

Member Business Practices and Compliance

Announcement: No Purchasing Followers* and Likes**on Social Media

No Targeting Followers on Social Media Platforms
No Data Mining and Website Scraping Software***
No Inappropriate Communication Practices

To: US & Puerto Rico Distributors

Effective Date: December 19, 2016

Social media sites like Instagram, Facebook and Twitter are changing the way customers and businesses interact. However, personal relationships are still the core of direct selling and it's important to keep this in mind when using social media to promote your business. In addition, Distributors must comply with all social media and internet service provider terms of use, as well as Herbalife's latest Rules of Conduct that follow.

1. No Purchasing Followers and Likes on Social Media

Purchasing Followers and Likes is sometimes used to quickly boost the perceived popularity of social media accounts or pages. Although this may seem effective in the short term, in most cases, purchased Followers and Likes are either fake accounts or people who have no experience using the product or service they Follow or Like. Either way, they are extremely unlikely to engage with an account or page after the initial Follow or Like. In addition, purchasing Followers and Likes can unfairly improve index preferences with search engines.

For these reasons, effective immediately:

Distributors may not purchase Followers or Likes, or use any other misleading or deceptive tactics to boost the perceived popularity of their social media accounts or pages.

Important note: In addition to being against the Rules of Conduct, consumer protection agencies have drafted social media guidance stating that the purchase of Followers or Likes is potentially misleading and deceptive. As a result, these agencies may seek enforcement actions against Distributors who purchase Followers or Likes, if adequate disclosures are not provided.

Herbalife Distributors who use social media to promote Herbalife can protect their business reputation and the Herbalife brand by building an authentic social media community through publishing quality content, engaging their Followers, and providing follow-up.

Learn how to leverage the power of social media in <u>Herbalife's Social Media Guide</u>. The Guide provides sound business practices that will help you grow your social media popularity by building an authentic fan base through organic and repeat traffic.

In addition, remember to follow our longstanding rules on "Use of Herbalife Intellectual Property".

Use of Herbalife's Intellectual Property

Distributors may only use the trade name "Herbalife" in a manner that clearly identifies them as Herbalife Independent Distributors. Additionally, Distributors may only use Herbalife trademarks and trade dress in accordance with the current Herbalife Independent Distributor Style Guide.

2. No Targeting Followers on Social Media Platforms

Building a strong customer base or organization takes significant time and personal attention. Systematic targeting of another person's Followers on social media is an unfavorable business practice that is inconsistent with the values of direct selling.

For this reason, effective immediately:

Distributors may not systematically target another Distributor or their Followers for the purpose of selling Herbalife[®] products or obtaining leads. Additionally, systematic, automated apps or software and/or manual direct messaging to other Distributors with the intention of selling Herbalife[®] products or recruiting is prohibited.

There are many other ways to grow your customer base and organization through sound business practices. Talk to your Sponsor or contact Herbalife to learn more. Remember, our rule "Maintaining Reputation and Image of Herbalife" applies to all Distributor activities, whether through social media or not.

3. No Data Mining and Website Scraping Software

Recently, major social media platforms such as Instagram, Facebook, and Twitter, have implemented policies and security measures to prevent data mining or scraping using third party software or automated processes. Scraping is a means of automatically collecting data across the Internet using third party software without obtaining permission from the intended recipient(s). Data mining and website scraping software compromise the authenticity of social media sites and the direct selling model.

For this reason, effective immediately:

Distributors who utilize social media platforms to conduct their Herbalife business must do so in compliance with each Social Media Platform's Privacy Policy and Terms of Use and Internet Provider's Terms and Conditions. Data mining and website scraping tactics (including but not limited to the use of web spiders, crawlers, and bots) are considered deceptive and are prohibited.

Grow your business with confidence. Know your customers and provide the best service possible. For other tips on building a solid business, visit the Business Essentials section of MyHerbalife.com, and incorporate the best practices and business activities that align with your business goals.

4. No Inappropriate Communication Practices

Social Media is a useful means of communicating with your customer base. However, overwhelming people that you don't know with unsolicited communications is not an effective way to build your business and can be detrimental to the Herbalife brand. Accordingly, social media platforms such as Instagram, Facebook and Twitter prohibit users from sending unwanted emails, messages, likes or other forms of commercial or harassing communications (sometimes referred to as "SPAM"). Failure to comply with these rules may cause the platform to suspend or close your account.

For this reason, effective immediately:

Distributors who utilize social media platforms to conduct their Herbalife business must do so in compliance with each Social Media Platform's communications rules and policies. Unsolicited commercial communications are generally prohibited. Distributors must ensure that they have permission to contact people and honor any requests that they may receive to cease contact.

Be sure to review the specific requirements of each Social Media Platform you use on a regular basis to ensure that you are adhering to its communications policies. These rules cover a number of practices, ranging from sending bulk messages to randomly or aggressively following or liking Tweets.

To view the complete and latest edition of Herbalife's Rules of Conduct, visit MyHerbalife.com, or contact Herbalife for assistance.

Herbalife thanks you for your support in upholding the policies established to provide protections for your Distributorship. Should you have any questions regarding this communication please contact Herbalife at 866-866-4744.

*Follower: A person who subscribes to your social media account in order to receive your updates. On Facebook, a person who Likes a page is the same as a Follower, Friend or Fan.

**Like: An action that can be made by a Facebook, Twitter or Instagram user. Instead of writing a comment or sharing a post, a user can click the Like button as a quick way to show approval.

*** Data Mining and Website Scraping Software, including but not limited to web spiders, crawlers and bots, are automated tools that simulate human web surfing to collect specified bits of information from different websites. These automated tools collect a social media user's content or information, or otherwise access or search a social media site without obtaining permission from the intended recipient(s).

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