

Sabinsa today, a worldwide presence: Science as driver for the innovation



A word with Shaheen Majeed Marketing Director, Sabinsa Corp

In September 2015 you have been appointed to the Board of Directors of the Sami Labs Group. You are also a board member of Sabinsa Corporation and of Sami Direct, the successful multi-level marketing company of the Group in India. A comment on your personal "history": can you give us a few highlights of your professional experience in the Company?

Shaheen Majeed, Marketing Director, Sabinsa Corp:

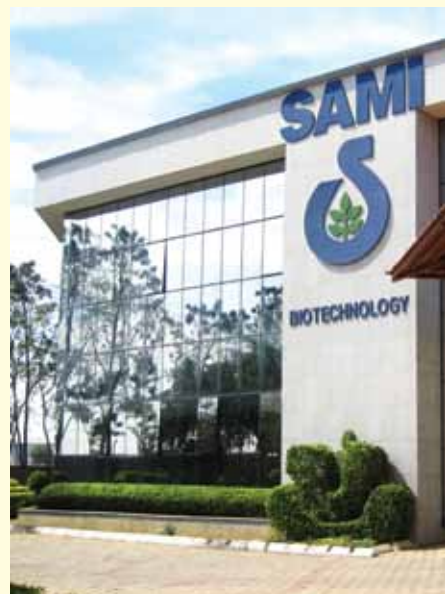
First let me say, thank you, it's an honor to be recognized. I credit my father for hiring some amazingly talented people who have mentored me. Whenever I got a chance, I learned from my father, but much of the time was really working more closely with my colleagues, who inspired me and cultivated a learning atmosphere where I could take it all in. I'm still working my way up, as I have from the beginning, learning every facet of the company from the ground up. The grooming process can be grueling, sometimes hurtful, but when you put all that aside and focus on the betterment of the company, it's incredibly satisfying. It took me awhile to understand the benefits of the career path I've been on at the company, but it's a process that I now completely appreciate from my old man.

I always looked for a process in the things I did, because early on, many of the tasks I did were repetitive, but as with any start-up, being proactively organized often took a back seat. With an entrepreneur such as Dr. Majeed, my father, it was always "pedal to the metal", meaning the ride was fast and non-stop.

One of my earliest career highlights was helping to develop an ERP (enterprise resource program) system for Sabinsa. Early on in that process I realized that an "out of the box" software would never be right for the procedures we followed and that customization would be essential. It was at that time

the software company my father established, Edkal, based in Bangalore, India, was getting a foothold on its software developers and strengthening its hardware assets. Timing was perfect, I then took charge of the ERP development, and we developed a completely customized software. This software is now used by all Sabinsa divisions around the world, as well as our Fragrance and Flavors Division, Organica.

Another highlight, which had immeasurable positive consequences, came about when I recognized that health benefits need not be local. We enjoyed selling in all of USA, we had distributors for our global markets around the world at that time as well, and we were growing steadily. I was always statistically inclined to see what we were selling, where we were selling and how that matched with global needs, and thought we could study areas with potential and approach them with an informed strategy tailored to their needs. One region that I identified was Latin America, specifically Mexico. When I looked at their diet habits, food intake, population – it was evident to me that such a beautiful country could be on the verge of a health crisis, and our ingredients could help to make a small but significant difference. The Latin America Division was then setup and even today we continue to serve Mexico and that entire region with



beneficial ingredients and formulas from Sabinsa. I'm proud to mention here that my father's charitable foundation will begin to work with hospitals in Mexico this year, specifically for children's cancer, with our Curcumin ingredients.

Lastly, a highlight, is handling the marketing, which is my current role at Sabinsa. Many who know Sabinsa, know we're not a "marketing company," which often means more hype than substance. We decided early on to focus strongly on science. I couldn't be happier about that decision, because it's actually made my marketing easier. When you have science to backup your claims, your advertising is distinguished and convincing. My father stuck to what he knew best, and it was science. When I was asked to take over marketing for Sabinsa, I already had a solid foundation of science to build upon, and it did not require anything flashy or a departure from what people already knew about Sabinsa. The entire industry, including our customers, manufacturers that did not buy from us, and even competitors, all agreed on one thing: if it's a Sabinsa product, it has science. I decided then that my goal was to get more ears to listen to us, so I worked up advertisements, both print and digital, inspired by that reputation for science. It's a formula that works for me, and I believe it's working for the Sabinsa group globally.

Can you update us on the current Group worldwide organization?

There is definite growth in various segments of our business. On our ingredient side, we're expanding existing facilities to help increase production capacity, and therefore output. One factory of ours is in the process of upgrading equipment, as well as upgrading the lab to stay ahead of the game on testing and quality control. We're planning expansion of our biotech factory as well, to satisfy the world demand for our very popular shelf-stable probiotic, LactoSpore®, as well the enzyme blend we sell, DigeZyme®. This factory will be bolstered with the latest fermentation technology, and process outflow will be greatly increased. Then there is our continuous extraction technology site, where a completely new building is being constructed, more than doubling the current output for high demand ingredients. That being said, we're equally aggressive about our farming aspirations, and continue to increase our base of farmers involved in our

raw material cultivation program throughout India.

On the formulation side, there is quite a bit going on domestically in India, where companies enjoy the many developments we create in-house, for private labeling use. This then brings us to Sami Direct, our direct selling business unit, which has exclusive formulas that Dr. Majeed has personally been involved in, from design to delivery, and without compromise, for people to gain incredible health benefits. We're seeing this branch out to other countries beyond



India. Currently our Sami Direct operations in Malaysia is experiencing growth and we'll see this direct selling arm of our business expand into other Asian countries as well in the near future.

Innovation is your keyword: can you enter into details of the novelties your company is going to foresee in 2016 in the Health Ingredients, Personal Care and Pharma market?

We believe the best way to approach novelty in innovation necessitates possessing the correct science on the subject matter. For us, that means the ingredients we develop and introduce must have clinical benefits which users can experience. The ingredients we sell must work. Much of my time last year and this year will be spent on clinical studies that Sabinsa is involved in, from minor in-house studies to major peer-reviewed publications; our time innovating will be spent scientifically and correctly on making sure our ingredients and formulas deliver what they say they will.

Considering your deep experience and specialization in botanical extracts, how is the consumers perception about the word "natural" changing? Are they getting more sensitive and educated to this topic?

There is an understanding and a deep appreciation from our customers and consumers, for "keeping it real." The legal definition of "natural" is not well defined by many regulatory bodies around the world, and therefore responsible companies, ingredient players as well as marketing companies selling finished goods, must be ethical and accurate when stating something is natural and be able to substantiate it.

While foods may be easier to distinguish as "natural", supplements are not. There is the extraction method, there are the excipients and binders that are used to create a finished product, and other processing elements, and therefore what the product starts with as natural, may end up completely un-natural by the time you ingest it. But many consumers these days are savvy, and do their homework and research, or at the very least, let the internet tell them what those excipients are, for example, and base their decision on the quality of the overall formula.

I'm a consumer of supplements myself, and I always turn the bottle over and see what the supplements facts say, what excipients are in the product, ingredients, dosage, and I look up the company and see their reputation in the marketplace. I can tell you, I'm not alone in this process. Consumers are demanding more transparency from manufacturers, and if they feel a company has not been honest, that customer's loyalty is gone forever. Interestingly, the big topic in all the industry trade magazines in the US right now is transparency, what it means, how to achieve it, and why it's crucial to the future of the industry. Some of us have been doing that all along.

According to your direct experience, which are the most reactive, sensitive Countries to this topic?

Typically, and not in any particular order, USA, Europe, Australia, Japan and India are the most insistent on



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accurate information being openly provided. Though, unfortunately, there are a few unscrupulous suppliers of ingredients selling a product labeled as "natural" but we have discovered that the material is, in reality, either completely synthetic or mixed with a synthetic-like analog. This is unacceptable, but it is cheaper; unfortunately, some marketing companies buy into this – knowingly or unknowingly. This illegal practice in the industry has to have clear regulations and enforcement of penalties, otherwise we all stand to lose the confidence of consumers.



adequate human clinical evidence, only delays the registration of the products as it creates additional requirements, ultimately delaying innovative products for this market.

Intellectual Property Protection: how was 2015?

For us at Sabinsa, 2015 saw many settlements favoring our intellectual properties, the biggest victory being the Curcumin patent infringement case we brought against several companies in 2014. Three

What about the local legislations and constraints? Do you see openness or restrictions in the near future?

More regulations, in many different parts of the world, are coming. It will be done in the name of consumer safety, but unfortunately, some of it may be government money making schemes, others where the government is ignorant to the big picture of their population's health. If the science is right and can be upheld, then such restrictions should have no bearing on the marketability of such safe products. It should be, however, properly studied and responsibly marketed.

Here are a few examples of regulatory opportunities and hurdles:

China – The current blue hat system for registration of new health supplements is time consuming and expensive for the introduction of new health supplements into the Chinese market. The Chinese FDA has proposed new guidelines allowing the notification process for certain health supplements containing vitamins and minerals, however, it still has not changed for herbal supplements which form the bulk of the health supplements consumed.

Canada – The premarket registration process for supplements containing new ingredients is time taking (can take up to 180 days depending on the claims). The NHPR (Natural Health Product Regulations) also allows products to be granted approval based on PCI (Pre-cleared information), however product must strictly adhere to the available Canadian monographs without variation, this means that all the companies attesting to the PCI, will have same health claims, this may flood the market and stifle the growth and may slow down innovation.

Japan – While Japan is moving into new era allowing certain structure function claims on product labels, the review process is quite long and is currently criticized for allowing certain products to advertise as healthy though it being rejected from Tokuho (Food with specific health use).

Korea – While the premarket registration system allows review of health claims on products prior to introduction to the market, the emphasis on additional animal studies, despite

out of the four settled, acknowledging and upholding Sabinsa's patent on our branded Curcumin C3 Complex® ingredient. The fourth case will be settled this year. It's an ingredient that the world over is recognizing as having significant health benefits, largely because of a robust body of science. Curcumin C3 Complex is the most clinically studied and evaluated brand of Curcumin in the world. Our commitment runs deep, from the farming of turmeric to insure a continuous supply of high quality raw material, to the development of patents for its use and processing, to the lab where we have advanced Curcumin's use from nutritional supplements to cosmetics, and now to beverages, and from the category of antioxidant to anti-inflammatory and beyond. It's an ingredient we have an immense passion about, all thanks to the father of Curcumin, Dr. Muhammed Majeed, founder of the Sami-Sabinsa Group.

It's never an easy decision to bring a lawsuit. Especially as a privately owned family company, the money to lawyers goes directly from our pockets to theirs. So each decision is carefully weighed and when the warnings and conversations with infringers do not alter the outcome, we have no choice but to undertake legal action. This course of action protects our Intellectual Property, but also protects our customers and ultimately consumers as well. If we do not uphold our patents, then even our competitors can be hacked – where would this industry be? We do not like to sue companies, but we like it even less when such blatant infringement occurs.

Let's take an example of a company that uses subpar generic material, but claims all the benefits of our patented ingredient. If that generic material causes an adverse event, the blame goes to the patented brand owner, it destroys the reputation of not only that ingredient, but very quickly the industry suffers from the negative media.

Health Ingredients, Personal Care, Pharma: How do you see the market scenario in 2016?

The trend toward people wanting, and taking, more control over their health and wellbeing means safe and effective natural products backed by science that can keep the population healthier are continuing to experience growth. As more is discovered about additional benefits, and new delivery methods explored, new markets are being found and existing markets expanded. We are confident of a healthy and prosperous future.

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