child, brother, sister, grandparent, grandchild, mother-in-law, father-in-law, stepparents, stepchildren, stepbrother, stepsister, cousin, aunt, uncle, niece, and nephew.

¹⁸ Inherited Memberships are considered to be separate entities, each subject to fulfilling the business activities, sales volume and compensation terms as set forth in the Sales & Marketing Plan, with the exception of lifetime volume achievements, which allow for the combination of the heir's own Total Volume with the inherited Membership's Total Volume. The heir will be responsible for payment of fees, fines (if/when applicable), and subscriptions for each Membership maintained, including the Fee, and BizWorks (as applicable).

Direct Selling emphasizes the value which is delivered to customers through personal relationships and customer service. Only through these personal relationships do customers receive tailored product training and benefit from being part of the Herbalife community and various social and sports activities. These are important components of the business and the foundation of the stable, long-term retail business which must be and is the foundation of each Membership.

3.1 OPERATING YOUR BUSINESS

3.1.1 Must Comply with the Rules and Law

Members must comply with the laws and Rules in each country where they are conducting the Herbalife business. Members are to review these Rules with downline Members.

3.1.2 Member is an Independent Contractor

Members conduct their Herbalife businesses as self-employed, independent contractors (determining their own schedule and objectives, responsible for their own expenses and any applicable taxes – including self-employment taxes). A Member is not an employee, agent, franchisee, securities holder, joint venture, fiduciary or beneficiary of Herbalife or any other Member. Members are not employees of Herbalife for tax purposes, or any other purpose. As independent contractors, Members do not have the rights or benefits that employees of Herbalife may have and will not make any claim to the contrary.

3.1.3 Maintaining Reputation and Image of Herbalife

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

3.1.4 Responsibility for Conduct of Others Assisting with Membership

A Member is responsible for the conduct of those who assist in the operation of the Membership.

3.1.5 No Association of Other Organizations with Herbalife

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

3.1.6 No Inducement to Sell Other Products or Services

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

3.1.7 TAB Team Limitations

Herbalife 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 TAB Team members may not own more than five percent of a company engaged in direct sales or MLM.¹⁹

3.1.8 Sales & Marketing Plan Manipulation

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

¹⁹ This includes direct or indirect participation of a company engaged in direct sales or MLM through any person, entity, or artifice.

Examples of Sales & Marketing Plan manipulation

- Purchasing products in another Member's name (except as expressly allowed in the Rules).
- Purchasing products primarily as an attempt to benefit under the Sales & Marketing Plan (as contrasted with the purchase of products in reasonable amounts for the purpose of sales to customers or personal use).
- Discouraging a downline Member from placing orders as a strategy for the upline to benefit under the Sales & Marketing Plan.
- Teaching or encouraging violation of the Rules or manipulation of the Sales & Marketing Plan.

Examples of improper enrollment practices

- Filling out the Application form with false or misleading information.
- Promising an Applicant the Sponsor or upline will provide downline Members for the Applicant once he or she becomes a Member.

3.1.9 Debts Owed to Herbalife

If a Member owes Herbalife a debt²⁰ and until it is paid in full, Herbalife reserves the right to (i) deduct the amount owed from any amount payable to the Member, (ii) withhold payment of monies owed, and (iii) withhold recognition for any qualification.

3.1.10 Interviews or Statements to Media

From time to time, reporters may be interested in interviewing Members about Herbalife® 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 or any of its subsidiaries.

If a Member is asked for a media interview or statement about Herbalife, the Member shall forward the media request to the Herbalife Corporate Communications Department ("Corporate Communications").²¹

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

3.1.11 Conduct Regarding Herbalife Employees

Herbalife is committed to providing Herbalife employees with a workplace free of discrimination and harassment. Therefore, no Member shall engage in conduct which Herbalife determines, in its sole and absolute discretion, constitutes discrimination, sexual harassment or harassment of any kind, against an Herbalife employee.

3.2 INTERNATIONAL BUSINESS

3.2.1 Activities in Countries or Territories Not Yet Open

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

3.2.2 Activities in Open Countries or Territories

Herbalife ®products are formulated, produced and labelled in compliance with each country's product and labelling requirements. Members must always comply with all Herbalife rules and standards, and all applicable laws and regulations, including those relating to product content, product registration and regulations, product labelling, customs, duties, taxes, and consumer protection and advertising in the country where the products are sold.

²⁰ Such debts can include any amounts owed to Herbalife for product purchases, adjustments to earnings for inventory repurchases from downline Members, fines due to violations of the Rules, payments returned for insufficient funds, and past due Fees.

²¹ Corporate Communications may be reached by emailing media@herbalife.com or by calling +1 213-745-2931.

²² Prohibited acts, efforts, or attempts include:

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

3.2.3 Activities in China

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

Members registered in China may not purchase, sell or distribute Herbalife® products outside of China.

3.2.4 Personal Consumption

Members may purchase up to 1,000 Volume Points of assorted products per Volume Month to carry with them while traveling. Products purchased for personal consumption are for the Member's own use or to be shared with immediate family members.

3.2.5 Prohibited Countries

A Member may not be a citizen or resident of Iran, Sudan, Cuba, Syria, North Korea, or the Crimea region of Ukraine.²³

Nor may a Member be directly or indirectly (through or by means of any person, entity, or artifice) conduct any Herbalife business activities with an individual who the Member has reason to believe is:

- i. a citizen of Iran, Sudan, Cuba, Syria, North Korea, or the Crimea region of Ukraine²³ (regardless of place of residence);
- ii. a resident of, or operates businesses in, Iran, Sudan, Cuba, Syria, North Korea, or the Crimea region of Ukraine²³; or
- iii. believed to engage in sales to citizens or residents of Iran, Sudan, Cuba, Syria, North Korea, or the Crimea region of Ukraine²³.

Business activities include but are not limited to the following:

- promoting the Herbalife opportunity;
- sponsoring Members; or
- promoting or selling Herbalife® products.

Violation of this Rule shall result in termination of the Membership.

3.3 BUSINESS TOOLS

While Herbalife makes available free or inexpensive promotional literature and other sales aids for Members to use, the phrase "Business Tools," as used here, refers to sales aids not produced by Herbalife. Purchasing sales aids or Business Tools is voluntary. Members should buy them only if they decide for themselves, after a reasonable time in the Herbalife business, these materials will support their retail sales and/or business development efforts.

All Business Tools and Members creating, selling or using such Business Tools must comply with all Rules and applicable law.²⁴

3.3.1 Sale of Business Tools Not for Profit

Members may sell Business Tools to other Members at a price no greater than the cost to produce the product or service being sold.²⁵

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

- Selling Herbalife® products.
- Building Herbalife business.
- Training and motivating the purchasing Member's downline.

²³ As the list of prohibited countries is updated from time-to-time, the most current information regarding these countries is maintained and posted on uk.MyHerbalife.com.

²⁴ This includes laws relating to confidentiality of consumer data, privacy rights, restrictions on telemarketing in all its forms, and marketing over the Internet.

²⁵ Members 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, 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 has the right to request copies of these documents and to verify compliance with this Rule.

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

NOTE: THE PROMOTION, SALE, AND PURCHASE OF BUSINESS OPPORTUNITY LEADS, OR PRODUCT LEADS FROM ANY SOURCE IS PROHIBITED. HOWEVER, HERBALIFE MEMBERS 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'S RULES OF CONDUCT AND ANY LOCAL PRIVACY AND DATA PROTECTION LAWS.

3.3.2 Leads

The term "Leads" includes prospects for Herbalife® products or opportunity, as well as leads-related advertising, advertising slots, or decision packs.

Members may generate Leads for their own use and they may also provide those Leads at no cost to their downline Members. Provided they comply with Herbalife's Rules of Conduct and any local privacy and data protection laws. However, Members may not sell Leads to other Members and Members may not purchase Leads from any source.

3.3.3 Written Permission for Distribution

Members may not promote Business Tools to a non-downline Member or to a downline Member below a President's Team member, unless the selling Member has received prior written consent from the purchasing Member's immediate upline President's Team member.

If consent is revoked, these sales must be promptly discontinued unless Herbalife in its sole discretion determines it would be unduly damaging to the purchaser (for example, midway in a subscription).

3.3.4 Promotion of Business Tools Provided by Vendors

Members may only promote Business Tools provided by vendors if:

- a) the Member has independently confirmed that the vendor and its products or services comply in all respects with the Rules and applicable law.²⁶
- b) the Member provides Herbalife 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 Member offering Web services through a vendor must provide the name, address, fax and phone numbers, and email address of the vendor to other Members using the website.

3.3.5 Notice to Cease Use or Sale of Business Tools

If Herbalife 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's reputation, brand or image, Herbalife shall have the right (without liability) to require the Member to cease the sale or use of the Business Tool.

²⁶ If a Member 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 Member for purposes of the Rules. Herbalife does not recommend or endorse materials that we have not produced.

Expenditures For Business Tools

One of the unique and wonderful things about becoming an Herbalife Member is that no investment is required to start or grow your business and that you can choose for yourself how to pursue the many opportunities afforded by Herbalife® products and the Herbalife Sales & Marketing Plan.

As an Herbalife Member, you may be attracted to the purchase of Sales Aids and Business Tools that might be helpful in prospecting for customers and potential Members, as well as communicating with your downline. Prior to making such expenditures, please read this Corporate Policy Statement, which highlights that purchases of Sales Aids and Business Tools are not required and Herbalife discourages anyone from incurring debt to pursue the Herbalife opportunity.

Definitions:

Sales Aids: Herbalife makes available free or inexpensive promotional literature and other Sales Aids for Members to use.

Business Tools: The phrase “Business Tools,” as used here refers to sales aids not produced by Herbalife.

Sales Aids and Business Tools

Purchasing Sales Aids or Business Tools is strictly voluntary. Their purchase or use is not required to become an Herbalife Member, nor are such tools necessary in order for you to progress or succeed as an Herbalife Member, or to receive training and support from your Sponsor and/or upline.

Business Tools

No one may pressure you to purchase Business Tools. You should only make such purchases if you decide for yourself, after a reasonable time in the Herbalife business, that these materials support your retail sales and/or business development efforts. The money and time you expend on Business Tools should be limited and consistent with your own evaluation of the reasonably likely benefits to your business. At all times, the principal business focus of Members is the sale of Herbalife® products for consumption.

It is essential that the content and methods used in connection with your business, comply with Herbalife’s rules and applicable law. For example, Business Tools may not make factual assertions that contain material misrepresentations or omissions that render a statement materially misleading. Please be aware that:

- Herbalife does not approve, endorse, guarantee or authorize Business Tools in any way, and assumes no responsibility or obligation, and shall have none, with regard to the value, content, methods, promotion, use or sale of Business Tools.

If a Buyer has a dispute or claim regarding Business Tools that they are unable to resolve with the Seller, and if the Seller is an Herbalife Member, Herbalife encourages the Buyer to contact Herbalife’s Member Services Department at 03450 560606. Herbalife will attempt to assist the Buyer and Seller to reach a satisfactory resolution of their dispute.

Herbalife’s Rules regarding Business Tools and the Rules of Conduct are included in the Herbalife Member Pack (HMP), on Herbalife’s official website uk.MyHerbalife.com, or through Member Services upon request.

4.1 SALES TO CONSUMERS

Herbalife is a direct-selling company. That means its products are sold by independent contractors to customers in one-on-one, interpersonal transactions which provide time for explanation and guidance on Herbalife® products. The role of a Member who chooses to build an Herbalife business is to sell Herbalife® products to customers exclusively using a direct-selling model of distribution.

4.1.1 Retail Establishments Not Permitted

A Member may not display or sell Herbalife® 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 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
Members ‘s Private Offices	Yes ¹	Yes	No	Yes ²	Yes	Yes
Doctor’s or Other Professional Health care 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
Service Establishments (Primary service is not Herbalife Business)	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.

1 Not visible from the exterior.

2 Subject to limitations as to content and size

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

4.1.2 Members’ Private Offices

Herbalife® products may be sold in private offices, provided they are not advertised for sale and the office appearance, plaque or location does not invite persons who are passers-by to purchase Herbalife® products. Members who are doctors or other health care professionals may sell, but not display, Herbalife® products in their professional offices.

4.1.3 Providing and Maintaining Retail Order Forms/Records

A Member must provide a completed *Retail Order Form* to all retail customers when a sale is completed.

The Retail Order Forms available from Herbalife²⁷ are designed to include very specific language which is required for all sales transactions²⁸

Members are required to keep their copies of all Retail Order Forms and other records of product distribution for a period of two (2) years. Herbalife has the right to request copies and to verify the transactions and the terms and conditions of the sale or service provided by the Member.

4.1.4 Customer Refund Policy

Herbalife® products have a 30-day money-back guarantee for the retail customer. The 30-day period begins on the date the customer receives the product. When a customer requests the guarantee be honored, the Member must respond quickly and courteously. They must offer the customer a choice of a full refund of the purchase price or full credit for exchange of other Herbalife® products in accordance with the return procedures. The Member must honor the customer's choice.

4.2 PAYMENTS AND ADJUSTMENTS

To qualify for monthly Royalty Overrides, Production Bonuses or other bonuses offered by Herbalife, Members must meet sales production and Royalty Point requirements that are fully defined in the Sales & Marketing Plan and in other literature and promotional material. Additionally, in order to earn these payments, Members must meet certain requirements for retail customers and product distribution, and confirm those on the 1st of each month on the Earnings Certification Form.²⁹

4.2.1 Product Distribution

Herbalife is a product distribution company. Products purchased from Herbalife are intended to be sold and distributed to customers and downline Members, or used for Members' and their immediate families' own personal consumption.

The purchase of products primarily to qualify for advancement in the Sales & Marketing Plan is not permitted. Such purchases may result in severe sanctions, including demotion in status, probation, suspension of buying privileges, suspension of earnings, disqualification from bonus participation, and termination of the Membership.

4.2.2 10 Retail Customers

A Member must personally make sales to at least ten (10) separate retail customers in a given Volume Month to qualify for and receive Royalty Overrides, Production Bonuses, and other bonuses paid by Herbalife. For the purpose of fulfilling the certification requirements of this Rule, a Member may count any or all of the following each Volume Month:

- A sale to a retail customer;
- A sale to a first downline Member with up to 200 Personally Purchased Volume Points (and no downline Members) may be counted as a sale to one (1) retail customer; and
- A Nutrition Club Attendee who consumed products during ten (10) visits to a Nutrition Club within one Volume Month may be counted by the Nutrition Club operator as a sale to one (1) retail customer.³⁰

If the Member fails to timely certify to Herbalife that they have sold to at least ten (10) retail customers in a given Volume Month, Royalty Overrides, Production Bonuses, and other bonuses will not be paid to the Member.

4.2.3 70%

In order to qualify for and receive Royalty Overrides, Production Bonuses, and other bonuses paid by Herbalife, at least 70% of the total value of Herbalife® products a Member purchases each Volume Month must be sold or consumed that month.

²⁷ A sample Retail Order Form for use in the United Kingdom is included in the HMP, available for sale from Herbalife and/or for download on uk.myherbalife.com.

²⁸ Retail Order Forms must include the Member contractual relationship with the customer, list the full name, address and telephone number of the Member and the customer. Additionally the Retail Order Form must include a description of the products sold, the sales price, the tax, the arrangements for payment, delivery & performance, and set out specific information regarding the customer's legal rights, which must also include the cancellation period, and the customer's right to a refund.

²⁹ Earnings Certification Forms are available on uk.MyHerbalife.com.

³⁰ If a Member utilizes Nutrition Club attendance toward compliance, the Member shall maintain a log of Attendee visits for at least two years, setting forth the name of the Attendee, dates of visits, and contact information, and shall make those records available for verification purposes if requested by Herbalife.

For the purpose of fulfilling the certification requirements of this Rule, a Member may count any or all of the following:

- Sales to retail customers;
- Sales at wholesale to downline Members; and
- Product consumed at Nutrition Clubs.³¹

If the Member fails to timely certify to Herbalife that they have sold or consumed 70% of the product purchases made that Volume Month, Royalty Overrides, Production Bonuses, and other bonuses will not be paid to the Member.

4.3 SELLING PRACTICES

4.3.1 Members as Brand Ambassadors

A Member shall always be courteous and considerate and may not engage in high-pressure selling.

4.3.2 Product Sales to Non-Members for Resale

No Member may sell or otherwise provide Herbalife® products to non-Members who intend to resell them.

4.3.3 Modifications to Labels and Materials

A Member may not delete, add, modify or alter any labels, literature, material, or packaging for Herbalife® products or literature, including the HMP.

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® products must be complete and truthful and consistent with information on product labels and accompanying literature.

Members must make current product label information available to customers prior to them purchasing Herbalife® products. This can be achieved by providing the customer with the product, the product label, or directing customers to herbalifeproductbrochure.com/uk.

When selling or providing samples, a Member must explain the directions for use and cautions, if any, specified on product labels. Members 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

Members are responsible for properly storing and following storage instructions provided on Herbalife® product labels.

Proper storage of products includes:

- Keeping products properly sealed; and
- Maintaining products in a cool dry place and out of direct sunlight.

4.3.7 Customer Service

As direct sellers of consumable products, Members shall provide current contact information to their customers and make it known to their customers that they are available to answer questions, provide advice, and respond to customer concerns.

Members shall respond to any questions or concerns from their customers relating to product information, proper usage, or other inquiries. Members should consult their materials, refer to and use available educational tools, or contact Herbalife directly in responding to the customers' questions or concerns.

³¹ If a Member utilizes Nutrition Club attendance toward compliance, the Member shall maintain a log of Attendee visits for at least two years, setting forth the name of the Attendee, dates of visits, and contact information, and shall make those records available for verification purposes if requested by Herbalife.

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 Members. 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® products and their usage.
- Herbalife Rules.
- Herbalife Sales & Marketing Plan.
- Proper use of advertising, literature, and sales aids.
- Herbalife Satisfaction Guarantee.

A Sponsor may not require a personally sponsored Member to pay for training or training facilities unless the Sponsor fully explains that the Member may choose whether or not to participate in the training and states, in advance, the cost. If the Member declines to participate in the training, the Sponsor is obligated to provide at no cost the basic training necessary to learn the business.³²

5.1.2 Independent Relationship

A Sponsor must maintain and uphold the independent relationship with a downline Member. The Sponsor may not participate in or interfere with the business of downline Members and may not suggest or develop an employee/ employer relationship with downline Members.

5.1.3 Preparation of Member Documents

The Sponsor must properly prepare Applications and Supervisor Qualification forms, and submit them to Herbalife in a timely manner.

5.2 OFFERING THE OPPORTUNITY

5.2.1 No Franchises or Territories

Herbalife does not have territories or franchises, nor is an Herbalife Membership or business a franchise. No Member may represent otherwise or offer a franchise in connection with an Herbalife Membership.

5.2.2 Representations

When offering the Herbalife opportunity or presenting the Herbalife Sales & Marketing Plan, a Member MAY NOT imply or represent that:

- Sponsoring Members is as important as sales to retail customers.
- A Member can benefit primarily by sponsoring other Members.
- A Member is under any obligation to sponsor others to become Members.
- Success may be achieved with little or no effort. A Member must clearly indicate that Royalty Overrides, Production Bonuses, or other earnings may only be achieved through the continuing sales of Herbalife® Products to retail customers.
- There is any obligation to purchase Herbalife® products and Materials, or Business Tools (except for the HMP). Nor may a Member represent that Royalty Overrides, Production Bonuses or other benefits may be obtained primarily from the purchase of products rather than the sale of products.

5.2.3 Identification and Description

It is a legal requirement that all materials which promote the Herbalife Business Opportunity must include an identification and business description statement including details of Herbalife as the 'promoter' of the business opportunity, details of the Member offering or making reference to the business opportunity, clear description of the nature of the business opportunity, a statement of any financial outlay, and the statutory warnings. The following statement fulfills this purpose:

³² See Rule 3.3.1 Sale of Business Tools Not for Profit.

This offer of the Herbalife Business Opportunity is made by Independent Herbalife Member [Member name or trading name] [Member address]. The provider of the business opportunity is Herbalife (U.K.) Limited, Registered in England No. 3162901 at Registered Office: The Atrium, 1 Harefield Road, Uxbridge, Middlesex UB8 1HB VAT Registration No: GB669133612, a Member of the Direct Selling Association. Goods sold are nutrition, and personal care products. Transactions are effected by participants as principals. Participants are required to purchase a £ _____ [Member to add cost] Herbalife Member Pack [HMP]. It is illegal for a promoter or a participant in a trading scheme to persuade anyone to make a payment by promising benefits from getting others to join a scheme. Do not be misled by claims that high earnings are easily achieved.

This statement may be made anywhere in the document or presentation, except that if the document or presentation contains information as to the sources of income for participants, it must appear together with that information, but must be legible or audible and must be given the same prominence as the surrounding information.

If no reference is made to the Herbalife Business opportunity, for example where the products only are referred to or offered, the following statement will suffice:

This offer is made by Independent Herbalife Members [Member name or trading name] [Member address]. The provider of the products is Herbalife (U.K.) Limited, Registered in England No. 3162901 at Registered Office: The Atrium, 1 Harefield Road, Uxbridge, Middlesex UB8 1HB VAT Registration No: GB669133612.

5.3 MAINTAINING LINES OF SPONSORSHIP

The Sponsor/Member relationship is the foundation of the Sales & Marketing Plan. These Rules protect both parties, including safeguarding rights of sponsorship. Sponsoring Members invest considerable time, energy, leadership and training to support their downline. Sponsorship changes are detrimental to the integrity of the Herbalife business and are discouraged. Only on rare occasions are Sponsorship changes permitted, and always at the sole and absolute discretion of Herbalife.

5.3.1 Inducement to Change Sponsors

No Member may interfere with the relationship between another Member and the Member's Sponsor. For instance, no Member may attempt to induce another Member to change a Sponsor.

5.3.2 Sponsorship Correction

A Member who wishes to request a Sponsorship correction, must complete and submit a "Change of Sponsorship Request" Form³³ along with a notarized "Change of Sponsorship Consent" Form from the current Sponsor, and a notarized letter of acceptance from the proposed Sponsor.

Requests for Sponsorship corrections will only be considered if all the following circumstances are met:

- Sponsorship details provided on the Membership Application were in error
- The request is within 90 days of Herbalife accepting the current Application for Membership
- The current and proposed Sponsor are in the same lineage
- The current Membership has not reached the level of Supervisor
- The Member making the request has not yet sponsored any other Members.

5.3.3 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 in the most exceptional circumstances

A Member who wishes to change his or her Sponsor must complete and submit a notarized "Change of Sponsorship Request" Form³⁴ along with a notarized "Change of Sponsorship Consent" Form from the current Sponsor and all Royalty Override and Production Bonus earners in the upline, up to and including the active President's Team member earning 7% Production Bonus. In addition, Herbalife must receive a notarized letter of acceptance from the proposed Sponsor.

³³ The required Change of Sponsorship Form may be obtained from the Member Services Department, this form and all other specified documentation must be submitted to Herbalife Member Services Department in order for Herbalife to consider the request.

³⁴ The required Change of Sponsorship Form may be obtained from the Member Services Department, this form and all other specified documentation must be submitted to Herbalife Member Services Department in order for Herbalife to consider the request.

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 Member requesting the change need only obtain a notarized Change of Sponsorship consent Form from the current and proposed Sponsors, and a notarized letter of acceptance from the proposed Sponsor.

If Herbalife approves the change, the requesting Member will be allowed to keep downline Members provided the downline and upline agree.³⁵

If the request for a change of sponsorship is denied, the Member may resign their Membership and comply with the Period of Inactivity before reapplying for Herbalife Membership under a different Sponsor.

³⁵ The requesting Member must obtain notarized permission from the upline in order to keep the downline. The requestor's first-level downline will also have to sign off on staying with their current Sponsor. If the upline agrees to the downline move, the move will consist of that downline's entire organization. These documents must be submitted to Member Services with the reasons for the request and a forfeit of all rights to the existing Membership if the request is approved. Only after this documentation is submitted will Herbalife decide whether to grant the request.

6.1 CLAIMS AND REPRESENTATIONS

When sharing personal stories with others, Members are making claims. Even simple statements about the benefits experienced while on an Herbalife® product or program or when discussing earnings from selling products, represents to others how products work, what products are for, or what people can achieve through the Sales & Marketing Plan. Customers perceive features and functions of products and the Sales & Marketing Plan because of claims. It's fine for Members to make claims provided they do so in compliance with the specific regulations established by law and the Rules. These Rules are intended, in part, to help Members comply with the law.

6.1.1 Lawful, Truthful and Not Misleading

All claims product and personal stories must be lawful, truthful, and not misleading. Claims must be:

- Substantiated in writing before the claim is actually made.
- Consistent with claims made in then-current Herbalife Materials or product labels.³⁶

6.1.2. Weight-Management Claims

References to weight management must relate to the Herbalife weight management program and not directly to any particular product. For example 'I controlled my weight using Formula 1 with the Herbalife Weight Management Programme' is appropriate but 'Formula 1 got rid of my weight' is not. No weight management representation may refer to a rate or amount of weight loss. In addition to this weight management references relating to an individual who had excessive weight may not be referred to unless accompanied by a statement that weight management was achieved under the direct supervision of a physician.

All weight management representations, including product stories, must be accompanied by the following disclaimer:

All references to weight management relate to the Herbalife Weight Management Programme which includes, amongst other things, a balanced diet, regular exercise, an adequate daily fluid intake, nutritional supplementation where required and appropriate rest, individual results will vary.

6.1.3 Product Claims

Members MUST:

- Make only those claims permitted by product labeling or in Herbalife Materials.
- Accompany all claims, including personal and product stories, with the following disclaimer:

This product is not intended to diagnose, treat, cure or prevent any disease.

Members MUST NOT:

- State that Herbalife® products prevent, treat, or cure diseases or medical conditions or discuss any experience with medications.
- Use the name of any government ministry or authority or claim any form of approval or endorsement by any government body or agency.
- State that health could be affected by not consuming Herbalife® products.
- Make any reference that Herbalife® products are recommendations of individual doctors or health professionals.

6.1.4 Earnings Claims

Any statement regarding a Member's actual or potential income is considered to be an "Earnings-Claim." "Lifestyle Claims" (including photos involving cars, pools, vacations, etc.) are also Earnings Claims.

Members are responsible for understanding and following the laws relating to earnings claims and personal stories in each jurisdiction in which they intend to conduct business.

If Royalty and bonus figures are quoted separately from retail income they should be accurately identified as:

- 'commissions based on downline product purchases'.

³⁶ The law regarding claims is subject to change. As an accommodation to Members (but not as legal advice), Herbalife may post updates of this Rule, the disclaimers, and the Statement of Average Gross Compensation Paid by Herbalife at uk.MyHerbalife.com. Members are required to visit the website regularly for advisories and updates.

Income Disclaimer for Herbalife Branded Materials: All Earnings Claims that mention Herbalife require the following disclaimer:

Income applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation Paid by Herbalife at herbalife.co.uk and uk.MyHerbalife.com.

Alternate Disclaimer for Herbalife Branded Materials: When describing the results achieved by the top 1% of Herbalife Members, the following disclaimer is also acceptable:

The incomes presented are those of persons within the top 1% of Herbalife Members. For additional financial performance data, see the Statement of Average Gross Compensation Paid by Herbalife at herbalife.co.uk and uk.MyHerbalife.com.

6.1.5 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 for an average reader 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.

6.1.6 Home-Based Business Claims

When promoting the Herbalife opportunity, Members may not misrepresent the extent to which the activities of a Member can be conducted solely in the home. Members should emphasize that personal interaction is fundamental to direct selling.

6.1.7 Claims Regarding Relationship Between Herbalife and Herbalife Members

The Herbalife opportunity provides Members the potential to earn income, but under no circumstances is it a “job.” Herbalife Members are self-employed independent contractors. As such, Members may not claim, represent or imply that they are employed by, speak for, or provide any kind of consulting services to Herbalife. Nor may they suggest that their independent Herbalife business is a job.

For example, Members may not use the terms “job,” “salary,” “position,” “employment,” or “paid vacations” (or any similar term) when promoting the opportunity.

Members may not market the Herbalife opportunity using tools primarily devoted to advertising job opportunities, including “Help Wanted” ads, employment bulletin boards, and Internet job search engines such as Monster.co.uk and Careerbuilder.co.uk unless:

- the advertisements clearly and conspicuously indicate that what is being offered is an *independent income opportunity*,
- does not include mandatory fields such as ‘Salary’; and
- allows the Member to include the statement set out in Rule 5.2.3.

6.2 USE OF HERBALIFE INTELLECTUAL PROPERTY

Maintaining the integrity of the Herbalife brand is one of Herbalife’s primary responsibilities. This Section is meant to help Members understand the significance of Herbalife intellectual property. Herbalife 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’s hard-earned reputation as a high-quality producer of global nutrition products is retained.

6.2.1 Definitions:

Copyrighted materials: Herbalife 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 as the source of the products and services being sold and provided by Members. For example, Herbalife® and the Tri-Leaf logo are Herbalife trademarks, as are many product brands, such as Thermo Complete® or Herbalifeline®.

A trade name is a business name which Herbalife has the exclusive right to use. For example, Herbalife International of America, Inc., and Herbalife UK, Limited. are trade names. Members may not register trade names that include the word HERBALIFE or other Herbalife brand names.

Branding 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's® products and packaging.

A trade secret is confidential information that is generally not known outside of Herbalife and has commercial value. Trade secrets held by Herbalife 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 Members, including genealogies.

Herbalife Intellectual Property includes Herbalife copyrighted materials, trademarks, trade names and trade secrets.

6.2.2 Copyrighted Materials

Herbalife owns the copyright to all printed material, Internet content, and audio and video recordings produced by or for it. Members must follow any conditions listed in the download instructions or other written authorization.

All Herbalife copyrighted materials must be accompanied by the following statement:

Reproduced with the permission of Herbalife. All rights reserved.

Herbalife 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, Branding and Trade Names

Members may use those trademarks, trade names and other forms of branding which Herbalife makes available for downloading.

- Herbalife trademarks and trade names may only be obtained from Herbalife.
- Members must always identify themselves clearly as Independent Herbalife Members.
- Members may not alter the trademarks and other forms of Herbalife branding 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® products and services.
- Members may use Herbalife trademarks and branding only in accordance with the current Brand Usage guide for Independent Herbalife Member.³⁷
- Members must include the following statement: *“Trademarks, designs and other intellectual property rights are the property of Herbalife International, Inc., or its licensors. Used by permission of Herbalife.”*

Herbalife reserves the right to withdraw its consent to Member use of these items at any time at its sole and absolute discretion.

6.2.4 Trade Secrets

A Member will hold trade secrets in confidence and may not disclose them at any time, even after termination of the Membership.

³⁷ The Brand Usage guide for Independent Herbalife Members is posted in the Assets Library at uk.MyHerbalife.com under Knowledge Zone / Resources.

6.2.5 Use Limited to Herbalife Business

Members may use Herbalife Intellectual Property solely for the purpose of conducting their Herbalife business.

6.2.6 TV, Radio, Magazines or Newspapers

The word “Herbalife” or the specific mention or pictures of any Herbalife® product or service may not be used in any media advertisements including print, digital, audio or visual recordings, in newspapers, magazines, radio and television or the Internet, or any other medium except as permitted.

6.2.7 Toll-Free Telephone Numbers

Members may have a toll-free telephone number. However, a Member may not use any Herbalife trademarks, trade names, product names, or slogans in conjunction with the toll-free number. Members may only identify or list themselves as an Independent Herbalife Member.

6.2.8 Telephone Directory Listings

Members may list themselves in the telephone directory under the heading “Independent Herbalife Member.” The only information that may follow is the Member’s name, address, telephone number, fax number, email address or website. Display advertisements must conform to all Herbalife advertising Rules. The word “Herbalife” (other than “Independent Herbalife Member”) and other Herbalife Intellectual Property may not be used in any way other than as used in advertisements approved in advance by Herbalife. Listings by category are permissible under accurate and lawful headings including: “Hair Care Products,” “Skincare Products,” “Health Products” or “Nutritional Products,” and “Weight Management/Control.”

6.2.9 Name or Image of Mark Hughes

The name or image of Mark Hughes (founder of Herbalife) may not be used in any advertisements.

6.2.10 Herbalife’s Addresses

The addresses of any Herbalife offices may not be used, published, or promoted by any Member as their own.

6.2.11 Prohibited Use of Third Parties Intellectual Property

Members 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 Members must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

6.2.12 Termination of Herbalife Membership

If an Herbalife Membership becomes terminated for any reason, the Member must immediately discontinue use of Herbalife’s Intellectual Property and update profile information for any social media accounts to disclose that they are no longer an Independent Herbalife Member.

6.3 ADVERTISING AND PROMOTIONS

6.3.1 Herbalife Advertising Templates

Herbalife publishes a variety of advertising templates which Members may use without alteration, except for adding their name and contact information. The templates are available for download from uk.MyHerbalife.com.

6.3.2 Member Advertisements and Promotional Materials

Herbalife produces promotional literature and sales tools for Member use in advertising and promoting their Herbalife business. Members 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 Members may post advertising materials on private property with the prior written consent of the owner. To document consent, Members may use Herbalife's template "Letter of Consent to Post Advertising on Private Property," available at uk.MyHerbalife.com and from Member Services.

Advertising materials may not be visible from the street or sidewalk when used at a private office or other location where Herbalife 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.

Public Property: Members may not post advertising materials on public property, such as utility poles, street lights, traffic lights, parking meters or traffic signs.

6.3.4 Broadcasting

Members may not broadcast on a television, satellite or radio station any audio or visual recording mentioning Herbalife, its products or opportunity except for the following advertisement:

Independent Herbalife Member
Call me for products or opportunity
(Member Name and phone or email address)

In the event Herbalife broadcasts on a television, satellite or radio station, Members may not advertise on that station one hour before and after the Herbalife broadcast.

6.4 PRICE ADVERTISING

Direct selling is about personal relationships and product knowledge, and the value both skills provide to existing and potential customers. This Rule protects the direct sales channel by supporting a Member'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 aid Members to achieve success, inspire others to do the same, and ensure the highest level of customer satisfaction.

Herbalife Members are independent business persons and may sell Herbalife products, and Herbalife-produced literature and promotional items at any price they choose. In the United Kingdom, Herbalife suggests retail prices, but it should be stressed that these are only recommendations that have a purely indicative nature, at all times Herbalife Members remain entirely free to set their retail prices.

Direct selling emphasizes the value which is delivered to consumers through personal relationships and customer service. These are the most important components of Herbalife's business and the foundation of the stable, long-term retail business which must be and is the foundation of each Membership. Personal service also improves the ability of Herbalife Members to motivate and retain those whom they recruit.

Accordingly, Herbalife prohibits any advertising directed to the public which includes product prices or pricing information.

- "Prices" refers to any listing of prices.
- "Pricing information" refers to language citing or suggesting the level of pricing which may be offered. This includes, but is not limited to "special offer," "free shipping," "special discounts," or "___% off."
- This restriction applies to all advertising.
- "The public" is defined as persons who have not had prior personal contact, related to the Herbalife products or opportunity, with the Herbalife Member placing the advertisement.
- Existing retail customers and downline are not members of the public; Members may advertise and promote the products and business to them, including prices and pricing information, subject only to Herbalife's other Rules.
- It is a violation of this Rule to distribute or promote product catalogs relating to Herbalife products, or to modify Herbalife-produced literature or material which in its original form features suggested retail prices (including relevant pages of the Company's Web site), in a manner that circumvents this Rule (as determined by Herbalife, in its sole and absolute discretion).

Product prices or pricing information may not be included in any form of advertising which is directed to the public including, but not limited to television, radio, telephone, text messages to mobile phones (or other handheld devices), newspapers, magazines, pull-tabs, flyers, leaflets, handbills and all forms of signage

Every Herbalife Member is allowed to use the Internet. Product prices pricing information may be advertised by Herbalife Members conducting business in the United Kingdom within their personally owned and operated Web sites, but the information must be password-protected. That is, in order to view prices or pricing information a consumer must first input a password or access code which is unique to each individual customer and is obtained from the Herbalife Member through a personal interaction, whether by email, telephone or in-person.

Pricing information may not be advertised by any other means or on any other Web site, including, but not limited to the following:

- Email (including email sent to mobile phones and other handheld devices)
- Banner ads anywhere on the Internet;
- Popup ads anywhere on the Internet;
- "Sponsored search results" or "sponsored ads" anywhere on the Internet;
- On social networking sites including, but not limited to MySpace or Facebook, or on any blog or public message boards.

Pages which are not password-protected may feature the following live hyperlink related to prices/purchasing:

"FOR PRICING INFORMATION OR TO INITIATE AND COMPLETE A PURCHASE CLICK HERE".

The above link may only direct consumers to a page or screen as follows:

1. If the Herbalife Member does not post prices or sell product on the site, indicates Member's contact information (name, email address and/or telephone number) for consumers to obtain pricing information and orders directly from the Member.
2. If the Herbalife Member posts prices or sells product on the site, indicates Member's contact information (name, email address and/or telephone number) for consumers to obtain a password.

On their personal Web sites, Herbalife Members may post a live hyperlink to the Herbalife corporate Web site for the United Kingdom as follows:

"FOR INFORMATION ABOUT HERBALIFE, ITS PRODUCTS AND ITS OPPORTUNITY, PLEASE VISIT THE COMPANY'S WEB SITE AT; www.herbalife.co.uk

Additional notes on the Internet:

- Herbalife MEMBERS CONDUCTING BUSINESS IN THE UNITED KINGDOM ARE DEFINED AS MEMBERS WHO RESIDE IN THE UNITED KINGDOM OR WHO MAINTAIN WEB SITES WHICH OFFER PRODUCTS FOR SALE IN THE UNITED KINGDOM.
- THIS RULE APPLIES ONLY TO PRODUCTS SOLD OR SHIPPED TO ADDRESSES IN THE UNITED KINGDOM.
- THE OFFERING OF PASSWORDS/ACCESS CODES TO CONSUMERS PRIOR TO OR WITHOUT PERSONAL CONTACT IS INCONSISTENT WITH DIRECT SELLING AND A VIOLATION OF THIS RULE. AN AUTO-RESPOND MECHANISM FOR EMAIL INQUIRIES FROM CONSUMERS SHALL NOT CONSTITUTE PERSONAL CONTACT WITHIN THE MEANING OF THIS RULE, NOR SHALL THOSE PASSWORDS BE CONSIDERED UNIQUE.
- IF A Herbalife MEMBER USES A THIRD PARTY TO CREATE OR MAINTAIN THE MEMBER'S PERSONAL WEB SITE THIS RULE SHALL STILL APPLY; THIRD PARTIES MAY NOT BE USED TO AVOID COMPLIANCE.

7.1 MEMBER CONDUCT

7.1.1 Standard of Personal Conduct

Members may not publish, post or distribute any materials on or via the Internet, whether or not in connection with Herbalife that are, in Herbalife's sole and absolute judgment, defamatory, libelous, disparaging, threatening, offensive, harassing, abusive, obscene or pornographic.

7.1.2 Unauthorized Computer Access

Members may not:

- Interfere or take any action that results in interference with or disruption of:
 - herbalife.co.uk
 - uk.MyHerbalife.com
 - other websites maintained by Herbalife or its Members
- Gain or attempt to gain access to computer systems or networks connected to these sites without prior written permission from Herbalife.

7.1.3 Consumer Data

Members may not sell, trade, or use consumer or site user information including email addresses, except in connection with the Herbalife® products or opportunity. If any person or entity requests that their information not be used, the Member must immediately honor such request.

7.2 MEMBER WEBSITES

7.2.1 Members Must Disclose Relationship with Herbalife

To avoid confusing Herbalife customers and the public at large, Members operating independent websites that use Herbalife trademarks or offer Herbalife® products for sale must clearly and conspicuously identify themselves as an Independent Herbalife Member.

Members must:

- Clearly display a entry splash pop-up that appears once at every visit to the website; and
- Clearly display the Member's personal name and business address along with the "Independent Herbalife Member" logo; and
- Ensure the website does not have the same or similar visual appearance as the official Herbalife website Herbalife.co.uk.

The "Independent Herbalife Member" logo must be displayed in a prominent location and in a font and/or manner that attracts the attention of website visitors.

Please contact Member Services or visit uk.myherbalife.com for the logo and for the entry splash pop-up guide.

The Member's business name may not be a substitute for the personal name of the individual Member, but may be included in addition to the Member's personal name and must appear along with the "Independent Herbalife Member" logo:

- on the home page;
- as part of any contact information; and
- as part of any publicly accessible profile information.

Anonymous postings or the use of an alias are prohibited.

Herbalife reserves the right, as its sole discretion, to require Members to amend their websites so as to comply with this Rule.

7.2.2 Domain Names, Email Addresses, and Websites

Members may not use Herbalife Intellectual Property in their:

- Website domain name (URL).
- Titles for any pages on a Member's website (including, but not limited to, the home page).
- Email addresses.

Examples of Herbalife Intellectual Property terms that may not be used:

- Herbalife
- Herbalife® product names

Members must operate their own individual website and no more than one Member shall operate, fulfil orders or otherwise participate on the same website.

Any Member violating this Rule must transfer the domain name or email account to Herbalife on Herbalife's request and at no cost to Herbalife. Herbalife reserves its other rights and remedies.

7.2.3 Hyperlinking and Associations

Members may link their websites to:

- The home page on Herbalife.co.uk (or any other website produced or maintained by Herbalife).
- Any other website maintained by the Member to promote the Herbalife® product and opportunity.
- Any third-party website that will assist the Member in promoting the Herbalife® products and opportunity, so long as such websites are compliant with Rule 7.2.4.

Members 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 tags³⁸

7.2.4 Third Party Advertisements on Member Websites

Members may feature third-party advertisements on websites they use in connection with their Herbalife business so long as, in the sole and absolute judgment of Herbalife, the advertisements DO NOT:

1. Relate to any religious, political or commercial organization.
2. Damage the reputation of Herbalife or its Members.
3. Misuse Herbalife 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, such as:
 - i. meal replacements,
 - ii. nutritional supplements, or
 - iii. cosmetics.

7.2.5 International Business

Members conducting or seeking to conduct business in international markets via their own or other websites may sell only products meeting all the legal requirements of the country to which communications are directed.

7.2.6 Website Privacy Statements

Members must post, in a prominent location, a "Privacy Statement" that:

- Informs consumers whether or not personal information is being collected about them;
- How such information will be used; and how they may, at any time, request that their personal information is removed from use, and
- Fulfills the privacy law requirements of each jurisdiction in which business is being conducted.

7.2.7 Search Engine Advertising and Optimization

Members may not use any misleading or deceptive tactics to improve their index preference with search engines.

Members must also display the following statement in the page description on any search engine result:

³⁸ The only exception to this Rule is if and when a Member has obtained prior written consent from the owner. A Member shall indemnify Herbalife against any claim arising or related to the Member's use of third-party trademarks, trade names, or product names.

“This is the website of an Independent Herbalife Member. For the official Herbalife website, go to Herbalife.co.uk.”

Members must identify themselves and display “Independent Herbalife Member” in the title tag on any search engine result.

Members 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.

7.3 PROHIBITION OF AUCTION SALES

Auction sales and sales on auction sites weaken the personal relationships Members must develop with their customers, as well as the Herbalife brand and the image Herbalife establishes for its products. Accordingly, Members may not (directly or indirectly through any intermediary or instrumentality) offer or facilitate the offering of Herbalife® products for sale by soliciting or receiving open bids or by posting for sale at a fixed price on an auction-focused site. This prohibition includes, but is not limited to, soliciting or receiving bids for Herbalife® products on the Internet through a commercial auction website, online auction marketplace, or otherwise.

7.4 EMAIL

These Rules apply to Members who send email regarding the Herbalife® products or opportunity. These Rules are in addition to applicable law.

When using the services of a non-Herbalife vendor, the actions or omissions of the vendor will be considered actions or omissions of the Member for purposes of compliance with the Rules. Members must confirm that the vendor’s services comply with all applicable laws.

7.4.1 Restrictions

1. The following restrictions and prohibitions apply to Members who send any type of email message relating to Herbalife:
 - a) Members 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. “From” line of each message must accurately identify the person who initiated the message.
 - iii. “Subject” line of each message must not be misleading.
 - b) All email messages 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.
 - ii. Within 10 business days after receiving an opt-out request, Members must stop initiating or sending commercial email to such person.
 - iii. Each Member must produce and maintain its own Do-Not-Email List (“DNE list”) and check the E-mail Preference Service (e-mps) register to track and honor all opt-out requests.
2. The following are additional restrictions and prohibitions that apply to sending email messages promoting Herbalife® products or the opportunity:
 - a) Members are prohibited from sending commercial email messages unless the:
 - i. Member has an existing business relationship with the recipient based on a prior purchase or transaction involving a similar type of product (where the recipient was given, at the time their data was collected, a simple no cost method to refuse consent to future messages), or
 - ii. Member is a friend, or family member, of the recipient, or

- iii. Recipient provided prior consent to receive the message. The consent must be specific to receiving messages about Herbalife® products or the opportunity.
- b) Each message must include a valid physical postal address of the Member.
- c) Members may not obtain email addresses by address harvesting or dictionary attacks.
 - 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.
- d) Members are prohibited from using scripts or other automated means to register for multiple email accounts or online user accounts from which to send commercial email messages.
- e) Members are prohibited from selling, leasing, exchanging, or otherwise transferring or releasing the email address of a person unless the Member has specific consent in writing from the person to do so. Any consent lapses from the moment the person sends an opt-out request.

7.4.2 Government Notice to Discontinue Emailing

Members must immediately discontinue email activity if they receive any notice from a governmental authority regarding their email practices. Members must promptly report all such notices to Herbalife.

7.5 SOCIAL MEDIA

These Rules apply to Members using social networking sites such as Twitter, YouTube and Facebook as well as online communities such as blogs.

7.5.1 Responsibility for Postings

Members are responsible for all Herbalife-related content they post online. Members using social media outlets as part of their Herbalife business must clearly and conspicuously identify themselves by both name and as an Independent Herbalife Member.

7.5.2 Social Media as a Sales and Promotion Forum

Social media sites may not be used to conduct sales transactions. Online sales may only be transacted from a Member’s website.

7.5.3 Postings and Claims

Members must be accurate and truthful in all postings. All claims, representations, personal and product stories must be in compliance with the Rules.

7.5.4 Use of Herbalife’s Intellectual Property

Members may only use the trade name “Herbalife” in a manner that clearly identifies them as Independent Herbalife Members.

Examples of unauthorized use of the Herbalife trade name are:

- “Herbalife Wellness Challenge”
- “The Herbalife Page”
- “Let’s Talk Herbalife”

7.5.5 Photos, Video/Audio Recordings

Members may post audio/video material on YouTube and similar social media sites, provided the content complies with the Rules.

Herbalife reserves, in its sole and absolute discretion, the right to determine if recordings or images (including their manner of use) violate the Rules or diminish the reputation of Herbalife. Herbalife reserves the right to require the removal of such images or recordings. At all times, Members must comply with all privacy laws, intellectual property laws and social media policies when using images or recordings of other individuals.

7.5.6 Professionalism

Members should not respond to those who place negative posts about them, other Independent Members, or Herbalife. Negative posts may be reported by email to: mpcuk@herbalife.com

7.6 TELEMARKETING

Laws severely restrict telemarketing operations and are highly technical. These Rules are being provided as an accommodation to Members (but not as legal advice). Members are responsible to know and obey all applicable telemarketing laws.

When contracting with vendors, Members must confirm that the vendor's services comply with all applicable laws. The actions or omissions of the Member's vendor will be considered to be the actions or omissions of the Member.

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.³⁹

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 Member 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 Member, that request terminates the EBR even if the subscriber continues to do business with the Member.)

Prior Express Consent

A written agreement or email between a Member and consumer clearly stating the consumer agrees to be contacted by the Member regarding Herbalife® 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 Do-Not-Call Lists

Members are responsible for complying with all applicable laws and regulations that govern telemarketing, including the Do-Not-Call rules maintained by the UK Fax Preference Service (FPS) and Telephone Preference Service (TPS) and their equivalent in any country. This requirement applies to live calls made from standard telephones as well as all other forms of telemarketing.

³⁹ 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.

Members may not contact, either by telephone or by fax, any person or entity in the UK whose telephone number is on FPS or TPS list unless an exemption is applicable. The FPS and TPS exempt subscribers that have provided their prior express consent to be called, that have an established business relationship with the Member, or that have a personal relationship with the Member.

Members engaged in telemarketing must:

- purchase and review the Do-Not-Call lists maintained by the UK FPS and TPS and their equivalent in any country in which they do business.
- Access the registers and purge newly registered numbers from their call lists at least every 28 days.
- Set up their own business account with the Do-Not-Call Registry. (Members will be required to provide identifying information and must use their personal or company name as Seller identification.⁴⁰)
- Pay any fees associated with accessing a Do-Not-Call database.
- Maintain their own "Do-Not-Call" lists that record the number(s) of any person or entity that requests that they not be contacted.
- Maintain a written policy governing Do-Not-Call and other telemarketing requirements.
- Train all personnel engaged in telephone solicitation on a Member's behalf about these rules.
- Members may not use any telephone number supplied by a third-party vendor for use in telemarketing if that telephone number appears on any Do-Not-Call list maintained by the FPS, TPS or any national or local government, or if that telephone number appears on the Member's own Do-Not-Call list.

Additional or other requirements may apply if a Member is calling within or outside of the country. It is the Member's responsibility to determine the requirements of European Union, National or local laws relating to Do-Not-Call lists and to comply with those requirements.

7.6.3 Autodialers

Members may not use an Autodialer in connection with an Herbalife business, products, or opportunity.

7.6.4 Prerecorded or Artificial Voice Messages

Members may not use prerecorded or artificial voice messages in connection with an Herbalife business.

7.6.5 Unsolicited Faxes

- Members may not use a Broadcast Fax, Blast Fax, or similar services to send fax messages.
- Members may send faxes only to EBRs who have provided Prior Express Consent to receive faxes from the Member.
- When sending faxes to EBRs, the Member 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 Member, such as a website address, email address, or toll-free number.
- Members 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 Member's personal or company name); and
 - Telephone number of the sending fax machine and of the Member.

7.6.6 Government Inquiries

Members must immediately discontinue Telemarketing if they receive any notice from a governmental authority regarding their Telemarketing activity. Members must promptly report all such notices to Herbalife.

⁴⁰ Members must not identify Herbalife as the "Seller" or "Client."

Many Members utilize Nutrition Clubs as a successful way of doing business. Nutrition Clubs operate with the purpose of introducing and retailing Herbalife food-based products to new and existing customers. While this section provides a brief explanation of the operation of Nutrition Clubs, it is not intended to be a substitute for the extensive training Members receive as part of the Nutrition Club program.

A Nutrition Club (“Club”) provides an informal setting for people to:

- Talk about good nutrition;
- Learn the value of regular exercise; and
- Plan strategies for achieving a healthy lifestyle.

A Club operation must follow these Rules. Herbalife has sole and absolute discretion to determine whether a Club is in compliance with these Rules.

8.1 GENERAL RULES

8.1.1 Reviews

Members must cooperate with Herbalife reviews of Club practices.

Members accept that when Herbalife conducts an audit of Nutrition Clubs it may contract with third parties to assist it in such audits, for instance through the use of mystery visitors.

8.1.2 Training

A Club operator must be trained by a knowledgeable upline Member or through local Herbalife training events. The ultimate responsibility for training of an operator is the first upline TAB Team member.

8.1.3 Employees

Clubs may only be operated by Independent Herbalife Members. Members may not use employees to assist with any Club operations.

8.1.4 Not Franchises

Clubs are not franchises,⁴¹ and Members may not compare Clubs to franchises when promoting them as a Daily Method of Operation. Clubs are only a means of doing the core Herbalife business of retailing products within a Club.

8.1.5 Independent Business Operations

Herbalife does not approve, endorse, authorize, guarantee or assume any obligation of a Club.

8.1.6 One Responsible Member

At least one Member must accept full responsibility for and oversee all operations of each Club.⁴² If multiple Members share a common space to operate their Clubs, the posted information of the responsible Members may be alternated accordingly.

8.1.7 Good Neighbor Policy

Club operators must be good and considerate neighbors (especially when operating out of their homes). To that end, operators must limit Club attendance and take any other steps to ensure Club meetings do not cause unreasonable noise, traffic congestion, or other forms of public nuisance.

8.1.8 Comply With the Law

Club operators must comply with all laws and regulations that apply to the operation of their Club. In dealing with government agencies, prospective and current Club operators must be cooperative and represent their proposed or actual activities accurately.

⁴¹ No Member may represent, imply, or suggest in any way, that Clubs are franchises.

⁴² The responsible Member must post the Nutrition Club Operator’s Advisory including the Member’s name and contact information. If absent, the Member must assign a Member (whom the Member personally trained) to personally oversee all Club operations.

8.1.9 No Assigned or Exclusive Territories

There are no territorial assignments or exclusive territories for Clubs: they may be opened and operated wherever legally permissible.

8.1.10 Multiple Clubs

Nutrition Club operators may operate multiple Clubs. However, Club operators must be present during all Club sessions, except for short-term absences when attending Herbalife sponsored meetings.

8.1.11 Required Postings

Every Club operator must post the Nutrition Club Operator's Advisory and the Hygiene and Sanitary Practices Advisory for Nutrition Club Operator.

The posted signs containing the Advisories must be at least 21x29.7 centimeters. Each Advisory itself must be in a font size no smaller than 17 points.⁴³ Copies of these Advisories are available on uk.MyHerbalife.com.

8.1.12 Good Hygiene

The provision of Herbalife® products to Club Attendees requires that Club operators practice good hygiene and maintain clean and sanitary Club premises. The following hygiene practices are required:

Food Sourcing, Handling and Preparation

- Fruits, vegetables and other non-Herbalife ingredients from reputable suppliers.
- Inspect ingredients for freshness and quality on delivery and again before use.
- Use good quality water (or boiled water) when preparing beverages served at the Club.
- Thoroughly clean and sanitize kitchen equipment before and after each use including blenders and cutting boards.
- Use disposable cups to serve beverages.

Perishable Products

- Use older, products first. Do not use the products that are past their Use By date.
- Wash fruits and vegetables prior to use.
- Store perishable products in a manner that protects them from damage, spoilage or contamination.
- Clean refrigeration units at least once a week.

Non-Perishable Products

- Use older-products first. Do not use the products that are past their Use By date.
- Store Herbalife® products and non-perishable ingredients in a cool, clean, well-ventilated space.

Personal Hygiene

- Frequently wash hands and forearms with soap and warm water.
- Always wash hands and forearms in the following instances:
 - 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.
- Leave the Club premises immediately if feeling sick, even if the Club must close. Where possible another Member that has been properly trained regarding Nutrition Club Operations, may cover in your absence to support the Club activities.

Club Premises

- Immediately clean up spills and warn guests to avoid the affected areas until cleanup is complete.
- Maintain multiple covered rubbish receptacles lined with high-quality garbage bags throughout the Club premises; remove and empty frequently.

⁴³ The specific wording of the Advisories may change from time to time, but the most recent version may always be obtained by calling Member Services, or it can be downloaded from uk.MyHerbalife.com.

8.2 CLUB OPERATIONS

8.2.1 Fees

Club operators may charge attendance fees to cover operational premise-related costs (such as the cost of rent, utilities, and product and ingredients consumed in the operation of the Club).

Attendance fees may not be represented as the price or cost of:

- Products offered to Attendees or their guests for consumption (because these are benefits of being an Attendee).
- Services the Club operator may choose to offer (such as seminars or classes).

The Club operator is responsible for understanding and complying with legal and tax requirements.⁴⁴

8.2.2 Club Attendance Not Mandatory

Club attendance is a personal decision for the Attendee or guest (whether or not he or she is a Member). Club operators must never state or imply that there is an obligation to attend.

8.2.3 Club Activities and Services

Nutrition Clubs must offer their Attendees:

- Regular opportunities to socialize.
- Frequent educational and coaching sessions (group or one-on-one) on nutrition and weight management.

8.2.4 Attendee Referral Incentives

Club operators may offer reasonable rewards, such as free products, for the referral of new Attendees. However, Club operators are prohibited from paying cash or cash equivalent for such referrals.

8.2.5 Authorized Herbalife® Products Only

Only Herbalife® products may be provided for consumption or sale in a Club. Non-Herbalife® products may not be provided, sold or promoted on the Club premises except for ingredients used in shakes.⁴⁵

8.2.6 Product Consumption

Club operators may offer complimentary products such as shakes, teas, and Herbal Aloe beverages. Club operators may post a list of available flavors of shakes and teas, as well as any optional ingredients such as protein or fiber, but operators may not post, list, or charge individual prices for these products or ingredients.⁴⁶

In Clubs and elsewhere, Herbalife® products must always be served, consumed and applied in accordance with the instructions on the printed product labels.

8.2.7 Carry-Outs

Product offerings must be consumed on the Club premises. Carry-out is prohibited.

8.2.8 Product Retailing

Club operators may keep product inventory on hand, and they may retail their inventory. All Herbalife® products must be sold unopened and in their original Herbalife packaging.

Club operators may not:

- Sell as individual units or single servings products not packaged and labeled for individual sale.
- Post product pricing.
- Use high-pressure sales techniques.
- State or imply that product purchases are required in order to enter, attend, or become or remain an Attendee of the Club.

⁴⁴ For instance, Members who provide more than one attendance fee option may be more likely to be required to pay tax and to comply with food service regulations and requirements.

⁴⁵ Only Herbalife® products authorized for sale in the United Kingdom may be used in UK Clubs.

⁴⁶ The only permissible Club fees are daily, weekly or monthly Attendee fees to cover operational costs.

8.2.9 Sampling

Products may not be given as samples unless they are labeled for distribution in single servings.

8.2.10 Inappropriate Mixtures

Club operators may not mix shakes, teas, or Herbal Aloe Beverages using alcoholic beverages, medications, or other inappropriate ingredients.

8.2.11 Product Packaging and Display

Club operators may display product-related literature, promotional items, and one unit (per product) of unopened Herbalife® product in its original packaging. Displays may not be visible from the exterior. When preparing shakes, teas and Herbal Aloe Beverages for consumption, each of the packaged products must be available for inspection by Attendees.

8.2.12 Proper Disposal of Product Containers

To protect against those who might seek to counterfeit Herbalife® products, Club operators are required to deface or destroy product labels and containers before disposing of empty containers.

8.2.13 Sale of Clubs Prohibited

Transfer of Lease: A Club operator may not sell his or her Club to another Member. If a Club operator does not wish to continue operating his or her Club, it is permissible to transfer the Club's lease to another Member. Before another Member can enter into the lease, the Member must have been an Herbalife Member for at least 90 days, and completed the Registration process in place at that time . The Club operator may then transfer the lease without a charge of any kind, 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 Items Used in the Club: The Club operator may sell the furniture, fixtures and equipment used in the operation of the Club to the Transferee if he or she wishes to purchase them. The purchase price for the tenant improvements, furniture, fixtures and equipment may not exceed the depreciated cost of these items.

8.3 MARKETING, PROMOTION AND ADVERTISING

8.3.1 Claims and Representations

Club Attendees may share their experiences. However, all claims, representations, product and personal stories must comply with the law and Rules.

8.3.2 Offering Nutritional Advice to Attendees and Guests

Club operators may offer the general health, wellness, and nutritional information consistent with product labels and Materials. This includes guidance about the products, usage, and key benefits. Operators may also provide appropriate product, personal and weight-management stories orally and in writing (accompanied by Herbalife's required disclaimers).

Club operators may not state or imply that using the products will diagnose, treat, prevent, or cure any disease or medical condition, and all information given to Club Attendees and guests should be consistent with the information provided on Herbalife® product labels and Materials.

8.3.3 Advertising

Clubs are social gatherings publicized exclusively through word of mouth.

- Guests may be personally invited by the Club operator, another Member, a Club Attendee or a customer.
- Invitations may be extended during a conversation or by a written (or digitally transmitted) invitation sent following a conversation.
- Clubs are not intended to attract "walk-in" traffic.
- Club advertising is limited to promoting services that are offered at the Club's location, such as a weight-loss challenge, a wellness evaluation, or wellness presentation.

Advertisements about Club services may include the following details:

- Name of Club and Club operator
- Phone number

Using radio and television to advertise Club services is not permitted.

8.3.4 Personal Websites

Every Club operator is permitted to create a website under the following conditions:

- **Password-protected websites** not accessible by the general public may be operated, provided they comply with all of Herbalife's Rules.
- **Non-password-protected websites** accessible by the general public may only provide the following Nutrition

Club information:

- Services available at Club (for example, a weight-loss challenge, a wellness evaluation, or wellness presentation)
- Name of Club and Club operator
- Phone number

Any other information posted on publicly accessible websites and specific to Clubs is not permitted.

8.3.5 Residential Nutrition Club Signage Prohibited

Clubs operating from residential locations may not use exterior signage of any kind. For non-residential Club signage Rules, see Rule 8.4.3.

8.4 NON-RESIDENTIAL NUTRITION CLUBS

8.4.1 Registration Process

Before signing a lease or opening a Club in a non-residential location a Member must:

- Be an Herbalife Member for at least 90 days.
- Complete the process required by Herbalife at that time for site location, proposed plaque and other matters.
- Submit the Club "Registration Form"⁴⁷ at least 30 days prior to opening the Club.

8.4.2 Not Retail/Service Establishments

Retail Establishments: Clubs may not operate on the premises of retail establishments. Retail establishments are defined as fixed locations whose primary activity is the on-site sale or delivery of goods to consumers.

Service Establishments: Clubs may not operate on the premises of service establishments whose primary purpose is to provide prepared foods (such as, but not limited to, restaurants, cafés, ice cream shops, etc.). However, it *is* permissible to operate within service establishments such as beauty salons, barber shops, gyms, and health clubs, provided that the Club activities and all signage are restricted to an enclosed room and not visible to passersby or to the public frequenting the service establishment, and are not opened to a street/avenue, gallery, mall or commercial retail areas.

8.4.3 Signage Restrictions

A Nutrition Club may not have any type of signage on the exterior of their location, or surrounding the premises which identify the Club. However a small plaque adjacent to the door of the club simply identifying the Member and/or name of the club is permissible under the following conditions:

- The design and content of the proposed plaque must not be perceived as a store, restaurant, franchise or similar operation, or other retail location, and does not invite passers-by to purchase product.
- The plaque may be no larger than 210 × 297 mm (A4)
- No two Clubs operating from non-residential locations may have identical or substantially similar names or plaques within a 160-KM radius.⁴⁸
- Plaques may not use repetitive names with numbers (e.g., Rockin' Wellness #3, Rockin' Wellness #4).
- Plaques may not identify, imply, or signal that the occupant is an Independent Herbalife Member (or otherwise indicate an Herbalife business).

⁴⁷ The Registration Form is available at uk.MyHerbalife.com or from Member Services.

⁴⁸ This would include anything visible from the exterior that might suggest that the location is a franchise.

- Plaques may not advertise services offered as part of a Club (for example “Weight Loss Challenge,” etc.).
- Plaques may not state or suggest Herbalife® products are available for purchase on the premises.
- Plaques may not use Herbalife Intellectual Property, product names or brands, the word “shake,” or any other words that imply or signal that Herbalife® products are available at that location, such as:
 - Nutrition Club
 - Herbalife
 - L.A. Live
 - Mark Hughes
 - Liftoff®
 - Skin Activator® or any other.
- The following terms and any similar terms are acceptable:
 - Club
 - Center
 - Meeting
- The following terms, and any similar terms, are not acceptable:
 - Café
 - Restaurant
 - Bar
 - Mart
 - Store
 - Shop
- Signs that depict “Open/Closed” may not be visible from the exterior.

The following are a few examples of plaque do’s and don’ts:

Do’s	Don’ts
“Angela’s Wellness Center”	“Angela’s Shake Café”
“Healthy Lifestyle’s Club”	“Healthy Nutrition Bar”
“The Feel Good Zone”	“Herbalife Weight-Loss Shop”

Provided that the Club operator adheres to the above specified points, the use of the following terms and any similar terms are acceptable: “club,” “center,” or “meeting”; Club operators may also use their business name or the name of the individual or group.

8.4.4 Nutrition Club Exterior

Clubs are not retail establishments, cafés, restaurants or takeout establishments. The following rules apply to the Club exterior, to avoid any misconceptions by the public:

- Tables, chairs, or outdoor seating are not allowed.
- The doors and windows coverings of non-residential Clubs must be frosted or opaque, and must be plain and unbranded so that the interior of the Club is not visible to people outside of the Club.

Coverings may not:

- Display any Herbalife branding (names, logos, etc.).
- Contain any text, graphics, color schemes, or pictures/images
- State, imply or suggest (even without words) that retail products are available for purchase inside.
- The following is not allowed on the Club’s exterior:
 - *Visa* or *MasterCard* (or any other credit card merchant) decals or signs.
 - The word “welcome.”
 - Pictures or logos of shakes, blenders.
 - Pictures of food or products.
 - Telephone numbers.
 - Website references such as “.com,” “www,” “.net,” or any other such reference.
 - Taglines or slogans. (A tagline is a descriptive term used in conjunction with the name of a Club.)

8.4.5 Cash Registers

Because Clubs are not retail establishments, cash registers, cash boxes, and the like may not be visible to Club Attendees.

8.4.6 Leasing, Renting or Sharing Club Locations

Club operators may lease, rent, or otherwise charge for Clubs located in non-residential locations which they make available to or share with Members of their downline organization. However, the fees derived may not exceed a 5% net profit to the offering Member, and the offering Member may not solicit or promote these locations to Members in other organizations.

8.4.7 Walk-In Traffic

A “walk-in prospect” is a person who visits a Nutrition Club for the first time without a personal invitation and without having had any direct contact with or a referral from the operator of the Club or an existing Club Attendee.

Nutrition Club operators may sign up a walk-in prospect as an Attendee, but if the prospect cannot or will not sign up as an Attendee, the operator is then limited to:

- Offering the prospect a complimentary shake, tea, and Herbal Aloe Beverages as samples.
- Explaining the Nutrition Club concept of socialization, product consumption, and wellness education among Club Attendees.
- Providing free samples of prepared products to encourage walk-ins to return and become Club Attendees.

The Weight Loss Challenge (“Challenge”) is an optional method of operation available to all Members. This method is a fun way for Challenge participants to learn about nutrition. However, it is imperative that Challenge Rules are followed. For clarification, non-italicized content details mandatory Challenge Rules, while *italicized* content represents “best practices” and/or additional details about hosting Challenge. As with all methods of operation, Members must also comply with all laws and regulations and Herbalife’s rules when hosting a Challenge including but not limited to rules 3.3.1 and 6.1

9.1 MAXIMUM NUMBER OF PARTICIPANTS

Each Challenge is limited to a maximum of 40 participants.

Twenty to thirty participants per Challenge are recommended. Keep in mind that a Challenge may include as few as 3 and up to the maximum of 40 participants. A Member should be assigned as a personal coach to every 12 to 15 participants.

9.1.1 Fees

Participation Fee: The Participation Fee is intended to cover all prize payouts, plus reasonable, direct costs related to the Challenge. Participation fees may not be used to generate a profit and may not exceed £40.

Weight-Gain Fee: Members may charge a weight-gain fee of £1 per pound for weight gained since a participant’s last recorded weigh-in.

Absence Fee: Members may charge an absence fee of £3 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; Members 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 £400.⁴⁹

9.1.3 Duration

Each Challenge must run for a minimum of 6 weeks.⁵⁰

9.1.4 Weekly Meetings

Weekly meetings are a required element of any Challenge. They may be conducted in any suitable location or online.⁵¹

9.1.5 Recommending Herbalife® Products

Members may always recommend, promote and educate on Herbalife® 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 Member(s).

⁴⁹ 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.

⁵⁰ *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, uk.MyHerbalife.com support materials, and Herbalife’s Weight Loss Challenge website for participants (<http://www.myweightlosschallenge.com/>) are based on a 12-week program.

⁵¹ *Meetings should include a weekly weigh-in, discussion of the participants’ progress, educational talks by the Member(s)/coach(es), and formulation of a plan and/or goal for the coming week.*

Wellness evaluations are for Member reference only and should not be presented to anyone other than the Member and customer. In taking the participant through the wellness evaluation, a Member should not claim to be a qualified nutritionist unless they are certified as such. Members must not encourage participants to engage in unhealthy or excessive weight loss and exercise practices.

9.1.7 Advertising

Herbalife creates and provides a variety of finished ads for the Challenge. Member-created ads must be compliant with all Rules and law.

When advertising a Challenge, Members may include their name and phone number in the ad.

If the Challenge is to take place at a Club, the ad may only include:

- The name of the Club.
- The name of the Club operator.
- The Club's phone number.

Members may only provide the address for the Challenge through personal interaction, not through the advertisement.

No Challenge ad may state or imply that money will be paid merely by participating in a Challenge. Only four participants in each Challenge actually receive cash payouts. Ads may state or imply that persons who win the Challenge can earn money for doing so.

Examples of Acceptable Ad Statements:

- "Weight Loss Challenge winners can earn Pounds Sterling for losing pounds!"
- "Challenge winners can earn cash to lose weight!"

Examples of Unacceptable Ad Statements:

- "Earn Pounds Sterling for losing pounds!"
- "We pay you to lose weight!"

9.1.8 Required Participation Agreement⁵²

Every participant must review and sign a Participation Agreement, which must be kept on file by the Member(s) for at least 1 year from signing and produced to Herbalife upon request.

9.1.9 Minimum Age

The minimum age for participation in a Challenge is 18. Persons below that age may not participate.

⁵² The Participation Agreement form is available at uk.MyHerbalife.com.

The Rules protect the Herbalife opportunity and brand. Individual Member violations can negatively impact Herbalife as a whole as well as adversely influence the opinion of regulators, the media and the public's opinion about Herbalife, its products and its Members. While Herbalife makes every effort to educate and counsel Members about appropriate and inappropriate business practices, there are instances where violations of the Rules merit more severe penalties.

Members are strongly encouraged to promptly report alleged violations of the Rules to Herbalife in order to protect the goodwill and reputation of Herbalife and its Members. Herbalife generally will only act on complaints brought within one year of when the Member knew or should have known of the violation but reserves the right to conduct an inquiry at any time.⁵³

10.1 COMPLAINT PROCEDURE

Members should report suspected violations on an Official Complaint Form.⁵⁴ Required information includes the nature of the complaint and the factual details that support the allegations.⁵⁵ The Official Complaint Form must be signed and include the reporting Member's Herbalife ID number.

10.1.1 Inquiry

If Herbalife determines in its sole and absolute discretion there is sufficient information to support the allegation, an Herbalife representative will contact the Member who is the subject of the complaint to permit the Member to provide a response.

In certain circumstances it may become necessary to place restrictions on a Membership while an inquiry is in process. Those restrictions may include a prohibition from attending Herbalife events and suspension or denial of:

- Buying privileges.
- Payment for Royalty Overrides.
- Payment for TAB Team Production Bonus.
- Awards or benefits (i.e., vacations, pins, etc.).
- Speaking at Herbalife sponsored Training Seminars or other meetings.
- Qualifications that may be in progress.
- The right to represent oneself as an Herbalife Member.

Herbalife reserves the right to publish the violating Member's name, violation, and penalty.

10.1.2 Sanctions

Violations of the Rules may result in legal or regulatory challenges for Herbalife and endanger the business for all Members. For this reason, penalties may be substantial. Herbalife 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 Member rights and privileges.
- Monetary sanctions.
- Obligation to reimburse Herbalife's legal fees.
- Removal from the Speaker Program.
- Disqualification from participation in the annual Mark Hughes Bonus.
- Disqualification from participation in the Production Bonus program.
- Permanent loss of lineage.
- Termination of Membership (see "Termination or Deletion of a Membership" below).

If Herbalife concludes that other Members assisted, encouraged or were party to the violations, Herbalife also may hold such Members responsible for the violations.

⁵³ Herbalife's enforcement of the Rules shall not create liability to pay compensation for loss of profits or goodwill.

⁵⁴ The Form can be obtained through Member Services or by accessing uk.MyHerbalife.com.

⁵⁵ Factual details include names, addresses, and telephone numbers of persons involved as well as dates, times, places, etc.

10.1.3 Corrective Measures

Volume and earnings adjustments resulting from corrective measures to resolve dual Membership violations will not include activity occurring more than two years before the date the complaint was received by Herbalife.

10.1.4 Requests for Reconsideration (unrelated to Terminations)

Members may submit a request for Herbalife's reconsideration of a decision within 15 days of the date of the decision. When requesting reconsideration, the Member 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.

10.1.5 Termination of a Membership

Herbalife may, in its sole and absolute discretion, terminate a Membership if a Member violates the Rules.⁵⁶

The termination is effective on the date indicated in the written notification provided by Herbalife to the Member. Upon termination of a Membership, the Member will have no claim against Herbalife as a result of the termination. The Member may no longer conduct business or represent themselves as an Independent Herbalife Member.

10.1.6 Appealing a Termination

Members may submit a request for Herbalife's reconsideration of a termination decision within 15 days of the date of the decision. When requesting reconsideration, the Member 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 reserves the right to consider evidence submitted beyond the 15-day time frame at its sole and absolute discretion.

The appeal will be reviewed by a committee comprised of an appointed representative from each of the Sales Department, the Member Services Department, and the Legal Department (the "Review Committee"). A majority of the Review Committee may uphold the termination, reinstate the Membership, 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.

⁵⁶ Termination means the complete cancellation of a Membership and revocation of the Member's right to conduct the Herbalife business. This includes cancellation of their right to receive any further income from the Membership whether accruing before or after the termination date.

11.1 DAMAGES

Neither Herbalife nor a Member shall be liable to the other for any indirect, incidental, consequential, or special damages of any kind, including without limitation any loss of goodwill, business opportunities, bargains, profit or revenues, regardless of whether the claim is based on contract, tort, or any other legal or equitable theory, and regardless of whether the possibility of such damages is known by either party, to the full extent such remedies may be waived under applicable law.

11.1.1 Waiver and Delay

Herbalife may address Rules violations or other breaches of any agreement with any Member in its sole and absolute discretion. No failure, refusal or neglect of Herbalife to exercise any right, power or option under any agreement with any Member shall constitute a waiver of the provisions or a waiver by Herbalife of its rights at any time under any such agreement.

11.1.2 Severability

If any provision in any agreement between Herbalife and Member 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.

11.1.3 Choice of Law and Forum

Any dispute arising from the relationship between Herbalife and Members, shall be governed by the laws of England and Wales without the application of conflict of law principles.

Any such dispute shall be resolved exclusively in a judicial proceeding in the competent court located in England.

11.1.4 Indemnification

Member will indemnify, defend, and hold harmless Herbalife from any suit, action, demand, prosecution, or claim of any kind, and any related cost or liability, relating to or arising from Member's breach of any agreement with Herbalife or the conduct of Member's Herbalife business. Herbalife may offset reasonable amounts against amounts which would otherwise be due to Member to cover such indemnity.

11.1.5 Claims Between Members

Herbalife shall not be liable to any Member for any cost, loss, damage, or expense suffered by any Member directly or indirectly as a result of any act, omission, representation, or statement by any other Member.

HERBALIFE (U.K.) LIMITED., The Atrium, 1 Harefield Road, Uxbridge, Middlesex, UB8 1HB. United Kingdom collects certain personal identifiable information (PII) about its Members. Aside from the PII contained in the Application Form, Herbalife collects information about Members' business and other information it needs to fulfill its obligations of the Membership, such as Members' bank account or credit card number. If a Member refuses to give Herbalife this information or appropriate authorization to use the information, he or she will not be able to become or stay a Member.⁵⁷ If Members give Herbalife their information, it will be used:

1. To provide services to Members (such as taking and processing orders, and calculating earnings, etc.);
2. To support and improve the services Members render to their customers;
3. To provide Members additional services;
4. To maintain the proper functioning of the Sales & Marketing Plan; and
5. For compliance purposes.

Herbalife shares Members' information with its affiliate entities,⁵⁸ with its corporate headquarters in the United States, with its third party service providers (e.g., IT support, accounting, legal advisors, etc.) and with Members' uplines when needed. In specific cases Herbalife may also be legally required to share Members' information with public authorities. In all of these cases, Herbalife will take appropriate measures to ensure the confidentiality of Members' information. Herbalife does not share your information with other third parties.

Some of Herbalife's affiliate entities, and possibly Members' uplines, may be in countries that offer less privacy protection than the country where the Member lives. However, Herbalife is committed to protecting Members' privacy wherever Members' information is used and Herbalife International of America, Inc., has certified to the EU-US Safe Harbor Agreement, committing to a level of protection equal to your country.

Members have a right to access their personal information and a right to have incorrect information corrected. If Members want to exercise those rights, they should contact Member Services in their country, check their account information online at uk.MyHerbalife.com or send an email to privacy@herbalife.com.

From time to time, Herbalife may give Members PII relating to Members' downline. Members may only use this PII to develop their Herbalife business relationship with their downline, unless they have received consent from the downline Member to use his or her PII for other purposes. Members must abide by applicable data protection laws, including international data transfer restrictions. Once Herbalife has given PII to a Member, he or she is responsible for it and must keep it strictly confidential. Herbalife will give Members materials about its products and services to help Members develop their business and Herbalife may also send Members commercial information about Herbalife or its business partners. Members may refuse such business development and promotional tools via the tick box on the Membership Application and Agreement Form or by contacting Herbalife at Member Services at 03450 560606.

⁵⁷ When a Member terminates his or her Member relationship, Herbalife must keep some of the Member's information for accounting purposes and for the calculation of earnings under the Sales & Marketing Plan.

⁵⁸ A list of Herbalife subsidiaries can be found online at uk.MyHerbalife.com, or at Herbalife.co.uk.

Applicant: An individual applying to become an Herbalife Member.

Application: Herbalife Membership Application and Agreement.

Association: In a divorce, or dissolution of a Life Partner relationship, the combination of volume between the original Membership and the separate Membership of the divorced couple or the former Life Partners, for the purpose of earnings percentage calculation.

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.

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 provided by Herbalife.

Challenge: Weight Loss Challenge.

Club: Nutrition Club.

Do-Not-Email List (“DNE list”): A list produced and maintained by a Member to track and honor all opt-out email requests.

Earnings Claims: Any statement regarding a Member’s actual or potential income.

Established Business Relationship (EBR): A prior relationship between a Member and a telephone subscriber based (1) 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 or (2) inquiry about products or services within three 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 Member, that request terminates the EBR even if the subscriber continues to do business with the Member.

Fee: Annual Membership Services Fee.

Former Participant: A former Member, spouse, Life Partner, or anyone else who participated in a Membership.

Herbalife Intellectual Property: Includes Herbalife copyrighted materials, trademarks, trade names, branding, and trade secrets.

HMP: Herbalife Member Pack.

Leads: Includes prospects for Herbalife® products or the Herbalife opportunity, as well as leads-related advertising, advertising slots, or decision packs.

Life Partner: A person designated by an Herbalife Member as their Life Partner on the “Add Life Partner Request Form”.

Lifestyle Claims: A form of Earnings Claim.

Materials: Herbalife produced literature and sales aids.

Member Services: Herbalife Member Services Department which may be reached at 03450 560606

MLM: Multilevel Marketing.

Period of Inactivity: One year waiting period. See Rule 2.1.10.

Pricing Information: Information related to pricing including “special offer,” “% off,” “free shipping,” and “discounts.”

Prior Express Consent: A written agreement or email between a Member and consumer clearly stating the consumer agrees to be contacted by the Member regarding the Herbalife® products or opportunity, including the telephone or fax number through which such contact may be made.

Review Committee: The committee that reviews an appeal of a termination decision. Consists of an appointed representative from each of the Sales Department, the Member Services Department, and the Legal Department.

Rules: The Herbalife Rules of Conduct and all other rules, policies and advisories that Herbalife issues or, in the future, may issue from time to time.

Sales & Marketing Plan: The Herbalife Sales & Marketing Plan.

Sponsor: The Member who brings another individual into Herbalife as a Member.

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 Member to whom a Membership is transferred.

Transferor: The former Member who is transferring his or her Membership to another.

DIRECT SELLING ASSOCIATION

CODE OF BUSINESS CONDUCT

SCOPE AND DEFINITIONS

1. This Code concerns a member's dealings with

- (a) direct sellers; and
- (b) other members.

In those dealings, members (and their direct sellers) will comply with all law relevant to those dealings.

"the Association" and "DSA" means the Direct Selling Association;

"business opportunity presentation" and "presentation" mean any meeting or discussion at which a member or a direct seller describes a commercial relationship between a member and potential direct sellers;

"direct seller" means any person involved in direct selling in any capacity;

"direct selling" means the direct selling of consumer products either in the home or away from normal retail premises by which a salesperson either: demonstrates the product or presents a product catalogue; or, collects an order; or arranges for the delivery of the products; or collects payment for the product or arranges for credit;

"intermediate trader" is a person (typically a marketing company) which is not a member and which engages direct sellers who themselves have no direct contractual relationship with the member and who, under arrangements between the intermediate trader and the member, solicit customers for the member or clients of the member;

"member" means a member of the Association and includes its employees;

"product" means any goods or services;

"sponsor" means a direct seller who engages in recruiting and/or supporting other direct sellers in a member's business;

"statutory rights" means those rights conferred by regulations made under the Fair Trading Act 1973 whether or not the regulations apply to the member's direct selling scheme

RECRUITMENT

2.1 Members and direct sellers shall not use misleading, deceptive or unfair recruiting methods.

2.2 Advertisements placed by members or direct sellers shall not make unrepresentative or exaggerated earnings claims.

2.3 At the first point of contact, verbal or face-to-face, with a prospective recruit, the recruiter shall clearly identify the name of the member.

2.4 An invitation, by whatever means, to a business opportunity presentation shall:

- (a) state the name of any sponsor or direct seller issuing the invitation;
- (b) state the name of the member and its class of membership of the DSA;
- (c) clearly and accurately indicate the purpose of the presentation and not imply that it relates to employment or that it is anything

other than an occasion to be informed about a business relationship with a member or, where relevant, the intermediate trader.

- 2.5 Any member's recruitment advertisement over 30 words in length shall:
- (a) include the member's name; and
 - (b) indicate membership of the DSA.
- 2.6 All recruitment material (including advertisements) and in whatever medium (e.g. printed, audio, video, electronic) over 30 words in length must:
- (a) be pre-approved by the member, and
 - (b) clearly identify the member, giving the member's name at least as much prominence as the name of the direct seller, or direct selling group, to whom prospects are invited to respond.
- 2.7 Any recruitment material used in a direct marketing campaign, whether or not involving the purchase or rental of mailing lists, must be pre-approved by the member.
- 2.8 In relation to its own website and the websites of its independent direct sellers or, where relevant, its intermediate traders, each member shall establish
- (a) rules and standards, and
 - (b) a monitoring system to check the websites for compliance.
- 2.9 Fly-posting of recruitment and other material on street furniture, telephone kiosks or any other property, public or private, is banned.
- 2.10 All costs, whether for goods or services, charged by a member or direct seller to a prospective recruit who does not take up the opportunity offered shall be refunded. To the extent that those costs relate to the supply of non-consumable goods, the refund may be withheld unless the goods are returned within 30 days of their purchase. No refund need be made, however, in respect of any of the member's products purchased by the prospective recruit in the capacity of a consumer.
- 2.11 Where a direct seller is recruited by an intermediate trader, the requirements in this Rule 2 and Rule 3.2 to identify the member shall be satisfied if, and only if, prior to signing up as a direct seller, the new recruit is informed in writing of the member's identity and its membership of the DSA.
- 2.12 A member operating by using intermediate traders shall establish rules relating to recruitment material to be used by its intermediate traders and a monitoring system to check for compliance; pre-approval by the member shall not be needed for an intermediate trader's recruitment material which complies with those rules provided that those rules have themselves been approved by the Code Administrator.

PRESENTING BUSINESS OPPORTUNITIES

- 3.1 Members and direct sellers shall not describe the opportunity to a prospective direct seller in a false or misleading manner.
- 3.2 At all presentations of any kind reference shall be made to the name of the member and its class of membership of the DSA.
- 3.3 At all times:
- (a) members and direct sellers shall only promote the opportunity as a business relationship with the member or, where relevant, the intermediate trader;
 - (b) no unrepresentative or exaggerated earnings claims shall be made;
 - (c) any earnings claims must relate to actual earnings from the opportunity by an identifiable person and be capable of verification;

- (d) income claims should not imply that earnings are quickly or easily achieved.
- 3.4 Members and direct sellers shall not promote any business based solely on recruiting other direct sellers.
- 3.5 All presentations must promote the business as one where direct sellers sell products to consumers.
- 3.6 It is permissible for a direct seller to be rewarded (e.g. by retail mark-up or commission on sales volume) for building a network of consumers who purchase goods either from the direct seller or directly from the company. However, members and direct sellers shall not encourage anyone to purchase a product on the basis that the product cost they incur will be recovered, reimbursed or reduced if they get others to make similar purchases.

INVESTMENT IN BUSINESS OPPORTUNITIES

- 4.1 Members, sponsors and direct sellers shall not require or encourage any direct seller to purchase products in unreasonable amounts. Nor shall a member accept orders for purchases which it knows are for unreasonable amounts.
- 4.2 The appropriate investment shall take account of (among other things):
 - (a) the purchase of a reasonable quantity of products for self consumption or use;
 - (b) sales that have already been made;
 - (c) a reasonable amount of product for effective demonstration or display to potential consumers.
- 4.3 Any purchase would be for an unreasonable amount if it was a purchase of re-saleable goods which was made:
 - (a) prior to those goods being re-sold; and
 - (b) primarily to secure a higher position in the organisation for the purchaser or primarily to benefit another individual in the organisation.
- 4.4 A purchase would also be for an unreasonable amount, irrespective of whether the order was placed on an automatic or recurrent basis, if the purchaser had no need of the goods either for his/her own use or for re-sale.
- 4.5 Members shall take reasonable steps to ensure that direct sellers who are receiving compensation for downline sales volume are either consuming or reselling the products they purchase in order to qualify to receive compensation.

BUSINESS SUPPORT MATERIALS

- 5.1 Members shall require their direct sellers who sell promotional or training literature (sales aids) in hard copy or electronic form:
 - (i) to utilise only materials that are approved by the member or comply with the same standards to which the member adheres,
 - (ii) to refrain from making the purchase of such sales aids a requirement for downline direct sellers,
 - (iii) to provide such literature (and any other sales aids) at no more than a reasonable and fair price, equivalent to the price of similar material available generally in the marketplace,

- (iv) to offer a written return policy that is the same as the return policy of the member, and
 - (v) not to require any other direct seller to purchase any sales aids or other materials that are inconsistent with the member's policies and procedures.
- 5.2 Members shall take reasonable steps to ensure that sales aids and other materials produced by direct sellers are not misleading or deceptive and are sold only in compliance with the provisions of this Code.
- 5.3 The sale of sales aids shall not be permitted to be a profit centre for either a DSA member or any of its direct sellers.

ADVERTISING

- 6.1 Members' advertisements shall be truthful and accurate and, as a general rule, shall incorporate a reference to their membership of the Association. Members' sales and promotional literature shall be truthful and accurate and shall always contain a reference to their membership of the Association.
- 6.2 Members must be able to satisfy the Association that they comply with the British Codes of Advertising Practice and Sales Promotion where relevant and any other recognised self-regulatory codes.
- 6.3 Where members use direct mail or telephone selling they will make use of the Mailing Preference Service and Telephone Preference Service.

CONTRACT AND PAYMENTS

- 7.1 Members shall provide every direct seller with a written contract.
- 7.2 Contracts shall:
- (a) define a direct seller's financial obligations and meet all statutory requirements;
 - (b) contain or refer to all the terms between the parties in a clear and legible format;
 - (c) provide for termination by either party;
 - (d) state whether or not it may be transferred to anyone else, and if so upon what terms;
 - (e) contain or refer to full details of how earnings will be calculated and paid to direct sellers;
 - (f) require direct sellers to observe all DSA codes;
 - (g) contain details of any restrictions relating to competitive activity by direct sellers.
- 7.3 Members shall not require direct sellers to pay unreasonable fees for participating in a business opportunity, for training, or for promotional or other materials.
- 7.4 Members shall ensure that active direct sellers are provided at no charge with regular statements of account showing:
- (a) full and accurate financial details of all transactions;
 - (b) how any deductions are calculated.
- 7.5 Members shall make any payments to direct sellers on time.

INFORMATION & TRAINING

- 8.1 Members shall inform their direct sellers of their legal obligations, including those relating to income tax, national insurance and, where relevant appropriate vehicle insurance.
- 8.2. Members shall provide or arrange for direct sellers to receive a reasonable standard of training in product knowledge and on how to develop their business.
- 8.3 Where sponsors or others provide training relating to a member's business, members shall ensure:
- (a) that they approve all materials referring to the member's business opportunity and/or its products;
 - (b) that direct sellers understand that they do not need to purchase training materials as a condition for obtaining advice from a sponsor.
 - (c) that if direct sellers pay for training material of any description the price shall be reasonable and relative to the cost.
- 8.4 If members or sponsors charge for training, they shall, for 14 days afterwards, offer full refunds (less the cost of any subsistence) to any direct seller who is dissatisfied with the training.

PRIVACY

9. Members shall take appropriate steps to ensure the protection of all private information provided by direct sellers and to require that direct sellers take appropriate steps to ensure the protection of private information provided to them by consumers.

BUY-BACK PROVISIONS

- 10.1 When a contract is terminated by either party within 14 days of its being made, the member shall:
- (a) refund all money paid by the direct seller in connection with joining the scheme, and
 - (b) buy back any unsold product (including training and promotional materials, business manuals and kits) returned by the direct seller within 21 days of the termination upon terms which are no less favourable than the statutory rights.
- 10.2 When a contract is terminated by either party after 14 days of its being made, the member shall:
- (a) buy back product (including training and promotional materials, business manuals and kits) purchased by the direct seller within 90 days of the date of termination upon terms no less favourable to the direct seller than the statutory rights; and
 - (b) buy back product (including training and promotional materials, business manuals and kits) purchased by the direct seller more than 90 days but within one year of the date of termination at a price not less than 90% of the VAT-inclusive price paid by the direct seller for the purchase of those products less an amount equal to:
 - (i) any commissions, bonuses or other benefits (in cash or in kind) received by the direct seller in respect of those products;
 - (ii) any amounts due from the direct seller to the member on any account; and
 - (iii) a reasonable handling charge,provided that:
 - (i) such product has not been purchased or acquired by the direct

seller in breach of the contract;

- (ii) the direct seller returns such product to the member in an unused, commercially resalable condition not more than 14 days after the date of termination; and
- (iii) the member did not clearly inform the direct seller prior to the purchase that the items were seasonal, discontinued or special promotion products which were not to be subject to the buy-back provisions of this Code.

10.3 At any time during the subsistence of a contract, if requested by a direct seller, the member will buy back any product returned by the direct seller which he purchased at any time within one year of the date of such request upon the terms set out in Rule 10.2(b) above.

10.4 Rules 10.1, 10.2 and 10.3 shall apply where a direct seller's contract is subject to the Trading Schemes Regulations 1997. In other cases, the member shall ensure:

- (i) that a direct seller can by giving notice cancel his or her contract within the first 14 days without penalty and with the right to return in good condition any goods for a refund and to recover any other money paid to the member;
- (ii) that a direct seller can at any stage terminate his or her contract by giving no more than 14 days' notice;
- (iii) that the direct seller can, within 14 days after termination, return for a refund any products (including sales aids, promotional or business materials) purchased from the member up to 1 year earlier and which remain unused, unsold and commercially re-saleable; such refund shall be 90% of the price paid and shall be subject to the same limitations and deductions as are set out in Rule 10.2.

INTERMEDIATE TRADERS AND THEIR DIRECT SELLERS

11.1 Where direct sellers solicit customers for a member or for a member's clients and are engaged by an intermediate trader, the member shall ensure that the contractual arrangements between the member and intermediate trader include equivalent provisions to Rules 2 to 10 of this Code.

11.2 Equivalent provisions will:

- (a) Require the intermediate trader to accord direct sellers the same rights as a member is by this code required to accord to a member's direct sellers.
- (b) Require the intermediate trader to impose the same obligations on direct sellers as a member is by this code required to impose on the member's direct sellers.
- (c) Impose on the intermediate trader and their direct sellers, obligations the same as the obligations imposed by this code on members and their direct sellers (except that no person or organisation can be stated to be a member of the DSA unless it is a member).

11.3 Where this Code lays a specific positive duty on a member (for example, to provide a direct seller with information or with a written contract), that duty

may be discharged by an intermediate trader operating under equivalent provisions.

- 11.4 The member will ensure compliance with the equivalent provisions by the member's intermediate trader. Where the DSA receives a complaint against an intermediate trader (or one of its direct sellers), the member has responsibility to respond to that complaint.

RELATIONS BETWEEN MEMBERS

- 12.1 Members shall behave ethically towards other members.
12.2 Members and direct sellers shall not denigrate any other member or direct seller.
12.3 Members, sponsors and direct sellers shall not entice or solicit direct sellers from other members or other direct selling companies.

INTERNATIONAL DIRECT SELLING

- 13.1 Where a member carries on business, or permits the direct selling of its product, in another country, it shall do so in accordance with legislation relating to direct selling in that country and all Codes of Practice of the local Direct Selling Association (whether or not it is a member of that Association).
13.2 If there is no local Direct Selling Association, the member will ensure that all its employees and direct sellers in that country abide by the provisions of the World Federation of Direct Selling Association's Codes.

CODE RESPONSIBILITIES

- 14.1 Every member and direct seller shall follow all DSA Codes.
14.2 Only members may use the DSA logo and state that they belong to the Association.
14.3 Every member's chief executive is responsible for the observation of this Code by its employees and direct sellers.
14.4 Every member shall operate a system for dealing with reported breaches of the Code and keep records of complaints and of the action taken in response.
14.5 Every member shall give all their direct sellers a copy of the DSA Codes.

CODE ADMINISTRATION

- 15.1 DSA Codes are supervised and administered by an independent, legally qualified Administrator appointed by the Council on behalf of the Association.
15.2 The Code Administrator shall:
(a) satisfy himself that members' trading practices and documentation comply with the DSA Codes and all relevant legislation;
(b) report any breach of the Codes to the member's Chief Executive and recommend appropriate remedial action;
(c) investigate any failure by a member to act upon any recommendation;
(d) report any failure by a member to remedy any breach to the Council of the Association;
(e) publish an annual report which includes any suggestions the Administrator has for the improvement of the Code in the light of experience.

BREACHES OF THE BUSINESS CODE

- 16 Any complaint about a breach of the Business Code shall be treated in the following way.
- (a) The complainant may refer it to:
 - (i) the Chief Executive of the member; or
 - (ii) the Director of the Association.
 - (b) If the complainant is dissatisfied with any solution proposed by the member, or it is referred initially to the Director, the following procedure will be used:
 - (i) The complainant will be asked to set out details of the complaint in writing;
 - (ii) The Director will send a copy of the written complaint to the member requesting prompt remedial action; the complainant will be kept informed at all times;
 - (iii) If the Director is not notified within 21 days that the matter has been resolved, he shall refer it to the Code Administrator and may notify the Council of the Association;
 - (c) If the complainant is dissatisfied with the recommended action, or if the member fails to act as required by the Director, the Director shall refer the complaint to the Code Administrator.

INVESTIGATIONS BY THE CODE ADMINISTRATOR

- 17.1 The Code Administrator will investigate any complaint referred to him, obtain evidence from the complainant, from the member and any other relevant person and make a written adjudication as quickly as possible.
- 17.2 The adjudication is binding on the member and any direct seller; the complainant is not bound by the adjudication.

SANCTIONS

- 18.1 Where a member is found to be in breach of the Business Code, the Code Administrator may require the member:
- (a) to repay all money paid by the complainant;
 - (b) to buy back any unsold product at a price to be fixed by the Code Administrator;
 - (c) to replace or repair any product without charge;
 - (d) to pay any costs incurred by the Code Administrator for technical advice or testing;
 - (e) to give a written undertaking to observe the Code and to take all reasonable steps, including any specified steps, to prevent a recurrence of the breach;
 - (f) to pay to the complainant compensation(not exceeding £5000) in respect of any financial loss;
 - (g) to re-instate a direct seller's contract.
- 18.2 The Code Administrator may require that the member appear before the Disciplinary Committee and may make recommendations as to the action it should take.

DISCIPLINARY COMMITTEE

- 19.1 The Disciplinary Committee shall consist of two Council Members and three Independent Members nominated by the Council. The Disciplinary Committee shall consider all the evidence and may call for written or oral evidence from any person. The Disciplinary Committee will be empowered to exercise the Association's disciplinary powers, including that of expelling a member from the Association.
- 19.2 The Disciplinary Committee shall send its report to the complainant and the member and the Council of the Association. The member is bound by the adjudication.
- 19.3 Members shall have a right of appeal to the full council of the Association, whose decision is final.

DIRECT SELLING ASSOCIATION CODE OF PRACTICE FOR CONSUMERS

METHODS OF SELLING

- 1.1 In selling/supplying goods or services, members (and their direct sellers) will comply with all law relevant to that sale/supply.
- 1.2 A member engaging in direct selling activities in a country outside the U.K. is encouraged to become a member of that country's DSA. If not a member of that country's DSA, it will conduct those activities in compliance with the WFDSA World Codes of Conduct for direct selling.
- 1.3 Members (and their direct sellers) will comply with this Code and, in relation to distance or remote sales, with the Annex to this Code.
- 1.4 Members shall satisfy the Association:
 - (a) that adequate initial training and information is given to all direct sellers with particular regard to their responsibilities to the public; and that continuing training is made available throughout a direct seller's contract;
 - (b) that they have adequate cover against all claims for death, personal injury and damage to property arising out of the demonstration of goods or their use after sale; this cover may either be an insurance policy with a properly authorised insurance company or by the member carrying the risk itself, subject to the approval of that arrangement by the Association;
 - (c) that direct sellers are encouraged to take out adequate public liability cover where appropriate.
- 2 Members whose sales and/or recruiting methods include inviting would-be direct sellers and consumers to meetings shall ensure that all invitations:
 - (a) specify the purpose of the meeting;
 - (b) explain that those invited are under no obligation to purchase anything.Invitees shall be given details of a named contact person and telephone/fax number or E-mail address.
- 3 Members shall satisfy the Association by production of written guidance that they have taken all reasonable steps to see that direct sellers act with integrity; and in particular:
 - (a) do not use misleading, deceptive or unfair sales practices;
 - (b) make personal or telephone contact with consumers only in a reasonable manner and during reasonable hours;
 - (c) respect the customers' right to privacy and their right to bring any contact to an end;
 - (d) describe the goods or products truthfully and accurately;
 - (e) answer customers' questions honestly and clearly;
 - (f) make only such verbal or written product claims with respect to product efficacy as are authorized by the member;
 - (g) give clear and legally accurate information about price and all aspects of after-sales service;
 - (h) abide by all current guidelines covering the promoting and selling of goods;
 - (i) refrain from in any way exploiting the customer, especially anyone who is particularly vulnerable;
 - (j) offer maximum co-operation to trading standards officers and other individuals or bodies (such as Citizens Advice Bureaux) representing consumers.

FAIR DIRECT SELLING

- 4.1 A phone call to make an appointment to visit a consumer should normally be made between 8am and 9pm.
- 4.2 When making an appointment to visit a consumer with a view to effecting a sale or soliciting or confirming (or interesting the consumer in placing) an order, the member or direct seller should not misrepresent the sales process and should:
- (i) make the appointment for a reasonable time of day, normally not to start before 8am and planned to finish by 9pm, unless:
 - (a) it is a party plan appointment with a later finish time acceptable to the host/hostess; or
 - (b) the consumer gives his/her specific express consent to a later stated agreed planned finish time which is no later than 10pm (and the visit must not continue after 10pm).
 - (ii) inform the consumer that the consumer will be under no obligation to place an order;
 - (iii) inform the consumer as to all other purposes of the visit, e.g. to demonstrate/preview products;
 - (iv) if the visit is not a party plan sales event, inform the consumer as to the likely length of the visit, i.e. the total time which the direct seller is likely to spend in the consumer's home, including any breaks that the direct seller may take;
 - (v) inform the consumer as to the different stages, if any, involved in the visit (including the likely length of any demonstration, or DVD presentation);
 - (vi) where products are targeted at the elderly or infirm, check for any vulnerability (lack of understanding etc) that the consumer might have. In such cases, the member should provide, and require its direct sellers to use, an effective screening system able to identify vulnerable consumers.
 - (vii) where a consumer is identified as vulnerable, take all reasonable steps to ensure that the vulnerability is not exploited, even unintentionally.
- 4.3 The following will normally be considered as examples of unfair direct selling practices:
- (i) failing to comply with paragraph 4.1 and 4.2 above,
 - (ii) failing to leave when the consumer requests a termination of a visit;
 - (iii) an unreasonably long visit to the consumer's home;
 - (iv) falsely creating the impression that a consumer has won or will win a prize;
 - (v) offering a discounted price unless the undiscounted price quoted is a genuine price at which retail sales of a significant number of goods could reasonably have been expected to have been made;
 - (vi) offering a "there and then" discount except where the discounted price is £500 or less.
- 4.4 A discount offered during a visit to a consumer's home or place of work is a "there and then" discount unless, at the time it is offered, the consumer is informed that the discount will be available for at least a week thereafter.
- 4.5 A visit is unreasonably long if it exceeds the period reasonably necessary to carry out the purposes of the visit: e.g. demonstration of the product; taking measurements (e.g. for home furnishings); writing out a quotation; ascertaining whether the consumer wishes to buy. In the case of a straightforward product easily demonstrated, a visit of reasonable length might not exceed 30 minutes. Party plan visits might well be much longer. Apart from party plan visits, a visit exceeding three hours would normally be too long.

- 5 Members must be able to satisfy the Association that:
- (a) appropriate steps are taken to protect private information given by consumers or potential consumers;
 - (b) they are familiar with current legislation on trade and consumer protection and Data Protection;
 - (c) where appropriate they inform direct sellers of their relevant legal obligations and keep them up to date with all changes as and when appropriate.

ADVERTISEMENTS

- 6(a) Members' advertisements shall be truthful and accurate and, as a general rule, shall incorporate a reference to their membership of the Association. Members' sales and promotional literature shall also be truthful and accurate and shall always contain a reference to their membership of the Association.
- (b) Members must be able to satisfy the Association that they comply with the British Codes of Advertising Practice and Sales Promotion where relevant.
- (c) Where members use direct mail or telephone selling they will make use of the Mailing Preference Service and Telephone Preference Service.

IDENTIFICATION

- 7 All direct sellers should immediately:
- (a) identify themselves to prospective customers;
 - (b) explain the purpose of their approach;
 - (c) identify the member or third party supplier and the products.
- 8 Members will supply copies of this Code of Practice to all direct sellers. It must be available for any customer.

ORDER FORMS

- 9.1 Subject to Rule 9.3 below, customers' order forms must be approved by the Association and Code Administrator before they are used. They must:
- (a) be clear and legible;
 - (b) contain the member's full name and address;
 - (c) set out any guarantee referred to in Rule 10;
 - (d) set out the consumer's right of cancellation referred to in Rule 12;
 - (e) show that the member belongs to the Association and contain the Association's logo;
 - (f) give contact details of the direct seller and indicate the direct seller's contractual relationship with the consumer;
 - (g) indicate that the DSA has a dispute resolution procedure.
- 9.2 A copy of an order must be given to the customer when it is placed. Either the order form, or some other document given to the customer at or before the time of the order, must contain clear information as to the terms and conditions of supply and must include information as to delivery/completion dates. Unless otherwise agreed, delivery/completion shall be within 30 days of the order.
- 9.3 The customer contract/order form of a third party supplier is not subject to the approval of the Code Administrator and may not contain all the information listed at 9.1 above. In such circumstances the consumer will be given an additional piece of paper, a notice, which must be approved by the Code Administrator and which gives the following information.
- (a) The identity and address and other contact details of the member.
 - (b) A statement (together with the DSA logo) that the member is a member of

the Direct Selling Association.

- (c) A statement that the member is committed to having its direct sellers comply with the DSA Consumer Code, together with information about how to access that code.
- (d) Information about the DSA dispute resolution procedure, and how to access it.

GUARANTEES

- 10.1 Any guarantee of goods shall be clear and easy to understand. It must exceed the customer's existing legal rights, and not affect his statutory rights. The terms of all guarantees provided by members must be approved by the Association and the Code Administrator before they are used.
- 10.2 The member will check for compliance any guarantee provided by its third party supplier.

AFTER SALES SERVICE

- 11 When an after sales service is offered, details and limitations must be clearly stated in writing. Where a customer would normally expect an after sales service but none is offered, this must be stated in writing and given to the customer.

RIGHTS OF CANCELLATION & REFUND

- 12.1 Members must ensure that customers are given at least the cancellation rights required to be given by law.
- 12.2 Where the member is unable to supply goods or services, the member must make a full refund of any price or deposit, unless the customer agrees to accept substitute goods or services.
- 12.3 Where a third party supplier is unable to supply goods or services, the member will use its best endeavours to ensure that the third party supplier makes a full refund of any price or deposit, unless the customer agrees to accept substitute goods or services.

PRE-PAYMENTS

- 13 Where a consumer makes a pre-payment (or pays a deposit) under a contract to buy goods from a direct seller who is acting as principal (as retailer), the direct seller shall refund that pre-payment in the event that delivery of the goods is not possible. If the direct seller is unable to (or fails to) deliver the goods and also is unable to (or fails to) refund the consumer's pre-payment, the member will either deliver the goods or else will itself make the refund.

SELF REGULATION & COMPLAINTS HANDLING

- 14 Members must:
 - (a) make regular audits of systems, procedures and documentation to prove compliance with this code of practice;
 - (b) inform customers in writing of to whom (name & postal address) they may address any complaint;
 - (c) have effective procedures for dealing with consumers' complaints and responding within a reasonable time (normally within ten working days);
 - (d) keep records of customers' complaints and of the action taken in response.

CODE ADMINISTRATION

- 15.1 DSA Codes are supervised and administered by an independent, legally qualified Administrator appointed by the Council on behalf of the Association.

- 15.2 The Code Administrator shall:
- (a) satisfy himself that members' trading practices and documentation comply with the Codes;
 - (b) report any breach of the Codes to the member's Chief Executive and recommend appropriate remedial action;
 - (c) investigate any failure by a member to act upon any recommendation;
 - (d) report any failure by a member to remedy any breach to the Council of the Association;
 - (e) publish an annual report which includes any suggestions the Administrator has for the improvement of the Code in the light of experience.

BREACHES OF THE CONSUMER CODE

- 16 Any complaint about a breach of the Consumer Code (or its Annex) shall be treated in the following way.
- (a) The complainant may refer it:
 - (i) to the Chief Executive of the member; or
 - (ii) the Director of the Association.
 - (b) If the complainant is dissatisfied with any solution proposed by the member, or it is referred initially to the Director, the following procedure will be used:
 - (i) The complainant will be asked to set out details of the complaint in writing;
 - (ii) The Director will send a copy of the written complaint to the member requesting prompt remedial action; the complainant will be kept informed at all times;
 - (iii) If the Director is not notified within 21 days that the matter has been resolved, he shall refer it to the Code Administrator and may notify the Council of the Association;
 - (c) If the complainant is dissatisfied with the recommended action, or if the member fails to act as required by the Director, the Director shall refer the complaint to the Code Administrator.

INVESTIGATIONS BY THE CODE ADMINISTRATOR

- 17.1 The Code Administrator will investigate any complaint referred to him, obtain evidence from the complainant, from the member and any other relevant person and make a written adjudication as quickly as possible.
- 17.2 The adjudication is binding on the member and any direct seller; the complainant is not bound by the adjudication.

SANCTIONS

- 18.1 Where a member is found to be in breach of the Consumer Code (including the Annex), the Code Administrator may require the member:
- (a) to repay all money paid by the complainant;
 - (b) to replace or repair any product without charge;
 - (c) to pay any costs incurred by the Code Administrator for technical advice or testing;
 - (d) to take all reasonable steps, including any specified steps, to prevent a recurrence of the breach;
 - (e) to pay compensation (not exceeding £5000) to the complainant.
- 18.2 The Code Administrator may recommend that the member appear before the Disciplinary Committee and may make recommendations as to the action it should

take.

DISCIPLINARY COMMITTEE

19.1 The Disciplinary Committee shall consist of two Council Members and three Independent Members nominated by the Council. The Disciplinary Committee shall consider all the evidence and may call for written or oral evidence from any person. The Disciplinary Committee's decision will formally be a recommendation to the Council of the Association of any one or more of the following:

- (i) no action be taken;
- (ii) the member be required to undertake a specified course of remedial action;
- (iii) issue by the Council of a formal warning;
- (iv) suspension of the member from the DSA for a stated period;
- (v) expulsion of the member from the DSA.

Suspension and expulsion can be "suspended", i.e. not to take effect if one or more conditions are met.

19.2 The Disciplinary Committee shall send its report to the complainant and the member and the Council of the Association. The member is bound by the adjudication.

19.3 The Council may not reverse or overturn the decision of the Disciplinary Committee. Upon application by the member, however, or on its own initiative, the Council may refer the decision back to the Disciplinary Committee for re-consideration

DEFINITIONS

20.1 "the Association" and "DSA" means the Direct Selling Association;

20.2 "direct seller" means any person involved in direct selling in any capacity;

20.3 "direct selling" means the direct selling of consumer products either in the home or away from normal retail premises by which a salesperson either: demonstrates the product or presents a product catalogue; or, collects an order; or arranges for the delivery of the products; or collects payment for the product or arranges for credit;

20.4 "member" means a member of the Association and includes its employees;

20.5 "product" means any goods or services.

20.6 "Third party supplier" is a person or organisation which is not a DSA member and which, as a result of direct selling activity by a DSA member (or a direct seller acting for the member), enters a contract with a consumer to supply products (goods or services) to the consumer. Typically this occurs where the DSA member is a field marketing organisation commissioned by the third party supplier to market the latter's products.

[Annex for Distance Sales on next page]

DIRECT SELLING ASSOCIATION Annex to Code of Practice for Consumers

This Annex gives additional protection to consumers who buy goods or services by remote or distance sales contracts

REMOTE OR DISTANCE SELLING

1. This Annex supplements the DSA's Code of Practice for Consumers. It applies where goods or services are sold to consumers by sales which are remote sales or distance sales, for example where a consumer places an order over the telephone, by mail or over the internet. In those cases Members (and their direct sellers) will comply with:
 - (a) the terms of this Annex;
 - (b) the requirements of the Consumer Contracts (Information, Cancellation and Additional Payments) Regulations 2013.

CONSUMER INFORMATION

- 2.1 Members will ensure that consumers are given full information, clear and comprehensible, both before the contract is concluded and also in writing (or other durable form) before or at the time of performance of the contract or delivery of the goods.
- 2.2 The information must include details of the consumer's right of cancellation under paragraph 3 below.
- 2.3 The information must also include: the seller's/supplier's name and address, a description of the main characteristics of the goods or services, the price (including for how long it is valid and whether it is inclusive of VAT and delivery), arrangements for delivery/performance and payment, charges for delivery (where the price does not include them).
- 2.4 The information given in durable form must also include: the conditions and procedures for exercise of the consumer's right of cancellation, a geographical address where any complaints can be sent; information as to any guarantees or after-sales services.
- 2.5 Members will observe the information-giving requirements of the Consumer Contracts (Information, Cancellation and Additional Payments) Regulations 2013.

RIGHTS OF CANCELLATION

- 3.1 Members must ensure that customers are given at least the cancellation rights required to be given by law.
- 3.2 Where the member is unable to supply goods or services, the member must make a full refund of any price or deposit, unless the customer agrees to accept substitute goods or services.

PERFORMANCE

4. Unless otherwise agreed, delivery/completion shall be within 30 days of the order.

FRAUDULENT USE OF PAYMENT CARD

5. Where, in relation to a remote or distance sale, fraudulent use is made of a consumer's payment card by someone else not acting as his agent, the consumer is entitled to cancel the payment and to have his account re-credited. Members will co-operate with card issuers in ensuring this right of consumers is honoured.