

## Herbalife Distributors' Code of Honor

A culture of community honor can best be built on a strong foundation of personal ethics, personally and voluntarily carried out on a day to day basis.

These guidelines were compiled on the basis of the accumulated experience of the Company and its Distributors worldwide over the past 29 years. They aspire to be a commitment to integrity and high ethical standards in business practices with customers and each other. They also outline the importance of working with your upline and downline and others to operate as a team with common goals. They can serve as an example to all Independent Herbalife Distributors at the local, national and international levels.

### **Maintaining the Reputation and Image of the Products, Company and Distributors**

- Distributors are responsible to uphold the reputation, image and goodwill of the Company through their behavior and activities, providing the best service to their customers and Distributors as well as an opportunity to improve their health and financial status.
- Of greatest importance to the image and integrity of the Company are full compliance by all Distributors with the Company's published Rules of Conduct, including those relating to permitted and prohibited income and product claims, and prohibitions on doing business in un-open countries and exporting product from one country to another.
- Future generations of Distributors should receive adequate training and support from their sponsors. Attention should be placed on understanding cultural differences when doing business in a particular city or country.
- All violations of Marketing Plan Rules and Regulations should be taken seriously, and addressed to the Company in a timely manner. All Distributors must be encouraged to promote and adhere to the Rules and Regulations.

### **Information for Potential Prospects – Responsibilities of a Sponsor**

- During recruitment of potential prospects, Sponsor must uphold the integrity of the Company by providing accurate information about products and the distribution system.
- Each new Distributor should be encouraged to be an active product user and retailer. This guidance will help their future success.
- While expanding organizations is a key strategy, Distributor retention is crucial. Distributors should be encouraged to create a wide, long-term customer base to ensure long-term business success. (Example: Build 20 – Keep 20)
- You should try to have as much detailed information as possible regarding your new Distributor's customers, to the extent permitted by local law.
- A new Distributor may lack the experience to provide the best level of follow-up. Sharing best business solutions demonstrates how organizations can work together to raise the business to the next level.

### **Relationship Between Distributors and Customers**

#### Information to Potential Customers

- Distributors should be guided by the customer's interests and should always conduct themselves in a courteous and considerate manner. It is the responsibility of the Distributor to explain the usage and notices (if any) specified on product labels.
- Detailed information and a realistic view should be provided regarding results and the period within which they may be achieved. This information will help avoid dissatisfied customers which can have a negative impact on business. Satisfied customers are a positive influence and potential source of new customers and Distributors.
- If a customer is dissatisfied with products or services or requests that a satisfaction guarantee be honored, the Distributor must respond quickly and courteously. Interactions with Another Distributor's Customers

#### Interactions with Another Distributor's Customers

- Another Distributor's customer is defined as a person who presently uses products purchased from another Distributor—or who recently finished the program and is still in touch with his Distributor.
- When meeting these customers, you may express interest in their success. However, you should refrain from discussing program improvements or the business opportunity as this is not your customer. You may share any thoughts you have directly with their Distributor.
- If a Distributor is no longer able to service a customer, the Distributor should refer them to their active upline sponsor.
- If you come in contact with a potential customer who you believe received a presentation regarding the products (or business opportunity) within the past 60 days, you should encourage that person to get back in touch with the Distributor who made the initial presentation. If more than 60 days has passed since that presentation, you may feel comfortable to personally present to this prospective customer in order to begin servicing them as one of your customers.

#### How to Properly End Relations with a Customer

If your customer discontinues use of the product, you may seek to persuade them to restart or try other Company products. If your customer asks for a refund under the Company's Refund Policy, you should handle it with the utmost courtesy and respect for the Customer's decision. This will maintain the Company's positive image as well as your reputation in the community.

## **Relations Among Distributors**

### Distributor/Community Relations is the Key to a Successful Herbalife Business in Your Region

- In order to establish a successful Herbalife business in a city, country or region, Distributors should seek to unite their efforts, regardless of the upline or downline they belong to. This includes business and joint event planning, speaker exchange and support as required. Productive cooperation will elevate your business and help it flourish. You should take every opportunity to demonstrate that we are united in our goals as one Herbalife family.

### Debates among Distributors

- When debates or conflicts arise among Distributors, Distributors should always maintain a professional demeanor and refrain from discussing any rumors which may negatively influence another Distributor's reputation or the healthy atmosphere among organizations.

### Interaction with Another Distributor's Guest at an HOM, STS, Nutrition Club or Sales Center

- When meeting the guest of another Distributor at an HOM or STS, you should encourage them to make a decision in favor of their host. No actions should be taken that may lead to another Distributor's guest signing up with a sponsor that did not invite them (before, during or after the meeting).
- These situations should not infringe upon relations among Distributors. Discussions should be conducted in a mutually respectful, professional manner.
- If you come in contact with a prospective Distributor who you believe received a presentation regarding the business opportunity (or products) or attended an HOM or other type of recruiting meeting within the past 60 days, you should encourage that person to get back in touch with the Distributor who made the initial presentation.
- If more than 60 days has passed since that initial presentation, you may feel comfortable to personally present to this prospective Distributor in order to begin servicing them as one of your downline.
- If you come into contact with a prospective Distributor who has a close family member (parent or sibling) who is currently an active Herbalife Distributor, you should encourage that person to sign up with that family member. Herbalife is a family business and we encourage family values and recognize the positives that result from family members being part of the same Distributor organization.
- Distributors should not intentionally and systematically target persons known to be prospects or customers of other Distributors in settings (e.g. HOM's, STS's, Nutrition Clubs, and Sales Centers) where the customers are sent by other Distributors.

### Dual Distributorships

- Distributors must be aware of and respect the Company's Rules regarding dual distributorships, upholding and not evading them. These rules are especially important in protecting the expectations that go along with sponsorship.

### Cross-line Sales and Purchases

- Selling and purchasing products between lines are both prohibited by the Company's Rules of Conduct. Under those Rules, you may not sell product (regardless of quantity or reason) to the downline of another Distributor.

### Distributor Ethics Training

- Distributors should role-model and promote – in an amicable, cooperative manner – good ethical behavior.
- Ethics training will create unique opportunities for dialogue through which the practical applications of the ethics rules will become clear. This will help create a healthy atmosphere and fair playing field in the market.
- The Company honors those whose leadership and business practices are up to the highest ethical standards, often as speakers and honorees at Company sponsored events. Those who persist who do not meet those standards will not be honored.

## **Observing Company Rules, Regulations and Upholding the Integrity of the Marketing Plan**

- Adherence to the Company's Rules and Marketing Plan is key to the future growth and success of the Company. Thanks to its unique Rules, Marketing Plan and its highest standards of ethics, Herbalife has become a giant in the direct sales industry. We came to this Company inspired by Mark Hughes' (Founder) vision and our primary mission is to continue his legacy, which is now sustained through our Chairman and CEO Michael O. Johnson.
- It is the task of every Distributor to observe the Rules of the Company, so that future Distributors may enjoy the unique products and financial opportunities afforded by Herbalife into the 21st century.
- The three fundamental components of the Herbalife business are retailing, recruiting and retention. The Worldwide Marketing Plan is designed to give our Independent Distributors the best chance at achieving long-term, positive results as to each of these "Three Rs." Honoring the Marketing Plan in every respect is the best way to create individual, organizational and corporate success. Among other things, this includes building a stable, long-term retail customer base by understanding and honoring your role as direct sellers. This means always providing personal service, and ensuring that the quality and consistency of that service is the primary means by which you compete.

As a Herbalife leader, I commit myself to developing my Business in accordance with the goals stated above.