

UK Documentary on Direct Selling FAQ

(Response only)

Why is Nu Skin in the media?

We are coming off another successful year of growth at Nu Skin, with more customers trying our products and social sharing bringing even more visibility to the company and our products. We appreciate your role in helping make this growth possible. This kind of success often brings out an increase in criticism and scrutiny from those who are skeptical of our business or who have a financial motivation to try to harm our reputation.

Did a documentary air in the UK regarding the direct selling industry and Nu Skin? What did they say?

A documentary was released in the UK focusing on millennial women working in direct selling who share the opportunity to sell beauty and wellness products through social media. The program highlighted a few members of the Nu Skin sales force, along with those from other companies in our industry. The piece discussed how certain women promoted lavish lifestyles and opportunity claims and emphasized recruiting, among other things and alleged that the companies were unfairly targeting vulnerable, young women with misleading information

Should I take any action?

Like every company, there are times when people post statements or videos that are critical of our products or sales model. While it may seem helpful to view or comment on these false or derogatory posts, it is important not to give them additional exposure.

Here are a few best practices to keep in mind:

- **Don't view negative media or posts.** Most negative media and posts are meant to get clicks. The more views they get, the higher their content ranks. When you view negative media or posts you unintentionally give it more attention and expand its reach, especially on social media.
- **Don't comment or share.** While you may think positive comments will help, any engagement on a post will elevate its status for search engines like Google – which means you could be helping the negative post to appear higher on the search rankings when people search for Nu Skin products. In addition, you will expand its reach to your own circle of social media friends.
- **Ignore it.** Most of the time, negative posts will get some initial traction, but will often disappear when the initial interest tapers off. It's best to leave the negative posts alone and let the engagement fade.

Where can I watch the documentary?

The documentary can only be watched from in the UK. Additionally, we discourage you from watching and searching for the documentary as this could give it traction, attention and potentially lead to follow-up stories.

Why did Nu Skin not provide an interview for the documentary?

We spoke with the team producing the documentary and quickly realized that this piece was going to be negative without an opportunity to influence the message. As a result, we provided a statement and declined to provide an on-camera interview.

Our US and EMEA teams have been working together on a communications plan and coordinating with the Direct Selling Association since becoming aware of the program.

If a member of the sales team asks me about this issue, how do I respond?

We encourage you to inform them that as Nu Skin continues to grow and become more visible, we expect to receive criticism. It's important to note that it doesn't do any good to search, view or respond to critics. We also encourage you to reinforce the importance of complying with the company's policies and regulations, including not making inappropriate claims about Nu Skin products and the business opportunity.

When sharing a product, sales teams should be familiar with the validated claims for each product in their specific market. This information can be found on the Nu Skin website for their market, so they can properly communicate the uses and benefits of Nu Skin products.

What is the upfront and ongoing financial commitment associated with starting or building a Nu Skin business?

Nu Skin promotes an opportunity for people to generate supplemental income without significant start-up capital.

As with any business venture, the level of success varies greatly based on factors such as a person's goals, ambition, commitment and skills. We have strict policies against misrepresenting the opportunity or our products and making exaggerated claims. To minimize the financial risk for sales leaders, we do not charge a signup fee and there is no requirement for them to purchase products. We also have a one-year 90% refund policy for resalable products to further ensure a sales leader is not financially harmed.

How do participants in the sales network earn money with Nu Skin?

People earn money in two ways:

- (1) by reselling Nu Skin products to consumers, and
- (2) by earning commissions on products sold to their consumer network and through their sales network.

Nu Skin pays commissions solely for product sales and not for recruiting others.

How does Nu Skin address sales force misconduct?

We are committed to strict compliance with the laws and regulations where we operate and have implemented policies and guidelines to help our sales force comply. We take seriously any misrepresentations or exaggerated claims regarding our products or opportunity made by sales leaders.

Our global compliance team is responsible for addressing inappropriate sales force activities. Those found to be violating the company's policies and related guidelines are subject to a range of possible actions - from educational warning letters, to withholding commissions, and even termination.

Does Nu Skin allow its sales force to make inappropriate lifestyle and opportunity claims?

No. Nu Skin's sales force policies and guidelines prohibit any actual or implied lifestyle or opportunity claims that are false or misleading. We take seriously any misrepresentations or exaggerated claims made by sales leaders. We also provide transparent disclosures concerning the sales compensation earned by our sales force. This is available on our website and during the sign-up process. We want any person interested in our business to have the opportunity to be fully informed about our business.

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The documentary mentioned that Nu Skin encourages distributors to distance themselves from unsupportive friends and family. Is that true?

No, that would be contrary to the core values of the company. Since Nu Skin was founded, we have advocated being a force for good – in the world, in our communities and in our families. Our mission is focused on improving lives, starting with our own and then extending to those around us. This requires building and nurturing strong relationships with those around us.

How is direct selling different from a pyramid scheme?

Pyramid schemes are illegal and concentrate on quick profits to be earned by recruiting others, without significant focus on product sales. Unlike pyramid schemes, legitimate direct selling is a retail distribution system in which consumer products are sold by independent distributors directly to consumers.

Nu Skin Enterprises is committed to sound and ethical business practices. A Nu Skin distributor earns nothing for recruiting – compensation is based solely on product sales. There are no fees or product purchases required to become a distributor. In addition, Nu Skin offers a generous refund policy. Nu Skin distributors are also required to adhere to a strict code of ethics outlined by the World Federation of Direct Selling Associations.

Are the quoted statistics regarding sales compensation true?

Nu Skin's distributor sales compensation disclosure averages and percentages include many distributors who never attempt to become part of our sales network. As a result, we indicate that between 80 and 90 percent of our total distributors do not earn a sales compensation payment.

For a more complete picture of the average sales compensation than what was presented in the program, you can find our average sales compensation disclosure for Europe [here](#). This includes the average sales compensation for distributors earning a sales compensation payment and the percentage of executive distributors achieving the various levels of our sales compensation plan. We believe the average sales compensation information contained in the summaries provide transparency for those considering participation in the Nu Skin business.

Do Nu Skin distributors need to replace all their products with Nu Skin products?

No, there is no requirement for distributors to purchase products, and Nu Skin does not encourage them to replace all their household products. While many of our independent distributors use our products and actively promote the purchase of our products by their customers, they are not allowed to indicate that other distributors are required to purchase products to participate.

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