2025 Climate Risk Report

Herbalife
Live your best life

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Overview

This report was developed in response to **California Senate Bill 261** (SB 261), which requires certain companies doing business in California to disclose climate-related financial risks. Written in alignment with the **Task Force on Climate-related Financial Disclosures** (TCFD) recommendations, the report addresses climate-related financial risk disclosures across all four Climate Risk pillars — Governance, Strategy, Risk Management and Metrics & Targets. A key highlight of the Strategy pillar focuses on Herbalife's first climate scenario analysis conducted in 2025.

This report aims to enhance transparency by providing insight into the organization's current maturity and understanding of climate-related impacts and ongoing efforts to mitigate and manage climate risks.

Troy Hicks
Chief Operating Officer

Leadership Remarks From Chief Operating Officer

For decades, Herbalife has empowered our global community of stakeholders around the world to live healthier, more fulfilling lives through our science-backed products and business opportunity. Today, that impact extends to the 95 markets in which we operate, our global network of approximately 2 million independent distributors and the millions of customers they support.

Our vision of becoming the world's premier health and wellness company, community and platform includes an unwavering responsibility for the environmental impact of our business and its contribution to the people, communities and resources related to our work. That's why we are committed to staying ahead of global sustainability mandates and reporting on the findings of our **first-ever climate scenario analysis.** This report represents a significant step forward for our company and reinforces our accountability to our stakeholders and the communities we serve.

The information disclosed in this report reflects the values we uphold as a company – transparency and integrity, collaborating with key stakeholders, and building it better as we integrate these risks and opportunities into standard business operations. While this report supports our commitment to global sustainability compliance – it importantly serves as a compass that informs our work and prepares us for the future. As we move forward, we will identify, assess and manage these risks, continually building upon this foundational framework.

At the heart of Herbalife is a community that aims to empower, transform and change people's lives – and through this important work, we will carry this mission deep into the future while protecting the world we live in.

Governance

Board oversight

Herbalife's Board of Directors oversees climate-related risks and opportunities through the Sustainability Committee, which convenes at least twice annually. The committee evaluates material sustainability risks and opportunities, while management escalates urgent or emerging issues to the board outside of scheduled meetings, when necessary. Following the completion of Herbalife's first climate scenario analysis, the Sustainability Committee is integrating climate-related considerations into strategic planning and risk management. This includes assessing product innovation initiatives – such as low-impact packaging, climate-related supply chain vulnerabilities, and capital allocation strategies that influence the company's sustainability profile.

As Herbalife continues embedding these climate-related risks and opportunities into its governance framework, the company will evaluate appropriate goals and targets in alignment with regulatory requirements. The board will monitor progress and guide actions through the Sustainability Committee's regular oversight cycle. Sustainability metrics – including greenhouse gas (GHG) emission trends, sustainability risk and opportunities, and compliance readiness – are routinely shared with relevant board committees to support informed decision-making and ensure accountability across the organization.

Management's role

Herbalife has embedded climate-related responsibilities across key management functions to ensure effective oversight and integration into enterprise decision-making. The Chief Operating Officer (COO), reporting directly to the Chief Executive Officer (CEO), holds executive accountability for the company's sustainability strategy, including climate-related risks and opportunities. The COO chairs the Sustainability Executive Steering Committee, which is managed by the Director of Sustainability Strategy and includes senior leaders from Supply Chain, Accounting & Finance, Enterprise Risk Management (ERM), Internal Audit, Legal, Communications, Human Resources, Distribution & Logistics, and Global Manufacturing.

This cross-functional committee actively assesses climate-related risks and assigns ownership for managing material issues. It reports regularly to the Board of Directors — primarily through the Sustainability Committee — ensuring that relevant climate-related matters are elevated to the highest levels of governance. Management is kept informed through quarterly Sustainable Executive Steering Committee meetings and supporting materials. Additionally, the Sustainability Core Team facilitates continuous engagement via cross-functional working groups and provides timely updates on policy developments, investor expectations and evolving industry standards.

Climate-related risks are monitored by Herbalife's Sustainability Core Team. Relevant risks are integrated into the ERM framework and assigned to enterprise risks. These enterprise risks are assigned to senior management owners and managers, with whom the Sustainability Core Team collaborates on data collection, risk monitoring and performance management, as it relates to climate. Climate-related risks are formally reassessed periodically by the Sustainability Core Team to ensure ongoing relevance and responsiveness.

Herbalife Sustainability Global Governance Structure

Board of Directors
Elected by shareholders, the board provides overarching oversight of Herbalife's business operations and risk management framework. It reviews management's assessment of material issues — including climate-related risks — and the strategies in place to address them.

Board of Directors: Sustainability Committee
This committee supports the board by overseeing Herbalife's significant environmental, social and related governance activities and practices, including policies, programs and practices, strategy, stakeholder engagement and risks. It also monitors emerging sustainability issues and coordinates with other board committees, including Audit, Nominating & Governance, and Compensation.

Sustainability Executive Steering Committee
Chaired by the COO, this committee drives executive-level integration of sustainability into business strategy. It promotes cross-functional engagement and ensures alignment of climate-related initiatives across global operations.

Sustainability Core Team
This team leads the coordination of sustainability governance, regulatory compliance, climate risk management, strategic planning, target setting and data collection. It serves as the operational backbone for sustainability execution.

Functional Teams
These teams partner with the Sustainability Core Team to provide subject matter expertise on sustainability impacts, risks and opportunities. They lead the implementation of climate-related programs and contribute to achieving sustainability targets across Herbalife's global footprint.

Strategy

Identified climate-related risks and opportunities

Our first comprehensive climate scenario analysis was conducted in 2025, enabling the identification and assessment of climate-related risks and opportunities across short-, medium- and long-term horizons. The company evaluated 10 physical climate risks through quantitative exposure analysis and assessed two transition risks and one transition opportunity through qualitative methods.

To analyze physical risks, Herbalife selected 50 sites from its global asset portfolio — including owned, operated and upstream locations — based on exposure to climate hazards. Site categorizations and counts are detailed in the Risk Management section.

Transition risks and opportunities were identified through peer benchmarking and market analysis, focusing on growth drivers and their relationship to climate-related impacts (e.g., demand for sustainable products and packaging). From an initial list of ten, three were prioritized for final assessment through a structured stakeholder engagement process, including team workshops and interviews. Prioritization was based on relevance to Herbalife's operations and business model.

The summary impacts presented are derived from the analytical approach outlined in the time horizons table and the climate scenarios detailed in this section. For a comprehensive overview of identified risks, refer to the Climate-Related Risks Overview table on page 6.

Time Horizon Categories Used in Scenario Analysis

	Short-term	Medium-term	Long-term
Time horizon	**0–3 years**	**3–10 years**	**10–30 years**
Value to Herbalife	Support operational planning in the next few years	Support strategic planning, including raw material sourcing and market differentiation	Inform strategic and investment decisions, such as supply chain and site resiliency

Climate Scenario and Model Overview

Scenarios	Models Used
Low carbon economy (LCE) pathway: Environmental regulation and collective action will limit the greatest physical impacts of climate change by keeping global temperature increase below 2°C.	**Physical risks:** IPCC's SSP1-RCP2.6 pathway, in alignment with <2°C warming by 2100
	Transition risks: – NGFS's Net Zero 2050 scenario, in alignment with <1.5°C warming by 2100 – WBCSD's Societal Transformation scenario, in alignment with 1.5°C warming by 2100
High carbon economy (HCE) pathway: Low collective action against climate change and a greater degree of global warming.	**Physical risks:** IPCC's SSP5-RCP8.5, in alignment with 4°C+ warming by 2100
	Transition risks: – NGFS's Current Policies scenario, in alignment with 3°C+ warming in 2100 – WBCSD's Historic Trends scenario, in alignment with 3°C+ warming by 2100

Impact of climate-related risks and opportunities

This first climate scenario analysis yielded qualitative insights into potential impacts on Herbalife's business. We recognize the importance of quantifying climate-related financial impacts and acknowledge that climate-related factors can materially influence our strategy, operations and decision-making, with potential for both positive and negative financial outcomes.

Preliminary findings suggest that Herbalife's business, financial condition and operating results may be affected by climate-related factors such as:

- **Fluctuations in raw material sourcing costs**
- **Operational disruptions across production facilities and logistics**
- **Increased costs associated with regulatory compliance**
- **Shifts in consumer preferences and market demand for climate-conscious products**

These factors may influence our product and service strategies, long-term financial planning and investment priorities. Climate-related considerations are increasingly informing our strategic planning processes, particularly in areas such as supply chain resilience, adaptation and mitigation activities, and alignment with emerging regulatory frameworks.

Herbalife is working to align its carbon emissions reduction efforts with applicable global regulatory requirements, as they evolve. In support of this effort, we completed Scope 1 and 2 GHG emissions calculations for calendar year 2024, as presented in the Metrics & Targets section of this report.

Climate-Related Risks Overview

Risk/ Opportunity	Risk Description	Risk Category	Time Horizon	Climate Scenario	Priority	Factors Contributing to Priority
Physical Risks	**Manufacturing, Distribution and Warehousing:** Severity of exposure to the identified hazards may lead to increased costs and operational disruption.	Acute and chronic	Long	HCE	High	The factors contributing to this prioritization are based on the urgency of the matter and its potential to materially impact the business.
	Offices and Data Centers: The severity of exposure to the identified hazards may render the sites susceptible to disruptions in operational management and technological functions at Herbalife.					
	Suppliers (Raw Materials): The severity of exposure to the identified hazards may lead to procurement delays or the loss of raw materials during severe weather events.					
Transition Risks	**Emerging environmental regulations** could lead to increased compliance costs and indirect operating costs.	Policy and legal risk	Short, medium and long	LCE	Moderate	Prioritization is based on urgency and potential material financial impact. This includes risks associated with evolving regulatory compliance requirements and shifts in market dynamics that could affect operations, cost structure and strategic positioning.
	Changing consumer preferences for sustainable food products and climate conscious market influences could result in increased prices for sustainable products and increased variability in the supply and cost of raw materials for Herbalife.	Market risk	Medium		Higher	
Opportunity	**Consumer demand for transparency around sustainable food sourcing and packaging presents a clear opportunity for Herbalife.** By continuing to integrate clean ingredients and reusable or recyclable packaging into future product development, Herbalife can strengthen brand trust and capture increased market demand for environmentally responsible practices.	Products and market opportunity	Medium and long	HCE	Moderate	Prioritization is based on Herbalife's potential to capture market share through proactively differentiating its products in advance of regulatory mandates and in alignment with evolving consumer demand for climate-conscious offerings.

HCE: high carbon economy; LCE: low carbon economy.

Resilience of Herbalife's strategy

Herbalife historically addressed climate-related risks through its business continuity and supply chain enterprise risk strategies. These foundational approaches are now being informed and refined by insights from our 2025 climate scenario analysis, which evaluated potential impacts under multiple climate futures, including a 2°C or lower scenario.

The scenario analysis revealed both risks and opportunities across our operations, supply chain and strategic planning. As a result, Herbalife is actively assessing how climate-related risks, particularly those related to regulatory shifts and market dynamics, may influence our long-term resilience. These insights are guiding adjustments to our risk management processes, investment priorities and operational strategies to ensure continued adaptability in a changing climate landscape.

Risk Management

Risk identification and assessment processes

Herbalife applies a structured and multilayered approach to identifying and assessing climate-related risks, integrating both regulatory and scientific perspectives. To guide this process, Herbalife adopted the Climate Risk Taxonomy to systematically categorize, assess and disclose potential climate impacts across its operations.

Climate-related risk identification is led by the Sustainability Core Team, supported by climate science consultants and more than 30 Herbalife functional subject matter experts. The Sustainability Executive Steering Committee oversees the process and reviews the results. Prior to the comprehensive climate scenario analysis performed in 2025, Herbalife conducted a double materiality assessment to prioritize sustainability matters, including climate-related risks and opportunities. These insights were considered in the scenario analysis, which evaluated both physical and transition risks based on their potential impact on operations, supply chain continuity, regulatory compliance and brand reputation. Existing and emerging climate-related regulations were also a key consideration in evaluating transition risks and opportunities.

Risks are assessed using scenario analysis and stakeholder input, focusing on:

- **Physical risks:** including facility exposure, ingredient sourcing vulnerabilities and resource availability.
- **Transition risks:** including regulatory shifts and evolving market expectations

For the physical risk assessment, Herbalife selected a representative sample of global sites based on:

- Asset criticality (financial or supply chain importance)
- History of severe weather events
- Asset category representation

Five asset categories were chosen to organize the physical risk assessment, and 11 physical risks were assessed with respect to how they might impact each of these five asset categories. The exposure levels by hazard and site, were then classified into five tiers. The tables to the right provide the details behind this physical risk assessment.

Physical Risks Assessment Overview

Asset Categories
1. Contract Manufacturing
2. Distribution and Warehousing
3. Manufacturing
4. Offices and Data Centers
5. Suppliers (Raw Materials)

Tiers
▪ Tier 1: Lowest (0–20th percentile)
▪ Tier 2: Low (21st–40th percentile)
▪ Tier 3: Moderate (41st–60th percentile)
▪ Tier 4: High (61st–80th percentile)
▪ Tier 5: Highest (81st–100th percentile)

Physical Hazards Overview

Physical Hazards
1. Storm
2. Precipitation
3. Hail
4. Wind speed
5. Inland flooding
6. Coastal flooding
7. Extreme heat
8. Wildfires
9. Extreme cold
10. Drought
11. Water stress

Risk management processes

Herbalife's 2025 climate scenario analysis serves as a foundational tool for identifying and prioritizing climate-related risks. Insights from this analysis are considered as part of the company's ERM risk assessment process. The ERM team collaborates with certain enterprise risk managers to help ensure risks – such as acute weather events – are incorporated into ongoing risk mitigation strategies when relevant. The Global Security team monitors climate-related disruptions and activates continuity plans when necessary. This team also leads a cross-functional incident management group, which includes ERM, to coordinate responses to climate-related events.

Climate-related transition risks are monitored through collaboration between the Sustainability Core Team, Operations, Legal and Global Regulatory Affairs. Any adjustments to risk prioritization or mitigation strategies are addressed by the related enterprise risk manager.

Herbalife's approach to managing climate-related risks includes evaluating the response strategy based on materiality and potential financial impact. Risk prioritization is informed by scenario analysis, stakeholder input and alignment with the TCFD Risk Taxonomy, ensuring a consistent and comprehensive evaluation of both physical and transition risks.

Integration into overall risk management

Herbalife's Board of Directors maintains oversight of the company's enterprise-wide risk management framework, delegating specific responsibilities to its committees to ensure focused governance. The Sustainability Committee is tasked with overseeing risks related to environmental and social sustainability, as well as, jointly with the Compensation Committee, risks and opportunities associated with human capital management.

The Sustainability Core Team provides climate-related risk assessments and insights that the ERM team incorporates, when appropriate, into company-wide risk identification and monitoring efforts. This helps ensure that climate-related risks are considered alongside financial, operational and strategic risks.

The Sustainability Core team also works closely with cross-functional partners, including ERM, Legal, Finance, Ethics & Compliance and Operations to stay informed on the potential impact of emerging climate-related risks. This integrated approach helps enable Herbalife to make informed decisions on risk response strategies to climate-related issues.

Metrics and Targets

Climate-related metrics in line with strategy and risk management process

The metrics used to assess and manage Herbalife's relevant climate-related risks and opportunities include physical and transition risks as well as the carbon footprint, as detailed in the tables to the right. While this report provides assured Scope 1 and 2 GHG emissions data, the company is actively developing Scope 3 inventory to provide full transparency of our carbon footprint.

Climate-related Risks and Opportunities Metrics

Physical Risks			
Storms	Precipitation	Hail	Wind speed
Inland flooding	Coastal flooding	Extreme heat	Wildfires
Extreme cold	Drought	Water stress	

Transitional Risks
Regulatory and compliance requirements
Increased cost of raw materials
Shift in consumer markets and preferences

Opportunity
Growing consumer demand for transparency regarding sustainable food origins and sustainable packaging

Scope 1 and 2 GHG metrics (All amounts in metric ton – mt)

Metric	2024 Measurements
Total Scope 1 emissions (CO_2eq)	6,531
Total Scope 2 emissions (CO_2eq) (Location-based)	28,871
Total Scope 2 emissions (CO_2eq) (Market-based)	29,315
Total (Scope 1 + 2) emissions (CO_2eq) (Market-based)	35,846

Climate-related targets and performance against targets

Herbalife is committed to environmental stewardship and is strengthening its climate-related strategy by reestablishing targets that align with emerging global standards and regulatory expectations. These targets will be informed by our 2025 climate scenario analysis and full carbon footprint, enabling us to prioritize actions based on materiality and impact. Our goal is to drive meaningful progress toward long-term resilience, transparency and accountability.

Notes and Assumptions for GHG Metrics

Total Scope 1 emissions

- Relevant emission sources include stationary and mobile fuel combustion (e.g., natural gas, propane, diesel, gasoline, biofuels, heavy gas oils and coal) and fugitive emissions from refrigerants (e.g., R-410A).

Total Scope 2 emissions

- Relevant sources include purchased electricity, district heating and district cooling.
- Market-based values reflect regional grid emission factors (eGRID U.S. or equivalent regional datasets) adjusted where applicable to account for renewable electricity percentages reported by local utility providers.
- Nine out of the 50 sites in scope facilities report purchasing renewable electricity through their local utility provider, reflected under the market-based methodology.

Total (Scope 1 + 2) emissions

- The operational boundary includes all Herbalife owned and leased facilities globally (manufacturing sites, warehouses and distribution centers, offices, data centers and other commercial buildings).
- Empirical utility data were collected for approximately half of facilities (~100). For remaining sites, emissions were estimated using industry-standard emission factors and activity proxies based on facility type, size and regional energy intensity benchmarks.
- Estimates are applied to facilities lacking direct consumption data (e.g., landlord-provided utilities) or below the 1,000 ft^2 reporting threshold. Estimated sites collectively represent approximately 5% of total global real estate square footage.

Additional footnotes

- Emissions are calculated in alignment with the GHG Protocol Corporate Accounting and Reporting Standard under the operational-control approach.
- Scope 1 and 2 inventories include all facilities under Herbalife operational control for the 2024 reporting year (January 1–December 31).
- **Global Warming Potential (GWP):** Values from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) were used to ensure alignment with the most current climate science and reporting standards.
- **Data Completeness and Accuracy:** Scope 1 and 2 data were compiled using the best available information and methodologies. Estimates and assumptions were applied where direct measurements were unavailable.

Assurance Statement

Verification Opinion Declaration
Greenhouse Gas Emissions

APEX

To: The Stakeholders of Herbalife International of America, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Herbalife International of America, Inc. (Herbalife) for the period stated below. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Herbalife. Herbalife is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing, and extent than in a reasonable level of assurance verification.

Boundaries of the reporting company GHG emissions covered by the verification:

- Operational Control
- Worldwide

Types of GHGs: CO2, N2O, CH4, HFCs

GHG Emissions Statement:

- **Scope 1:** 6,531 metric tons of CO2 equivalent
- **Scope 2 (Location-Based):** 28,871 metric tons of CO2 equivalent
- **Scope 2 (Market-Based):** 29,315 metric tons of CO2 equivalent

Data and information supporting the Scope 1 and Scope 2 GHG emissions statement were historical in nature, but in some cases estimated.

Global Warming Potential (GWP) and emission factor data sets:

- GWP: Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR-6)
- United States Environmental Protection Agency (USEPA) Emissions & Generation Resource Integrated Database (eGRID) (2023 data), 2025
- USEPA Emission Factor Hub, 2024
- International Energy Agency (IEA) Emission Factor Database (2022 data), 2024

- United Kingdom (UK) Department for Environment Food & Rural Affairs (DEFRA), UK Government GHG Conversion Factors for Company Reporting, October 30, 2024
- Department of Climate Change, Energy, the Environment and Water. Australian National Greenhouse Accounts Factors, August 2023 and July 2024
- Environment Canada, National Inventory Report 1990–2022: Greenhouse Gas Sources and Sinks in Canada, Annex 13 – Electricity in Canada: Summary and Intensity Tables (2022 data), May 2, 2024
- ecoinvent Version 3.10
- Green-e® Residual Mix Emissions Rates (2021 Data), 2023
- Association of Issuing Bodies (AIB) European Residual Mixes, June 4, 2024

Period covered by GHG emissions verification:

- January 1, 2024 to December 31, 2024

Criteria against which verification was conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard

Reference Standard:

ISO 14064-3 Second Edition 2019-04: Greenhouse gases -- Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of ±5% for aggregate errors in sampled data for each of the above indicators

GHG Emissions Verification Methodology:

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of Herbalife;
- Review of documentary evidence produced by Herbalife;
- Review of Herbalife data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions at Herbalife and during site visits to Winston Salem HIM Manufacturing Facility; and
- Audit of sample of data used by Herbalife to determine GHG emissions.

Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard.

It is our opinion that Herbalife has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Herbalife, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

Attestation:

Megan O'Neil, Lead Verifier
ESG Program Manager
Apex Companies, LLC
Atlanta, Georgia

Trevor Donaghu, Technical Reviewer
ESG Director
Apex Companies, LLC
Pleasant Hill, California

10/30/2025

This verification opinion declaration, including the opinion expressed herein, is provided to Herbalife International of America, Inc. and is solely for the benefit of Herbalife International of America, Inc. in accordance with the terms of our agreement. We consent to the release of this declaration to the public or other organizations, but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this declaration.


Herbalife
Live your best life