

# NU SKIN SUSTAINABILITY 2018 HIGHLIGHTS

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# A MESSAGE FROM THE CEO

At Nu Skin, we are guided by our mission to be a force for good in the world. We have a long history of giving back and improving both lives and the communities where we live and work. We are proud of our efforts but are always striving to do more.

Recently, we increased our efforts on sustainability and by doing so, we are taking our mission to a higher level. We assembled the Sustainability Steering Committee to look at each aspect of our business as it relates to our impact on the planet. In addition, we announced our sustainability mission to embrace sustainable practices today to enhance a resource-rich tomorrow. In regard to sustainability, we are focusing our efforts on three key areas: Product, People and the Planet.

From our innovative 6S quality process, to protecting fragile environments, to investing in technologies and buildings that reduce water and our carbon footprint, sustainability has always been close to our heart.

We hope that you will join us as we enter this next phase of our force for good efforts. I challenge you to think and implement how you can join with us. Together we can do our part to make the world a better place for tomorrow.

Sincerely,

*Bret N. Wood*



# INTRODUCTION

Everyone at Nu Skin understands that the choices we make have an impact far beyond our business, and that's a responsibility we take very seriously. The following is an update on our efforts regarding sustainability. Join us as we strive to make a difference.



## NU SKIN AT A GLANCE

Founded in 1984, Nu Skin Enterprises is a direct selling company that distributes more than 200 premium-quality anti-aging products in both the personal care and nutritional supplements categories. Nu Skin operates throughout Asia, the Americas, Europe, Africa, and the Pacific. The company's global operations generated \$2.68 billion in revenue during 2018; up 18 percent.

In 2018, the Nu Skin Force for Good Foundation and our charitable partners donated \$8.5 million to improve the lives of children throughout the world. Nu Skin has more than one million customers worldwide. Since 2002, Nu Skin distributors and employees have donated more than 600 million meals to hungry and malnourished children around the world through its Nourish the Children® initiative. The company is headquartered in Provo, Utah and is home to more than 1,500 employees.



# PRODUCT

**PHARMANEX**

**LifePak®**  
Anti-aging through advanced nutrition  
Optimally formulated for general nutrition\*

60 PACKETS



60 PACKETS

PHARMANEX

Anti-aging through advanced nutrition  
Optimally formulated for general nutrition\*



# 6S Quality Process

Ensuring our products are safe and of the highest quality is core to Nu Skin's corporate responsibility. We have developed our own standards for our development and manufacturing processes—we maintain quality, efficacy, and safety controls through each stage to ensure unsurpassed results that meet our high standards and comply with relevant government requirements. The key to this consistent quality in our products is what we call our 6S Quality Process. This process involves a set of rigorous, highly integrated activities and includes multiple layers of scientific testing and attention to detail. It requires consistent collaboration and a unified commitment to quality.

## SELECTION



To be considered for use in Nu Skin products, materials must pass criteria for effectiveness, formulation sustainability, and consumer safety. Nu Skin works with experts and raw material suppliers around the world to gather both historical and new scientific insights about the unique ingredients within our products.

## SOURCING



Following raw material selection, Nu Skin scientists investigate potential commercial sources that can guarantee availability, quality, and concentration of key ingredient components. Nu Skin evaluates these raw material sources to ensure quality and suitability and sustainability for product formulation and monitors active ingredient concentration when applicable.

## SPECIFICATION



We select what we believe are the safest compounds and highest quality ingredients to incorporate into our formulations. Nu Skin sets specifications to provide a basis for active compounds, ingredients, and criteria for finished products. These criteria help establish ingredient standards and provide specific characteristics to guide consistent manufacturing. Where appropriate, products are carefully analyzed to not only identify the active components, but to ensure consistent manufacturing and product quality.

## STANDARDIZATION



Raw materials must meet our specifications to certify readiness for product manufacturing. When there are wide variations in active components of a natural or botanical ingredient, we select only those materials that provide the specified amount of these active constituents. Furthermore, our scientists strive to formulate products which contain ingredients at efficacious concentration or strength. Once manufactured, Nu Skin products are tested to meet their finished good specifications before distribution.

## SAFETY



We adhere to high product safety standards by regularly reviewing scientific literature and conducting standard safety studies. Nu Skin conducts standard tests specific to nutrition and personal care products respectively. For example, we test for the presence of microbes, heavy metals, and other contaminants to determine the presence of irritants and/or allergic reactions. Often, we confirm safety and validate our conclusions by using external testing groups.

## SUBSTANTIATION



Nu Skin takes great care to ensure that our products and ingredients are not only safe but effective. Scientific literature, including research studies, support each claim. For key products, we conduct documented clinical trials to determine product and ingredient efficacy, plus support product and ingredient claims.

The Nu Skin quality standards require that all personnel – employees or contractors – train and adhere to strict quality procedures. This ensures product safety and promotes a healthier working environment. Nu Skin is a member of the Personal Care Products Council (PCPC). The Nu Skin Analytical Lab is ISO 17025 certified for testing. We maintain ISO 9001 and ISO 22000 certification for some of our facilities and we comply with Good Manufacturing Practice Standards.

# Chemical Safety

To meet our internal safety standards and to comply with regulatory requirements, we set product and raw material specification limits regarding hazardous chemicals and test to verify compliance. We stay updated on industry information, government regulations, and consumer concerns regarding chemicals. We maintain a list of restricted ingredients, which serves as a guide for future and existing formulations. In addition, Nu Skin proactively phases out chemicals of concern from our formulas. In our product life-cycle assessments, we plan to carefully review the environmental impact of the products at different stages and record the outcome.



# Production Information Pages

An essential part of sustainability is providing transparency for our consumers. Our product experts help keep our consumers informed through our publicly posted, product information pages (PIPs), which include information about the ingredients, benefits, history, and usage of each product. To view, click [here](#).



# Responsible Sourcing of Ingredients

Founded on the guiding principle “all of the good”, Nu Skin has distinguished itself from other companies by focusing on finding the best ingredients possible for its products. Since 1984, Nu Skin has produced the highest quality personal care products using a winning combination of natural ingredients and innovative technology.

A core component of Nu Skin product innovation is identifying natural ingredients that have unique anti-aging, personal care, and nutritional benefits.

Backing our philosophy are Nu Skin’s expert Anti-Aging Scientific Advisory Board comprised of dermatologists and leading scientists in many areas of expertise and our research partnerships.

Nu Skin products include more than 100 different botanicals that perform a variety of functions.



Hibiscus flower extract is used by Southeast Asian and Central American traditional cultures to cleanse and moisturize skin and hair.

Polynesians often use the Ava Puih Moni® extract from the ava puih flower bulb to smooth, condition, and enhance hair.

Allspice berry has been used for centuries by the indigenous tribes of Central America to relieve persistent dry, cracking, red skin on heels, toes, and sides of feet.

We donate \$0.25 from the sale of each Epoch product to help preserve the environments, languages, lifestyles, and traditions of indigenous people around the world.

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# Investing in Sustainable Technologies

We are committed to sourcing pure, safe, and effective ingredients in all our products. As part of our sustainability strategy, we invested in Controlled Environment Agriculture (CEA) technologies that allow us to develop sustainable ingredients that are traceable from seed to solution.

Nu Skin's initial CEA investment centers around the acquisition of Groviv and its subsequent technology development. Groviv develops automated, climate-smart agriculture systems that use a fraction of the water and land required in traditional farming without the use of herbicides and pesticides. As the technology expands, Nu Skin plans to begin adding CEA-sourced ingredients to its products in place of traditionally grown ingredients.



# Sustainable Packaging

We are currently conducting life-cycle assessments on our products, which evaluate every stage—from beginning to end—and help us make the most critical sustainable changes to reduce our environmental impact. A crucial part of our life-cycle assessments is our aim to reduce our impact through innovative packaging efforts.

Just by reducing the carton size on our ageLOC® LumiSpa® device, we're saving 178 tons of paper annually, which is the equivalent of 3,017 trees and 1.25 million gallons of water. In the United States, we've removed ageLOC® Youth's outer carton, which we forecast will conserve 3 tons of paper, or approximately 51 trees and 357,000 gallons of water.

## And that's just the beginning.

We're working hard to increase the PCR (post-consumer resin) content in our plastic bottles. Plus, we actively avoid BPA materials and are expanding the consumer recyclability of our products.

As we roll out both primary and secondary packaging reductions in the next three years, we anticipate saving at least 63 tons of plastic and 311 tons of paper.

## ageLOC® LumiSpa® goes green

- 26% reduction in waste
- 32% reduction in volume
- 25% recycled materials
- 99% recyclable materials



# Supplier Relationships

As part of Nu Skin's commitment to quality, we prioritize working with suppliers who are leaders on sustainability initiatives. We have developed a Sustainability Survey, through which we gather data from our raw material and packaging suppliers on waste management, health and safety trainings, certifications, sustainable business practices, and supply chain policies. To date, we've reached and received information on more than 250 suppliers.

We require potential suppliers to undertake a rigorous qualification and training process and audit current suppliers regularly. Nu Skin requires tier 1 suppliers to qualify tier 2 component suppliers, and Nu Skin directly audits tier 2 suppliers of dietary supplement raw ingredients at least once a year.

A number of Nu Skin's palm oil suppliers are certified according to the Roundtable for Sustainable Palm Oil (RSPO) or are working toward certification. Nu Skin is actively evaluating its palm oil sourcing with a target to replace non-RSPO ingredients and use only RSPO ingredients in all new products.

Suppliers Elevate and Wasatch Labs practice innovative sustainability throughout their operations. From Elevate's recycling initiative and electronic water-usage monitoring to Wasatch's rooftop solar farm and initiative for paperless manufacturing, Nu Skin suppliers are making sustainability a priority.



# PEOPLE



# NU SKIN'S CULTURE OF RESPONSIBILITY

To be a sustainable company, it is important to value one of our greatest resources – our people.



# OUR CULTURE OF LEARNING

The Nu U Global Performance and Development program is just one of the ways Nu Skin values its employees. This program allows employees to learn how to handle safety issues, participate in software tutorials, take leadership trainings, and even receive instruction on how to increase their recycling efforts.



# OUR HEALTHY WORKPLACE

Nu Skin is committed to an environment where open, honest communication is the expectation, not the exception. We are committed to providing all employees with a safe and respectful work environment that is free from harassment, bullying, discrimination, and unprofessional behavior.

\*Nu Skin also specifically prohibits discrimination based on an individual's race, color, age, sex, gender, gender identification, religion, ethnic or national origin, ancestry, marital status, veteran status, sexual orientation, physical or mental disability that can be reasonably accommodated, unfavorable discharge from military service or other categories defined by law. If Nu Skin determines that an individual's conduct violates this policy, it will take steps to ensure the conduct is effectively addressed.

## To promote a culture of responsibility and ethics we have the following in place:

- Code of Conduct
  - All Nu Skin employees receive training on and must sign the Code of Conduct, which sets forth high standards of ethical behavior in financial, interpersonal, and community matters. Periodic global trainings are conducted and employee participation is continually monitored.
- Healthy Workplace Policy & Training
- Whistleblower Policy

The Nu Skin Corporate Compliance Office provides guidance company-wide on anti-corruption standards.





# SUSTAINABLE COMMUNITY INITIATIVES

People are at the heart of our business and the center of our force for good efforts. We are always looking for ways to give back and to assist global communities as they strive to become sustainable.

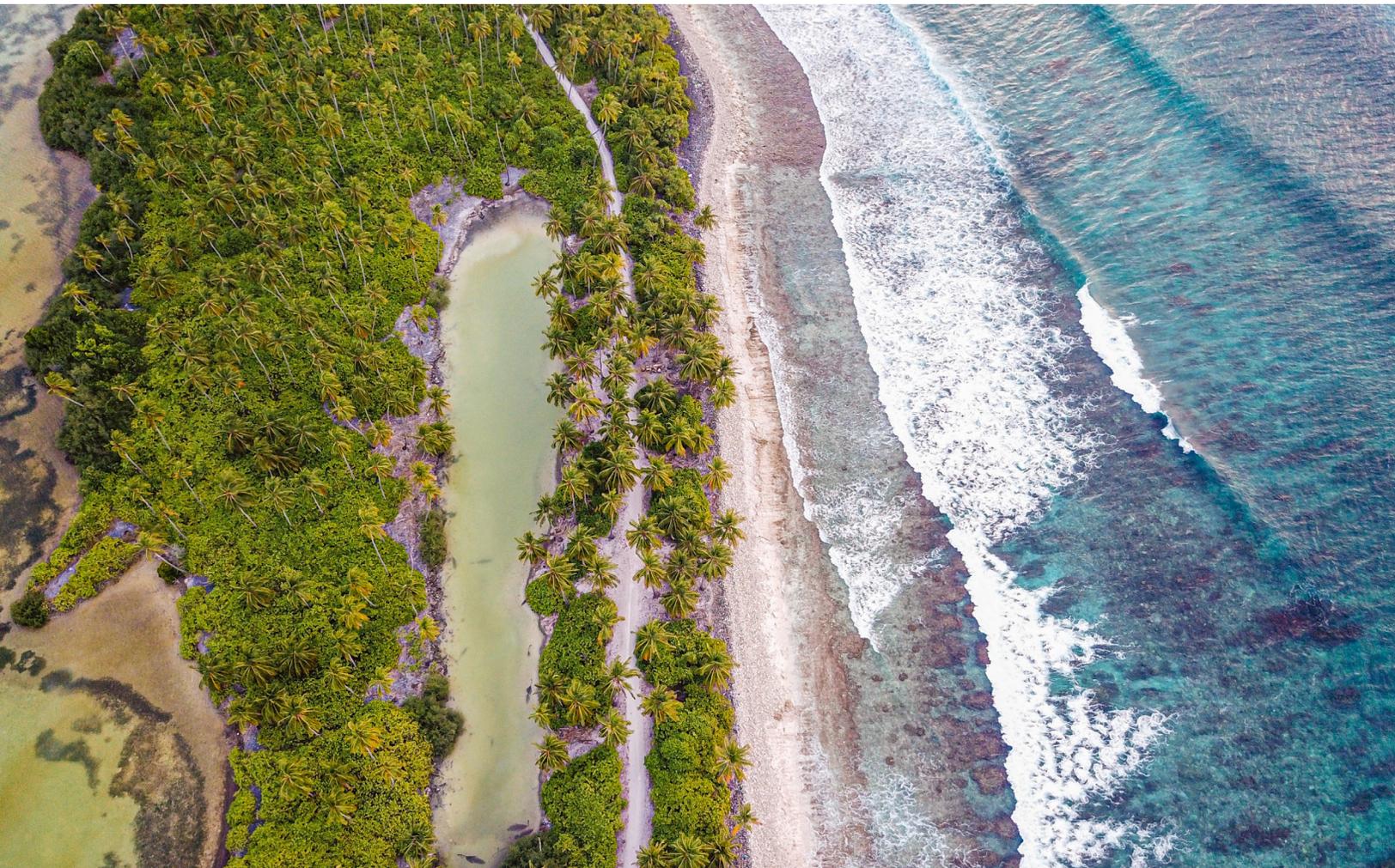


# SEACOLOGY



The Nu Skin Force for Good Foundation® partnered with Seacology to bring unique solutions to the issues of poverty and environmental conservation. Through partnerships with local islanders, Seacology helps villagers learn practices to preserve marine habitats, and in exchange, Seacology builds schools, community centers, water systems, and health clinics to improve the lives of children in the villages.

For over 25 years, Seacology has helped protect 1.34 million acres of marine habitat, and just this year, with funds from the Nu Skin Force for Good Foundation, they ensured the protection of over 8,300 acres of land and provided a mangrove education center and boardwalk in Bangladesh, a community center in Madagascar, and built a women's meeting center in Micronesia.





## **SEEDS OF HOPE**

Fruit trees change the lives of vulnerable children by providing nourishment for them and a source of income for their families. Through the Seeds of Hope program, more than 36,000 fruit trees were purchased and planted in 2018. Indigenous trees that produce guava, pawpaw, avocado, and other fruits were distributed to 9,000 households.

## **WELLS OF HOPE**

In 2018, The Nu Skin Force for Good Foundation provided funds to drill 55 water wells in villages throughout Malawi providing clean water to the surrounding communities.





## SAFI

The Nu Skin Force for Good Foundation also provides funds to the School of Agriculture for Family Independence (SAFI), to provide families in Malawi the opportunity to learn best practices of agriculture and nutrition to help them become self-reliant. Since 2007, 337 Malawian families have become self-reliant through SAFI training.

## SAFI EXTENSION

The SAFI Extension partners with the Nu Skin Force for Good Foundation and trains government agriculture workers to provide agricultural education to families and communities. During 2018, the SAFI Extension trained more than 1,300 farmers giving them the skills they need to be self-reliant. In total, the SAFI Extension program has trained 5,785 farmers in Malawi.



**PLANET**



# ZERO-WASTE FACILITY

Nu Skin's two main facilities—global headquarters and the Greater China Innovation Park—are LEED Gold Certified. In addition to being LEED Gold Certified, our Steering Committee is overseeing increased measures to help reduce our footprint.



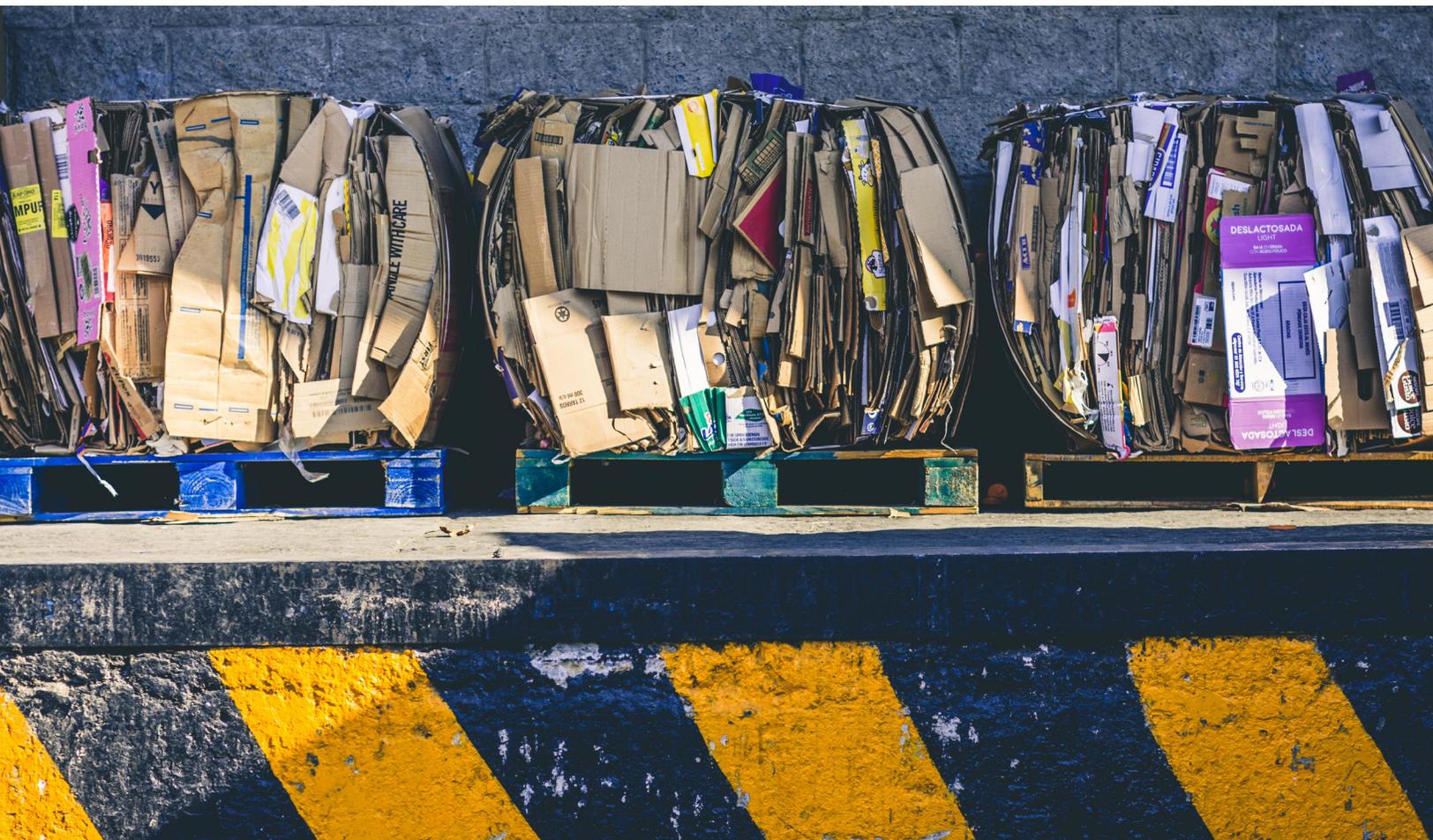
# INCREASED RECYCLING EFFORTS

We've partnered with one of the only companies in Utah who accepts all types of plastic, allowing us to increase our recycled material to an even higher level.

In addition, each employee at our global headquarters received a personal recycling bin at their desk. We've also strategically increased and placed large recycling bins across campus.



Think **Green**



## RECYCLED MATERIALS

Our current Enmotion paper towels are USDA Biobased Certified, meaning they meet requirements for post-consumer content. Our current KC Multifold towels are made up of 100 percent recycled fiber and meet the minimum requirement of 40 percent post-consumer waste. This towel meets the EPA Standard and the USDA Certification.

## PHARMANEX S3 SCANNER

Nu Skin's recycling program for its S3 Scanner has allowed for the return, safe and responsible deconstruction, and disposal of its global fleet of scanners as new versions are released. In addition, we've reused 12,000 highly sensitive components from returned S2 units, helping to eliminate waste.

## RECYCLING GLASS

Nu Skin offers a glass recycling program for sales leaders. Sales leaders are encouraged to bring their glass product bottles to our Provo campus to recycle and receive additional product points. Our Provo and Pacific experience centers have replaced all single-use paper bags with reusable shopping bags.

## THE SPOON

Currently, over 90 percent of the materials used in The Spoon, the restaurant located in Nu Skin's headquarters, is reusable or recyclable. The Spoon staff washes out and recycles all available paper to-go boxes and a recycling station has been set up for employees to do the same.

## 2018 RECYCLING STATS

High Rise: 36.62 tons recycled

Distribution Center: 142.25 tons recycled

That is the equivalent of:



3,040.79 trees



822.802 cubic yards  
of landfill space



1.25 million gallons  
of water

In Mainland China, sales leaders are encouraged to recycle plastic bottles. By the end of 2018, more than 581,000 empty bottles had been recycled and made into different Nu Skin items, resulting in 196,052.24 kWh of energy being saved.

To celebrate Earth Day 2019, we kicked off internal initiatives, including eliminating single-use cups and straws, at our global headquarters that will help us move towards becoming a zero-waste facility.

Each employee received a reusable, insulated bottle and straw in place of paper and plastic cups.

That is the equivalent of 100 cubic yards of landfill space, 37.91 trees, 15,610 gallons of water, and 2,902.4 gallons of oil.

By removing single-use cups from campus, we saved approximately 3 tons of plastic annually and 2.23 tons of paper annually.

Mainland China and Japan have also been working to remove disposable cups from their facilities. By doing so, Mainland China alone has reduced their paper cups by 2,000 each month.



# *REDUCED PAPER USAGE*

We've significantly decreased our paper usage by implementing and encouraging the following:

- Reducing the amount of stand-alone HP printers and designating the placement of printers more efficiently (reduced half the total printers since 2013)
- Sending digital rather than paper invoices
- Providing secure printing options for all employees that decrease accidental printed paper waste
- Printing double-sided when possible
- Previewing and editing documents digitally before printing
- Recycling and repurposing used paper in the mailroom

We've also partnered with Les Olsen Company to recycle all toner waste and cartridges.



# REDUCING OUR CARBON FOOTPRINT

A taste of what we've done in the last year or so:

- Light Shades and Light Shelves
- Heat Exchangers to reduce energy needed to heat water
- Chilled Beam HVAC design
- Light Harvesting and Smart Sensors Installations
- Occupancy Sensors
- Dual Flush Toilets
- Smart shades in the Pavilion

Nu Skin's logistics partners also care about sustainability and take steps to be socially responsible. Ocean freight is the cleanest mode of transport—based on CO<sub>2</sub> emissions—and the majority (at least ninety percent) of Nu Skin's U.S export volume moves via ocean.

When we're not shipping by ocean freighter, we choose clean trucking options. Ninety-nine percent of Nu Skin's U.S. truck freight moves on equipment that meets stringent California Air Resources Board (CARB) Diesel Engine Requirements, which mandates that heavy trucks and buses use 2010 or newer engines by 2023.

Nu Skin tracks which logistics partners are ISO 14001 certified or are working towards certification and tracks the participation of transportation partners in the EPA's SmartWay program, which helps companies improve freight transportation efficiency.



3g



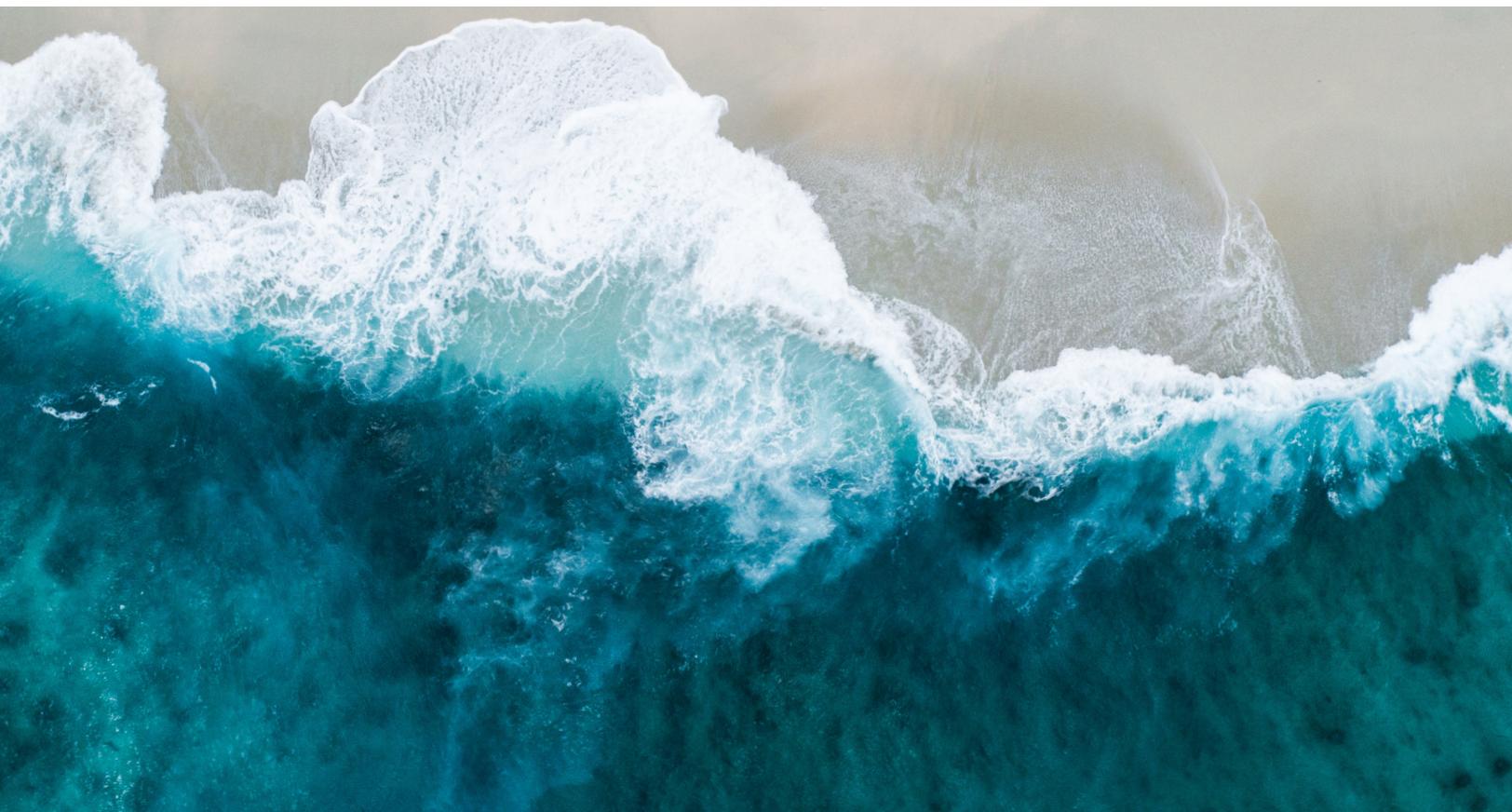
18g



45g



560g



# CONCLUSION

Here at Nu Skin, we've always cared deeply about being good global citizens and we know our enduring success depends on conscious, daily decisions to include sustainable practices at every level of our business. But to keep our future bright, it's time for increased commitment and action to preserve our planet. It's time to embrace even more sustainable practices that ensure a better tomorrow—for all of us. By strengthening our policies and working to identify future goals and targets, we are continuing to build on our culture of responsibility while deepening our commitment to our people and our planet.

**Will you join us?**



NU   
SKIN<sup>®</sup>