

INDEPENDENT COMPLIANCE AUDITOR'S REPORT
ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.

November 22, 2017



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(b)(4); (b)(3);6(f); (b)(5)



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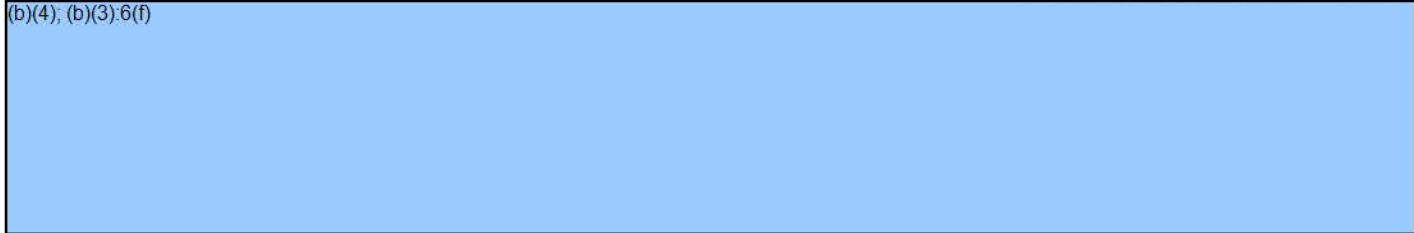
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(b)(4), (b)(3):6(f)

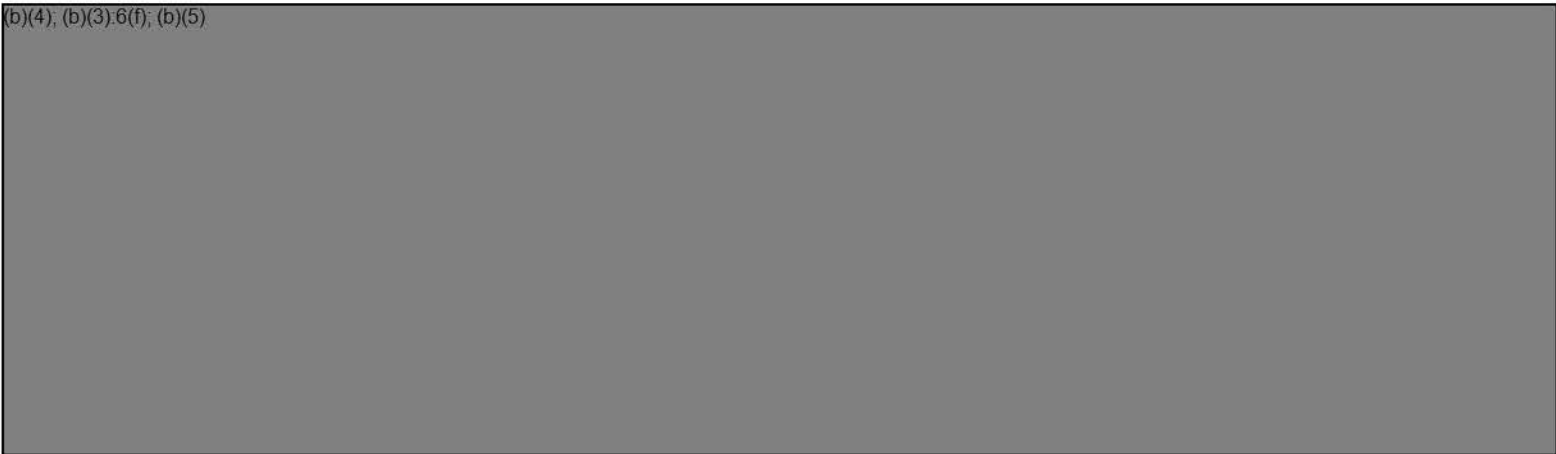


INTRODUCTION

This submission serves as the First Report of the Independent Compliance Auditor required under the Stipulation to Entry of Order for Permanent Injunction and Monetary judgment, (the “Order”) entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as “Herbalife”), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS). The Order was entered on July 25, 2016 and set forth multiple requirements for Herbalife to fulfill. The Order also required that an Independent Compliance Auditor (“ICA”) be appointed to “further ensure compliance with Sections I.A-F and I.I of the Order.”^{1, 2}

This report describes the methodology of the ICA’s data collection and analysis activities employed in the initial assessment of Herbalife’s efforts to fulfill the requirements within the jurisdiction of the ICA.

(b)(4); (b)(3);6(f); (b)(5)



¹ References to “Section _” and/or “Subsection _” are to the Order, unless otherwise specified.

² Stipulation to Entry of Order for Permanent Injunction and Monetary Judgement, *Section VI. Independent Compliance Auditor*, p. 18. July 25, 2016.

(b)(4); (b)(3);6(f); (b)(5)

(b)(4); (b)(3); 6(f); (b)(5)

In the Civil Action against Herbalife, the Federal Trade Commission (“FTC”) alleged that Herbalife had deceived consumers into believing they could earn large amounts of money by selling its products. The FTC also charged that Herbalife’s compensation structure was unfair because distributors were being rewarded for recruiting others to join the company and purchase products, rather than responding to actual retail demand for the product. The FTC claimed this caused economic injury to many of Herbalife’s distributors⁴.

On July 15, 2016, the FTC filed a Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) in the matter of Federal Trade Commission v. Herbalife International of America, Inc. et. al., pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b). The FTC and Herbalife agreed to entry of a Stipulated Order for Permanent Injunction and Monetary Judgment (“Order”). The Order was entered on July 25, 2016 in US District Court for the Central District of California.

The Order provides that Herbalife is “permanently restrained and enjoined from advertising, marketing, promoting or offering any Multi-Level Marketing program” unless such program meets characteristics described in Section I, entitled *Prohibited Business Activities*⁵. Among other things, the Order requires Herbalife to change its Multi-Level Marketing program and the method that Multi-Level Compensation (“MLC”) is paid to Business Opportunity

⁴ Stipulated Order for Permanent Injunction and Monetary Judgment, *Findings* p.2, July 25, 2016; and FTC Press Release, *Herbalife Will Reinstruct Its Multi-Level Marketing Operations and Pay \$200 Million for Consumer Redress to Settle FTC Charges*, July 15, 2016.

⁵ Stipulated Order for Permanent Injunction and Monetary Judgment, *Prohibited Business Activities* p.5, July 25, 2016.

Participants (“BOPs”) (defined below). MLC is defined in the Order as “any payment or compensation (including, but not limited to “wholesale profit,” “commissions,” “royalties,” “overrides,” and “bonuses”) in a Multi-Level Marketing Program from [Herbalife] to a BOP that is based, in whole or in part, on the activities of the [BOP’s]⁶ Preferred Customers and the [BOP’s] Downline.”⁷ A BOP (or “Distributor” as referred to by Herbalife) is “any individual who is participating in a Multi-Level Marketing Program. Preferred Customers (“PCs”) are distinguished from BOPs. Preferred Customers “refers to an individual who joins or registers with a Multi-Level Marketing Program as a customer only, and who does not have the right to (1) sell goods or services; (2) recruit others into the Program; or (3) receive MLC.”⁸

The Order allows Herbalife to pay MLC to BOPs provided the requirements in the Order are fulfilled. Payment based on *wholesale* purchases and recruiting, which was the practice prior to the Order, are no longer permitted.

(b)(4); (b)(3);6(f); (b)(5)

(b)(4); (b)(3);6(f); (b)(5)

(b)(4); (b)(3);6(f); (b)(5)

Section VI entitled, *Independent Compliance Auditor*, requires that an

⁶ The terms “Business Opportunity Participant” and “Participant” are used interchangeably in the Order. This report uses the term “Business Opportunity Participant” or “BOP” rather than “Participant”.

⁷ Stipulated Order for Permanent Injunction and Monetary Judgment, Definitions E. “Multi-Level Compensation,” p 3. July 25, 2016.

⁸ Stipulated Order for Permanent Injunction and Monetary Judgment, Definitions I. “Preferred Customer,” p 3. July 25, 2016.

Independent Compliance Auditor (“ICA”) be appointed to “further ensure compliance with Sections I.A–F and I.I”⁹. The Order further states, “the ICA shall be an independent third party, not an employee or agent of the [FTC] or of [Herbalife], and no attorney-client or other professional relationship shall be formed between the ICA and [Herbalife]. The Order required that no later than sixty (60) days after the entry of [the] Order, [FTC] staff and [Herbalife] shall select the ICA by mutual agreement.” On September 22, 2016, the parties notified the Court that they selected Affiliated Monitors, Inc. as the ICA. Under Subsection V.H., the ICA will serve for seven years following the Order Effective Date. The effective date, which was set to be 10 Months after the entry of the Order on July 25, 2016, is May 25, 2017.

Subsection VI.B, provided that the ICA is responsible for reviewing, assessing and evaluating Herbalife’s compliance with Sections I.A-F and I.I. The ICA is required to submit a report every sixth months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report will be decreased to once per year.

In this initial report, the ICA submits its observations regarding Herbalife compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires the “...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants’ [Herbalife’s] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*

⁹ Stipulation to Entry of Oder for Permanent Injunction and Monetary Judgement, *Section VI. Independent Compliance Auditor*, p. 18. July 25, 2016.

2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*
6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*
7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I."*

**INDEPENDENT COMPLIANCE AUDITOR'S SECOND REPORT
ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

May 25, 2018



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(b)(4); (b)(3):6(f); (b)(3):21(f)

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(b)(4); (b)(3):6(f)

INTRODUCTION

This submission serves as the Second Report of the Independent Compliance Auditor (ICA) required under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the second assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA.

OBJECTIVES OF THE INDEPENDENT COMPLIANCE AUDITOR

Order Subsection VI.B provides that the ICA is responsible for reviewing, assessing and evaluating Herbalife's compliance with Sections I.A-F and I.I. The ICA is required to submit a report every sixth months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report will be decreased to once per year.

This second report follows the ICA Work Plan established for the first year. The ICA submits its observations regarding Herbalife compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*

6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*
7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.*

The ICA has not and is not required to address any other conditions or obligations of Herbalife contained within the Order.

(b)(4); (b)(3):6(f); (b)(3):21(f)

**INDEPENDENT COMPLIANCE AUDITOR'S THIRD REPORT
ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

November 21, 2018



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(b)(4); (b)(3):6(f); (b)(3):21(f)

(b)(4); (b)(3):6(f)

INTRODUCTION

This submission serves as the Third Report of the Independent Compliance Auditor (ICA) required under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the third assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA. The report covers the period from May 26, 2018 through November 25, 2018.

OBJECTIVES OF THE INDEPENDENT COMPLIANCE AUDITOR

Order Subsection VI.B provides that the ICA is responsible for reviewing, assessing and evaluating Herbalife's compliance with Sections I.A-F and I.I. Under the Order, the ICA is required to submit a report every six months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report will be decreased to once per year.

This third report follows the ICA Work Plan established for the second year of Order implementation. The ICA submits its observations regarding Herbalife compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*
6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*

7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.*

The ICA has not and is not required to address any other conditions or obligations of Herbalife that are contained within the Order.

(b)(4); (b)(3):6(f); (b)(3):21(f)

**INDEPENDENT COMPLIANCE AUDITOR'S FOURTH
REPORT ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

May 24, 2019



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(b)(4); (b)(3):6(f); (b)(3):21(f)

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(b)(4); (b)(3):6(f)

INTRODUCTION

This submission serves as the Fourth Report of the Independent Compliance Auditor (ICA) required under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the fourth assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA. The report covers the period from November 26, 2018 through May 25, 2019.

RESPONSIBILITIES OF THE INDEPENDENT COMPLIANCE AUDITOR

Order Subsection VI.B provides that the ICA is responsible for reviewing, assessing and evaluating Herbalife's compliance with Sections I.A-F and I.I. Under the Order, the ICA is required to submit a report every six months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report will be decreased to once per year.

This Fourth Report follows the ICA Work Plan established for the second year of Order implementation. The ICA submits its observations regarding Herbalife's compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*

6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*
7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.*

The ICA has not and is not required to address any other conditions or obligations of Herbalife that are contained within the Order.

(b)(4); (b)(3):6(f); (b)(3):21(f)

**INDEPENDENT COMPLIANCE AUDITOR'S FIFTH REPORT
ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

November 25, 2019



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(b)(4); (b)(3):6(f); (b)(3):21(f)

INTRODUCTION

This submission serves as the Fifth Report of the Independent Compliance Auditor (ICA) required under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the fifth assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA. The report covers the period from May 26, 2019 through November 25, 2019.

RESPONSIBILITIES OF THE INDEPENDENT COMPLIANCE AUDITOR

Order Subsection VI.B provides that the ICA is responsible for reviewing, assessing and evaluating Herbalife's compliance with Sections I.A-F and I.I. Under the Order, the ICA is required to submit a report every six months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report is reduced to once per year.

This Fifth Report follows the ICA Work Plan established for the third year of Order implementation. The ICA submits its observations regarding Herbalife's compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*

6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*
7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.*

The ICA has not and is not required to address any other conditions or obligations of Herbalife that are contained within the Order.

(b)(4); (b)(3):6(f); (b)(3):21(f)

**INDEPENDENT COMPLIANCE AUDITOR'S SIXTH REPORT
ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

May 25, 2020



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(b)(4); (b)(3):6(f); (b)(3):21(f)

INTRODUCTION

This submission serves as the Sixth Report of the Independent Compliance Auditor (ICA) under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the sixth assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA. The report covers the time period from November 26, 2019 through May 25, 2020.

RESPONSIBILITIES OF THE INDEPENDENT COMPLIANCE AUDITOR

Subsection VI.B of the Order provides that the ICA is responsible for reviewing, assessing and evaluating Herbalife's compliance with Sections I.A-F and I.I. Under the Order, the ICA is required to submit a report every six months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report is reduced to once per year.

This Sixth Report follows the ICA Work Plan established for the third year of Order implementation. The ICA submits its observations regarding Herbalife's compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*

5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*
6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*
7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.*

The ICA has not and is not required to address any other conditions or obligations of Herbalife that are detailed within the Order.

(b)(4), (b)(3):6(f), (b)(3):21(f)

**INDEPENDENT COMPLIANCE AUDITOR'S SEVENTH
REPORT ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

May 25, 2021



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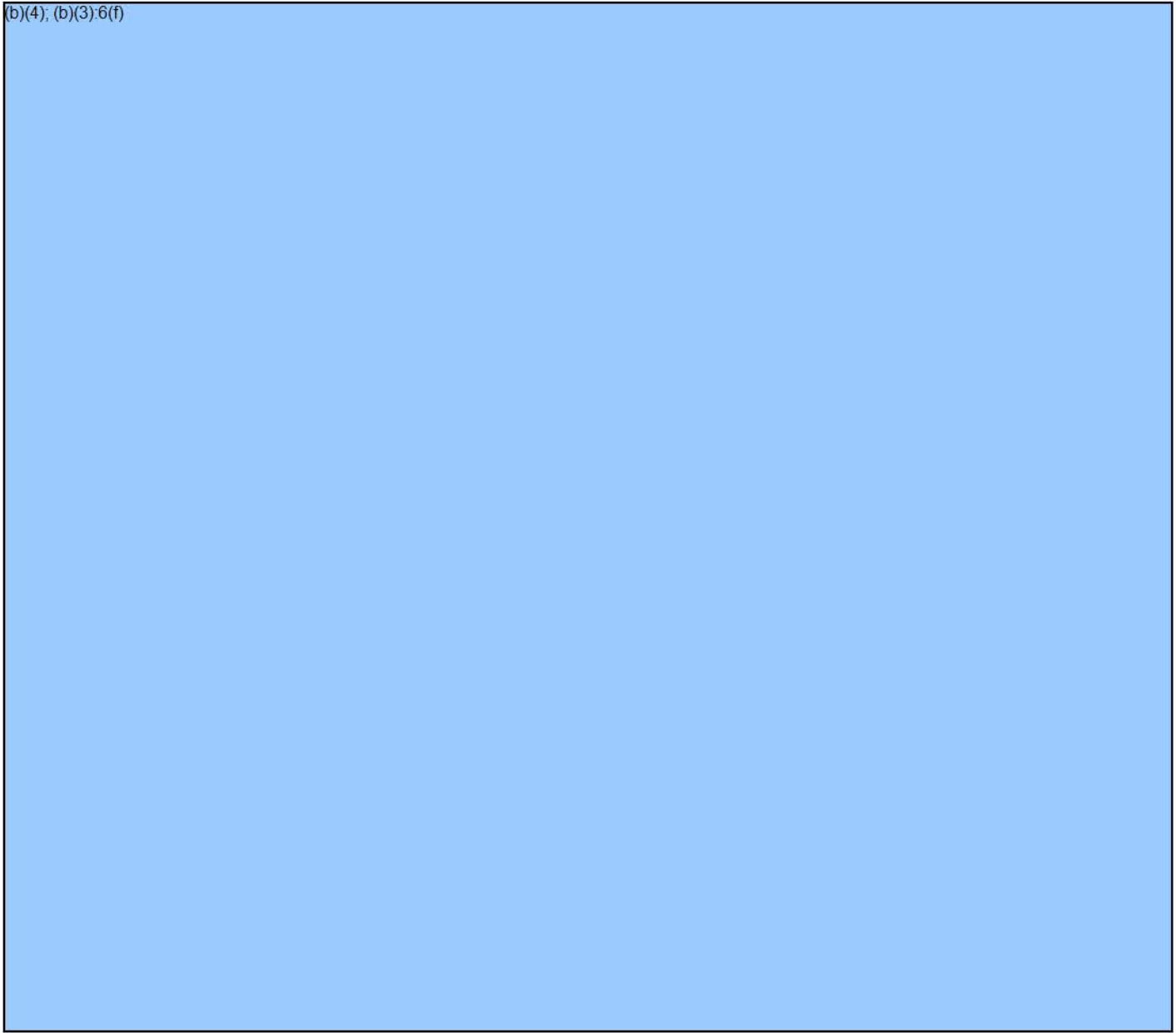
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(b)(4); (b)(3):6(f)



OTHER ICA ACTIVITIES164

(b)(4); (b)(3); 6(f)



INTRODUCTION

This submission serves as the Seventh Report of the Independent Compliance Auditor (ICA) under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the seventh assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA. The report covers the full-year time period from May 26, 2020 through May 25, 2021.

RESPONSIBILITIES OF THE INDEPENDENT COMPLIANCE AUDITOR

Subsection VI.B of the Order requires the ICA to review, assess and evaluate Herbalife's compliance with Sections I.A-F and I.I. Under the Order, the ICA is required to submit a report every six months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report is reduced to once per year.

This Seventh Report follows the ICA Work Plan established for the fourth year of Order implementation. The ICA submits its observations regarding Herbalife's compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

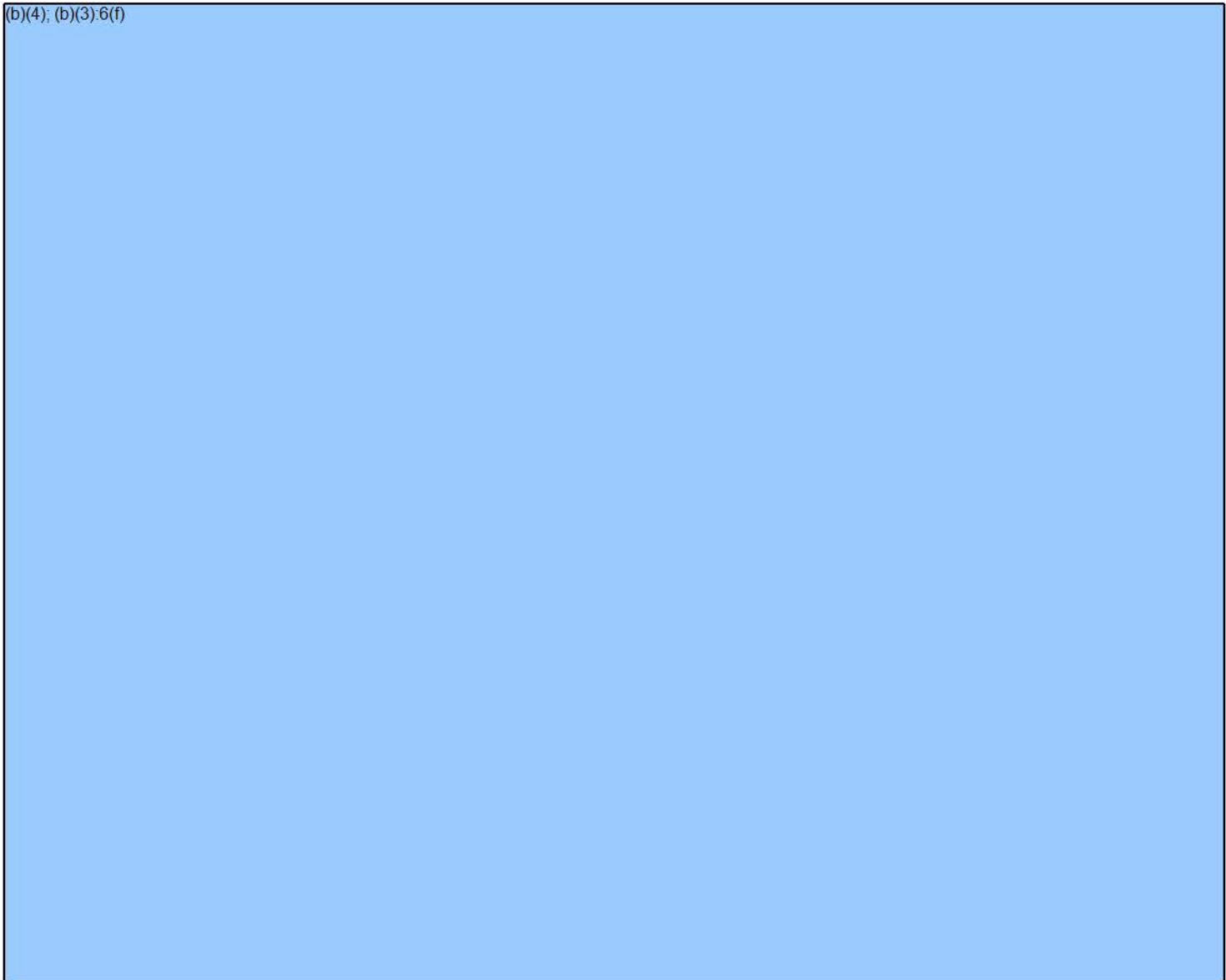
The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*

6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*
7. *[Herbalife is] complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;*
8. *[Herbalife is] complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F; and*
9. *[Herbalife is] complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.*

The ICA has not and is not required to address any other conditions or obligations of Herbalife that are detailed within the Order.

(b)(4); (b)(3);6(f)



**INDEPENDENT COMPLIANCE AUDITOR'S EIGHTH REPORT
ON COMPLIANCE WITH COURT ORDER BY
HERBALIFE INTERNATIONAL OF AMERICA, INC.**

May 25, 2022



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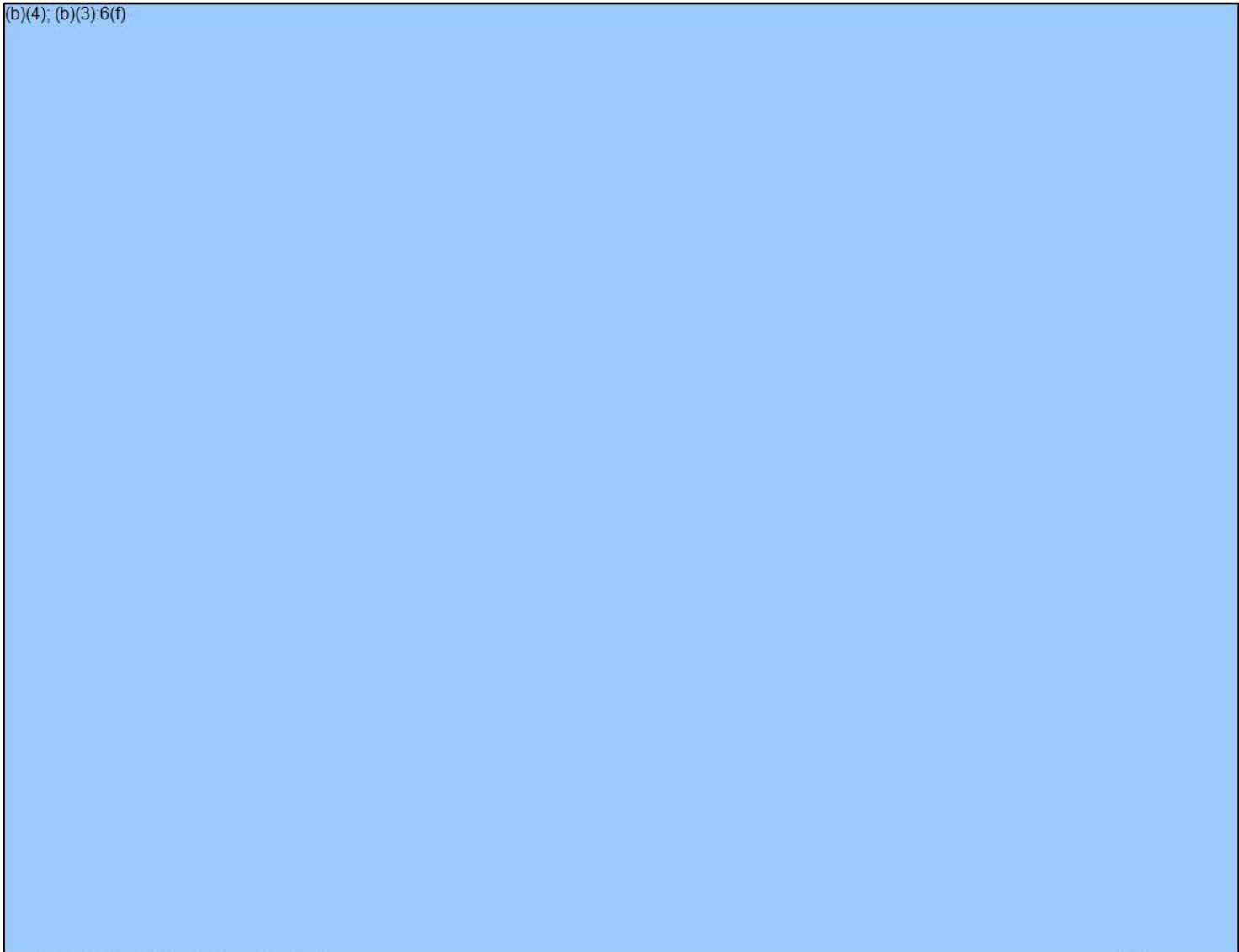
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INTRODUCTION

This submission serves as the Eighth Report of the Independent Compliance Auditor (ICA) under the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, (the "Order") entered in the matter of Federal Trade Commission v. Herbalife International of America, Inc., Herbalife International, Inc. and Herbalife, LTD (collectively referred to herein as "Herbalife"), United States District Court for the Central District of California, Case No. 2:16-cv-05217-BRO-GJS.

This report describes the methodology and results of the ICA's data collection and analysis employed in the eighth assessment of Herbalife's efforts to fulfill the requirements within the jurisdiction of the ICA. The report covers the full-year time period from May 26, 2021 through May 25, 2022.

RESPONSIBILITIES OF THE INDEPENDENT COMPLIANCE AUDITOR

Subsection VI.B of the Order requires the ICA to review, assess and evaluate Herbalife's compliance with Sections I.A-F and I.I. Under the Order, the ICA is required to submit a report every six months for the first three years, beginning six months from the Effective Date. After the first three years, the frequency of the report is reduced to once per year.

This Eighth Report follows the ICA Work Plan established for the fifth year of Order implementation. The ICA submits its observations regarding Herbalife's compliance with the requirements contained in Subsection VI.B. Those obligations are as follows:

The Order requires that the "...ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' [Herbalife's] compliance with the following requirements of Section I of [the] Order, namely the requirements that:

1. *[Herbalife is] paying MLC only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;*
2. *[Herbalife is] differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;*
3. *[Herbalife is] collecting and maintaining retail sales information as required by Subsection I.C;*
4. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;*
5. *[Herbalife is] taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;*
6. *[Herbalife is] complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;*