

NATURE'S SUNSHINE PRODUCTS, INC.

REGULATORY UPDATE APRIL – JUNE 2016

VOLUME IV, ISSUE 2

This brief newsletter is designed to provide our Members with a snapshot of the key regulatory issues affecting our industry and, where applicable, the Company's role in those issues. Each quarterly newsletter will focus on some of the major developments in our industry since the previous edition. As always, if you have questions or would like more detail, please contact a member of the Nature's Sunshine Legal Department. Finally, we welcome your feedback. Please let us know what we can do better. **This is for NSP Members/ Distributors/ Managers and not for public dissemination.**

OBSERVERS SAY HARVARD ANTI-SUPPLEMENTS ARTICLE SO POORLY DONE AS TO BE 'EMBARRASSING'

A Harvard publication that was released in April blasting supplements as 'suspect' and 'useless' has since been criticized by industry observers as 'unbalanced' and even 'embarrassing.' See <http://www.nutraingredients-usa.com/Research/Harvard-anti-supplements-article-called-embarrassing>

This information is provided for informational purposes.

GUT MICROBIOME ABLE TO 'PASS ON' DISEASE, STUDY SUGGESTS

Gut bacteria implicated in the onset of obesity are able to survive outside the human body, raising suggestions this bacteria could be transferred from person to person, a study has suggested.

See <http://t.marketing1.william-reed.com/nl/jsp/m.jsp?c=4040iUF7gh9630z7oh9KiRq80unevhGQ>

This information is provided for informational purposes.

ANTI-PYRAMID LEGISLATION (NC AND FEDERAL)

Anti-pyramid legislation consistent with model legislation recommended by the Council of State Governments and supported by the DSA, has been re-introduced in the New Jersey State Senate. The Direct Selling Association (DSA) is hopeful the anti-pyramid legislation will pass in 2016. A bill has been introduced in the U.S. House of Representatives that would define "pyramid schemes" for the first time in federal law and provide that purchase of product for personal use is not indicia of a pyramid scheme. The bill is modeled on state statutes whose enactment DSA has supported.

Legal will continue to monitor and provide future updates from the DSA.

INDEPENDENT CONTRACTOR STATUS (NC, RI AND VT)

Bills that would impact independent contractor status have been introduced in North Carolina, Rhode Island and Vermont. The DSA supports the bill introduced in North Carolina, which would add a direct seller definition regarding unemployment compensation in North Carolina to ensure that individual direct sellers will be classified as independent contractors. The bill introduced in Rhode Island, which is opposed by the DSA, would require that a form be filed annually with the New Hampshire Department of Revenue to designate a worker as an "independent contractor." The bill proposes a ten dollar filing fee be paid with each designation form. The bill introduced in Vermont amends the State's workers' compensation law to add a presumption of

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employment unless the employing unit proves that the worker is free from the direction and control of the employing unit, both under the worker's contract of service and in fact. DSA has requested an exemption for direct sellers under the State's workers' compensation law, which has yet to be added.

Legal will continue to monitor and provide future updates from the DSA.

MULTI-LEVEL MARKETING LEGISLATION (NY)

New York State Senator Jeff Klein introduced legislation that would require all multi-level marketing companies in New York to have marketing materials approved by the New York Attorney General's Office and file certain financial disclosures. The DSA is strongly opposed to the legislation and has discussed alternative language with Senator Klein's staff, and has proposed an educational campaign with Senator Klein's staff and several legislators in the State Senate and Assembly.

Legal will continue to monitor and provide future updates from the DSA.

GROWTH IN GLOBAL DIETARY SUPPLEMENTS MARKET LED BY ASIA PACIFIC REGION

A new report from Persistence Market Research notes that the Asia Pacific region is making a significant impact on the growth of the global market for supplements, with China and India now showing the most robust growth. See <http://www.naturalproductsinsider.com/blogs/supplement-perspectives/2016/05/growth-in-global-dietary-supplements-market-led-b.aspx>

This article is for information only.

NETWORK MARKETING COMPANIES HAVE SPECIAL COMPLIANCE CHALLENGE, EXPERT SAYS

The very nature of network marketing means companies selling dietary supplements using this model must be extra vigilant when it comes to compliance, an expert says. "There is a higher level of risk when working with independent contractors. Not only does a company have to control its own messaging, it has an obligation to educate its contractors to color within the lines" See <http://www.nutraingredients-usa.com/Markets/Network-marketing-has-inherent-compliance-challenge>

This article is for information only.

NATURE'S SUNSHINE PARTICIPATES IN LETTER WRITING CAMPAIGN

The DSA recently began a letter writing campaign whereby it encouraged its members and its members independent distributors to send letters to their respective congressmen supporting antipyramiding legislation. Nature's Sunshine sent a support letter on its own behalf and encouraged its distributors to send a similar letter as well.

Legal will continue to monitor and provide future updates

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