

## **Audit Committee Charter**

### **I. Purpose**

The purpose of the Audit Committee ("Committee") of the Board of Directors of Nature's Sunshine Products, Inc. (the "Company") shall be to:

- A. Oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;
- B. Assist the Board in oversight and monitoring of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements that relate to the Company's financial operations, (iii) the independent auditor's qualifications, independence and performance, and (iv) the Company's internal accounting and financial controls;
- C. Provide the Company's Board with the results of its monitoring and recommendations derived therefrom; and
- D. Provide the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

### **II. Committee Structure**

The Committee shall consist of at least three directors. Each member of the Committee shall meet the independence and experience requirements of the NASDAQ Stock Market, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission ("SEC"), as affirmatively determined by the Company's Board of Directors ("Board"). In addition, at least one member of the Committee shall be an "audit committee financial expert" as that term is defined by the SEC. The members of the Committee shall be appointed by the Board and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may, at any time and in its complete discretion, replace a Committee member.

The Board shall appoint a member of the Committee to serve as the Committee's chairperson.

### **III. Meetings**

The Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall maintain minutes and other relevant documentation of all its meetings. Each regularly scheduled meeting will conclude with an executive session of the Committee absent members of management. As part of its responsibility to foster open communication, the Committee will meet periodically with management; and the

director of the internal audit function and the independent auditor in separate private sessions.

The chairperson shall report regularly to the Board about the Committee's actions and significant issues.

#### **IV. Committee Authority and Responsibilities**

A. The Committee shall directly appoint, subject to shareholder ratification, retain, and compensate the Company's independent auditor. The Committee has the sole authority to approve all audit engagement fees and terms, as well as all significant nonaudit engagements with the independent auditor. The Committee shall be directly responsible for overseeing the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and the independent auditor shall report directly to the Committee.

B. The Committee shall preapprove all auditing and non-auditing services of the independent auditor, subject to de minimis exceptions for other than audit, review, or attest services that are approved by the Committee prior to completion of the audit. Alternatively, the engagement of the independent auditor may be entered into pursuant to pre-approved policies and procedures established by the Committee, provided that the policies and procedures are detailed as to the particular services and the Committee is informed of each service. The Committee shall consider whether the auditor's provision of permissible nonaudit services is compatible with the auditor's independence. Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take appropriate actions to oversee the independence of the independent auditor.

C. The Committee shall have the authority to conduct or authorize investigations into any matter within the Committee's scope of responsibilities. The Committee shall be empowered to retain, without Board approval, independent legal, accounting, and other advisors as it deems necessary to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, to compensate the independent auditor, outside legal counsel, or any other advisors employed by the Committee, and to pay ordinary Committee administrative expenses that are necessary and appropriate in carrying out its duties.

D. The Committee shall have the authority to institute special investigations with full access to all books, records, facilities and personnel of the Company as and when the Committee determines appropriate and necessary for the conduct of its duties.

E. The Committee shall review and reassess the adequacy of this Charter on an annual basis and submit proposed changes to the Board for approval. The Committee has the powers and responsibilities delineated in this Charter. It is not, however, the

Committee's responsibility to prepare and certify the Company's financial statements, to guaranty the independent auditor's report, or to guaranty other disclosures by the Company. These are the fundamental responsibilities of management and the independent auditor. Committee members are not full-time Company employees and are not performing the functions of auditors or accountants.

**V. Oversight of the Company's Auditors**

A. The Committee shall assure the regular rotation of the lead audit partner as required by Section 10A(j) of the Exchange Act, and consider whether, to assure continuing auditor independence, there should be regular rotation of the independent auditing firm itself.

B. The Committee shall set clear hiring policies for employees or former employees of the independent auditor that are consistent with Section 10A(l) of the Exchange Act.

C. The Committee shall ensure receipt of a written report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to address any such issues, and (c) the auditor's independence, all relationships between the independent auditor and the Company, including each non-audit service provided to the Company, and at least the matters set forth in Independence Standards Board Standard No. 1. In addition, the Committee shall discuss with the independent auditors any relationship or services disclosed by the independent auditors that may impact the quality of audit services or the objectivity and independence of the Company's auditors.

**VI. Oversight of Internal Audit**

A. At least annually, the Committee shall evaluate the performance, responsibilities, budget and staffing of the Company's internal audit function and review the internal audit plan. Such evaluation shall include a review of the responsibilities, budget and staffing of the Company's internal audit function with the independent auditor.

B. At least annually, the Committee shall review the annual internal audit plan with the senior officer or officers responsible for the internal audit function of the company. The review shall focus on the scope and effectiveness of internal audit activities and the department's capability to fulfill its objectives.

C. At least annually, the Committee shall review significant findings by the internal audit staff and management's responses to such findings and instances of

remedial action not being taken by management within appropriate timeframes in response to any such findings, if any. The Committee shall periodically review with the internal audit director, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.

D. At least annually, the Committee shall evaluate the performance of the senior officer or officers responsible for the internal audit function of the Company, and make recommendations to the Board and management regarding the responsibilities, retention or termination of such officer or officers.

## **VII. Disclosure and Financial Statements**

A. The Committee shall obtain, review and discuss reports from the independent auditor regarding: (1) all critical accounting policies and practices to be used; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor and the reasons for favoring that treatment; and (3) other material written communications between the independent auditor and Company management, such as any management letter or schedule of unadjusted differences. The Committee shall review and discuss the financial statements with management and the independent auditor, including interim financial statements and annual financial statements, and the independent auditor's report with respect to the Company's financial statements. The Committee shall recommend to the Board of Directors whether the audited financial statements should be included in the annual report on Form 10-K.

B. The Committee shall discuss with the independent auditor and then disclose the matters required to be discussed and disclosed by PCAOB Auditing Standards No. 16, Communications with Audit Committees, including any difficulties the independent auditor encountered in the course of the audit work, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

C. The Committee shall prepare the report required by the SEC to be included in the Company's annual proxy statement.

D. The Committee shall review with the Company's Disclosure Committee the CEO and CFO's disclosure and certifications under Sections 302 and 906 of the Sarbanes-Oxley Act.

E. The Committee shall review, with the assistance of management, the adequacy and effectiveness of the Company's internal accounting and financial control system and procedures.

F. As appropriate, the Audit Committee shall review with management, the Disclosure Committee, the internal auditors and/or the independent auditor, in separate meetings if the Audit Committee deems it necessary:

1. the annual audited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Form 10-K;
2. the quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Form 10-Q;
3. the earnings press releases, including the type and presentation of information.
4. any analyses or other written communications prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
5. the critical accounting policies and practices of the Company;
6. any legal matters that the Company General Counsel has concluded could have a significant impact on the Company's financial statements;
7. off-balance sheet transactions and structures;
8. any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, major issues as to the adequacy of the Company's internal controls, and any special audit steps adopted in light of material control deficiencies;
9. estimates made by management having a material impact on the financial statements;
10. significant variations in financial information between reporting periods; and
11. the effect of regulatory and accounting initiatives or actions applicable to the Company (including any SEC investigations or proceedings).

## **VIII. Compliance and Regulators Oversight Responsibilities**

A. The Committee shall review and approve all "related party transactions," as that term is defined in Item 404 of Regulation S-K.

B. The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company from its employees regarding accounting, internal accounting controls, and auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, auditing, or other matters.

C. The Committee shall review, with the Company's counsel, legal compliance and regulatory matters that could have a significant impact on the Company's financial statements.

D. The Committee shall discuss policies with respect to risk assessment and risk management related to the Company's financial statements, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.

E. The Committee shall ascertain annually from the independent auditor whether the Company has issues under Section 10A(b) of the Exchange Act.

F. The Committee shall review with management and the independent auditor any correspondence with regulators and any published reports that raise material issues regarding the Company's accounting policies.