

# United Kingdom and Ireland Supplemental Rules of Conduct

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# INTRODUCTION

Every Herbalife Independent Distributor (hereinafter referred to as “Distributor”) is a self-employed, independent businessperson engaged in the sale of Herbalife products for consumption and, if the Distributor desires, in the promotion of the Herbalife income opportunity. The relationship between Herbalife and its Distributors begins with, and is defined by, the Application for International Distributorship and Agreement of Distributorship. That relationship incorporates those Rules published by Herbalife from time to time in its discretion, defining the rights and responsibilities of Distributors, each in their most recent form. Those Rules include, but are not limited to, Herbalife’s Rules of Conduct & Distributor Policies, and any other Herbalife Rules. Nothing in Herbalife’s Rules is intended to serve as or should be interpreted as legal advice; Herbalife does not provide legal advice to its Distributors. The following Supplemental Rules apply specifically to the promotion of Herbalife products and the Herbalife income opportunity in the United Kingdom:

- |                                                                       |             |
|-----------------------------------------------------------------------|-------------|
| 1) The Creation, Sale and Use of “Business Methods”                   | (Section 1) |
| 2) Marketing Over the Internet, including E-Mail                      | (Section 2) |
| 3) Marketing by Means of “Telemarketing”                              | (Section 3) |
| 4) Making Claims and Representations                                  | (Section 4) |
| 5) Sign Posting, Flyers, Pull-Tabs, Hot Pockets                       | (Section 5) |
| 6) Export Rules                                                       | (Section 6) |
| 7) Offering or Making Reference to the Herbalife Business Opportunity | (Section 7) |

These Rules take effect on the 1st of January 2008, except Rule 1-A-1 which takes effect on the 1st of February, 2008.

## SECTION 1 - The Creation, Sale and Use of “Business Methods”

### Definition of Business Methods

Some Distributors produce, sell and utilize merchandising aids and support services or materials, including the names and contact information of prospects (e.g., “leads”), and the recommendation, provision, and placement of advertising. These aids, support services and materials include (but are not limited to) books, magazines and other printed materials, audio/visual materials, software, telemarketing tools, Web sites, Internet services and other electronic media, rallies, meetings and educational seminars.

Aids, support services and materials which were not produced by Herbalife are referred to in these Rules as “Business Methods.”

Business Methods (as that term is used in these Rules) are NOT produced, approved, endorsed, guaranteed, or authorized by Herbalife, and Herbalife assumes no responsibility or obligation, and shall have none, with regard to their purchase, sale or use.

### 1-A-1 Pre-sale Legal Review and Registration of Business Methods

Distributors may sell Business Methods provided those Business Methods have been registered with Herbalife and that registration is current. Registration Forms are available at [MyHerbalife.com/uk](http://MyHerbalife.com/uk) or by calling Herbalife’s Distributor Services Department at 08450 560606. To determine whether registration is current, Distributors may go to [MyHerbalife.com/uk](http://MyHerbalife.com/uk) or contact Distributor Services.

Herbalife shall have the right to suspend, terminate or take other disciplinary action against any Distributor who sells an unregistered Business Method or who provides false information on the Business Methods Registration Form.

Registration is for tracking purposes only. No Business Method and no Distributor shall claim or represent that Herbalife (whether or not a Business Method has been registered with Herbalife) has reviewed, approved, endorsed, guaranteed or assumed any responsibility or obligation with regard to a Business Method.

Prior to and as a condition of registration of any Business Method with Herbalife, there must be a full review and approval by legal counsel for the owner or for a principal seller of the Business Method. The legal review must include content, method of operation, advertising and promotion and terms of sale and use. The legal counsel must be competent in laws applicable to MLM and must provide a letter addressed to Herbalife which specifically identifies the materials reviewed and represents that based upon the lawyer’s review, if the Business Method is operated as reflected in his review, (a) the Business Methods comply with Herbalife’s policies and procedures, based upon his review of Herbalife’s then current policies and procedures (which would also be specifically identified in the letter); and (b) counsel is not aware of any existing law, rule or regulation that the Business Methods, in his/her opinion, would violate. The legal counsel and letter shall be subject to Herbalife’s approval. The legal review and letter submitted to Herbalife shall be reviewed annually and also before material changes are made.

### Legal counsel’s letter:

1. may include a caveat that the letter is not a formal legal opinion nor is it a representation that there are no statutes, rules or regulations that exist in the United Kingdom and Ireland, or apply to the United Kingdom and Ireland, which might be violated by the Business Method and that the firm cannot predict whether various EU, National, and local enforcement agencies might change their interpretation of applicable rules and regulations;
2. will confirm that the Business Method client has agreed to a limited waiver of the attorney-client privilege to allow counsel to discuss with Herbalife counsel on a confidential basis any questions the latter may have regarding the Business Methods reviewed and advice/recommendations given to the Business Method client regarding those materials; and
3. will confirm that counsel has reviewed with the Business Method client any documents that Herbalife may require to be signed by the client in connection with the Business Methods.
4. must be provided to Herbalife’s Home Office/Legal Department by either of the following methods:  
By mail To: Herbalife International of America, Inc.,  
Attention: Legal Department, P.O.Box 80210, Los Angeles, CA 90080-0210 or  
via email: [busmethodlawyersletter@herbalife.com](mailto:busmethodlawyersletter@herbalife.com) to be followed by the original letter using the address above.

## 1-A-2 Compliance of Business Methods with the Law and Herbalife's Rules

Distributors creating, selling or using Business Methods, directly or indirectly (such as through corporations) must comply with Herbalife's Rules of Conduct & Distributor Policies, any other Herbalife Rules, and the law, including, but not limited to, laws relating to confidentiality of consumer data, privacy rights, restrictions on telemarketing in all its forms and marketing over the Internet.

If Herbalife determines that one or more Business Methods violate its Rules, the law, or the legal rights of others, or that they produce a significant risk that they might damage Herbalife's business or reputation, brand or image, Herbalife shall have the right to require the Distributor to immediately cease the sale or utilization of the Business Method in question without liability to Herbalife.

## 1-B Restrictions on Use of Herbalife Data Obtained via Creation, Promotion or Sale of Business Methods

Distributors may produce, sell or resell Business Methods to other Distributors solely for the purpose of selling Herbalife products and building, training and motivating other Distributors to sell Herbalife products. In order to protect the intellectual property rights and goodwill of Herbalife, and the income opportunity it affords the Distributors, and in addition to any other restriction or prohibition contained in any agreement with Herbalife or any applicable Rule:

No Distributor or, for a period of three (3) years following the termination of their Distributorship (by any means, including voluntary resignation), no former Distributor shall, directly or indirectly:

1. use any information relating to the identity, contact information, sponsorship relationships, preferences or any other significant business or personal information about any Herbalife Distributor, which was acquired or derived from such activity for any purpose other than the promotion and sale of Herbalife products pursuant to the Herbalife Marketing Plan; or
2. offer, promote or sell to any Herbalife Distributor or third party who acquired or used the Business Method, the products, services or earnings opportunity associated with any other multi-level marketing or direct sales company.

For example, for the period covered by these restrictions, no Distributor or former Distributor (including the spouse of such Distributor or former Distributor and no company or entity controlled by either of them or in which either of them have an economic interest) shall offer, invite, encourage, induce, solicit, promote, sponsor, recruit or attempt to do so, any of those acts directly or indirectly, to any Herbalife Distributor or third party who acquired or used the Business Method, the opportunity to join, participate in any way with or purchase or sell the products or services of any other multi-level marketing or direct sales company.

Violation of the foregoing restrictions will be regarded as a serious violation of the Distributor's contract with Herbalife because it puts at risk the relationships, business and incomes of the Company and persons upline of those Distributors to whom access was given by their involvement in Business Methods intended solely to promote the Herbalife business. Distributor acknowledges that Herbalife and its Distributors would suffer irreparable harm as a result of any breach of these restrictions and that monetary damages are insufficient to compensate Herbalife for such harm. Therefore, in addition to the Company's other rights and remedies under Herbalife's Rules of Conduct & Distributor Policies, any other Herbalife Rules, and the law, if a breach of these restrictions has occurred, Herbalife shall be entitled to an injunction or temporary restraining order, without notice to the Distributor or former Distributor, restraining any impermissible disclosure or use of the confidential information in addition to any other available remedy.

## 1-C No Required Purchase Other Than International Business Pack

The only required purchase in order to become, succeed or advance as a Distributor is the Herbalife IBP (that is, Herbalife's official International Business Pack/Distributor Kit). When a Distributor is recruited, they must be offered the opportunity to buy an IBP, without any markup or profit to the Sponsor or the Sponsor's upline. To illustrate:

1. if a potential Distributor is offered the opportunity to purchase products, services or materials (whether or not they were produced by Herbalife) in addition to the IBP, it must be with the understanding that this is an optional purchase and not a condition or requirement of becoming a Distributor or succeeding or advancing in Herbalife's Marketing Plan. Further, Distributors may not promote or tout profits to be made from selling a Distributor-produced IBP or kit which contains anything in addition to that which is contained in the standard Herbalife IBP, or has any item removed from it.
2. Distributors may not represent or imply that Business Methods are required (legally, or as a matter of practicality) to do or succeed in the business, participate in the income opportunity, or receive training and upline support.

## 1-D Right to Cancel Subscriptions and Satisfaction Guarantee

Those persons or entities who sell to Herbalife Distributors Business Methods components which are:

1. **Sold** on a subscription basis, must offer to the Purchaser in writing at the time of such sale, the right to terminate such subscriptions at any time and to obtain a refund of the unexpired portion of those subscriptions. If there are varying published rates for different periods of service, the rate charged for the purpose of calculating any subscription refund will be that which most closely corresponds to the actual period of service, provided that no additional payment will be due upon cancellation. As applied to leads, the Purchaser shall have the right to cancel any order or contract for the purchase of leads and shall have no obligation to pay for leads not actually received by the time of cancellation.
2. **Tangible** (meaning: having physical form, such as CD's and DVD's), must offer to the Purchaser in writing at the time of sale, the right to return such materials to the Seller for the amount paid by the Purchaser plus shipping and handling. The guarantee period shall be at least 180 days from the time the Purchaser received the components. The Seller must issue the refund within seven business days of Seller's receipt of the returned materials in the case of tangible components.
3. **Not described** above (in subparagraph 1) or 2), must offer to the Purchaser in writing a satisfaction guarantee which satisfies (at the election of the Seller) subparagraph (a), (b) or (c) that follows:
  - a. An unconditional satisfaction guaranteed refund for a period of at least 30 calendar days from the date of receipt of the component;
  - b. An unconditional satisfaction guarantee for a period of at least seven (7) calendar days from the date of receipt of the component, but Seller may choose to offer this (rather than the 30-day satisfaction guarantee) only if both of the following apply to the sale:
    - i. The components developed or purchased by Seller from an unrelated third party supplier (from whom neither Seller nor any other Herbalife Distributor derives, directly or indirectly, any compensation or economic benefit, pursuant to a written agreement between that supplier and Seller provided to Herbalife which contains the following provision, "We agree, for the benefit of, and subject to confirmation by, Herbalife Ltd., its affiliates or subsidiaries, not to pay any referral fee or any other compensation or economic benefit, directly or indirectly, to any Herbalife Distributor."), and the price charged by Seller to Purchaser is no greater than the reasonable direct costs evaluated on a financial year basis (net of discounts, allowances and the like) incurred by Seller to purchase or create and sell the particular component (including reasonable direct administrative costs of lead generation, such as customer support, accounts payable and receivable administration and actual bad debt) plus a mark up of no more than 5% of such direct costs, and

- ii. Seller retains and makes available for audit at Herbalife's expense conducted by a nationally recognized accounting firm, all documents, invoices and records relating to such purchases and development costs and sales or resales by Seller; or
- c. An unconditional satisfaction guaranteed refund for a period of at least seven (7) calendar days from the date of receipt of the component, but Seller may choose to offer this (rather than the 30-day satisfaction guarantee) only if in addition to the letter or letters previously provided by legal counsel to Herbalife in compliance with Rule 1-A-2, Herbalife has received a current letter addressed to Herbalife (and such further assurances as Herbalife may request) from competent MLM legal counsel, confirming that the Business Methods of which the components are a part, as to content and operation, in material compliance with national or relevant EU law applicable to MLM, including that relating to business opportunities, and that counsel is not aware of any existing law, rule or regulation that the Business Methods, in his/her opinion, would violate. The legal counsel and letter shall be subject to Herbalife's approval. The legal review and letter to Herbalife shall be renewed annually and also before material changes are made.
- d. As applied to leads, the term "date of receipt of the component" (as used in subparagraphs (a), (b) and (c) shall mean the date upon which Purchaser received the particular lead or leads for which the refund is sought.
  - i. Seller must issue all required refunds within seven business days of Purchaser's request.
  - ii. The offers required above shall be clearly and conspicuously presented to Purchaser at the time of each sale or, if applicable, in a master agreement entered into by the Purchaser under which subsequent purchases are made. Such offers must contain, and Seller must maintain, a telephone number, charging no more than the British Telecom national call rate, for Purchaser to use for any inquiry or complaint regarding refunds.

Whether or not covered by the above refund provisions, Herbalife may pay on behalf of the Seller refunds to a requesting party, if it determines in good faith that such payment protects the goodwill or reputation of Herbalife or its Distributors, in addition to such sanctions as Herbalife may determine.

#### **1-E Receipts**

The Seller of Business Methods must provide to the Buyer an itemized, dated receipt for all purchases, which shall assign a price for each component sold and include the following language:

The products or services being purchased, while they may be a legitimate and helpful tool for building your business, are not required in order to pursue the income opportunity being offered. The Seller is solely responsible for the preparation and sale of these materials or services, and the Company that affords the income opportunity does not approve, endorse or guarantee these materials. If, for any reason, you are not satisfied with any tangible materials you have purchased, you may return them to the Seller at the address listed on this receipt within 180 days of your receipt of those materials for a full refund of the cost of those tangible materials, including shipping and handling.

Alternatively if the Seller maintains a Web site which clearly and conspicuously sets forth a refund policy which complies with Rule 1-D, the following language may be used with respect to Business Methods delivered over the Internet:

The products or services being purchased, while they may be a legitimate and helpful tool for building your business, are not required in order to pursue the income opportunity being offered. The Seller is solely responsible for the preparation and sale of these materials or services, and the Company that affords the income opportunity does not approve, endorse or guarantee these materials. You may qualify for a refund upon your return to the Seller of tangible materials. To review those rights go to [NOTE: Fill in the URL of the Web site that sets forth how the Buyer may obtain their refund]

#### **1-F The Purpose of Sales of Business Methods—Not for Profit**

Distributors may produce and sell Business Methods strictly for the purpose of selling Herbalife products, building the Herbalife business or training and motivating their own organization to sell Herbalife products (and subject to the provisions of Rule 1-L on the organizations of other Distributors), provided they do not become (and are not perceived as) income generating enterprises that are being conducted instead of, or in conjunction with the Herbalife business. Accordingly, the Creator, Seller and Reseller of a Business Method may charge prices no greater than the cost of the unit(s) being sold.

#### **1-G Sales Price of Certain Business Methods**

If a Business Method (for example, a Decision Package) is sold before the Buyer purchases an International Business Pack (IBP), the total for all such sales may not exceed the lesser of the value of the Business Method sold or £25. The item must be subject to a guarantee as laid down in Supplemental Rule 1-D.

#### **1-H Fee for Using Web Sites**

Distributors may charge users of their Web site a reasonable fee, provided the fee does not exceed the cost for the development, setup, and maintenance of the Web site.

#### **1-I No Compensation for Recruitment or Sale of Business Methods**

Distributors may not offer or pay endorsement or recommendation fees, referral fees, marketing fees, advertising fees or administrative fees or reimbursement, or any other form of compensation (including rebates, bonuses, discounts, etc) relating in whole or in part or in any way to the purchase or sale of Business Methods, nor may any Distributor accept such compensation.

#### **1-J Encouraging or Requiring Personal Debt Not Permitted**

No Distributor, in connection with Business Methods, may encourage or require that a current or prospective Distributor go into debt in order to become a Distributor, grow an existing business, or purchase Business Methods or Herbalife products.

#### **1-K Required Disclosure Statement**

Before or concurrent with the first sale to a particular Buyer of any Business Method which does not come within and comply with Rule 1-G, both Seller and Buyer must review the Business Methods Disclosure Statement and Arbitration Agreement in the form most recently published by Herbalife. For the protection of Herbalife and the Seller, Herbalife requires that both parties sign this document in the spaces provided and that Seller retain the signed originals for at least two years.

The current version of the Business Methods Disclosure Statement and Arbitration Agreement can be found at Appendix A, at the end of Section 1, and is available on [MyHerbalife.com/uk](http://MyHerbalife.com/uk) for downloading and printing.

#### **1-L Restrictions on Solicitations and Sales of Business Methods to Herbalife Distributors**

Distributors may promote, solicit or sell Business Methods to downline and crossline organizations, but only if they have received prior written consent to such promotion, solicitation or sale from the first qualified President's Team member above the Distributor(s) to whom such promotion, solicitation or sale is to be made (except that Distributors do not need consent to promote, solicit or sell Business Methods to their own downline organization to the level of the next qualified President's Team member). A single written consent is valid as to all Distributors down to the next qualified President's Team member of the person giving the consent. All written consents must be maintained on file for two years and provided to Herbalife immediately upon request.

#### **1-M Restrictions on Sales or Promotion of Business Methods at Meetings and Other Official Events**

Distributors may not display, promote or sell any Business Methods at meetings, programs or other functions sponsored and conducted (in whole or in part) by Herbalife.

#### **1-N Use of Vendors**

Distributors may use or recommend Vendors of Business Methods or the use of those Business Methods. However, no such Vendor or their Business Methods may be used to circumvent the law or Herbalife's Rules. Distributors who use or recommend such Vendors shall use due diligence to confirm that the Vendors' services and Business Methods they provide are in compliance with the law and Herbalife's Rules. Further, if a Distributor has an economic interest in a Vendor of Business Methods or in any of its transactions, the actions of the Vendor shall be regarded as the actions of the Distributor for purposes of these Rules (including, but not limited to, Rules 1-D and 1-R).

#### **1-O Herbalife Does Not Approve, Guarantee, or Assume Any Obligation**

Business Methods, as well as the representations made by Distributors engaged in their creation, promotion, offering, sale or use, may not state, suggest or give the impression that any Business Method was produced, approved, endorsed, guaranteed, authorized or offered by Herbalife, or that Herbalife assumes any obligation with regard to their creation, sale or use.

#### **1-P License to Use Herbalife-Produced Sales Tools and Related Materials**

Business Methods may use Herbalife-produced sales tools, sales aids and related materials, including, but not limited to audio/visual recordings, pictures or descriptions of Herbalife products taken from any sales materials and literature, or audio/visual recordings that are currently available for sale or distribution from Herbalife in the United Kingdom and the Republic of Ireland. Distributors may not use any materials that are specifically identified as not to be reproduced. At all times, Distributors using the materials referenced above must comply with the following conditions:

1. Distributors using materials in unaltered form must include "©Herbalife" (on every page or screen, or by voiceover if using audio materials).
2. Distributors using materials in altered form must indicate that the materials were "produced by an Herbalife Independent Distributor" (on every page or screen, or by voiceover if using audio materials).
3. Reproductions of materials produced by Herbalife must be of a quality comparable to the original (as judged by Herbalife).
4. All usage and alteration must be in compliance with these, all of Herbalife's Rules and the law.

#### **1-Q Updating Materials**

Herbalife regularly modifies its product and sales materials. Distributors must keep themselves up-to-date with regard to these modifications and must promptly revise and update the Business Methods they produce or sell to reflect current information.

#### **1-R Limit on Sales of Business Methods**

Each Distributor who sells Business Methods must ensure that the quantity and amounts charged for the Business Methods sold are reasonable in relation to the sales volume and profits of the Buyer from his or her Herbalife business.

#### **1-S Notification of Source**

All Business Methods shall display the date of publication or recording and the name of the publisher/producer.

For questions about the rules regarding Business Methods or their application, you may call Distributor Services at 08450 560606 or write to [rulescommentemea@herbalife.com](mailto:rulescommentemea@herbalife.com).

# APPENDIX A

## BUSINESS METHODS DISCLOSURE STATEMENT AND ARBITRATION AGREEMENT

Herbalife Independent Distributors (hereinafter referred to as “Distributors”) are primarily engaged in the marketing and sale of Herbalife products for consumption. However, they may also promote the Herbalife income opportunity, and they are responsible for training those whom they sponsor. To assist in the latter process, some Distributors produce, sell and utilize Merchandising aids and support services or materials, which are not produced, approved, endorsed, guaranteed, or offered by Herbalife. These materials and services are referred to, collectively, as “Business Methods.” Business Methods include, but are not limited to books, magazines and other printed materials, audio and visual materials, software, telemarketing tools, Web sites, Internet services and other electronic media, rallies, meetings and educational seminars.

This Statement contains important information about buying or selling Business Methods, and advises as to your legal rights and responsibilities. Each person who chooses to sell or purchase Business Methods should sign this Statement prior to consummating any transaction. The Statement does not determine price, quantity or selection—these are individual decisions—but it does oblige Buyers and Sellers to obey the Rules applicable to Distributor conduct, particularly as they relate to the creation, sale and use of Business Methods.

### IMPORTANT INFORMATION

**You should carefully consider each of the following factors prior to purchasing Business Methods:**

**Not Herbalife Materials.** Business Methods are not produced, approved, endorsed, guaranteed, authorized, or offered by Herbalife. Herbalife assumes no responsibility or obligation, and shall have none, with regard to their purchase, sale or use.

**No Required Purchase other than the International Business Pack.** The only required purchase in order to become and progress as a Distributor is the International Business Pack (“IBP”) produced by Herbalife. In other words, to become a Distributor, succeed in the business, advance in the Sales and Marketing Plan, or receive upline training and support, you are NOT required to buy any amount of materials, products or services, either those produced by Herbalife or by a party other than Herbalife, or to attend any seminars, meetings or events. You should buy Herbalife products for your own consumption and for resale to others, but only in amounts you independently determine you wish to consume or can resell in a reasonable amount of time. You should buy non-Herbalife products and business materials and services and attend events, only if you independently decide that they will assist you in building a more successful and profitable Distributorship. If you purchased any product, services or materials on the belief that you were required to do so, you may demand a full and unconditional refund within the refund period set out in this Statement, and if that demand is not promptly honored, contact Herbalife’s Distributor Services Department at 08450 560606.

**Focusing on Retail.** Your primary focus as a Distributor must always be the promotion and sale of Herbalife products for consumption.

**Limiting Expenditures.** You should carefully monitor what you spend on Business Methods so expenditures do not become unreasonable or excessive. These costs should be justified by the benefit to your business. You should only purchase items or attend events that provide information helpful to you in selling products or sponsoring others to do the same.

**Limiting Time Commitments.** You should decide how much time you need to spend attending events or working with materials associated with a given Business Method. You should carefully consider the impact of this time expenditure (if any) on your primary occupation (if not Herbalife), your Herbalife-related activities and your family.

**Compliance with Herbalife’s Rules of Conduct & Distributor Policies and the Law.** The Rules applicable to Distributor conduct contain important provisions affecting your potential decision to purchase, sell or use Business Methods. They are included in the International Business Pack (“IBP”) that contains the Herbalife registration materials and are available at [MyHerbalife.com/uk](http://MyHerbalife.com/uk). They may also be requested by phone through Herbalife’s Distributor Services Department at 08450 560606.

**Right of Refund.** The Seller of any tangible materials constituting a Business Method must offer in writing at the time of the sale, a full 180-day refund for the cost of those tangible materials, including shipping and handling. The Seller must issue the refund within seven business days of receipt of the returned materials. The 180-day period begins when the tangible materials were received by the Buyer.

**No Guarantee of Results.** Herbalife does not make or approve any representations about how much income anyone will earn as a Distributor, and no one is authorized or permitted by Herbalife to make such representations. Your success as a Distributor will depend on your own efforts and skill. HERBALIFE’S CURRENTLY PUBLISHED “STATEMENT OF AVERAGE-GROSS COMPENSATION OF UK & IRISH SUPERVISORS” is available on [Herbalife.com/uk](http://Herbalife.com/uk) and [MyHerbalife.com/uk](http://MyHerbalife.com/uk) or by calling Herbalife’s Distributor Services Department at 08450 560606.

## RESOLUTION PROVISIONS

1. Herbalife Only a Third Party Beneficiary. This Dispute Resolution Agreement ("Agreement") is made between Seller and Buyer (the "Parties"). Herbalife is an intended third party beneficiary of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 only for the purposes of Herbalife's ability to elect the dispute resolution provisions contained herein, and to share in the benefit of the private statute of limitations and choice of law provisions in Paragraph 2 below. The Parties acknowledge that nothing contained herein is intended to create any involvement by, or responsibility of, or liability for, Herbalife with respect to any dealings between Seller and Buyer, and the Parties further acknowledge that nothing contained herein shall be argued by either of them to constitute any waiver by Herbalife of any defence which Herbalife may otherwise have concerning whether it can properly be made a party to any dispute between the Parties.
2. Mandatory Mediation, then Arbitration. With respect to any claim by Buyer which arises out of, or relates in any way, in whole or in part, to the Business Methods (as defined in the preceding "Disclosure Statement"), including without limitation the creation, sale, purchase, content, functionality, value, use or consequences of use of Business Methods, or to this Agreement, or the breach thereof, including without limitation, any tort claim, including fraudulent inducement of this Agreement or the dispute resolution provisions contained herein ("Claim"), the parties agree:
  - a) first, to try in good faith to settle the Claim by good faith negotiations;
  - b) then, if such negotiations are not promptly successful, to try in good faith to settle the Claim by mediation administered in London England by the London Court of International Arbitration ("LCIA") before having recourse to arbitration. The mediation shall be conducted in accordance with the LCIA's mediation procedure then in force which sets out the procedures to be adopted, the process of selection of the mediator and the costs involved, and which terms are hereby deemed incorporated. Nothing in this clause shall prevent either party from applying to the English courts for interim relief;
  - c) and, finally if such mediation does not result in a settlement, then Buyer, Seller or Herbalife may demand, as the exclusive means and forum to resolve the Claim, binding arbitration by a single arbitrator, such arbitration to be conducted in London, England by the LCIA. The arbitrator may be the person who previously served as mediator, but only with the consent of all parties to the arbitration.
3. Conduct of Arbitration. The parties agree that the LCIA's arbitration rules and mediation procedures ("LCIA Rules") shall govern the interpretation, enforcement and proceedings pursuant to this mediation and arbitration clause, except as otherwise expressly provided in these Resolution Provisions. In the case of arbitration:
  - a) The parties agree that no Claim shall be adjudicated, in an arbitration or in any judicial proceeding, as a Class Action, and that no arbitration conducted pursuant to this Agreement shall allow class claims, or consolidation or joinder of claims or parties.
  - b) The arbitrator shall be a practicing attorney having at least 15 years experience with commercial litigation matters or with commercial distribution matters.
  - c) The arbitrator's award, if any, shall be made within six (6) months following the filing of the notice of intent to arbitrate and the arbitrator shall agree to comply with this schedule before accepting appointment.
  - d) Any award by the arbitrator shall be a reasoned written award reached only by applying strict rules of law to the facts, and limited to actual monetary damages (e.g., shall exclude consequential, indirect, punitive and exemplary damages).
  - e) Discovery will be limited to matters which are directly relevant to the issues in the arbitration.
  - f) Each party shall bear its own costs and expenses, including legal fees and an equal share of the arbitrator's fee and the administrative costs of the arbitration during the arbitration provided, however, that the prevailing party in the arbitration shall be awarded all such fees and costs upon prevailing in the arbitration.
  - g) All arbitration proceedings will be closed to the public and confidential, and all records relating thereto will be permanently sealed, except as necessary to obtain court confirmation of the judgment of the arbitrator or as necessary to give effect to res judicata and collateral estoppel, in which case all filings with any court shall be sealed to the extent permissible by the court. Nothing herein is intended to, or shall, preclude a Party from communicating with, or making disclosures to, its lawyers, tax advisors, auditors and insurers, as necessary and appropriate or from making such other disclosures as may be required by law.
  - h) The English courts may grant interim relief under section 44 Arbitration Act 1996 (the "Act") and the scope of the relief available under section 44(3) of the Act shall not be limited to preservation of evidence or assets (notwithstanding any provision of the LCIA Rules to the contrary).
  - i) If any one or more of the provisions contained herein shall for any reason be found by a court of competent jurisdiction or an arbitrator to be invalid, illegal, or unenforceable in any respect, such invalid, illegal or unenforceable provisions shall be ineffective, but shall not in any way invalidate or otherwise affect any other provision. However, if Paragraph 3 is found to be invalid, illegal or unenforceable such that a Claim cannot be resolved by means of arbitration pursuant to this Agreement, then either Party or Herbalife shall have the right, but not the obligation, to require that a Claim be resolved in a judicial proceeding in the English courts (which courts shall have exclusive jurisdiction), rather than through arbitration.
4. Private Statute of Limitations and Choice of Law. Notwithstanding any statute or other legal or equitable doctrine or authority to the contrary, no Claim shall be brought more than eighteen (18) months after the first purchase of any "Business Methods." This Agreement shall be governed by and interpreted in accordance with the domestic law of England without the application of conflict of law principles. Understood and agreed,

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|                |                    |      |
|----------------|--------------------|------|
| Seller (print) | Seller's Signature | Date |
|----------------|--------------------|------|

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|               |                   |      |
|---------------|-------------------|------|
| Buyer (print) | Buyer's Signature | Date |
|---------------|-------------------|------|



## **SECTION 2 - Marketing Over the Internet, Including E-Mail**

### **2-A License to Use Herbalife's Name and Herbalife Product Names**

Distributors may not use the name "Herbalife®," Herbalife®/Shapeworks™ trade names, Herbalife®/Shapeworks™ product names, or other intellectual property of Herbalife (or any variations thereon) in domain names (URLs), the titles for any pages within Web sites (including, but not limited to home pages), or e-mail address. However, the Herbalife name and product names may be used in search engine Meta tags and title tags. In the case of a domain name violating this Rule, Herbalife shall have the right to require the owner to transfer it to Herbalife immediately and at no cost to Herbalife. This shall be in addition to Herbalife's other rights and remedies.

### **2-B Unauthorized Use of Third-Party Trademarks, Trade Names, or Product Names**

Distributors may not use third parties' trademarks, trade names, or product names (or any variations thereon) in domain names (URLs), the titles for any pages within Web sites (including, but not limited to home pages), e-mail addresses or Meta tags, unless they have sought and obtained prior written consent from the owner.

### **2-C Must Disclose Relationship to Herbalife on Home Pages Featuring Corporate Logos/Marks**

Distributors operating Web sites related to their Herbalife business may feature the Herbalife®/Shapeworks™ logos and other Herbalife trademarks on their sites, but must disclose their relationship to Herbalife by placing the phrase "Herbalife Independent Distributor" in a prominent location on the Home Page, appearing in the same font size as the surrounding text, and the phrase must also appear on every Web page on which a logo or trademark appears. Trademarked/copyrighted words and phrases may not be used in the Web site domain name (URL), the titles for any pages within Web sites (including, but not limited to the home page), or in e-mail addresses.

### **2-D Associating Other Organizations**

Distributors may feature third-party advertisements on their Web sites so long as, in Herbalife's sole and absolute judgment, the advertisements:

1. are unconnected to any religious or political organization;
2. do not damage the name or reputation of Herbalife or its Distributors;
3. do not misuse Herbalife's service marks, trademarks, trade names, product names, or other intellectual property; and
4. do not directly or indirectly promote any other direct selling or network marketing companies (regardless of products offered) or any products which are competitive with those sold by Herbalife (including, but not limited to meal replacements, nutritional supplements, and cosmetics).

### **2-E Search Engine Advertising**

Distributors are permitted to advertise the Herbalife product line and income opportunity on Internet search engines, but they may only use words and phrases that have been pre-approved by Herbalife for such advertising. This restriction applies to the URL, title tag, 25-word description, keywords that make up a Meta tag, alt/image tags that describe the images of a site, sponsored ads that Distributors purchase on search engines, and any other page-related factors used by search engines in determining Web site rankings. A list of keywords that may optimize your search engine ranking, and a list of approved advertising phrases are available from Herbalife's Distributor Services Department 08450 560606 or online at MyHerbalife.com/uk. These lists will be updated from time-to time. Distributors should view the lists regularly and promptly ensure that their search engine advertising is in conformity.

### **2-F Obtaining Priority or Preference with a Search Engine**

Distributors may not use any misleading or deceptive tactics (as determined by Herbalife, in its sole and absolute judgment) in order to improve their index preference with search engines.

### **2-G Hyperlinking**

Distributors may link their Web sites to:

1. Herbalife's official Home Page or any other Web site produced or maintained by Herbalife
2. any other Web sites maintained by them to promote Herbalife's product line and income opportunity
3. any third-party Web sites that will assist them in promoting Herbalife's product line and income opportunity, so long as such Web sites are compliant with Rule 2-D

### **2-H Offering Web Services**

Distributors offering any Web services through a vendor must provide to each recipient in an easily understandable, direct and permanently available manner, the name, address, fax and phone numbers, and e-mail address of the vendor, and the company registration number, registering authority, supervisory authority and VAT-ID (if any) of the service provider.

### **2-I Offering Herbalife's Products for Auction**

Auction sales and sales on auction sites weaken the personal relationships which Distributors must develop with their customers, as well as the Herbalife brand and the image which Herbalife wants to establish for its products. Therefore, Distributors 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. This prohibition includes, but is not limited to, soliciting or receiving bids for Herbalife products on the Internet, through a commercial auction Web site, online auction marketplace, or otherwise. Further, commercial auction Web sites or online auction marketplaces, and any other sites determined by Herbalife to have an auction focus, are prohibited sales channels even when the proposed sales are at a fixed price.

## 2-J International Business

Distributors conducting or seeking to conduct business in international markets via their own or other Web sites must comply with Herbalife's Rules of Conduct & Distributor Policies, any other Herbalife Rules, as well as the laws and regulations of each country which has jurisdiction over their commercial and Internet activities including, but not limited to, rules, laws and regulations pertaining to the confidentiality of consumer data, privacy rights, restrictions on telemarketing and restrictions on marketing over the Internet. Product references may include only those products that are for sale in the particular country to which such communications are directed.

## 2-K Privacy Statements

Distributor Web sites that promote Herbalife's products or income opportunity, or any other relationship with Herbalife, must maintain the confidentiality of consumers and site users by complying with the privacy laws in each country from which they receive consumer information. Distributors 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.

## 2-L Consumer Data

Distributors may not sell, trade or use consumer or site user information, except in connection with Herbalife's products or Herbalife's income opportunity. If any person or entity requests that their information not be used, the Distributor must immediately honor such request.

## 2-M Standard of Personal Conduct

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

## 2-N Unauthorized Computer Access

Distributors may not interfere or take any action that results in interference with or disruption of Herbalife.com, MyHerbalife.com, or other Web sites maintained by Herbalife or its Distributors, nor may they gain or attempt to gain access to computer systems or networks connected to those sites or any other sites without prior written permission or authorization from Herbalife.

## 2-O E-Mail

The following discussion and Rules on e-mail are generally applicable to all activities of Distributors related to their Herbalife business. They are in addition to European Union, national and local legal requirements. As the law in this area is relatively new and constantly evolving, and as an accommodation to its Distributors (but not as the rendering of legal advice), Herbalife may post periodic legal updates at MyHerbalife.com/uk. Distributors are expected to visit the Web site and review these advisories with care, but nevertheless, Distributors are solely responsible for compliance with all applicable laws.

## Rules & Definitions

The following restrictions and prohibitions apply to all Distributors who transmit commercial e-mail messages to promote Herbalife products or the earnings opportunity:

- a. Distributors are prohibited from sending messages unless the Distributor has a prior existing business or personal relationship with the recipient or the recipient has provided prior affirmative consent to receive the message. "Prior existing business relationship" means a relationship formed by a voluntary, two-way communication between the Distributor and the recipient based on the recipient's prior purchase, negotiation or transaction where the recipient was given, at the time their data was collected, a simple no cost method to refuse consent, and each message sent contains the expressed right and means to withdraw their consent to receive further messages. "Personal relationship" means a relationship based on the recipient's status as a family member, friend, or acquaintance with respect to the Distributor. "Affirmative consent" means that the recipient has expressly consented to receive the message, either in response to the Distributor's clear and conspicuous request for such consent or at the recipient's own initiative. Consent must specifically address receipt of messages regarding Herbalife products or the earnings opportunity.
- b. Distributors are prohibited from disguising the origin of any e-mail message. Each message must include accurate header information. "Header information" means the source, destination, and routing information attached to an e-mail message, including the originating domain name and originating e-mail address, and any other information that identifies the person initiating the message.
- c. The "from" line of each message must accurately identify the person who initiated the message.
- d. The "subject" line of each message must not mislead the recipient about the contents or subject matter of the message.
- e. Each message must contain a functioning return e-mail address or Internet-based mechanism that a recipient may use to submit a reply e-mail message or other form of Internet-based communication requesting that they not receive future commercial e-mail messages from the sender at the e-mail address where the message was received ("opt-out request"). Each message must provide clear and conspicuous notice of the opportunity to make an opt-out request and how to do so.
- f. Distributors are prohibited from initiating or transmitting commercial e-mail to a recipient who has made an opt-out request more than 10 business days after receiving the opt-out request. Each Distributor must produce and maintain its own Do-Not-E-mail List ("DNE list") to track and honor all opt-out requests.
- g. Each message must include a valid physical postal address of the Distributor.
- h. Any Distributor that uses a third-party list vendor or Lead Generation Service to obtain e-mail addresses must verify that each addressee obtained from such vendor or service is not on that Distributor's DNE list before sending any commercial message to that addressee, even if the list vendor or Lead Generation Service claims that the addressee has "opted-in" to receive commercial mail or has provided "consent" or "permission" or any other indication that they want to receive commercial messages.
- i. Distributors are prohibited from selling, leasing, exchanging, or otherwise transferring or releasing the e-mail address of a person from whom the Distributor has received an opt-out request.

- j. Distributors are prohibited from obtaining the e-mail addresses of message recipients by address harvesting or dictionary attacks. "Address harvesting" refers to the use of software or any other automated means to collect e-mail addresses that are listed on an Internet Web site or online service, which may include chat rooms, message boards or online directories. Collecting email addresses from such sources is prohibited if that source posts a notice stating that the operator of such Web site or online service will not give, sell, or otherwise transfer addresses maintained by such Web site or online service to any other person for the purpose of initiating commercial e-mail messages. "Dictionary attack" refers to automated means used to generate possible e-mail addresses by combining names, letters, or numbers into numerous permutations.
- k. Distributors are prohibited from using scripts or other automated means to register for multiple e-mail accounts or online user accounts from which to transmit commercial e-mail messages.
- l. "Lead Generation Services" use marketing techniques to locate potential customers for their clients. Some Distributors buy these "leads" to see if they might be interested in purchasing Herbalife products or in the Herbalife income opportunity. Some Lead Generation Services use techniques that may violate laws that restrict the sending of commercial e-mail. The consequences of contacting leads that have been purchased from or supplied by a service which is using questionable methods can be very severe, even if the Distributor is acting in good faith. It is the Distributor's responsibility to know and abide by the law and to determine that those with whom they do business do so as well. This means the Distributor must investigate the Lead Generation techniques that the service employs and confirm to a certainty their compliance with applicable laws. Until a Distributor has received written proof that a service's methods are in compliance with the law, Distributors may not purchase or use leads supplied by that service. The Distributor must keep in mind their own activities and once they have acquired the lead must comply with these Rules and any applicable laws. In addition to its other rights and remedies, Herbalife shall have the right, to suspend, terminate or take other disciplinary action against a Distributorship using leads generated by means which do not comply with the law, or using those leads in a manner which does not comply with this Rule, Herbalife's other Rules of Conduct & Distributor Policies, all other Herbalife Rules, and applicable law.

## 2-P Discontinuance of E-Mailing

Distributors must immediately discontinue email activity if they receive any inquiry or notice of action from a governmental authority regarding their e-mail practices. Distributors must report all such notices or inquiries immediately to Herbalife's Operations World Home Office. Herbalife retains the option to suspend, terminate and take other disciplinary or legal action against any Distributorship that is not in compliance with Herbalife's Rules and the laws. This is in addition to Herbalife's other rights and remedies.

## SECTION 3 – Marketing by Means of Telemarketing

### Introduction

#### Telemarketing

The following discussion and Rules on telemarketing are generally applicable to all activities of Distributors related to their Herbalife business. They are in addition to European Union, national and local legal requirements. Since the law in this area is relatively new and constantly evolving, and as an accommodation to its Distributors (but not as the rendering of legal advice), Herbalife may post updates at [MyHerbalife.com/uk](http://MyHerbalife.com/uk). Distributors should pay regular visits to the Web site and review these advisories or Rule changes with care, but nevertheless, Distributors are solely responsible for compliance with all applicable laws.

"Telemarketing" (as that term is used in this document) is the marketing of products or services utilizing telephonic devices (to place outgoing calls), including fax machines, automated telephone equipment, and pre-recorded or artificial voice recordings.

European Union and national laws prohibit or severely restrict telemarketing operations utilizing the methods cited above, especially when the telemarketer is approaching persons with whom there is no preexisting business relationship, and particularly when they are contacted at home. There are other European Union and national regulations applicable to the use of telemarketing with which Distributors must comply.

As independent businesspersons, Distributors are individually responsible for understanding and following the European Union and national laws and regulations relating to telemarketing practices, as well as those in each country or jurisdiction in which they intend to conduct business. When purchasing or using the telemarketing services of unrelated or unaffiliated vendors, Distributors must use due diligence to confirm that the services comply with all applicable laws.

#### Definitions

For purposes of this section the following definitions apply:

#### Autodialer

Equipment that has the capacity to dial telephone numbers automatically. The term includes any equipment that performs the dialing function whether or not the machine is pre-programmed with a list of numbers or dials the numbers on a random basis.

#### Established Business Relationship

A prior existing relationship formed by a voluntary two way communication between a Distributor and a residential subscriber;

1. on the basis of the subscriber's purchase or transaction within the 18 months immediately preceding the date of the telephone call, if the relationship has not been previously terminated by the Distributor or the other party; or
2. on the basis of the subscriber's inquiry regarding products or services within three months immediately preceding the date of the telephone call, if the relationship has not been previously terminated by the Distributor or the other party. If the telephone subscriber makes a company specific Do-Not-Call request, that request terminates the established business relationship even if the subscriber continues to do business with the Distributor.

## **Personal Relationship**

A family member, friend, or acquaintance of the Distributor making the call.

## **Predictive Dialer**

Hardware and software used to dial telemarketing calls while telemarketers are talking to other customers. Predictive dialers “predict” the average time it takes for a consumer to answer the phone and when a telemarketer will be free to take the next call.

## **Prior Express Consent/Prior Express Permission**

Consent or permission evidenced by a written agreement or e-mail between the Distributor and the consumer in which the consumer clearly states that they agree to be contacted by the Distributor regarding the Herbalife products or opportunity, and specifies the telephone or fax number to which calls may be placed.

## **Rules**

The following restrictions and prohibitions apply to the use of unsolicited fax solicitations, prerecorded/ artificial voice solicitations, and autodialers. They are applicable to all telemarketing activities of Distributors. When purchasing or using the telemarketing services of unrelated or unaffiliated vendors, Distributors must use due diligence to confirm that the services comply with these Rules.

### **3-A Telephones and Autodialers**

1. Telephone calls. Customers (whether corporate bodies or consumers) can be contacted by telephone for the purposes of direct marketing unless:
  - (i) they have informed you that they want to “opt-out” from receiving further direct marketing calls;
  - (ii) they have registered their telephone number on the TPS (Telephone Preference Service) and they have not contacted you to inform you that they consent to receiving direct marketing calls; or
  - (iii) the call is made through an automated calling system.
2. Distributors may not use autodialers or predictive dialers to offer Herbalife products, or the earnings opportunity.

### **3-B Pre-recorded or Artificial Voice Messages**

Distributors may not use pre-recorded or artificial voice messages to offer Herbalife products, or the earnings opportunity, unless:

1. the Distributor has an established business relationship with the recipient, or
2. the Distributor has obtained the prior express consent of the recipient to the use of such prerecorded or artificial voice messages.

### **3-C Unsolicited Faxes**

1. Customers may only be contacted by fax for direct marketing purposes where:
  - (i) the customer is a consumer and they have contacted you to inform you that, for the time being, they do not object to receiving direct marketing faxes (they may withdraw this consent at any time);
  - (ii) the customer is a corporate body and it has not informed you that it wants to “opt-out” from receiving further direct marketing faxes; or
  - (iii) the customer is a corporate body which has registered their fax number on the FPS (Fax Preference Service) but which has contacted you to inform you that, for the time being, it does not object to receiving direct marketing faxes (it may withdraw this consent at any time).
2. Distributors may not use a “blast fax” or similar program or service to send messages by fax. Distributors only may send fax messages to individuals with whom the Distributor has an established business relationship and to any individuals that have provided their prior express permission to receive fax messages from the Distributor. Distributors must comply with Rule 3-A and with any other applicable European Union, national or local laws that regulate faxing.

### **3-D Do-Not-Call Lists**

Distributors may not contact, either by telephone or by fax, any person or entity in the UK whose telephone number is on any government sponsored Do-Not-Call list, unless one of the Facsimile Preference Service (FPS) or Telephone Preference Service (TPS) exemptions 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 Distributor, or that have a personal relationship with the Distributor.

- Distributors 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. Distributors are required to access the do-not-call registry and purge newly-registered numbers from their call lists at least every 28 days. Each Distributor must set up their own business account with the do-not-call registry. Distributors will be required to provide identifying information including name and address, contact person, and contact person’s name and address. Distributors must use their personal or company name as Seller identification and may not identify Herbalife as the “Seller” or “Client.” Distributors are responsible for any fees associated with accessing a do-not-call database.
- Distributors engaged in telemarketing must also maintain their own “Do-Not-Call” lists that record the number(s) of any person or entity that requests that they not be contacted.
- Distributors must maintain a written policy governing Do-Not-Call and other telemarketing requirements, and all personnel engaged in telephone solicitation on a Distributor’s behalf must be trained in the existence and use of this policy.
- Distributors may not use any telephone number supplied by a third party vendor or Lead Generation Service 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 Distributor’s own Do-Not-Call list.
- It is the Distributor’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.

### 3-E Lead Generation Methods

“Lead Generation Services” use marketing techniques to locate potential customers for their clients. Some Distributors buy these “leads” to see if they might be interested in purchasing Herbalife products or the Herbalife income opportunity. Some Lead Generation Services use techniques that may violate laws that restrict telemarketing, including the transmission of unsolicited fax advertisements or “blast faxing,” the sending of commercial e-mail, the use of “autodialers” and pre-recorded messages. The consequences of contacting leads that have been purchased from or supplied by a service which is using questionable methods can be very severe, even if the Distributor is acting in good faith. It is the Distributor’s responsibility to know and abide by the law and to determine that those with whom they do business do so as well. In the case of Lead Generation Services, this means the Distributor must investigate the lead techniques that the service employs and confirm to a certainty their compliance with applicable laws. Until a Distributor has received written proof that a service’s methods are in compliance with the law, Distributors may not purchase or use leads supplied by that service. The Distributor must keep in mind their own activities and once they have acquired the lead must comply with applicable telemarketing laws (such as Do-Not-Call lists) and the Company’s Rules. In addition to its other rights and remedies, Herbalife shall have the right, to suspend, terminate or take other disciplinary action against a Distributorship using leads generated by means which do not comply with the law, or using those leads in a manner which does not comply with Herbalife’s Rules of Conduct & Distributor Policies, any other Herbalife Rules, and the law on this subject matter.

### 3-F Compliance with Herbalife’s Rules and the Law

Distributors must immediately discontinue telemarketing activity if they receive any inquiry or notice of action from a governmental authority regarding their telemarketing practices. Distributors must report all such notices or inquiries immediately to Herbalife’s Operations World Home Office. Herbalife retains the option to suspend, terminate and take other disciplinary action against any Distributorship that is not in compliance with this Rule, Herbalife’s Rules of Conduct & Distributor Policies, any other Herbalife Rules, and the law. This is in addition to Herbalife’s other rights and remedies.

## SECTION 4 - Making Claims and Representations

### 4-A Representations and Claims Generally

In addition to the specific Rules that follow, all claims, representations, and testimonials, including those related to weight loss and product efficacy and financial performance (including income) must be lawful, truthful, and not misleading. They must have a reasonable basis in fact and must have been substantiated in writing in advance of publication or other communication. They must also be consistent with claims and representations made in current Herbalife marketing publications or on current Herbalife product labels. Since the law in this area is subject to change, and as an accommodation to its Distributors (but not as the rendering of legal advice), Herbalife may post updates of this Rule and updated Average Gross Compensation of UK and Irish Supervisors at MyHerbalife.com/uk. Distributors are required to visit the Web site and review these advisories or Rule changes with care.

### 4-B Weight-Loss and Product Claims

References to Weight-loss 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 loss representation may refer to a rate or amount of weight loss. In addition to this weight loss references relating to an individual who had excessive weight may not be referred to unless accompanied by a statement that weight loss was achieved under the direct supervision of a physician. All weight-loss representations, including testimonials, must be accompanied by the following disclaimer, placed prominently, using a font size no less than 10-point type on every page on which the claims appear:

*All references to weight control 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.*

The following claims may not be used within the EMEA region:

- (a) claims which suggest that health could be affected by not consuming Herbalife products;
- (b) claims which make reference to the rate or amount of weight loss;
- (c) claims which make reference to recommendations of individual doctors or health professionals.

### 4-C Structure/Function Claims

Distributors may make only those structure/function claims that appear on Herbalife’s label and marketing materials for the product in question. A structure/function claim is one that the product may “assist” or “support” a particular organ/bodily function (example: “calcium in this product helps build strong bones”) All structure/function claims, including testimonials, must be accompanied by the following disclaimer, placed adjacent to the claims, and in a minimum of 10-point type on every page on which the claims appear:

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

### 4-D Income Claims & Testimonials

If an income claim is made in advertising copy or other materials, a disclaimer must accompany the claim. “Lifestyle” claims ( for example those involving cars, pools, vacations, etc.) and personal testimonials about earnings or lifestyle are “income claims” and subject to this Rule. All income claims require a disclaimer as follows:

*Income applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation for UK & Irish Supervisors at Herbalife.com/uk and MyHerbalife.com/uk*

The disclaimer must be displayed in a font size no less than 10-point type or 75% of the size of the income claim text font, whichever is the larger.

Alternate Disclaimer: When describing the results achieved by the top 1% of Herbalife Distributors, the following disclaimer is also acceptable (with the same font and placement requirement):

*The incomes presented are those of persons within the top 1% of Herbalife Distributors.*

All statements of income must be genuinely representative of the true income of the Distributor depicted, and must be representative of the UK and Irish business as a whole by use of at least two of the following three types of testimonials;

1. Personal Use Distributors; Distributors who take advantage of the Distributor discount to purchase product for their own use.
2. Retailing Distributors; Distributors who may purchase for their own use but also retail products to customers.
3. Retailing and Sponsoring Distributors; Distributors who may purchase for their own use but also retail products to customers and sponsor, train and support other Distributors.

There must be an equal number of each type of testimonial and at least half of each type of testimonial must refer to lifestyle rather than earnings stated as sums of money.

At least half of the Retailing and Sponsoring Distributors testimonials must represent those below World Team and up to half may be of World Team and TAB Team Distributors. There should be at least two World Team testimonials for every one Tab Team testimonial in order to help ensure that the numbers of testimonials are representative of the numbers of Distributors at each of these levels in the Marketing Plan.

Earnings testimonials must state whether they represent net earnings or gross earnings, and the period for which the earnings are quoted. The amount of earnings remaining after all costs, overheads and taxes are deducted are net earnings. Earnings received before any deduction of costs, overheads and taxes are gross earnings. This must be shown by stating 'net' or 'gross' after the earnings figure followed by the period for which the earnings are quoted. For example; "£500 gross per month" or "£6000 gross per annum".

High Incomes are defined as those incomes that are higher than the national average. For the purpose of calculating if part time incomes are high incomes, the national average must be reduced to be proportionate to the number of hours worked. Testimonials representing high incomes must carry the following disclaimer:

*It takes considerable time to build the significant retail business required to achieve the earnings depicted and, if the Distributor has chosen to do so, to sponsor, train and support other Distributors and thereby achieve commissions and bonuses that can contribute to such earnings.*

If Royalty and bonus figures are quoted separately from retail income they should be accurately identified as 'commissions based on the turnover of Distributors I have trained and supported' or words to that effect.

**Audio and Visual Presentations:** In addition to the foregoing, there are specific requirements for including the disclaimers on audio and visual presentations.

For audio and visual presentations, the disclaimer must appear at the beginning and the end of the presentations, long enough for anyone to read in the case of visual, or hear in the case of an oral presentation.

#### 4-E Earnings Claims & Testimonials; Compliance with the Law

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

#### 4-F Home-Based Business Claims

When promoting the Herbalife income opportunity, Distributors may not misrepresent the extent to which the activities of an Herbalife Distributor can be conducted solely in the home.

#### 4-G Claims Regarding Relationship Between Herbalife and Herbalife Distributors

The Herbalife income opportunity is a potential career for Distributors, but under no circumstances is it a job, as that term is commonly understood. Herbalife Distributors are, at all times, self-employed independent contractors, and may not claim, represent or imply that they are employed by, speak for, or provide any kind of consulting services to Herbalife, or that the Herbalife business is a job. For example, Distributors may not use the terms "job," "salary," "employment," or "paid vacations" (or any similar terms) in promoting the income opportunity, nor may Distributors market the income opportunity using tools primarily or wholly devoted to advertising job opportunities including, but not limited to "Help Wanted" ads, employment bulletin boards, and Internet job search engines, unless the advertisements clearly and conspicuously indicate that what is being offered is an independent income opportunity, and not a job or employment.

## SECTION 5 - Sign Posting, Flyers, Pull-Tabs, Hot Pockets

Distributors may not post any sign on;

- (1) Any public property, utility pole, street light, traffic light, parking meter, traffic sign or any other publicly owned property in, on or adjacent to any public street, highway, or other road rights-of-way.

Or

- (2) Any private property without the express permission of the owner of such property. It is a legal requirement that permission is sought from, and given by, the Local Planning Authority concerned. This also applies to public property and street furniture.

This restriction will apply even if local laws and regulations allow such posting of signs. If signs are posted on private property, the posting must also comply with all governmental or local ordinances, laws or regulations, and otherwise follow all of Herbalife's Rules and Regulations.

Pull-tabs and flyers may be posted on bulletin boards, or locations established for the specific purpose of allowing the posting of flyers and may be posted or distributed in a manner in accordance with the laws and regulations of the Local Planning Authority concerned.

Penalties for violations of this Rule may include warnings, significant fines, suspension of buying privileges and/or termination of the Distributorship, in Herbalife's sole and absolute discretion.

### 5-C General Rules

Distributors must comply with all applicable laws, regulations and bylaws when advertising and promoting Herbalife products or income opportunity.

Although Herbalife provides guidance and in some cases imposes additional restrictions, it is the responsibility of the Distributor as an independent business person to determine what the law requires.

- All materials covered by this Rule must include the name and postal address of the Distributor who posted or distributed the material.
- No materials may be attached to public property, or private property directly accessible from public property such as ATM's, telephones, vending machines or petrol pumps, or be attached or left in a manner that creates a nuisance.
- Materials must be promptly removed upon the request of any government authority, the owner of the property (in the case of a withdrawal of consent) or Herbalife.

This Rule is likely to undergo periodic updates. Distributors are required to check for updates to this Rule by visiting [MyHerbalife.com/uk](http://MyHerbalife.com/uk) or by calling Herbalife's Distributor Services Department at 08450 560606. Materials which do not comply with updated Rules must be taken down or removed promptly.

### 5-D Penalties for Violations

Violations of this Rule may have serious consequences, including formal reprimands, significant fines, suspension of buying privileges, or termination of Distributorships. Where a landowner, property owner, or governmental entity charges for clean up costs, these costs shall be borne (or at Herbalife's option, reimbursed to Herbalife) by the responsible Distributor. Penalties are determined in Herbalife's sole and absolute discretion.

## SECTION 6 – Export Rules

### 6-A Activities in Countries or Territories Which Herbalife has not Announced as Officially Open for Business

Whether or not the name "Herbalife®" is used, Distributors may not engage in any business activity (including "preparatory" activity) relating to Herbalife in these countries or territories, including but not limited to efforts or attempts to:

1. Register or license Herbalife names or products or its Marketing Plan;
2. Sell or distribute Herbalife products;
3. Promote Herbalife products or the income opportunity (including, but not limited to wearing the button, or advertising using any media); or
4. Hold meetings (large or small) or sponsor or recruit persons who reside in these countries.

This prohibited activity includes activity which occurs physically outside of an unopen country, but which has the purpose or effect of causing any of the results prohibited by subparagraph 1 above.

### 6-B Herbalife-Related Activities in Open Countries (Other Than China)

Herbalife products are intended for sale and distribution only within the specific countries for which those products are approved and produced.

- The sale of these products in any other country is prohibited.
- Distributors may not ship or arrange the shipment (directly or indirectly) of products from one country to another, whether or not it is for personal consumption.
- A Distributor may personally, physically pick-up product from Herbalife in one country and take it to another country, BUT only a "reasonable amount of product" for the purpose of their own personal consumption or gift, not for resale. A "reasonable amount of product" means an up to two months supply for an individual (or a one month supply for two individuals) of a reasonable assortment of products, not to exceed in any one thirty-day period 1,000 Volume Points in total for all such products.
- The Distributor shall be solely responsible for the consequences of bringing from one country to another any products and shall indemnify the Company for any adverse consequences.
- No Distributor is authorized or permitted to approach government authorities in any country regarding the importation or distribution of Herbalife products or registration of the Herbalife trademarks. Only Herbalife International, Inc. is responsible for assuring that Herbalife's products and Marketing Plan fully comply with local laws and regulations.

The Company reserves the right in its sole and absolute discretion to act against practices which it believes violate the letter or spirit of the foregoing or which appear to do so.

#### **Herbalife-Related Activities in China**

- Non-Chinese nationals may not do business in China.
- No one may ship (or arrange for shipment) or bring any Herbalife product into China, whether or not the product is for personal use, consumption or gift.
- Distributors registered in China may NOT purchase, sell or distribute Herbalife products outside of China.
- Violations of these or other Rules applicable to China are likely to result in termination of the violator's commercial relationships with Herbalife worldwide.

#### **6-C Penalties for Violations**

Any violation of these Rules may result in legal or regulatory problems for the Company and endanger the business for all Distributors. For this reason, the penalties to Distributors who, directly or indirectly, violate these Rules will be severe.

Herbalife shall have sole and absolute discretion to determine the appropriate penalty based on the severity of the violation and damage that resulted or could result, including but not limited to:

- Suspension of all Distributor 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
- Permanent Loss of Lineage
- Termination of Distributorship

**Important Note:** Herbalife may hold the upline(s) of the violator responsible for violations of these Rules if investigations find they have knowledge of them or were a party to them.

## **Section 7: Offering or Making Reference to the Herbalife Products or Business Opportunity**

This section applies to all references to Herbalife products or business opportunity except those made in Newspapers, Magazines, Television or Radio which are themselves subject to restrictions within Herbalife Rules of Conduct and Distributor Policies. This includes but is not limited to; documents, presentations, seminars, meetings, advertisements, flyers, direct mail, web sites, audio or video presentations and email offers.

#### **7-A Identification and Description**

It is a legal requirement that all references to the Herbalife Business Opportunity must include an identification and business description statement including details of Herbalife as the 'promoter' of the business opportunity, the Distributor offering or making reference to the business opportunity and a brief description of the nature of the business opportunity. The following statement fulfills this purpose:

*This offer of the Herbalife Business Opportunity is made by independent Distributors [Distributor name or trading name] [Distributor address]. The provider of the business opportunity is Herbalife (U.K.) Limited, Senator Court, 4 Belmont Road, Uxbridge, Middlesex, UB8 1HB United Kingdom. Goods sold are nutrition, personal care and cosmetic products. Transactions are effected by participants as principals.*

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 Distributors [Distributor name or trading name] [Distributor address]. The provider of the products is Herbalife (U.K.) Limited, Senator Court, 4 Belmont Road, Uxbridge, Middlesex, UB8 1HB, United Kingdom.*

This statement may be made anywhere in the document or presentation but must be legible or audible and must be given the same prominence as the surrounding information. It must also be available to the reader prior to them providing personal or contact information, or prior to them making any commitment to any purchase or to take up the Business Opportunity.

#### **7-B Regulatory Statement**

UK law requires that the following statement be included in any offer of, or reference to, the Herbalife Business Opportunity:

*When considering or comparing business opportunities please be aware that 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.*

The statement must appear once, may not be at the beginning or the end of the presentation or document; it must be legible, or audible, as prominent as other information within the presentation or document, and be placed next to income information, or reference to sources of income if there is any such reference within the component or document.

#### **7-C Seven Day Cooling Off Period**

No individual may pay, or commit to pay, in excess of £200 in total in connection with the business opportunity while in the process of becoming a Distributor and in the first seven (7) days after signing their Distributor Agreement. Individuals may not therefore purchase, or be advised to purchase, quantities of product, business tools or materials exceeding £200 in total, within 7 days after signing their Distributor Agreement.