



## Rules of the Road

These Rules of the Road (“Rules”), together with the materials embedded within them, are incorporated to and form part of the Associateship Agreement. Herbalife may modify the Rules from time to time and Independent Associates will be notified of any changes by email.

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## Getting Started

### Independent Associates Are Individual Entrepreneurs

Independent Associates are independent contractors, individual entrepreneurs who work for themselves, they are not employees, franchisees or agents of Herbalife or other Independent Associates and may not state or imply otherwise. A Sponsor may not treat other Independent Associates or their downline like employees simply by virtue of being in their downline.

If a Sponsor has an employment relationship with any other Independent Associate, such Sponsor is bound to comply with all employment laws.

Employees may not engage in Independent Associate activities.

Independent Associates must ensure that they personally provide the customer service obligations set out in the [Customer Service Rule](#).

### No Debt or Forced Purchases

Encouraging debt or requiring any purchase other than the HMP is prohibited.

## Selling Products

### Prohibited Locations

Independent Associates may not sell Herbalife® products in markets (open or enclosed), pharmacies, kiosks, booths (temporary or permanent), swap meets, flea markets, food trucks, shipping containers, restaurants, food service establishments, or any similar location.

Service establishments are accepted provided they are in an enclosed room.

### Retail Order Forms and Records

Independent Associates must provide a Retail Order Form with complete information to each customer at the completion of each sale and keep copies of all Retail Order Form and other records of product distribution for a period of two (2) years.

Herbalife has the right to request copies of customer product sales records to verify transactions and the terms of that sale, which must be made available upon request.

### Customer Refunds

Independent Associates are required to offer their Customers a 30-day money-back guarantee.

The Customer must be offered the choice of whether they are provided a full refund, inclusive of any shipping and handling charges, or product credit in exchange for other Herbalife® products.

Independent Associates should refer Preferred Customers to the Company for refunds.

### High-Pressure Sales

Independent Associates may not engage in high-pressure selling to their Customers, Preferred Customers and Independent Associates.

### Product Sales to Non-Independent Associates for Resale

Independent Associates may not sell or otherwise provide Herbalife® products for resale to non-Independent Associates.

## **Modifications to Products, Labels and Materials**

Independent Associates may not modify or tamper with the labels, literature, materials, or packaging of Herbalife® products. Independent Associates may not repackage Herbalife® products or sell individual products that are not labeled for resale.

## **Presentations and Directions for Use**

When selling Herbalife® products or providing samples, Independent Associates must explain the directions for use and cautions, if any, specified on product labels.

Independent Associates should recommend that customers with medical conditions or who are under current medical treatment seek the advice of a physician before changing their diet.

Independent Associates must make current product label information available to customers prior to them purchasing Herbalife® products.

## **Identification**

When selling or promoting Herbalife® products or promoting the business opportunity Independent Associates must identify themselves as an Herbalife Independent Associate.

## **Advertising**

### **Claims**

A Claim or representation is any statement, story, image or video about Herbalife® products, the Herbalife business opportunity, or their benefits. Independent Associates may make Claims, provided they:

- are truthful, non-misleading and supported by written documentation
- comply with all applicable Rules and law
- are in accordance with the product label
- make no therapeutic, disease or medical claims
- do not imply guaranteed earnings or employment opportunity
- do not imply or depict exorbitant earnings or a lavish lifestyle; And
- use appropriate easily legible disclaimers.

Herbalife reserves the right to require removal of any Claim that violates these Rules, applicable law, or tarnishes Herbalife's brand or image.

### **Price Advertising**

Independent Associates may not provide any indication of price to the general public, except as permitted by Herbalife on its platforms.

### **Herbalife's Intellectual Property**

Herbalife makes copyright materials available for use by Independent Associates and grants permission to use Herbalife's trademarks so long as:

- they are used solely to promote the sale and use of Herbalife® products or the business opportunity.
- the assets are downloaded from authorized Company platforms.
- the text, images and trademarks are not modified, cropped, or altered in any way.
- Independent Associates state that the materials are the property of Herbalife.
- Independent Associates never use the name or likeness of Mark Hughes in any advertisement.
- Independent Associates do not use them in the domain name of any website, in any registry, or on any external sign.
- Independent Associates cease using any copyright or trademarked material upon request by Herbalife; and
- Independent Associates remain in good standing.

To the extent Herbalife discloses any trade secret to an Independent Associate the Independent Associate will hold the trade secret in confidence and will not disclose them, even after termination or resignation.

Independent Associates may not, however, use in conjunction with their Herbalife business any audio or video, trademarks, company name, product names, or graphics belonging to other persons or entities, without first having obtained approval from the owner for that use.

### **Advertising Prohibited**

Independent Associates may not broadcast or advertise on television, radio, or any similar medium.

Additionally, Independent Associates may not advertise in newspapers, magazines, flyers, phone books, banners, billboards, or similar printed medium.

## **Sales and Marketing Plan Fundamentals**

### **One Associateship Permitted Per Person**

Individuals may only work in one Herbalife Associateship, except as permitted in our [Inheritance Policy](#). An Independent Associate may not also be a Preferred Customer. Married Couples and Life Partners must work under the same Associateship unless they were both at Supervisor level at the time of Marriage or Life Partnership.

### **Proper Purchasing**

Non-Supervisor Independent Associates may only purchase Herbalife® products directly from Herbalife, their Sponsor, or first upline Fully Qualified Supervisor.

Independent Associates may not place or pay for orders in other Independent Associate's or Preferred Customer's name unless Herbalife has written permission from that person.

Supervisors may only purchase products directly from the company.

Only products purchased directly from Herbalife count towards qualification, earnings and benefits under the Sales & Marketing Plan.

### **Responsibility for Conduct of Others Assisting with Associateship**

Independent Associates are responsible for the actions of anyone who helps them with their business, including their spouse, Life Partner or services provided to Independent Associates by vendors.

### **Period of Inactivity**

Any Independent Associate intending to sign a new Associateship Application and Agreement under a different Sponsor must wait one year (Supervisor and below) or two years (World Team and above) during which they may not conduct any Independent Associate activities.

This requirement also applies to any former participant (meaning a former Independent Associate, spouse, Life Partner or an individual who assisted in the Associateship).

Former Preferred Customers must complete a 180-day waiting period.

Any attempt to bypass the Period of Inactivity through assistance or any other way is prohibited.

## **Sponsoring and Leadership**

### **TAB Team Agreement**

When an Independent Associate reaches the TAB Team, they must sign a TAB Team Agreement form before they become eligible to be paid an Additional Service Fee.

### **No Interfering**

Independent Associates may not interfere with the business of any other Independent Associates.

### **Association with Herbalife**

Independent Associates may not suggest that Herbalife is associated with religious, political or social beliefs, any organizations, or any other businesses.

### **Solicitation of other Opportunities**

Independent Associates may not promote other business opportunities to Independent Associates or Preferred Customers.

Independent Associates also may not sell products from other MLMs or direct-selling companies to Independent Associates or Preferred Customers.

### **Sale of Business Tools Not for Profit**

Independent Associates may not profit from selling Business Tools to other Independent Associates and Herbalife reserves the right to prohibit the sale or use of a Business Tool that violates its Rules, the law or damages Herbalife's reputation or image.

## **Direct Selling**

**Maintaining and protecting the integrity of the Herbalife business opportunity, the Sales and Marketing Plan and our distribution channel and safeguarding against potential harm is of utmost importance to Herbalife and for our business model.**

**Violations of the Rules in this Direct Selling section are serious breaches of the Associateship Agreement and Herbalife is entitled to all available remedies including termination of the Associateship Agreement.**

### **Sales & Marketing Plan Manipulation**

Independent Associates shall not engage directly or indirectly in any activities, practices or conduct that constitutes Sales & Marketing Plan Manipulation. Independent Associates shall not organize or orchestrate product purchases with the primary view of receiving, or causing another Independent Associate to receive, multi-level compensation or recognition under the Sales & Marketing Plan (as contrasted with the purchase of products in reasonable amounts for the purpose of sales to customer or personal use).

A non-exhaustive list of examples that may indicate Marketing Plan Manipulation [are available here](#).

### **Violations and Sanctions**

Sales and Marketing Plan Manipulation is a serious breach of the Associateship Agreement and so Herbalife is entitled to all available remedies including termination of the Associateship without prior written warning.

The Independent Associate shall also be liable for any and all damages incurred by Herbalife as a result of the Sales and Marketing Plan Manipulation.

Other sanctions may include loss of earnings and qualifications of the Associateships of anyone involved (directly or indirectly). In order to prevent financial harm to upline Independent Associates, it may be necessary to take certain measures against your Associateship during the Inquiry stage, such as a suspension of buying privileges.

## Customer Service

Independent Associates are required to engage in a personal relationship, whether offline or online, before the Customer's first purchase. It is critical that Independent Associates apply to the Distributor Difference through direct personal contact.

The minimum services Independent Associates must provide before the Customer's first purchase [are available here](#).

Independent Associates should continue to offer follow up support in the future to their Customer to help them achieve the best results by consuming the products.

A non-exhaustive list of examples [are available here](#).

## Organization Leadership & Training

Sponsors are responsible for providing training to their downline Independent Associates but may not profit from it.

A non-exhaustive list of examples [are available here](#).

## Prohibition of Sales on Auction Sites and Third-Party Online Marketplaces (Collectively, "Third-Party Sites")

Sales on Third Party Sites weaken the personal relationships Independent Associates must develop with their customers, as well as the Herbalife brand and the image and marketing positioning of Herbalife establishes for its products. This is because, among other things:

- Third Party Sites display the name and logo of the Third-Party Site operator;
- often make inaccurate representations about their quality or performance which can in certain instances be false or even illegal, and
- position Herbalife's products in a context which is not consistent with Herbalife's desired market positioning and image for its products.

Independent Associates **are permitted** to make online sales of Herbalife® products through their own independent online shops or through platforms created by Herbalife.

Independent Associates **are not permitted** to offer for sale, sell, or facilitate the offering for sale or sale, of Herbalife® products (directly or indirectly in any manner or by any means), whether by soliciting or receiving open bids or by posting for sale at a fixed price or otherwise, on any commercial auction website, online auction marketplace, Third-Party Site, or any other website that bears the name or logo of or is otherwise branded or identifiable as the website of a third-party.

Social media sites may not be used to conduct sales of Herbalife® products.

## Independent Associate Website and Applications

Independent Associates operating independent websites and applications that use Herbalife trademarks to promote or offer Herbalife® products for sale must

- Clearly display an entry splash pop-up provided by Herbalife without any alteration, that appears once at every visit to the website; and
- Clearly display the Independent Associate's personal name and contact details including address and phone number along with the "Herbalife Independent Associate" logo, which must be in a prominent location (above the fold) and attract the attention of website visitors; and
- Ensure the website or application does not have the same or similar visual appearance, or create any confusion with official Herbalife websites or any official Herbalife applications.

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

### Search Engine Advertising and Optimization

Independent Associates may not create confusion between the Independent Associate's independent website and the official Herbalife websites on any search engine result.

The words or phrases specified in the *Prohibited Words/Phrases List* may not appear on any search engine result associated with the Independent Associate's website.

Independent Associates using paid search engine ads must ensure that the following wording is visible somewhere within the ad: **"Herbalife Independent Associate"**.

### Prohibited Commercial Practices

When offering, promoting, or talking about the Herbalife® Products and/or the Herbalife opportunity, Independent Associates may not use any unfair commercial practices, including but not limited to any misleading, false, or aggressive practices, in accordance with applicable laws.

### Leads and Referrals

Independent Associates may not buy, sell, or purchase Leads or referrals. However they can generate Leads or referrals for their own use or provide them for free of charge to others.

Independent Associates must not provide Leads to a downline Independent Associate automatically, systematically or otherwise without ensuring:

- The Lead is made aware and agrees in advance or simultaneously that another (downline) Independent Associate will manage the relationship;
- The downline Independent Associate receiving the Lead assumes full responsibility for managing the sale, following up, and maintaining the customer relationship.

## Healthy Lifestyle Clubs and Offices

### Leased or Purchased Business Locations

Independent Associates may not enter into any lease, sublease or purchase of any physical location to operate their Herbalife business, unless they have:

- Been an Independent Associate for at least 90 days.
- Qualify for Fully Qualified Supervisor level.
- Complete the process required by Herbalife .
- Register their Location with Herbalife online at [MyHerbalife.com](https://MyHerbalife.com).

### Multiple Clubs

Independent Associates may operate no more than three locations or enter into more than three leases for the purpose of operating Clubs.

### Independent Associates may not Charge for Healthy Lifestyle Club Advice

Independent Associates may not charge other Independent Associates for help or advice with opening or running a Club except as set out in the Organizational Leadership & Training Rule.

### Responsible Club Operator

One Independent Associate must be designated as the primary Club operator, who is responsible for and oversees all Club operations.

The primary Club operator must designate another Independent Associate to be responsible when they are not present.



### Sharing Club Premises

A Club operator may only charge other Independent Associates for the cost of using their Club, not for a profit. All Independent Associates subleasing space within the Club must complete all the requirements set out in the Leased or Purchased Business Locations Rule.

### Product Retailing

In order to retail products packaged but not labelled individually, Independent Associates must provide all information included on the product label for the product sold in accordance with local legislation.

Individual tablets may not be sold or served, and selling repackaged and dry product is also prohibited.

### Product Preparation

Independent Associates must prepare products served in Healthy Lifestyle Clubs in accordance with acceptable preparation practices and make the product label and allergen information available to customers. No product claims may be made if mixtures are not prepared according to the product label.

Only Herbalife® products and add-ons such as fruits, vegetables, and flavors are permitted to be served, sold, or promoted in the Club.

### Delivery

Independent Associates may not:

- use third-party delivery services, such as Glovo, Yandex Eda, Uber Eats, Grubhub and similar; or
- service Customers by drive thru or walk-up window.

### The Sale of Clubs for Profit Prohibited

**Transfer of Lease:** The sale of Clubs for profit is prohibited. However, transfer of the lease and recouping the incurred costs of assets as well as the buildout is permitted. Upon request, the Independent Associates must provide records demonstrating the costs.

Before entering into the lease, the Independent Associate must first satisfy all the requirements set out in the Leased or Purchased Business Locations Rule.

### Commercial Club Exterior Signage and Name

As part of the registration process, Independent Associates are required to submit details regarding proposed exterior signage and name for Herbalife review before entering into a lease, sublease, or purchase of a physical location to operate the Club.

**If an Independent Associate uses an exterior sign they may not:**

- Use the same or similar name or sign;
- Imply that Herbalife® products are available for purchase;
- Use name or signage as an identifier to a specific group (Geographical Location, Independent Associate Organization, Nutrition Clubs, Healthy Lifestyle Clubs, etc.) in such a way that it may be construed as a Franchise or part of a chain of Healthy Lifestyle Clubs; or
- Use Herbalife Intellectual Property, product names or brands.

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

### Commercial Club Exterior

Covering is optional, however the following are not allowed on the Club's exterior and covering:

- Display Herbalife branding (names, logos, etc.);
- Imply that Herbalife® products are available for purchase;
- Feature "Before & After" photographs or comparative pictures; and
- No two Clubs may have identical or substantially similar coverings or exterior.

A Club may display Herbalife® products, product-related literature, and promotional items, provided they are not visible from outside the Club.

## International Business

### Activities in Countries or Territories Not Yet Open

Independent Associates may not engage in any Herbalife business activity in any country not yet officially opened.

### No Exporting of Products

Independent Associates may not ship, sell, export or distribute products from one country to another.

Subject to applicable law and Herbalife's policies, Independent Associates may carry up to 1,500 Volume Points of products per month with them for personal consumption while travelling.

### Activities in China

Only Chinese Nationals may do business in China. Independent Associates may not ship or bring Herbalife® product into China even for personal consumption.

### Prohibited Countries/Regions and Persons

Independent Associates may not be a resident of, or conduct Herbalife business activities within, a Prohibited Country/Regions.

An Independent Associate may not directly or indirectly conduct any Herbalife business activities with an individual or entity who the Independent Associate has reason to believe is:

- (i) a resident of, or operating businesses in, a Prohibited Country/Region;
- (ii) engaged in sales to individuals residing in a Prohibited Country/Region;
- (iii) owned or controlled by an entity located in, or an individual ordinarily residing in, a Prohibited Country/Region.
- (iv) included on the list of Specially Designed Nationals maintained by the U.S. Treasury Department's Office of Foreign Assets Control or any person, entity or organization owned or controlled by someone listed.

## General Conduct

### Compliance with Applicable Laws and Rules

Independent Associates must follow all national and local laws (including Rules, Regulations, ordinances, and licensing requirements) and Herbalife Rules in every country they work in and cannot encourage others to break them.

If there is a conflict between Herbalife Rules and the law, the law prevails.

Independent Associates must also follow the terms of service for any third-party service utilized in conducting their Herbalife business.

### Truthful Submissions and Communications with Herbalife

All information given to Herbalife, must be true, complete, and on time, including the Application, forms, receipts, business and/or tax registrations, contact information, and orders.

### Maintaining Reputation and Image of Herbalife

Independent Associates may not harm the reputation, image, products, intellectual property or goodwill of Herbalife.

### **Conduct Regarding Harassment, Discrimination and Inappropriate Conduct**

Herbalife prohibits harassment, unlawful discrimination and inappropriate conduct.

### **Cooperating with Herbalife's Reviews**

Independent Associates are required to cooperate with Herbalife's reviews.

### **No Anti-Competitive Behavior**

Independent Associates are independent business owners and must not form agreements with other Independent Associates regarding:

- the price at which they sell Herbalife® products.
- territories in which they sell.
- methods of distribution; or
- allocation of Customers, Preferred Customers or Independent Associates.

### **Game Promotions**

Independent Associates may not set up lotteries or raffles in connection with their Herbalife business. Other game promotions, like weight loss challenges, body transformation challenges, organizational sales promotions, marathons, and drawings may be permitted provided they abide by the Challenges and Game Promotions Guidelines.

## Administrative

### Associateship Eligibility

#### Associateship Minimum Age

A person must be at least 18 years old to apply for Associateship or participate in another Independent Associate's Herbalife business.\*

*\* Minimum age requirements vary from country to country. For age requirements in other countries, contact Associate Services.*

#### Recognition of Spouse or Life Partner

An Independent Associate may add their spouse or Life Partner to their Associateship record to support them in the business and for recognition\* purposes.

The Independent Associate will remain the Independent Associate of record. However, in the event the Independent Associate separates from their spouse or Life Partner, the Independent Associate's ownership or entitlement of the Associateship may be impacted.\*\*

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

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

### Transferring Your Associateship

#### Assignment, Sale, or Transfer of Associateship

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

An Independent Associate may not transfer a Associateship in order to circumvent the Rules or the law. If Herbalife becomes aware that the former Independent Associate (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 Associateship.

#### May Only Be Sold, Assigned or Transferred to a Non-Herbalife Independent Associate

An Associateship can only be sold, assigned or transferred to an individual who is not an Independent Associate, except as allowed by the **Inheritance Rule**. Herbalife will not consider a transfer request if the proposed Independent Associate (Transferee) has not satisfied the period of inactivity requirements (see **Period of Inactivity Rule**).

#### Status and Benefits

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

#### Responsibility After Transfer

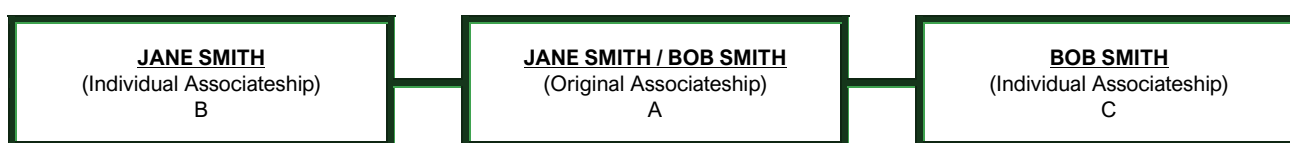
After transfer of the Associateship:

- 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 Associateship.
- 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 an Independent Associate, shall be treated as though the violations were the Transferee's violation.

## Separation, Divorce and Dissolution of Life Partner Relationship

### Establishing a New Associateship

If an Independent Associate's spouse or Life Partner wishes to continue in the Herbalife business during divorce proceedings or immediately after a divorce, or dissolution of a Life Partner relationship, the Independent Associate and spouse / Life Partner each must start a new separate Associateship under the original Independent Associate's Sponsor. Herbalife will deactivate the buying privileges of the original Associateship and credit each new separate Associateship with the business activity of the original Associateship through an "Association." (See Divorce and Dissolution of a Life Partner Relationship and the Herbalife Sales & Marketing Plan) Each Independent Associate must use the ID number in his or her business.



The original Associateship and its downline cannot be divided between the Independent Associate and the former spouse / Life Partner. For example they may not "divide" the Associateship giving each person a 50% ownership.

Herbalife must receive the following documents to establish new Associateship:

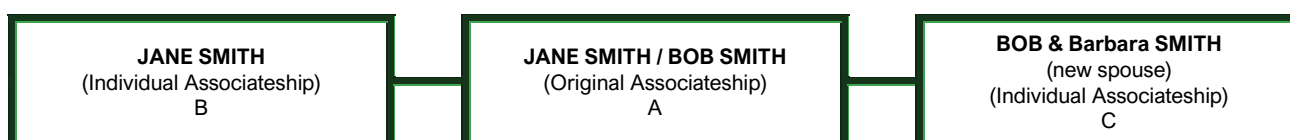
#### From a Divorcing Couple

- Newly completed and signed Agreements, for the Independent Associate and the spouse, sponsored by the Sponsor of the original Associateship.
- A signed and witnessed Divorce and Separation Form.
- A copy of the Legal Divorce Certificate, or final divorce judgment.
- Newly completed and signed TAB Team Additional Service Fee Agreement Forms, for the Independent Associate and spouse, reflecting the ID number of the new separate Associateship (TAB Team level Associateships only).

#### From Partners in Dissolution of Life Partner Relationship

- Newly completed and signed Agreements, for the Independent Associate and Life Partner, sponsored by the Sponsor of the original Associateship.
- A signed and witnessed Dissolution of Life Partner Relationship Form from both parties. (If both parties do not provide the signed and witnessed Form, the termination of material relations certified by two (2) witnesses, will be required.)
- Newly completed and signed TAB Team Additional Service Fee Agreement Forms, for the Independent Associate and Life Partner, reflecting the ID number of the new separate Associateship (TAB Team level Associateships only).

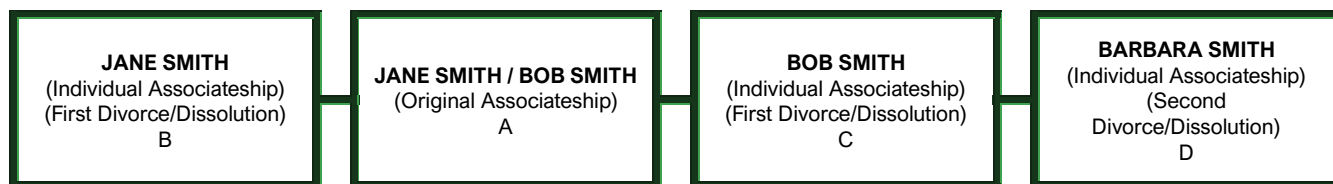
If an Independent Associate remarries or designates a new Life Partner, that person's new spouse or Life Partner may be added to the Independent Associate's new separate Associateship to support the Independent Associate in the business and for recognition purposes.



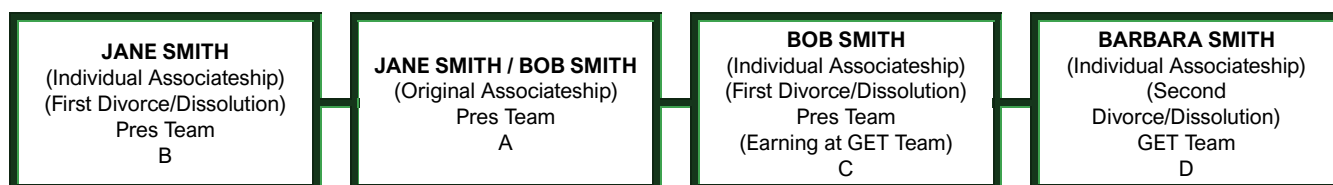
### More than one Dissolution or Divorce:

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

For example, if Bob and Barbara divorce, Barbara may start a new separate Associateship ("D") under the original Associateship Sponsor, but it will not be associated to Bob's Associateship ("C").



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



### Requests to Modify the Original Associateship

Herbalife will accept requests to make changes to the original Associateship. All requests must be signed 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 Associateship 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 income statements for the original Associateship will be available at MyHerbalife.com when logged in under the original Associateship's Herbalife ID number.

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

If the Associateship to be transferred is associated with another Associateship, the transferred Associateship will remain associated.

### If after an Independent Associate transfers their Associateship and decides to establish a new Associateship:

- The new Associateship must operate independently from their original Associateship.
- Advancement within the Sales & Marketing Plan, Service Fees, Additional Service Fees and other earnings will be based solely on the achievements of the new Associateship.

### For Herbalife to accept the new Agreement:

- The Independent Associate must submit their request within one year of the transfer if Supervisor and below, or within two years of the transfer if World Team and above.
- The Sponsor of the original Associateship must sponsor the new Associateship.
- The new Associateship's status will be equal to the status of the original at the time of the transfer.

### Joining Under a Different Sponsor/Participating in another Associateship

To join under a different Sponsor, the Independent Associate or spouse or Life Partner must provide Herbalife with the following required documents:\*

### From a Divorcing Couple

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

### From Partners in Dissolution of Life Partner Relationship

- A newly completed and signed Agreement.
- Signed and witnessed Dissolution of Life Partner Relationship Form from both parties. (If both parties do not provide the signed and witnessed Form, the termination of material relations certified by two (2) witnesses, will be required.)

In addition, the Independent Associate or spouse or Life Partner must comply with the Period of Inactivity. The Period of Inactivity will be determined as stated in the **Period of Inactivity Rule** or by the issuance date of the court document received, whichever is later.

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

*\* Forms and Applications are available through Associate Services.*

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

**Total Volume:** The individual Associateships will receive Volume Point credit from the original Associateship to combine with their own Volume Points ("Association"). This will determine the eligibility to receive Service Fees, qualifications, re-qualifications and/or Additional Service Fees.

For the purpose of Service Fee percentage eligibility, the original Associateship will combine volume with each of the individual Associateships, plus its own Volume.

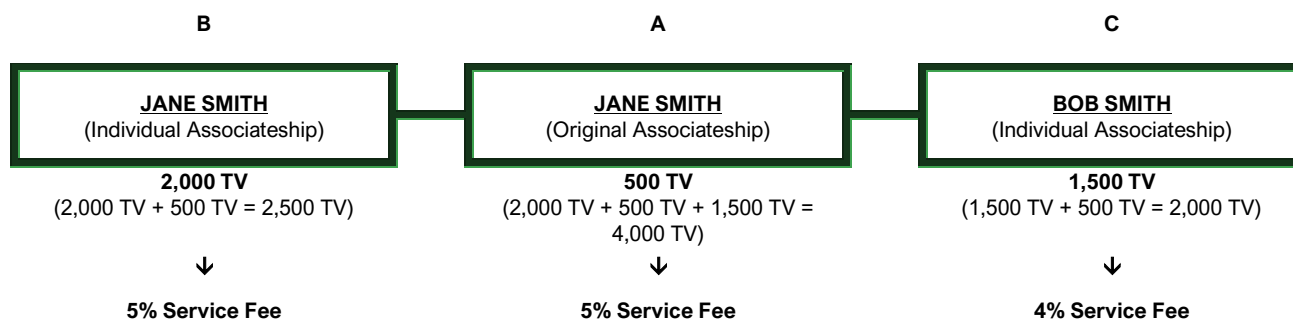
Additional Service Fee eligibility for the original Associateship will be determined based on the achievement of the highest individual Associateship.

### Example:

#### Volume Points

Volume for B and C will be as follows:

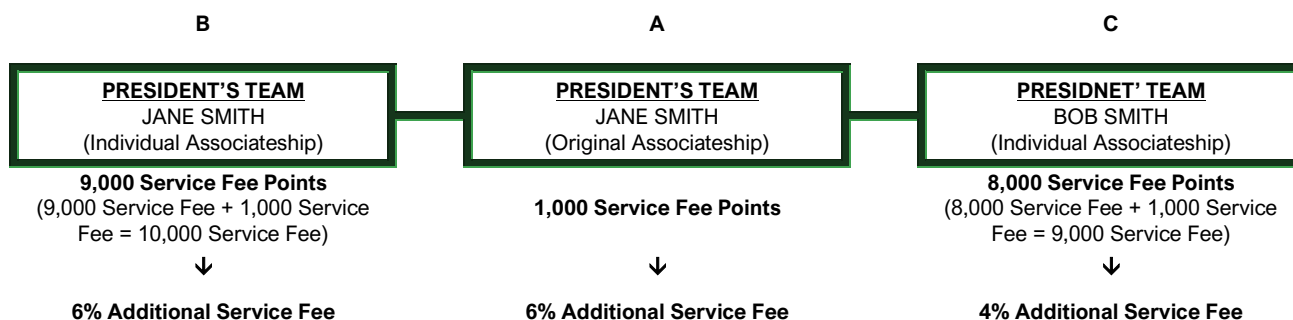
**B + A and C + A**



#### Service Fee Points

The Service Fee Points for Additional Service Fee purposes are combined as follows:

**B + A and C + A**



**Requirements:** Each individual Associateship must comply with all applicable requirements to earn Service Fees.

Each Associateship 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 Associateship will be temporarily granted to accommodate any Matching Volume requirements for its downline qualifiers.

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

### Inheritance\*

The Associateship of a deceased Independent Associate may be transferred to an heir, subject to applicable laws, Rules, and Herbalife's approval which shall not be unreasonably withheld.\*\*

Independent Associate may own and operate a maximum of three Associateships – the Independent Associate's own, plus up to two others acquired by inheritance. An inherited Associateship may be transferred to the individual heir directly, or in the case of a Associateship that is TAB Team level, to a Corporation\*\*\* owned by the heir.\*\*\*\*

The Period of Inactivity (as specified in the **Period of Inactivity Rule**) for an inherited Associateship shall be waived.

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

Requests to cancel a deceased's Associateship must be made directly to Associate Services.

\* For estate planning and inheritance, the **Business Continuation Program** is available to assist with the continuity of your Associateship. Please contact Associate Services for more information or view the **Herbalife Associateship - Planning Ahead** document available on MyHerbalife.com.

\*\* **The Deceased Transfer Declaration Form** is available from Associate Services.

\*\*\* If available in the heir's market.

\*\*\*\* Inherited Associateships 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 permit the combination of the heir's own Total Volume with the inherited Associateship's Total Volume. The heir is responsible for payment of fees, and debts of each Associateship.



## Resignation

An Independent Associate may resign a Associateship by submitting a resignation request through the Online Self-Service Center on [MyHerbalife.com](https://myherbalife.com), or by submitting a signed letter to Herbalife. The resignation becomes effective when received and accepted by Herbalife.

## Sales to Consumers

Herbalife is a direct-selling company, whose independent contractors (Independent Associates) sell Herbalife® products directly to customers and provide them with product guidance and social support.

## Business Registration and Taxes

Regulations and requirements vary by country and change frequently for:

- Business registrations;
- VAT (disclosure, collection, recording and reporting);
- Other taxes.

Independent Associates are required to comply with business registration, licences and all tax obligations and reporting requirements when running their Herbalife business, whether selling offline or online.

When requested by Herbalife, Independent Associates must provide their business and/or tax registration. In addition, Independent Associates are responsible and must report any changes about previously provided information to Herbalife without undue delay.

## Payments and Adjustments

To qualify for monthly Service Fees, Additional Service Fees or other bonuses offered by Herbalife, Independent Associates must meet sales production and Service Fee Point requirements that are fully defined in the Sales & Marketing Plan and in other literature and promotional material.

## Maintaining Lines of Sponsorship

The Sponsor/ Independent Associate relationship is the foundation of the Sales & Marketing Plan. These Rules protect both parties, including safeguarding rights of sponsorship. Sponsoring Independent Associates 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.

## Sponsorship Correction

An Independent Associate, who wishes to request a Sponsorship correction, must complete and submit a "Change of Sponsorship Request" Form\*, a "Change of Sponsorship Consent" Form from the current Sponsor, and a letter of acceptance from the proposed Sponsor. All documents must be signed by 2 witnesses.

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

- Sponsorship details provided on the Agreement were in error
- The request is made within 90 days of Herbalife accepting the current Agreement
- The current and proposed Sponsor are in the same line
- The current Associateship has not reached the level of Supervisor
- The Independent Associate making the request has not yet sponsored any other Independent Associates.

*\* The required **Change of Sponsorship Request** and **Change of Sponsorship Consent Forms** may be obtained from the Associate Services Department. These forms and all other specified documentation must be submitted to Associate Services Department in order for Herbalife to consider the request.*

## 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.**

An Independent Associate may only apply for a change of Sponsorship within their upline President's Team organization.

An Independent Associate who wishes to request a sponsorship change should first consult with their upline to discuss and review the circumstances. Should the Independent Associate then wish to continue, they must complete and submit a "Change of Sponsorship Request" Form\* signed by 2 witnesses, along with a "Change of Sponsorship Consent" Form signed by 2 witnesses, from the current Sponsor, and all Service Fee and Additional Service Fee earners in the upline, up to and including the active President's Team member earning a 7% Additional Service Fee. In addition, Herbalife must receive a "Change of Sponsorship Acceptance" Form signed by 2 witnesses, from the proposed Sponsor.

If both the current and proposed Sponsors share the same upline Sponsor, and each are at equal status and earning levels under the Sales & Marketing Plan, the Independent Associate requesting the change only needs to obtain a "Change of Sponsorship Consent" Form signed by 2 witnesses, from the current Sponsor, and a "Change of Sponsorship Acceptance" Form signed by 2 witnesses, from the proposed Sponsor.

If Herbalife approves the change, the requesting Independent Associate will not be allowed to keep downline Independent Associates and Preferred Customers.

If the request for a change of sponsorship is denied, the Independent Associate may resign their Associateship and comply with the Period of Inactivity before reapplying for Herbalife Associateship under a different Sponsor. (See Period of Inactivity Rule)

*\* The required Change of Sponsorship Request and Change of Sponsorship Consent Forms may be obtained from the Associate Services Department. These forms and all other specified documentation must be submitted to Associate Services Department in order for Herbalife to consider the request.*

## Enforcement Procedures

The Rules protect the Herbalife opportunity and brand. Violations can adversely influence the opinions of regulators, the media and the public about Herbalife, its products and its Independent Associates. While many Rule violations may be resolved by educating Independent Associates about the Rules and business practices, there are instances where violations of the Rules merit more severe penalties.

Independent Associates 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 Independent Associates. Herbalife generally will only act on complaints brought within one year of when the Independent Associate knew or should have known of the violation but reserves the right to conduct an inquiry at any time.\*

*\* Herbalife's enforcement of the Rules shall not create liability to pay compensation for loss of profits, goodwill or any consequential damages.*

### Complaint Procedure

Independent Associates should report suspected violations to Herbalife at MyHerbalife.com via Online Support. Required information includes the nature of the complaint and the factual details that support the allegations.\*

Independent Associates may not discourage a customer or Independent Associate from making a complaint or retaliate in any way.

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

### Inquiry

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

In certain circumstances it may become necessary to place restrictions on a Associateship 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 Service Fees.
- Payment for TAB Team Additional Service Fees.
- 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 Independent Associate.

### Sanctions

Violations of the Rules may result in legal or regulatory challenges for Herbalife and endanger the business for all Independent Associates. 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 Independent Associate rights and privileges.
- Monetary sanctions.
- Obligation to reimburse Herbalife's legal fees.
- Prohibition from attending or speaking at Herbalife sponsored events.
- Disqualification from participation in the annual Mark Hughes Bonus.
- Disqualification from participation in the Additional Service Fee program.
- Permanent loss of lineage.
- Volume and earnings adjustments\*, and/or
- Termination of Associateship (see "Termination or Deletion of a Associateship" below).

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

Herbalife reserves the right to publish the violating Independent Associate's name, the facts and circumstances of the violation, and sanctions.

*\* Volume and earnings adjustments also includes corrective measures to resolve Sales & Marketing Plan Manipulation, Prohibited Locations, Product Sales to Non-Independent Associates for Re-sale and Prohibition of Sales on Auction Sites and Third-Party Online Marketplaces violations.*

### **Requests for Reconsideration (unrelated to Terminations)**

Independent Associates may submit a request for Herbalife's reconsideration of a decision within 15 days of the date of the decision. When requesting reconsideration, the Independent Associate 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 period in its sole and absolute discretion.

### **Termination of a Associateship**

Herbalife may, in its sole and absolute discretion, terminate a Associateship if an Independent Associate violates the Rules.\*

The termination is effective on the date in Herbalife's written notification to the Independent Associate. Upon termination, the Independent Associate will have no claim against Herbalife as a result of the termination.

A terminated Independent Associate \*\* may no longer

- conduct business as an Independent Associate;
- represent himself as an Herbalife Independent Associate;
- use Herbalife's trade name, logo, trademarks and other intellectual property; and
- attend Herbalife trainings, meetings, social events or promotions, even as a spouse or guest of an Independent Associate.

If an Independent Associate has violated the Rules, Herbalife may refuse to accept payment of the Annual Fee, in which case the Associateship will be terminated, and Herbalife will refund payment of the Annual Fee.

*\* Termination means the complete cancellation of a Associateship and revocation of the Independent Associate's right to conduct the Herbalife business. This includes cancellation of the Independent Associate's right to receive any further income from the Associateship.*

*\*\* These prohibitions also apply to Independent Associates who resign or otherwise leave the Herbalife business while under an inquiry for possible Rule violations.*

### **Appealing a Termination**

Independent Associates may appeal a termination decision within 15 days of the date of the decision. When requesting an appeal, the Independent Associate may submit additional information they believe should be considered, and must also state why this information was not provided during the inquiry. If the appeal 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 in 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 Associate Services Department, and the Legal Department (the "Review Committee"). A majority of the Review Committee may uphold the termination, reinstate the Associateship, 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.

## Additional Legal Provisions

**References below to “Agreement” mean the Application and entire contractual relationship between Independent Associate and Herbalife.**

### **Damages**

To the fullest extent allowed by applicable law, neither Herbalife nor Independent Associate shall be liable to the other for any indirect, incidental, consequential, special, exemplary or punitive damages, of any kind, including without limitation any loss of goodwill, business opportunities, bargains, profit or revenues under any legal or equitable theory, regardless of whether the possibility of such damages is known by either party.

### **Waiver and Delay**

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

### **Severability**

If any provision in the Agreement is found to be invalid, illegal, or unenforceable in any respect, it shall be severed from the Agreement and have no effect on the remainder of the Agreement, which shall remain in full force and effect. Further, there shall be added automatically as part of the Agreement a provision as similar as possible to the severed provision that would be legal, valid, and enforceable.

### **Choice of Law and Forum**

Any dispute arising from the relationship between Herbalife and Independent Associates, shall be governed by the laws of Kyrgyzstan 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 Kyrgyzstan.

### **Indemnification**

Independent Associate will indemnify, defend, and hold Herbalife harmless from any suit, action, demand, prosecution, or claim, including all costs or liabilities and damages, relating to or arising from Independent Associate's breach of the Agreement or the conduct of Independent Associate's Herbalife business. Herbalife may, among other things, offset amounts it owes to Independent Associate to satisfy any obligations arising under this indemnity.

### **Claims Between Independent Associates**

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

## Privacy and Data Protection

LLC Herbalife Kazakhstan, 050008, Kazakhstan, Almaty, Mukanova st. 241. (“Herbalife”) is the data controller of your personal data. Acting on the instruction of Herbalife, Universal Logistic LLC, Kyrgyzstan, Bishkek 720017, Str. Kerimbekova 13 (“Universal”) collects certain personal identifiable information (PII) about Independent Associates’ and provides it to Herbalife. Aside from the PII contained in the Application Form, Herbalife and Universal collects information about Independent Associates’ business and other information it needs to fulfill its obligations of the Associateship, such as Independent Associates’ bank account or credit card number. If an Independent Associate refuses to give Herbalife and Universal this information or appropriate authorization to use the information, he or she will not be able to become or stay an Independent Associate.\* If Independent Associates give Herbalife and Universal their information, it will be used:

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

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

Some of Herbalife’s affiliate entities, and possibly Independent Associates’ uplines, may be in countries that offer less privacy protection than the country where the Independent Associate lives. However, Herbalife is committed to protecting Independent Associates’ privacy wherever Independent Associates’ 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 that in your country.

Independent Associates have a right to access their personal information and a right to have incorrect information corrected. If Independent Associates want to exercise those rights, they should contact Associate Services in their country, check their account information online at [www.myherbalife.com/ru-KG](http://www.myherbalife.com/ru-KG) or send an email to [privacy@herbalife.com](mailto:privacy@herbalife.com).

From time to time, Herbalife may give Independent Associates PII relating to Independent Associates’ downline. Independent Associates may only use this PII to develop their Herbalife business relationship with their downline, unless they have received consent from the downline Independent Associate to use his or her PII for other purposes. Independent Associates must abide by applicable data protection laws, including international data transfer restrictions. Once Herbalife has given PII to a Independent Associate, he or she is responsible for it and must keep it strictly confidential.

Herbalife will give Independent Associates materials about its products and services to help Independent Associates develop their business and Herbalife may also send Independent Associates commercial information about Herbalife or its business partners. Independent Associates may refuse such business development and promotional tools via the tick box on the Associateship Application and Agreement Form or by contacting Herbalife at Associate Services at 0800 800 04 80.

*\* When an Independent Associate terminates his or her Independent Associate relationship, Herbalife must keep some of the Independent Associate’s information for accounting purposes and for the calculation of earnings under the Sales & Marketing Plan.*

*\*\* A list of Herbalife subsidiaries can be found online at [www.myherbalife.com/ru-KG](http://www.myherbalife.com/ru-KG), or at [www.herbalife.kg](http://www.herbalife.kg).*

## Definitions

**Application and Agreement:** The Herbalife Independent Associateship Application and Agreement and the entire contractual relationship between the Independent Associate and Herbalife, including the Sales & Marketing Plan, the Rules of the Road and other documents posted on MyHerbalife.com.

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

**Business Tool:** A sales aid not provided by Herbalife .

**Claim:** Any statement, story, image or video about Herbalife® products, or the Herbalife business opportunity.

**Club:** Healthy Lifestyle Club.

**Commercial Club:** A Club in a non-residential location.

**Company:** Herbalife Distribution Ltd.

**Customer:** Preferred Customers and Retail Customers

**Fee:** Annual Associateship Services Fee.

**General Public:** People whom an Independent Associate has not had prior personal contact with in any manner.

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

**HMP:** Herbalife Independent Associate Pack. An HMP is a Business Starter kit for Herbalife Independent Associates.

**Herbalife® Products:** Includes all products soled by Herbalife, and preparations made by Independent Associates using those products.

**Herbalife Satisfaction Guarantee:** Herbalife 30-day money-back product guarantee for all customers.

**Leads:** Prospects for Herbalife® products or the Herbalife business opportunity.

**Life Partner:** A person designated by an Herbalife Independent Associate as their Life Partner on the “Add Life Partner Request Form”

**Lifestyle Claims:** A form of Earnings Claim. Any expressed or implied claim suggesting that an Independent Associate can attain a certain lifestyle, or purchase certain items, by participating in the Herbalife business opportunity.

**Lineage Reports:** These reports contain information regarding other Independent Associates and Preferred Customers within an Independent Associate’s downline, such as their name and contact information, their Herbalife Identification Number, and business metrics such as their level or rank, volume and sales statistics.

**Materials:** Herbalife produced literature and sales aids.

**Independent Associate:** An individual whose Herbalife Application and Agreement for Associateship has been accepted and entered into Herbalife records.

**Associateship:** An Independent Associate’s Herbalife independent business.

**Associate Services:** Herbalife Associate Services Department which may be reached at 0800 800 04 80.

**Healthy Lifestyle Clubs:** Healthy Lifestyle Clubs provide a supportive community setting for people who wish to focus on good nutrition through the consumption of Herbalife® products.

**Healthy Lifestyle Club Operator:** also known as “Operator” is a Herbalife Independent Associate who operates a Healthy Lifestyle Club.

**Personal Information:** Information about a person such as first and last name, mailing address, city, state, zip code, telephone number, email address, credit card, and banking information.

**Preferred Customer:** A Preferred Customer is entitled to purchase Herbalife® product directly from Herbalife at a discount. A Preferred Customer is not allowed to (1) sell Herbalife® product or services; (2) recruit or sponsor others to be Herbalife Independent Associates or Preferred Customers; or (3) receive compensation under the Sales & Marketing Plan.

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

**Rules of the Road:** The Herbalife Independent Associate Rules , policies and advisories that Herbalife issues from time to time.

**Sales & Marketing Plan:** Outlines the specific milestones and benefits that Independent Associates can strive to achieve.

**Sponsor:** The Independent Associate who brings another individual into the Herbalife business and Preferred Customership Programme.

**Third-Party Sites:** Auction Sites and Third-Party Online Marketplaces.

**Transferee:** The Independent Associate to whom a Associateship is transferred.

**Transferor:** The former Independent Associate who is transferring his or her Associateship to another.