

# THE **HEALTHIEST** **FAMILY** ON EARTH



# Table of Contents

- Letter from Our  
CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance



Letter from Our CEO and Chairman **3** | About this Report **5** | About USANA **6**

People **15** | Planet **27** | Products **30** | Governance **34**

# Letter from Our CEO and Chairman

[Letter from Our CEO and Chairman](#)

[About this Report](#)

[About USANA](#)

[People](#)

[Planet](#)

[Products](#)

[Governance](#)

**Long before USANA was founded by Dr. Myron Wentz, he had a dream.**

Since 1992, when USANA opened its doors for the first time, the company, its employees, and customers have believed in a brighter future. And today, nearly 30 years later, we continue to take these words to heart as we develop, manufacture, and sell high-quality nutritional supplements, healthy foods, and personal care products in 24 markets.

USANA exists to create healthier families and communities. I am proud to share with you in the following pages USANA's first Sustainability Report, which reviews how we are managing our most critical environmental, social, and governance (ESG) areas to drive long-term value for our shareholders, employees, customers, and partners.

Our vision is to create the healthiest family on earth. It's a bold statement, one in which we are fully invested. USANA was founded on cellular nutrition, and it guides our product development to this day. It's what makes our products unique. We create premium health products built on a simple idea: If you feed the cells in your body exactly what they need, your health will benefit.

This endless drive to innovate and advance the science of nutrition is motivated by our desire to create meaningful connections with our customers and communities. We take our core values—health, excellence, integrity, and community—very seriously. They influence every decision we make.

These values, which support our vision of creating the healthiest family on earth, drive our sustainability program—benefiting our planet and the people who inhabit it.

They guide us to empower the individual and embrace our diversity—whether in our workforce, among our customers, or in the communities we serve. The social unrest of 2020 impacted us at USANA, as it did many organizations throughout the world. It proves more must be done to realize true diversity, equity, and inclusion (DEI) in both our workplace and our communities. While our commitment to DEI did not begin with the tragic events we witnessed across the United States last year, such actions did lead to discussions with our employees all over the world about how we can further our DEI efforts. Read more on page [23](#).

We understand healthy bodies need a healthy planet to thrive. USANA eagerly accepts the duties of environmental stewardship, including sustainable packaging, and responsible sourcing and is actively



**Kevin G. Guest**  
Chief Executive Officer and Chairman of the Board

“

I RECOGNIZED MANY YEARS AGO THAT OPTIMAL CELLULAR NUTRITION IS KEY TO MAINTAINING LONG-TERM HEALTH. SINCE THAT TIME, I HAVE MADE IT MY LIFE'S MISSION TO HELP PEOPLE LIVE HEALTHIER LIVES THROUGH SCIENTIFIC RESEARCH, ADVANCED NUTRITIONAL PRODUCTS, CUTTING-EDGE MEDICAL FACILITIES, AND PROGRESSIVE HUMANITARIAN WORK. I BELIEVE, WITH THE HELP OF EXCEPTIONAL NUTRITION, PEOPLE CAN LIVE HEALTHIER AND MORE REWARDING LIVES.”

– Dr. Wentz



[Letter from Our  
CEO and Chairman](#)

[About this Report](#)

[About USANA](#)

[People](#)

[Planet](#)

[Products](#)

[Governance](#)

developing strategies to reduce our footprint. We're particularly proud to have joined the Utah Sustainable Business Coalition in 2020, pledging to reduce the use of plastics in our bottles with 25% post-consumer recycled (PCR) materials and to shift to smaller bottles. Read more on page [29](#).

Community is at our core. Each day, we look for ways to be better listeners and positively collaborate with our communities. COVID-19 created challenges for people in every corner of the world. We responded by producing and donating more than 28,000 bottles of hand sanitizer to first responders and the Navajo Nation. The USANA Foundation and USANA Kids Eat helped provide food to children in countries around the world, many of whom were not able to attain adequate nutrition when schools closed and parents lost jobs. Read more on page [20](#).

While there's much work to do, we recognize a tremendous potential to expand our positive impact on the world around us and grow sustainably. Following a materiality assessment completed earlier this year, our Executive Steering Committee over sustainability and the Sustainability Committee of the Board of Directors are finalizing ESG metrics and a strategic roadmap to share in next year's report.

I would like to thank our stakeholders for their loyalty and ongoing support of the company, and our Board of Directors and the entire USANA family for their ongoing dedication and commitment to helping USANA—and our customers—achieve a brighter future.

Sincerely,



**Kevin G. Guest**  
CEO and Chairman of the Board



# About this Report

In our first sustainability report, we provide a high-level view of how USANA operates and manages its ESG priorities and other issues important to our business and stakeholders within and outside of our company.

**Letter from Our  
CEO and Chairman**

**About this Report**

**About USANA**

**People**

**Planet**

**Products**

**Governance**

This report describes our progress for the 2020 fiscal year. Content is based on ESG issues deemed important through our comprehensive materiality assessment. All business operations worldwide are in scope of our governance, management approach, and performance disclosures. Financial figures are in U.S. dollars, unless otherwise stated.

In preparing this inaugural report, we have reviewed relevant reporting frameworks including the Global Reporting Initiative (GRI), the Sustainable Accounting Standards Board (SASB) Standards<sup>1</sup>, and the United Nations Sustainable Development Goals (SDGs).

Throughout this report, we guide readers to additional information on our website. We value and welcome feedback from all stakeholders. Please send comments or questions about this report to: [sustainability@USANAinc.com](mailto:sustainability@USANAinc.com)



<sup>1</sup> Given our presence in multiple product categories, our review included SASB Standards for the following three sectors: Processed Foods, Multiline and Specialty Retailers & Distributors, and Biotechnology & Pharmaceuticals.



Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

# Healthiest Families: About USANA

We are committed to improving the overall health and nutrition of individuals around the world—to create the healthiest family on earth.

**24**

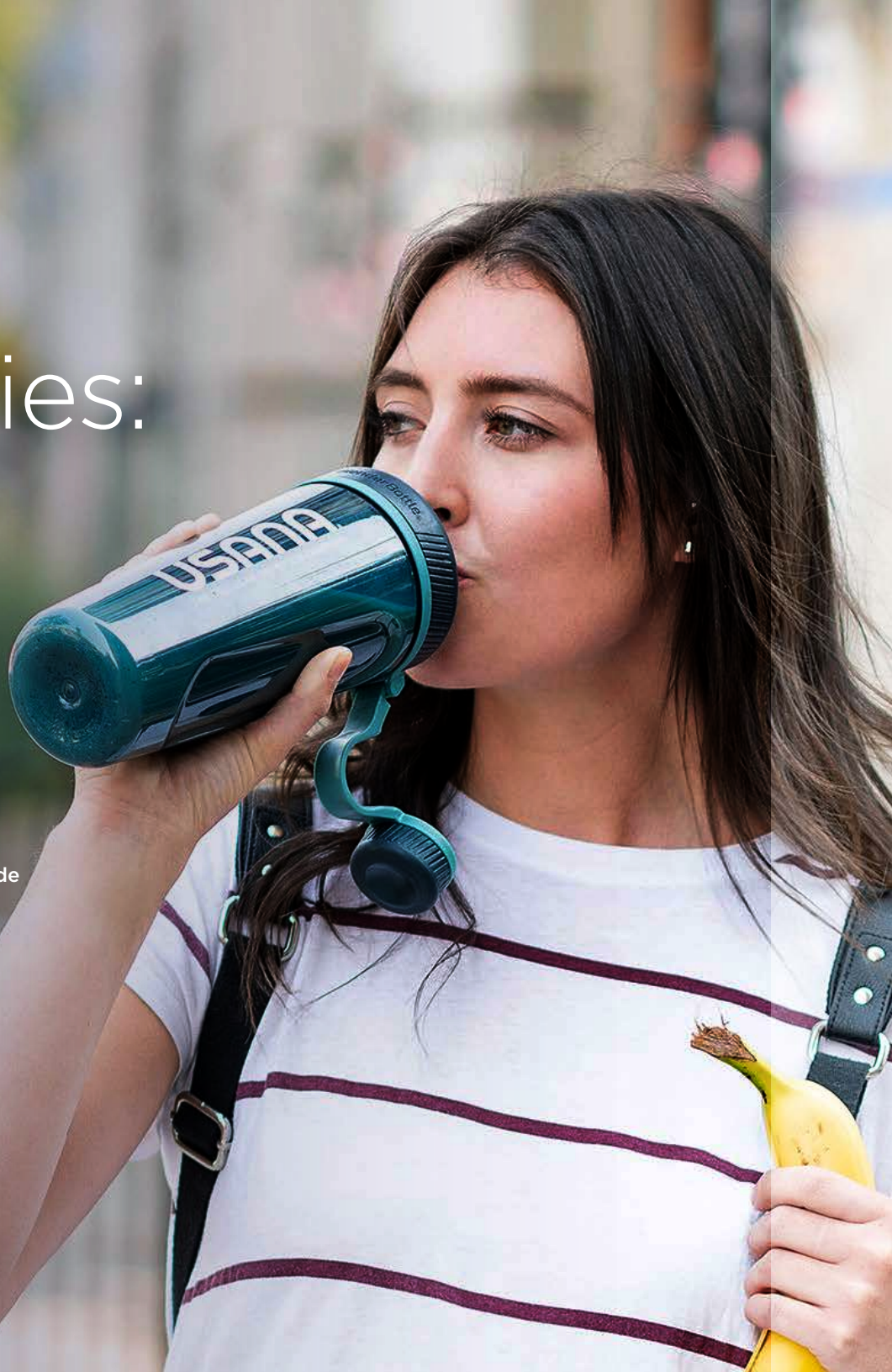
Markets worldwide

**\$1.135B**

Net sales

**1,943**

Employees worldwide



- Letter from Our CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance

USANA creates high-quality nutritional products built on a simple idea: If you feed the cells in your body exactly what they need, your health will benefit. This concept fuels our endless drive to innovate and advance the science of nutrition—hopefully putting the goal of improved health within reach for all.

Our business is driven by our four **Core Values**:

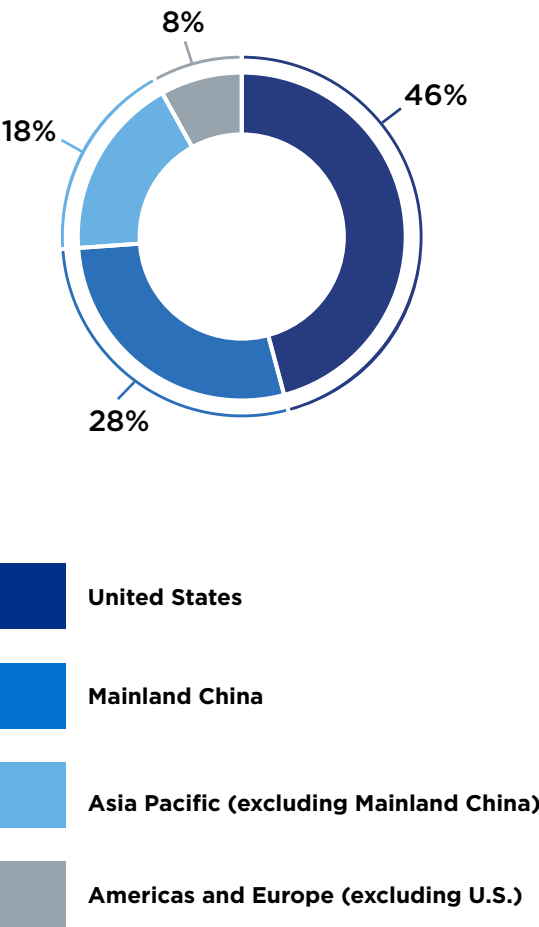
- **Excellence:** We rely on scientific research to provide innovative, healthy living solutions, and we empower all individuals to continually improve each day.
- **Community:** We support, care for, and encourage one another—and the world—to live happier, healthier lives.
- **Integrity:** We demonstrate honesty, responsibility, and accountability through our individual actions and corporate decision-making.
- **Health:** We cultivate a holistic view of wellness that supports a healthy body and a strong mind.

Financial Performance

(In millions, except for per share data)

	FY2020	FY2019
Net sales	\$1,135	\$1,061
Operating margin	15.6%	13.8%
EPS - Diluted	\$5.86	\$4.41
Shares - Diluted	21.3	22.8
EBITDA	\$199	\$169

EMPLOYEES BY GEOGRAPHY



Vision

To create the healthiest family on earth



Mission

To empower the individual

# At a Glance

(All as of January 2, 2021)

Letter from Our  
CEO and Chairman

About this Report

About USANA

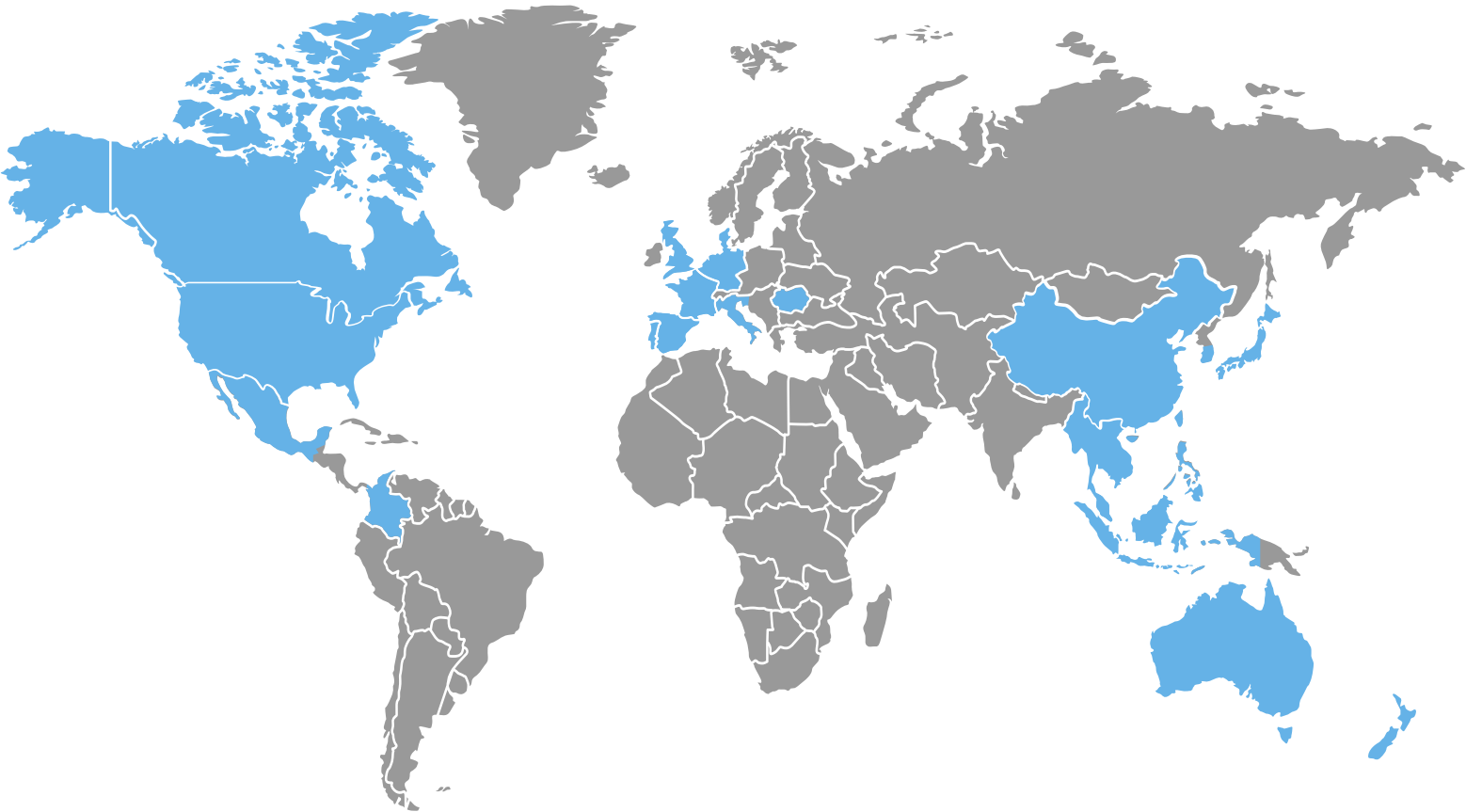
People

Planet

Products

Governance

Australia  
Belgium  
Canada  
China  
Colombia  
France  
Germany  
Hong Kong  
Indonesia  
Italy  
Japan  
Malaysia  
Mexico  
Netherlands  
New Zealand  
Philippines  
Romania  
Singapore  
South Korea  
Spain  
Taiwan  
Thailand  
United Kingdom  
United States



Headquarters: Salt Lake City, Utah, United States | Founded: 1992 | NYSE: USNA

24

Markets  
(global presence)

1,943

Employees  
worldwide

150+

Current  
marketed products

65%

Products manufactured  
in-house




\$10.6M

Research and  
development investment

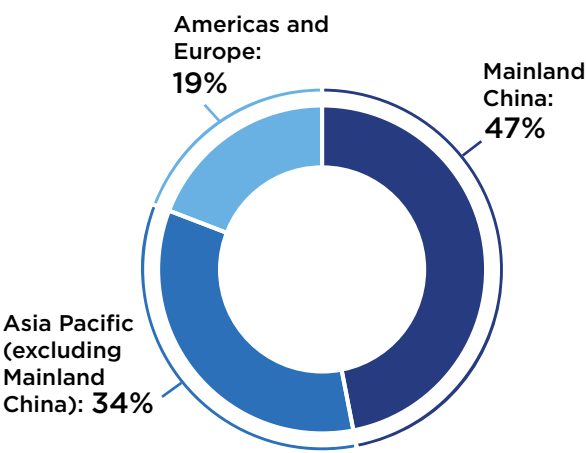


Our Products

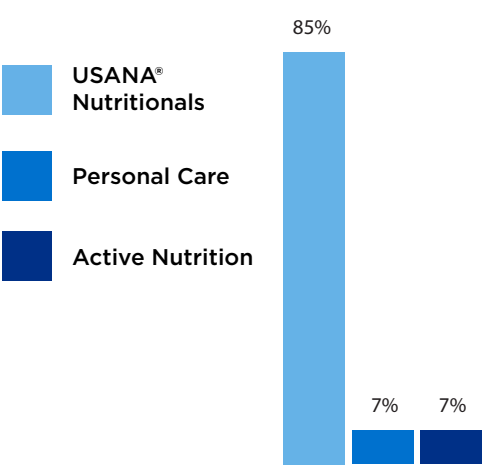
We develop and manufacture high-quality nutritional supplements, healthy foods, and personal care products sold in 24 markets.

			
Product Segment	USANA® Nutritionals	Personal Care	Active Nutrition
Description	Supplements designed to meet individual health and nutritional needs, such as cardiovascular health, skeletal/structural health, and digestive health	Science-based personal care products and Celavive, our innovative skincare system formulated with our USANA InCelligence technology	Energy and hydration, digestive health, and weight management products to fuel your daily, mindful approach to personal health
Net sales*	85%	7%	7%

2020 NET SALES BY REGION



2020 NET SALES\* BY PRODUCT SEGMENT



\*The remaining 1% falls into an “all other” category.  
USANA 2020 Sustainability Report: Healthiest Family



## How We Operate



### Product Development

Science-based innovation has been a cornerstone of USANA since its founding.

We focus our research and development (R&D) efforts on developing and bringing high-quality, science-

based products to market that promote long-term health. Our scientific staff includes experts on human nutrition, cellular biology, biochemistry, genetics, the microbiome, natural product chemistry, and clinical research.

Our in-house research team has established and maintained good working relationships with scientists at a number of universities and research institutes, including the University of Washington, the University of Texas Medical Branch (Galveston), the Foods for Health Institute at the University of California (Davis), Peking University (China), Central Queensland University (Australia), the University of Ghent (Belgium), and the Brain Institute at the University of Utah. These relationships help us continue to advance our knowledge, expertise, and leadership in several areas of applied human nutrition.

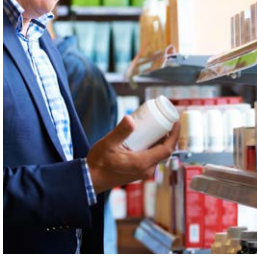


### Manufacturing

We conduct manufacturing, production, and quality control for approximately 65% of our products in our own facilities. We have a manufacturing and quality control facility in Salt Lake City, Utah. In 2019, we

expanded this facility to allow us to manufacture our food products in-house. This expanded facility started to produce food products during the fourth quarter of 2020. BabyCare Holdings, Ltd., our Chinese subsidiary, manufactures and produces a significant portion of its products in-house and maintains manufacturing and quality control facilities in Beijing and Tianjin, China.

We contract with third-party suppliers and manufacturers to produce 35% of our products. They produce, and in most cases, package USANA products according to formulations developed by or in conjunction with our product development team. We hold them to our own high manufacturing and quality control standards and they are regularly audited by our quality team.



### Our Customers

We distribute our products through direct selling. Direct selling is based on the strength of personal relationships and recommendations that frequently come from friends, neighbors, relatives,

close acquaintances, and online communities. We believe direct selling is an effective way to distribute our products, as it allows person-to-person and social product education, along with higher levels of customer service.

Our customer base is primarily comprised of two types of customers: "Associates" and "Preferred Customers," referred to collectively as "active customers." Associates are both independent distributors and consumers of our products. Preferred Customers purchase our products for personal use and do not sell our products.

## Our Growth Pillars

- **Attract and retain customers:** Increase the number of active customers across the world.
- **Customer experience:** Enhance the overall experience a customer has when doing business with USANA, including through technology and personalized product lines.
- **Product innovation:** Continue our tradition of innovation through ongoing research and development.
- **Existing market growth and international expansion:** Continue to pursue growth opportunities in both current and new markets.

# Our Approach to Sustainability

We empower people to lead healthier, happier lives.

USANA believes in a brighter future. We dream of a world free from pain and suffering, improving the lives of others for generations to come. This endless drive to advance the science of nutrition is motivated by a desire to create meaningful connections with our customers and communities. Our core values drive every decision we make and are at the center of our sustainability approach.

## Identifying Our Sustainability Priorities

In late 2020 through early 2021, we conducted a formal materiality assessment to gather insight on our environmental, social, and governance (ESG) performance, priority topics, where we could make the greatest impact, and how the company could enhance its sustainability disclosure and reporting. Through this analysis, we also sought to identify critical priorities, opportunities, risks, and trends affecting our business and our industry over the coming years.

As part of the assessment, we worked with a third-party partner to identify, prioritize, and validate areas of greatest importance; reviewed the practices of our peers and priorities from leading standards and rating agencies; conducted stakeholder surveys with nearly 100 external and internal stakeholders including customers, investors, employees, suppliers, sustainability experts, and industry associations; and identified high-priority sustainability areas we've classified into Tier One and Tier Two topics (see below), based on working sessions with our executive leadership team and Board Sustainability Committee.

67% of external stakeholders surveyed as part of our materiality assessment believe USANA has an above-average commitment to sustainability compared to its peers.

## OUR ESG PRIORITIES

Strategic Pillars	Tier One Topics		Tier Two Topics
Products	<ul style="list-style-type: none"><li>Product quality and safety</li><li>Responsible sourcing</li></ul>	<ul style="list-style-type: none"><li>Health and nutrition</li></ul>	
People	<ul style="list-style-type: none"><li>Talent management and development</li><li>Employee health, safety, and well-being</li></ul>	<ul style="list-style-type: none"><li>Diversity, equity, and inclusion</li></ul>	<ul style="list-style-type: none"><li>Affordable and accessible products</li><li>Human rights</li></ul>
Planet	<ul style="list-style-type: none"><li>Sustainable packaging</li><li>Waste management</li></ul>	<ul style="list-style-type: none"><li>Greenhouse gas management</li></ul>	<ul style="list-style-type: none"><li>Biodiversity and environmental conservation</li><li>Energy management</li><li>Water management</li></ul>
Strong Governance and Ethical Business Practices			

Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance



Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance



## Supporting the UN Sustainable Development Goals

As a global company focused on improving health, USANA recognizes the powerful role we play in not only supporting, but also contributing to achieving the United Nations Sustainable Development Goals (SDGs). Through core business and investments from the USANA Foundation, we believe we can contribute in the most meaningful way to the following goals.

**2** **SDG 2: No Hunger**  
*SDG Target 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious, and sufficient food all year round.*

Through the **USANA Foundation**, we work to provide secure and safe food sources to at-risk children, raise public awareness surrounding food insecurity, and generate resources and revenue through local campaigns and volunteer opportunities. Read more on pages **20** and **25**.

**3** **SDG 3: Good Health and Well-Being**  
*SDG Target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.*

Good health and well-being is the essence of USANA's vision to create the healthiest family on earth. We support this goal through our high-quality nutritional products, philanthropic initiatives, and efforts to support the health, wellness, and safety of our employees globally. Read more on pages **18** and **33**.

**5** **SDG 5: Gender Equality**  
*SDG Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.*

We strive to create an environment where everyone feels welcome and is given an equal opportunity to achieve their full potential. USANA is also focused on increasing women in senior leadership roles through networking opportunities, training, and personal development, and is a signatory to the **Corporate ParityPledge®**. Read more on page **22**.

**8** **SDG 8: Decent Work and Economic Growth**  
*SDG Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.*

We provide the opportunity for our Associates to participate in meaningful and rewarding work that can help them provide for their personal and family needs. Associates have the option to start their own USANA business, sell our products (full- or part-time), and earn supplemental income to help shape their future. Read more on pages **16-17**.

**12** **SDG 12: Responsible Consumption and Production**  
*SDG Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.*

*SDG Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.*

*SDG Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.*

We eagerly accept the duties of environmental stewardship, sustainable packaging, and responsible sourcing. Our focus is to make sustainability-minded decisions in every area of business, from selecting raw materials, to our shipping practices, to inner-office conservation and beyond. Read more on pages **27-29**.

**13** **SDG 13: Climate Action**  
*SDG Target 13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.*

We are participating in partnerships to drive climate action and reduce our own footprint through organizations including the Utah Sustainable Business Coalition, an EPA Green Power Partner, and **The Climate Registry**. Read more on page **29**.

**17** **SDG 17: Partnerships for the Goals**  
*SDG Target 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.*

Much of what USANA accomplishes is through partnerships. We remain committed to uniting with diverse stakeholders to tackle significant challenges from environmental issues to global food relief. Read more on pages **14**, **25-26** and **29**.

[Letter from Our  
CEO and Chairman](#)

[About this Report](#)

[About USANA](#)

[People](#)

[Planet](#)

[Products](#)

[Governance](#)

## Sustainability Governance

The Sustainability Committee of the USANA Board of Directors oversees and monitors sustainability at USANA, as well as public policy and stakeholder engagement, political advocacy, and charitable endeavors. The Committee tracks the progress and execution of USANA's sustainability strategy and oversees and reviews ESG disclosures, including those in this report.

At an operational level, our Executive Sustainability Committee is led by our Chief People Officer and meets monthly. The Committee is responsible for overseeing implementation of our day-to-day sustainability efforts and working to establish enterprise-wide goals.



**Peggie Pelosi**  
Member of the Board  
of Directors and Chair  
of the Sustainability  
Committee



**Donald Cherry**  
Executive Director of  
Corporate Sustainability  
and Diversity, Equity, and  
Inclusion Chair

## Sustainability at USANA: Q&A

Here, Peggie Pelosi, member of the USANA Board of Directors and Chair of the Sustainability Committee, and Donald Cherry, Executive Director of Corporate Sustainability and Diversity, Equity, and Inclusion Chair, recently discussed how the organization is accelerating USANA's sustainability journey.

### **What did USANA learn from its recent materiality assessment, and how is this shaping the company's sustainability roadmap?**

**Donald:** Our most recent assessment reinforced the importance of people and the planet to our stakeholders and business. From employee health and safety to working to improve the sustainability of our packaging, it highlighted key issues that will inform our focus and reporting moving forward. It also showed product quality, safety, ethics, and integrity fundamentally underscore everything we do. We were happy to learn nearly 70% of stakeholders interviewed already recognize our commitment to sustainability.

### **How is USANA working to integrate sustainability into its governance and wider business, and what is the role of the Board in this effort?**

**Peggie:** USANA's performance on material sustainability factors directly affect the company's long-term profitability. Thus, sustainability issues must inform our corporate strategy. Our role as a Board is to ensure USANA's corporate strategy drives sustainable value to key stakeholders up and down our value chain, and to hold management accountable for the execution of this strategy. We provide oversight on decision-making around our human, natural, and financial capital, seeking to ensure USANA's sustainability strategy is integrated into these decisions.

### **How have the external events of 2020 shaped sustainability at USANA?**

**Peggie:** While USANA has long had a culture that supports sustainability, as we look back at the past year it is difficult to underestimate the social impact the events have had. With the spread of COVID-19, health and safety of USANA employees became our top priority. The global uprising and relevance around racial and social inequities also impacted us in profound ways, leading us to accelerate our actions. One of our first steps was to assemble an employee program for discussion around diversity, equity, and inclusion, which is now informing our path forward.

### **Where do you feel the company has made the most progress on its sustainability journey?**

**Peggie:** Conducting our first materiality assessment was a significant step. Now, we are putting the structure and processes in place to implement strategies around our top material issues and hold ourselves accountable. This involves not only the Sustainability Board Committee and entire Board of Directors, but also the internal cross-functional Sustainability Committee led by Donald.

### **What are the Sustainability Committee's top priorities for 2021?**

**Donald:** We are in the process of formalizing our enterprise-wide sustainability strategy that will guide USANA over the coming years. By working to raise awareness within the company on how sustainability drives value, we are making progress to embed sustainability thinking into our business and functional areas. Beyond that, we will continue to evolve our reporting and disclosure and remain engaged with our stakeholders.

Stakeholder Engagement

Within each of our sustainability areas, USANA engages with various stakeholders including investors, customers, government representatives, regulators, civil society, employees, academia, suppliers, and industry groups. We engage through one-on-one discussions, conferences and meetings, working groups, consortiums, and digital communications. Our commitment is to continue engagement with stakeholders as we work to implement our new sustainability strategy.



STAKEHOLDER SUMMARY TABLE

Stakeholder Type	How We Engage
Trade associations and non-governmental organizations	<ul style="list-style-type: none"><li>• Memberships in public-private partnerships</li><li>• Participation in consortiums and working groups related to the direct selling sector</li><li>• Ongoing participation in industry meetings and conferences</li></ul>
Local partners and suppliers	<ul style="list-style-type: none"><li>• Ongoing participation through meetings, conferences, and seminars</li><li>• Oversee daily operations, including site visits and inspections</li><li>• Phone calls, emails, and meetings to address questions, issues, and concerns</li><li>• Meetings to review and/or negotiate contracts and/or requirements</li></ul>
Local communities and organizations	<ul style="list-style-type: none"><li>• Partnerships with local schools to provide professional development</li><li>• Engaging community leaders and organizations</li><li>• Monetary and food donations to specific charities, schools, and other groups</li><li>• Health and wellness education for at-risk groups</li></ul>
Employees	<ul style="list-style-type: none"><li>• Organization-wide town halls with senior leadership</li><li>• Frequent communication through internal website and emails</li><li>• Educational and shared experience articles on company intranet</li><li>• Training and workshops</li><li>• Recognition, awards, and contests</li><li>• Employee surveys</li><li>• New employee orientations</li></ul>
Government and regulators	<ul style="list-style-type: none"><li>• Meetings, website, correspondence, and/or phone calls related to legislation, proposed legislation, and regulatory compliance</li><li>• Overall education on USANA and its business</li><li>• Formal submission of regulatory filings and/or responses to requests for information</li><li>• Collaboration on government and/or industry campaigns, conferences, and/or seminars</li><li>• Operational site visits</li></ul>
Investors	<ul style="list-style-type: none"><li>• Broad outreach meetings with institutional investors and research analysts</li><li>• Annual and quarterly meetings, phone calls, and/or emails for questions</li><li>• Annual Shareholder Meeting</li><li>• Reports such as our Earnings Press Releases, Management Commentary Results and Outlook document, and Annual/Quarterly Reports</li></ul>
Customers	<ul style="list-style-type: none"><li>• Direct email and SMS messaging</li><li>• Websites, blogs, social media platforms, and press releases</li><li>• Direct communication with customer service representatives</li></ul>



Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

# People

## In this Section:

- Employee Health, Safety, and Well-being
- Talent Management and Development
- Diversity, Equity, and Inclusion
- Community Engagement

90%

of USANA employees believe  
their supervisor, or someone  
at work, cares about them as  
a person\*

\$2M+

provided in reimbursement to  
employees through our Tuition  
Reimbursement Program

*\*Based on results of confidential  
survey of U.S.-based USANA  
employees in 2020.*



# Supporting Our Employees

At USANA, creating the healthiest family on earth by empowering the individual starts with our employees and Associates.

Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

Key to our ambition is giving our employees the skills and business development they need to build a meaningful career and tools to support their total health and wellness—creating an inclusive workplace culture where all employees can thrive.

USANA's Chief People Officer is responsible for our human capital management priorities and oversight of the company's compliance with all related policies, codes, regulations, and reporting procedures.

USANA is an equal opportunity employer. We provide applicants equal opportunity for employment without regard to sex, race, color, national origin, religion, age, disability, veteran or current military status, sexual orientation, gender identity, or any other status or characteristic protected by applicable law. USANA prohibits discrimination of all forms against any qualified person.



## Best Place to Work

In 2020, USANA was named one of the *Best Places to Work* by *Direct Selling News*® for the third time. This esteemed award is based on overall results from an anonymous survey of U.S.-based employees.

Focus Area	Ambition	How We Will Pursue
Employee Health, Safety, and Well-being	Strive to help our employees achieve physical, mental, and emotional health and well-being	<ul style="list-style-type: none"><li>• Provide generous benefits and compensation to employees globally, as well as a flexible and caring environment</li><li>• Invest in employee workplace health and safety</li></ul>
Talent Management and Development	Enhance opportunities for internal mobility and collaboration, and provide employees and Associates with tools they need to build a meaningful career	<ul style="list-style-type: none"><li>• Invest in technology, learning, and development</li></ul>
Diversity, Equity, and Inclusion	Support a globally inclusive community	<ul style="list-style-type: none"><li>• Finalize enterprise-wide diversity, equity, and inclusion goals and strategies by the end of 2021</li></ul>
Community Engagement	Increase the health and wellness of communities in which we operate	<ul style="list-style-type: none"><li>• Provide food to at-risk children through the USANA Foundation</li><li>• Invest in initiatives that strive to address hunger and nutrition through non-profit partners</li></ul>



Global Employee Turnover

	2020	2019	2018
Employee turnover rate (total)	10.6%	14.4%	15.0%
Employee turnover rate (voluntary)	6.5%	11.7%	11.6%



Supporting Development of  
Female Entrepreneurs

Throughout the markets where we operate, USANA proudly supports our Associates in building their own businesses and brighter futures. In fact, 70% of our Associates are women.

We recognize women are the major decision-makers and consumers in their households. This empowers their business success, and we strive to support them in their growth and development. A close-knit community is created through female-curated events like Successful Women Empowering Entrepreneurs Together (SWEET) Retreat, held annually for the past nine years. At this exclusive event, female Associates learn from women both inside and outside of USANA. They encourage each other, share their struggles, and celebrate their success as they make lasting, lifelong friendships that continue through ongoing social media and leadership groups.

We encourage Associates to collaborate with all individuals to foster open discussions and elevate the voices, values, and vision of women.

Every USANA Associate has a unique story for finding success that we cherish and celebrate.





# Investing in the Health and Wellness of Our Employees

Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

## At USANA, we care for each other like a family.

From our generous compensation programs to our progressive benefits and wellness programs, we support the health and well-being of our employees and their families.

### Supporting Financial Health

We offer generous compensation to our employees based on local market salary data, as well as profit sharing and annual merit increases.

All U.S. employees are automatically enrolled in USANA's 401(k) savings plan after 30 days of employment. USANA will match 100% of the first 1% of an employee's salary deferrals and 50% of the next 2% to 5% of the employee's salary deferrals, with a maximum match of 3.5%. Outside the United States, employees are covered by various defined contribution plans. Select employees also receive equity-based compensation.

We also offer employees access to financial coaching through lunch and learn programs and webinars.

### Supporting Total Employee Wellness

USANA offers medical, dental, and vision insurance to all full-time, part-time, salaried, and hourly U.S. employees as of their date of hire.

In August 2020, we opened USANAcare, an on-site medical and mental health clinic at our Salt Lake City campus for all employees and their dependents. This state-of-the-art clinic is staffed by a full-time

nurse practitioner and mental health counselor and offers access to biometric services, physical exams, and mental health services. In addition, USANA offers a range of on-site health screenings each year, including breast cancer screening, bone density testing, and access to a mobile dental unit.

USANA's home office features a top-of-the-line gym equipped with cardio and weight machines, free weights, a full-size basketball court, locker rooms, and showers. Employees can participate in fitness classes—yoga, Zumba, CrossFit, and more—led by certified instructors, along with a variety of on-site wellness courses such as stress management, mental health, and prevention of chronic conditions such as diabetes. Due to COVID-19, we expanded our fitness offerings to virtual classes as well.

USANA Wellness also offers an incentive program known as A Healthier U to all employees worldwide. Through the program, employees receive incentives when they participate in health screenings and reach fitness milestones.

To support their nutrition needs, all employees worldwide receive monthly allowances for USANA products.



2020 MILESTONE  
USANA wellness participation<sup>1</sup>:

**47.5%**

Supporting Life Outside Work

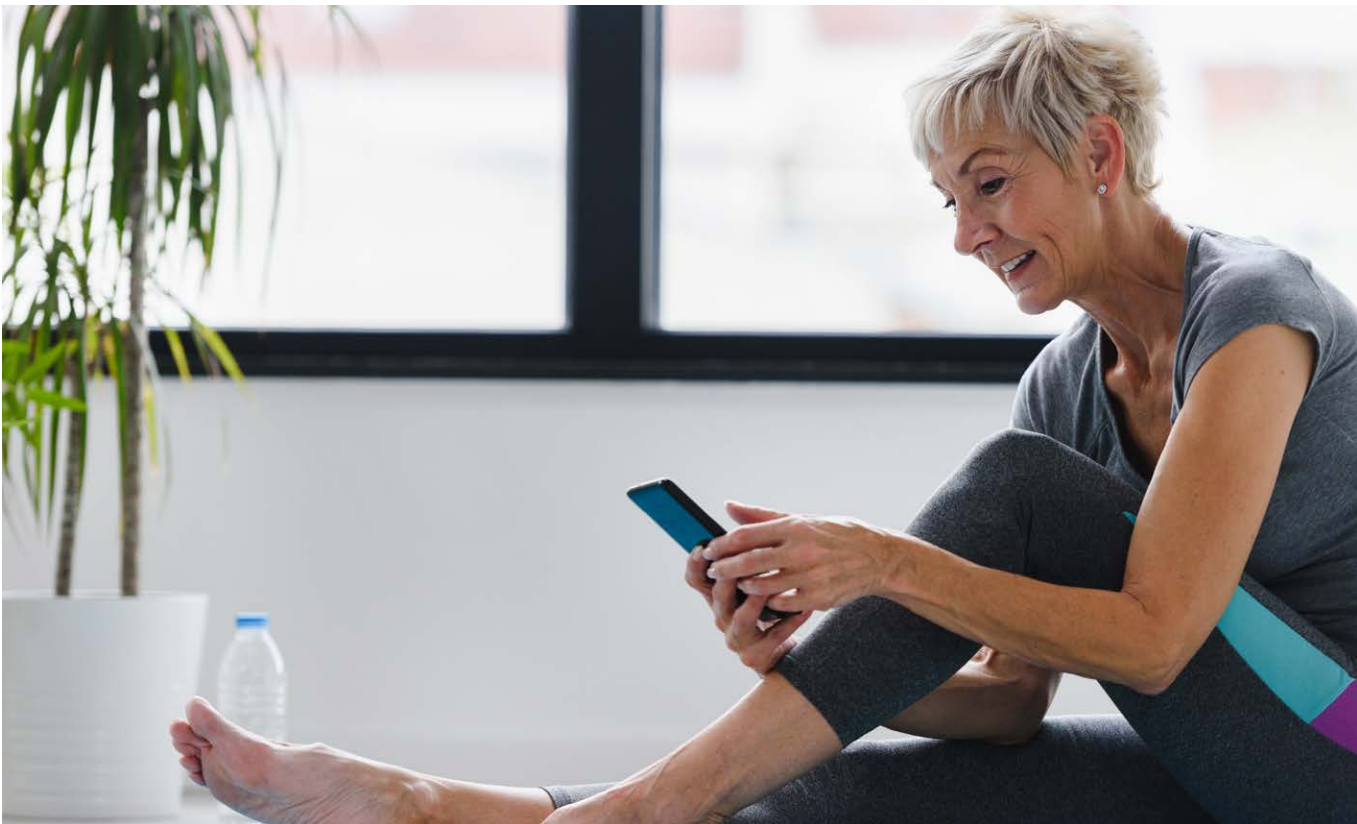
USANA strives for a culture that supports flexibility by providing employees with tools and opportunities to bring balance to their lives. This includes, in certain instances, compressed workweeks, job share, and part-time schedules. COVID-19 has shown it is possible to remain productive and collaborate even when we work remotely. In 2021, we expanded access to our Flexible Work Policy, providing the opportunity for employees to continue to work remotely or in a hybrid setting.

USANA offers up to 12 weeks of paid parental leave for primary caregivers and six weeks of paid leave for secondary caregivers that can be used within the first 12 months of bringing a baby into the family through childbirth or adoption. Employees receive an additional 16 hours of leave to allow parents to attend family functions or activities.

Employee Safety: Striving for Zero  
Our goal is an accident-free workplace.

We are committed to maintaining a safe and healthy work environment free of hazards. Through ongoing education and training, we strive to maintain a robust safety culture for all employees and seek to eliminate work-related injuries, illnesses, and unplanned events through comprehensive safety programs.

Our safety policies are based on the Occupational Safety and Health Administration (OSHA) and Utah Occupational Safety and Health standards. All employees undergo annual safety training and supervisors in our manufacturing and research operations conduct weekly safety “Toolbox Talks.” We track all injuries, near-misses, and close calls in an online safety tracking system. Frequent year-round inspections and audits are conducted to ensure compliance and identify areas to improve our existing safety practices.



In addition, we have a strict policy that no employee is required to do work he or she feels is unsafe or is in violation of federal, state, or company regulations. Before operating equipment for the first time, employees must have the proper training, knowledge, and approval from their supervisor. If employees’ work assignments involve the use of harmful materials, an area supervisor will provide them with specific training and access to company safety data sheet(s).

Our Workplace Violence Prevention Policy also supports employee safety.

Safety Data

	2020	2019	2018
Lost-time incident rate	0	0.46	0.46
Lost-time incidents	0	4	4
Total recordable incident rate	0.12	0.92	0.80
Total recordable incidents	1	8	7

## Supporting Health and Wellness During COVID-19

The COVID-19 pandemic globally affected all individuals and organizations in 2020. As a socially responsible corporate leader in each of our markets, we did our part to reduce the spread and support good health—starting with our employees and their families.



In March 2020, we shifted

**75%**

of our corporate workforce  
to a virtual, work-from-  
home environment

For our operations employees who continued to work at our corporate office and manufacturing facilities as essential workers, we implemented strict policies to keep them safe. These included mask requirements, physical distancing, government-recommended hygiene practices, and daily temperature checks. In addition, we introduced flexible shift schedules, time and attendance policies, and sick-leave policies to promote health, wellness, and safety. Where necessary in our international markets, we temporarily closed product will call centers, locations where Associates pick up their orders.

To help employees supplement meals for their family, the USANA Foundation opened the USANA Kids Eat employee pantry. A wide selection of nourishing foods were offered free to employees in need. We also made many of our supplements that support a healthy immune system available free to all employees worldwide.

## Supporting Local Communities

In April 2020, with essential hand sanitizer in short supply, we quickly pivoted, teaming up with the manufacturer Dynamic Blending to produce more than 28,000 eight-ounce bottles of hand sanitizer. We donated the majority of our production of hand sanitizer to hospitals and first responders in Salt Lake City, local UPS and FedEx distribution centers, and the Navajo Nation in Utah.

The USANA Foundation and several USANA affiliates around the world also contributed through product donations, grants, and in-kind support to local community efforts. Other examples of support for local communities are below.



### United States

The USANA Foundation and USANA Kids Eat program continued its mission to feed

children in Utah who would typically go hungry by providing larger-size pantry bags to students unable to access grab-and-go lunches during the week at school. Learn more about USANA Kids Eat on page 25.

Beyond Utah, the USANA Foundation worked with the U.S. faith-based organization Convoy of Hope to provide 50,000 meals to families across the country.



### Philippines

USANA provided grants to local health care facilities to purchase personal protective equipment

(PPE) and donated 4,000 bottles of USANA's multivitamin supplement Mini CellSentials to health care facilities and workers across the country.



### Australia

In coordination with the USANA Foundation, the USANA Australia office provided a grant to

Foodbank Australia, the country's largest food relief organization, that helped provide 50,000 meals for those in need.



### New Zealand

USANA's New Zealand office provided a grant to KidsCan, the country's leading charity

dedicated to helping kids affected by poverty. The grant helped to provide emergency food packs to vulnerable children and their families in isolated communities.



### China

BabyCare, USANA's Chinese subsidiary, together with its local sales Associates

provided a donation to the China Foundation of Poverty Alleviation and the China National Health Commission to support the purchase of emergency materials such as ambulances, respirators, disinfectant, and medical masks. BabyCare also donated electronic tablets and smartphones to a local school for remote learning.



### South Korea

The USANA Foundation donated more than \$110,000 worth of USANA HealthPaks of core

supplements to the Division of Social Disaster in Daegu, South Korea, for local medical staff and those living in quarantine.



# Attracting and Developing Highly Talented Employees

We believe our business will thrive when our employees are given the tools and opportunities to succeed.

We help employees at every level build and strengthen skills required to meet the changing needs of our business, as well as advance into new roles. In 2020, we completed the enterprise-wide rollout of a global LinkedIn Learning training platform. As of April 2021, more than 70% of our employees have used LinkedIn Learning, completing more than 10,600 courses on topics such as active listening, teamwork, customer service, and cross-cultural communication.

In addition, we offer mentorship and coaching opportunities, and company- and industry-specific training programs. To date, more than 300 participants have completed our mentorship and coaching program. In 2021, we will work to expand the program to more employees.

All full-time USANA employees, regardless of position, are also eligible to participate in our Tuition Reimbursement Program to support bachelor and advanced college degrees. To date, we have provided more than \$2 million in reimbursement to employees through this program.



2020 ACHIEVEMENT

**7.5 hours**

Average learning time  
per employee  
on LinkedIn Learning

WHAT OUR EMPLOYEES SAY

**86%**

of USANA employees believe  
they have opportunities to learn  
and grow\*

\*Based on results of confidential survey of U.S.-based USANA employees in 2020.



WHAT OUR EMPLOYEES SAY

**90%**

of USANA employees  
believe their supervisor,  
or someone at work, cares  
about them as a person\*

**83%**

of USANA employees  
believe they have the best  
leader\*

*\*Based on results of confidential  
survey of U.S.-based USANA  
employees in 2020.*

When you join USANA, one of the promises we make is you will work for one of the best managers you’ve ever had. We call this our Leadership Guarantee, and it’s why we invest in creating exceptional leaders throughout the company. One way we accomplish this is by hosting quarterly leadership training for all managers. We believe ongoing feedback between managers and their employees is critical for growth, development, and employee satisfaction. Each quarter, managers meet with their employees to discuss their performance and offer guidance.

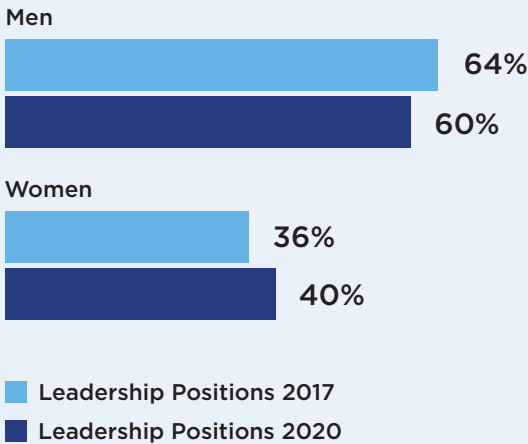
Supporting the Advancement of  
Women Leaders

In 2016, we introduced the USANA Effectiveness of Women in Leadership initiative to help increase the number of women in senior leadership roles. This program includes networking opportunities, training, and personal development.

In 2018, the company also signed on to the **Corporate ParityPledge**,\* committing to interview and consider at least one qualified woman for every open executive role (director and above).

Since 2017, women in leadership positions, defined as director and above, has increased four percentage points (see chart below). While we are not yet at gender parity, we are moving in the right direction.

3-YEAR COMPARISON OF U.S. LEADERSHIP  
POSITION DISTRIBUTION



Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

# Fostering a Workplace Grounded in Diversity, Equity, and Inclusion

At USANA, we understand diverse ideas, perspectives, and backgrounds are critical to innovative product development, a positive customer experience, market growth, and our relevancy as a science-based company.

In each market where we operate, we strive for our employee population to reflect the ethnic makeup of that community through recruitment, development, and retention strategies.

We aim to create an environment where everyone feels welcome and is given an equal opportunity to achieve their full potential. We are also committed to finding ways we can help build a more just and equitable society in our local communities.



The social injustice of 2020 impacted us at USANA as it did many organizations throughout the United States and beyond, proving more must be done to realize true diversity, equity, and inclusion (DEI) in both our workplace and our communities. While USANA's commitment to DEI did not begin with the tragic events we witnessed across the United States last year, they did prompt us to have discussions with employees on how to further our DEI efforts through the following specific actions.

- **Volunteering.** We set a goal to provide 1,000 employee volunteer hours in 2020 to support organizations that strive for equality. We did not achieve this goal due to COVID-19, but will continue to work toward it in 2021.
- **Training.** Internally, USANA is committed to providing additional training and encouraging open discussions about overt racism, as well as implicit bias, so we can ensure a workplace where all employees can succeed and be respected.
- **Informing.** We will provide educational resources to employees and Associates for actions they can take to combat racism and discrimination at the individual, family, and societal level.
- **Representing.** We will evolve our brand to better represent and tell the stories of our diverse community.



In 2020, all USANA leaders participated in diversity and inclusion training, which will be rolled out to all U.S. employees in 2021. We also formed a cross-functional Diversity, Equity, and Inclusion (DEI) Council responsible for developing enterprise-wide goals and strategies in three areas:

- Raising awareness of the unique diversity within our organization and policies in place to support an inclusive culture
- Strengthening career development opportunities for diverse employees
- Increasing engagement in our communities through philanthropy and employee volunteerism

The Council will work to further integrate DEI into all aspects of the organization and advise senior management on the progress of DEI goals and programs annually, beginning at the end of 2021. Our Chief People Officer and our Executive Vice President of Communications serve as Council sponsors.



WHAT OUR EMPLOYEES SAY

92%

of USANA employees believe their supervisor makes them feel safe, valued, and included regardless of age, race, color, religion, gender, national origin, sexual orientation, or any other non-job related factor\*

*\*Based on results of confidential survey of U.S.-based USANA employees in 2020.*

2020 Diversity Metrics

(All numbers are rounded)

Global <sup>1</sup>	All Employees	Management	Executives (eligible for executive pay)	Top Management (EVP and above)
Hispanic or Latino	12%	7%	4%	7%
American Indian or Native Alaskan	0%	0%	0%	0%
Asian	52%	47%	26%	7%
Black or African American	2%	0%	1%	0%
Native Hawaiian or other Pacific Islander	0%	0%	0%	0%
White	33%	45%	68%	87%
2 or more races	1%	1%	1%	0%
Identify as male	42%	52%	70%	80%
Identify as female	58%	48%	30%	20%

<sup>1</sup> 54% of USANA employees are based outside the United States.



OUR INDIVIDUAL SOCIAL, ECONOMIC, AND CULTURAL IDENTITIES AND BACKGROUNDS SHAPE AND INFLUENCE OUR EXPERIENCES AND PERSPECTIVES. WE DO OUR BEST WORK BY VALUING DIVERSITY IN OUR WORKPLACE AND PRACTICING INCLUSIVITY. WE UNDERSTAND THIS IS A JOURNEY—ONE USANA IS FULLY COMMITTED TO PURSUE.”

– Paul Jones, Chief People Officer and Executive Sponsor of the DEI Council

# Supporting Our Communities

**Community is at our core. Each day, we look for ways to make an impact.**

Two of USANA's core values are Community and Health. We focus our community engagement efforts through the USANA Foundation, helping underserved communities around the world gain access to nutritious and sustainable sources of food as a way to represent those values.

[Letter from Our  
CEO and Chairman](#)

[About this Report](#)

[About USANA](#)

[People](#)

[Planet](#)

[Products](#)

[Governance](#)

Through a network of community-driven partnerships and 31 USANA-supported programs, we strive to nourish, equip, and eliminate hunger throughout the world.

We believe no child should ever go hungry.

Hunger is more than missing a meal. It's a debilitating crisis affecting every corner of the globe—a crisis exacerbated by COVID-19.

**USANA Kids Eat** is a unique USANA Foundation initiative that works to provide secure and safe food sources to at-risk children, raise public awareness surrounding food insecurity, and generate resources and revenue through local campaigns and volunteer opportunities.

In 2020, USANA Kids Eat provided backpacks filled with food for at-risk youth to 68 schools, community programs, and neighborhood clubs throughout Utah. Each bag had enough food for seven meals, and in some cases, food to sustain kids on weekends and extended breaks. At the heart of USANA Kids Eat is a network of volunteers who donate money, time, and energy throughout the year to help pack food-filled backpacks. Their efforts allow USANA Kids Eat to deliver more than 5,600 meals to local, at-risk youth each week.

USANA Kids Eat 2020 Impact

**151,361**

Weekend Bag Program

**217,680**

Pantry Bag Program

**8,550**

Buddy Bag Program

**377,591**

Total Meals Provided

In addition to USANA Kids Eat, the USANA Foundation supports meals and sustainable food projects in more than 35 countries and donates Usanimals, our high-quality multivitamin for children.

The USANA Foundation



## Vision

Every person should have access to secure sources of quality, nutritious food.



## Mission

Provides immediate and long-term global food relief for those in severe need. We lead a network of community-driven partnerships to nourish, equip, and eliminate hunger and malnutrition throughout the world.

- Letter from Our CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance



### Support During the Holidays

In December 2020, USANA Kids Eat provided more than 3,000 bags of nutritious food to families—an estimated 144,200 meals—to help keep them safe and fed through the rest of the year. Each large pantry bag contained 40 meals packed by community volunteers—including USANA employees and their families—who signed up to shop, pack, and deliver bags to 36 schools in the Salt Lake area.

“One in five Utah children don’t know where their next meal is coming from, and programs like USANA Kids Eat help to fill the gap,” says Michelle Benedict, Development Manager for USANA Kids Eat. “We host food packs year-round to help feed children in Utah. But with the holiday break from school, we knew we needed to do something extra to help these families.”

### Employee Volunteering

In June 2020, USANA kicked off its fourth annual World Service Week. Social distancing to ensure safety, USANA employees and Associates volunteered to help clean up parks, fundraise, and donate time, food, clothing, and even blood.

### USANA Foundation Giving Numbers

	2020	2019	2018
Total global aid	\$2.3M	\$1.5M	\$2.3M
Meals distributed	5.2M	7.2M	7.4M
Food projects funded	34	34	24

For more information on projects supported through the USANA Foundation, please see our 2020 report.

### Supporting Victims of Human Trafficking

The USANA Foundation also works with Operation Underground Railroad (OUR), which performs worldwide rescue and rehabilitation operations for victims of human trafficking. Through this partnership, the USANA Foundation supports OUR programs for healing and providing for survivors’ nutritional needs in Mexico City and Kuala Lumpur.



Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

# Helping to Ensure a Healthy Planet

**In this Section:**

- Environmental Stewardship
  - Waste Management
  - Greenhouse Gas (GHG) Management
- Sustainable Packaging

Reused and  
recycled more than

**50%**

of waste in  
our operations

**2.7M**

gallons of water  
saved each year

Transitioning to

**25%**

PCR materials for our  
bottles in markets  
where there are no  
regulatory constraints





- Letter from Our CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance

# We understand healthy bodies need a healthy planet to thrive.

Our focus is to make sustainability-minded decisions in every area of business—from selecting raw materials, to our shipping practices, to inter-office conservation and beyond.

We have implemented an Environmental Management System (EMS) model to track our compliance with all applicable legal environmental requirements and to achieve internal objectives.



Focus Area	Ambition	How We Will Pursue
Waste Management	Reduce our waste to landfill	<ul style="list-style-type: none"><li>Identify additional opportunities to reduce and recycle materials used in our operations</li></ul>
Greenhouse Gas (GHG) Management	Reduce our GHG emissions	<ul style="list-style-type: none"><li>Invest in renewable energy alternatives such as solar power</li></ul>
Sustainable Packaging	Reduce the environmental impact of our packaging across the product's lifecycle	<ul style="list-style-type: none"><li>Increase consumer awareness of recycling options for USANA products</li><li>Transition to 25% post-consumer recycled (PCR) materials for our bottles in markets where there are no regulatory constraints</li><li>Shift to smaller bottles</li></ul>

- Letter from Our CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance

Environmental Stewardship

We have invested in and continue to work hard to create a green campus at our Salt Lake City location, which includes our corporate office, research laboratories, manufacturing, and warehouse facilities. From xeriscaping to solar panels, we are taking steps to minimize or offset any adverse impact on the environment. Below are key actions taken.

- Installed solar arrays on the roof that produce approximately 10% of our manufacturing and office electricity use, totaling 630,000 kilowatt-hours of electricity in 2020
- Provided electrical car charging stations and priority parking for green vehicles
- Utilized a drip-irrigation system, which in conjunction with planting native trees and shrubs, saves 2.67 million gallons of water each year
- Installed water-conserving faucets
- Shifted water cooling system from reverse osmosis to regular filtered water
- Reused and recycled more than 50% of waste in our operations, including pallets, raw material containers, electronics, and plastic wrap

2020 Waste Diversion

Cardboard, plastic, and paper recycled <sup>1</sup>	203 tons
Waste sent to landfill	244 tons

<sup>1</sup> U.S. only

Sustainable Packaging

All USANA supplement and skincare bottles are easily recyclable in most countries we market them when the seals, labels, and pump mechanisms are removed. We include a recycle logo on all new products with instructions to remove these items before recycling. Moving forward, we will add indicators on all products as we “refresh” our labeling.

In addition, we are moving toward transitioning to 25% PCR materials for our bottles in markets where there are no regulatory constraints. We also plan to shift to smaller bottles to reduce wasted space (without reducing product volume or quantity).

We are proud to be part of the [Utah Sustainable Business Coalition](#), an [EPA Green Power Partner](#), and a founding member of [The Climate Registry](#).





Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

# Products

## In this Section:

- Product Quality and Safety
- Responsible Sourcing
- Health and Nutrition

**49M+**

Products sold  
worldwide in 2020

**0**

Product recalls in  
28 years of business





Letter from Our  
CEO and Chairman

About this Report

About USANA

People

Planet

Products

Governance

Product Quality and Safety

Our Chief Scientific Officer oversees our product development function at USANA. Many products undergo double-blind, placebo-controlled clinical studies to generate the requisite safety and efficacy information we need for our business and values. All USANA-sponsored trials are designed and conducted to our high standards, meeting or exceeding all applicable local laws, along with widely accepted international regulatory standards. Our approach to clinical research is based on fundamental ethical standards, such as those listed below.

- All USANA research is designed to answer a legitimate scientific question or need.
- USANA selects clinical investigators based on qualifications, training, research, clinical expertise in relevant fields, the potential to recruit research participants, and the ability to conduct clinical trials consistent with USANA policies.
- USANA-sponsored trials undergo an ethical review, as required, by a qualified independent committee (Institutional Review Board/Independent Ethics Committee) prior to trial initiation.
- USANA requires voluntary informed consent from research participants, where needed, prior to carrying out any protocol-specified procedures. The process for obtaining informed consent takes into account local law, language, and custom as well as the ability of research participants to understand the information presented.

Focus Area	Ambition	How We Will Pursue
Product Quality and Safety	Bring to market high-quality, science-based products	<ul style="list-style-type: none"><li>• Continue to invest in research and development</li><li>• Continue to meet high internal standards, which meet or exceed all applicable local laws and widely accepted international regulatory standards, in the development and production of our products globally</li></ul>
Responsible Sourcing	Enhance our sourcing practices in line with our values, goals, and stakeholder expectations	<ul style="list-style-type: none"><li>• Hold our suppliers accountable for meeting high internal standards for quality and ethical business practices</li></ul>
Health and Nutrition	Make high-quality products and nutrition accessible to more people	<ul style="list-style-type: none"><li>• Make information on healthy lifestyles easily available to consumers</li><li>• Seek innovative business strategies to expand access to our products for more people, including those at lower income levels</li></ul>

Clinical Trial Transparency

USANA is committed to the timely registration of clinical trials and communication of research results. We register all USANA-sponsored clinical trials on public registries before they begin or within 21 days after they start:

- On [clinicaltrials.gov](#) (U.S.): All phase 2 to phase 4 studies, and most phase 1 studies that enroll patients, conducted anywhere in the world
- On the [EU Clinical Trials Register](#) (EudraCT): All phase 1 to phase 4 studies conducted in Europe

Once clinical trials results are available, USANA is committed to disclosing scientifically accurate, truthful, non-misleading, and well-balanced results. We submit at a minimum the primary analysis results for all completed USANA-sponsored phase 2 and phase 3 studies to congresses or peer-reviewed journals within 18 months of trial completion. In addition, we post technical summary results to the registry(ies) where the study was registered.

In everything we do—from research and development to product manufacturing and distribution—safety and quality remain our primary considerations.

[Letter from Our  
CEO and Chairman](#)

[About this Report](#)

[About USANA](#)

[People](#)

[Planet](#)

[Products](#)

[Governance](#)

## Manufacturing Standards

We apply and adhere to a strict set of quality standards, and we have policies and procedures in place to identify, measure, control, and sustain product-quality excellence. Our Global Quality organization is responsible for establishing the standards to help ensure all of our products are manufactured, tested, released, and distributed in full compliance with applicable regulatory requirements and industry best practices. We continuously strive to improve these standards in order to enhance procedures and ensure ongoing compliance with applicable standards, including [Current Good Manufacturing Practices](#) (CGMPs). We provide appropriate and ongoing training on quality and excellence for our employees.

When developing and manufacturing our products, we follow the highest applicable industry quality standards, including CGMPs and those established by the U.S. Food and Drug Administration (FDA) and the United States Pharmacopeia (USP).

We control the quality of our products, beginning at the formulation stage. Ingredients are selected to meet a number of criteria, including but not limited to safety, potency, purity, stability, bioavailability, and efficacy.

## Product Ingredient Transparency

**USANA is committed to providing transparent information about our products to customers. Important safety information and a list of all ingredients are included on every USANA product and available on our [website](#).**

In-house microbiology and analytical chemistry labs oversee quality control processes. Scientists in our microbiology laboratory test for biological contamination of raw materials and finished goods. In our analytical chemistry laboratory, scientists test for chemical contamination and accurate levels of active ingredients in both raw materials and finished products. Scientists also identify and confirm all raw materials used in the manufacturing process through scientifically valid means. Both laboratories conduct stability tests on finished products to determine the shelf life of our products. Our Salt Lake City laboratory staff also performs chemical assays on vitamin and mineral constituents, using USP methods and other internally validated methods.

We conduct sample testing of raw materials, in-process materials, and finished products for purity, potency, and composition to verify our products conform to our internal specifications. Suppliers of raw materials are required to demonstrate stringent quality control methods before their products are used in our manufacturing process.

Our Salt Lake City manufacturing facility is registered with the FDA, Health Canada Natural Health Products Directorate, the Australian Therapeutic Goods Administration (TGA), and other governmental agencies. Our facility is inspected by the FDA and other international health authorities specifically for dietary supplements.

Additionally, our facility is certified through inspection and audits with the Islamic Foods and Nutrition Counsel of America in compliance with Halal, the Organized Kashrus Laboratories in compliance with Kosher, NSF International in compliance with product testing and CGMPs, and the USP in compliance with CGMPs.

Our Beijing manufacturing facility (BabyCare Co, Ltd.) is registered with the State Administration of Market Regulation (SAMR) and is audited regularly by various organizations and government agencies to assess compliance with applicable CGMPs and labeling claims.

## Responsible Sourcing

Products manufactured by third-party suppliers are also required to pass quality control and assurance procedures to ensure they conform to our stringent specifications. We maintain strict quality standards, no matter where our products are manufactured. As the decision is made to partner with an external manufacturer, the manufacturer is required, by contract, to comply with USANA's business requirements, regardless of where the manufacturer is located.

We conduct audits of each potential new product supplier to determine its acceptability and compliance with CGMPs. Systems the potential supplier uses to purchase materials are reviewed to ensure intended product quality for our future use. Only if a supplier meets our stringent criteria, which includes a review of the company's regulatory inspection and outcome history, will we negotiate a commercial agreement. These agreements include detailed provisions relating to the quality standards we require to manufacture a product for our use. We conduct periodic audits to further ensure suppliers continue to meet CGMPs. Such audits evaluate the continued acceptability of the facility from a quality assurance and regulatory compliance perspective. The frequency of quality auditing depends on several factors, including compliance and audit history, ongoing product quality, product classification, and product risk.



- Letter from Our CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance

Adverse Event Reporting

Our quality control team manages a global system for the collection, evaluation, and reporting of adverse events (AE) reports received by USANA worldwide.

Although regulations vary by country, most countries require manufacturers of dietary supplements and over-the-counter products to promptly review AE information they receive from any source, domestic or foreign, relating to the use of their products. Manufacturers are also required to have written procedures in place for evaluating and reporting adverse experiences.

Customers and health care providers can report AEs through USANA’s customer service department. All reports are promptly handled by the company’s quality management team.

Product Safety and Quality Performance

	2020	2019	2018
# of product recalls globally	0	0	0
Good Clinical Practice (GCP) inspections by regulatory agencies of the company or clinical trial investigators that led to significant fines, penalties, warning letters, or product seizures	0	0	0
% of required employees receiving CGMP training	100	100	100

Supporting Good Health and Nutrition

At USANA, we believe in supporting a holistically healthy lifestyle, which includes eight main tenets: a whole food-based, low-glycemic diet; proper hydration; quality sleep; stress management; regular exercise; consistent skincare; mindfulness; and high-quality vitamin and mineral supplementation.

In addition to developing and bringing the best products possible to market, we also help people take control of their overall health and well-being through informative [blogs](#) on our website and information on social media.

We believe access to good health and nutrition is a basic human right. It’s why we strive to position our products to as wide array of people who can benefit from them as possible. We are committed to pricing our products responsibly. We consciously aim to ensure our pricing reflects the benefit our products provide and the innovation they represent.

We are also exploring alternative product delivery formats to help those who may have difficulty swallowing tablets. These may include stick packs, gummies, and smaller tablets.



# Corporate Governance and Business Ethics

**In this Section:**

- Corporate Governance
- Ethical Business Practices

**100%**

of employees go  
through annual  
cybersecurity training

**100%**

of employees are  
trained on our  
Code of Ethics



**Letter from Our  
CEO and Chairman**

**About this Report**

**About USANA**

**People**

**Planet**

**Products**

**Governance**

We are committed to conduct business ethically and meet or exceed the laws and regulations that govern our business and industry in all markets where we operate. We also strive to strengthen our processes to facilitate strong ethical conduct within our supply chain.

Strong governance practices are essential to provide long-term value for our shareholders, customers, employees, and communities.

Our Board of Directors has adopted corporate governance guidelines that serve as a framework for the governance of the company. The guidelines are available on our [website](#).

**Board Structure and Leadership**

The company's Board of Directors consists of seven members, including an independent Lead Director. The Board has four committees: Audit Committee; Compensation Committee; Governance, Risk & Nominating Committee; and Sustainability Committee, each consisting solely of independent directors.

We strive to maintain a healthy blend of director tenure, recognizing that longer-serving directors possess crucial institutional knowledge of our company and its culture, while periodic refreshment brings a fresh outlook and contributes to Board independence and oversight.

We prioritize Board diversity and are mindful of the many ways the Board benefits from a wide range of viewpoints and perspectives. You can find more detailed information about our Board's unique set of experiences and qualifications on our [website](#).

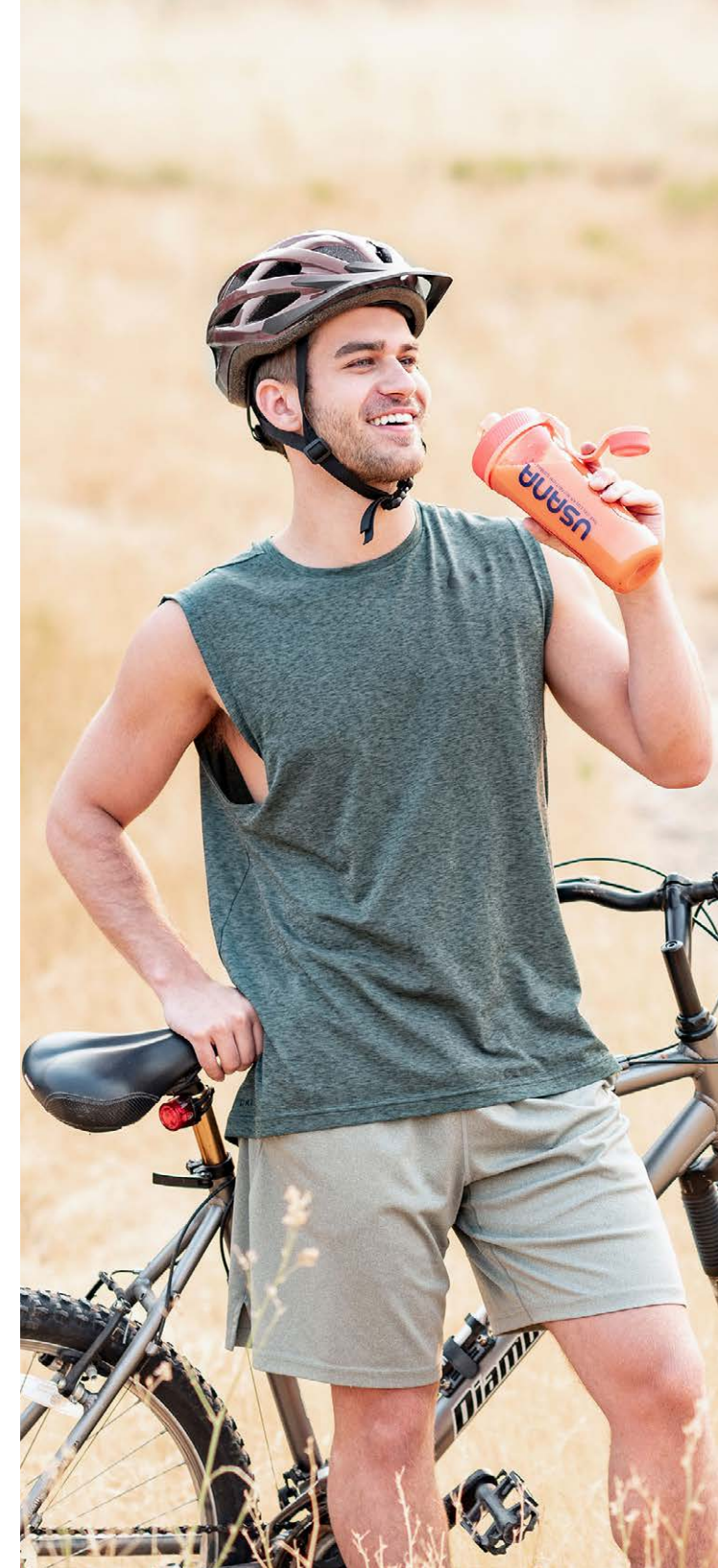
**Executive Compensation**

The Compensation Committee of our Board is responsible for reviewing our executive compensation program, designed to provide a competitive and equitable compensation and benefits package for our executives, promote a pay-for-performance philosophy, and retain effective executives. At our 2020 Annual Meeting of Shareholders, more than 90% of votes cast were in favor of a non-binding resolution approving executive compensation paid in Fiscal Year 2019.

**Enterprise Risk Management**

Our Board is actively involved in the assessment, oversight, and management of risks that could affect the company. The Board carries out its risk oversight and management responsibilities by monitoring risk directly as a full Board and, where appropriate, through its committees. The Board and its committees receive regular reports from members of USANA senior management, which maintains direct responsibility for management and assessment of risks and the implementation of processes and controls to mitigate their effects on the company.

USANA's Enterprise Risk Management (ERM) program uses a top-down approach to risk identification and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework. This program is governed by the company's Risk Oversight Committee and includes an annual risk assessment, risk mitigation reviews, policy reviews, and key control reviews.





Letter from Our  
CEO and Chairman

About this Report

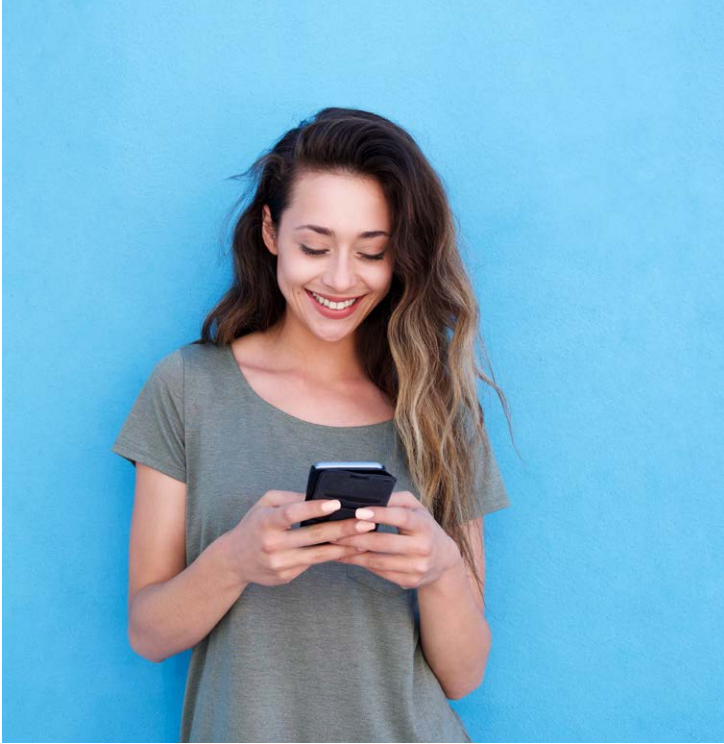
About USANA

People

Planet

Products

Governance



### Cybersecurity

USANA relies heavily on information systems to operate its business, including the collection and retention of employee and customer data.

Our Chief Operating Officer oversees USANA's enterprise-wide cybersecurity program, which follows the National Institute of Standards and Technology (NIST) standards and ISO 27001 for information security policies. USANA has multiple defense mechanisms in place to guard against cyber threats, including a Security Operations Center that gathers threat intelligence and conducts ongoing monitoring. Employees receive cyber awareness training, including on applicable data security laws and regulations in the company's various markets and the safe handling of sensitive personally identifiable information. Our disaster recovery policy has processes in place to support business continuity in the event of natural disaster or cyber-related attack.

### USANA United States Government Relations Efforts

USANA focuses its non-partisan government relations efforts on branding (i.e., highlight USANA's strengths and tell its story), education (i.e., teach about USANA and the direct selling industry and the bills that may impact our industry and business model), and relationship building (build relationships with key government leaders). We further focus our government relations efforts on members of Congress and State Attorneys General, including Utah state, county, and local leaders. We engage with government leaders on key policy issues that may impact our company and industry. USANA and the USANA Political Action Committee (PAC) make political donations to the campaigns of individuals who support the direct selling industry and business model.

**Employees receive cyber awareness training, including on applicable data security laws and regulations in the company's various markets and the safe handling of sensitive personally identifiable information.**

# Business Ethics

We believe in always doing the right thing and staying true to our values.

- Letter from Our CEO and Chairman
- About this Report
- About USANA
- People
- Planet
- Products
- Governance

## Code of Ethics and Training

Our [Code of Ethics](#) applies to all of our directors, officers, and employees worldwide. USANA employees are required to complete annual training on the Code, which covers topics such as conflicts of interest, fair dealing, and use of corporate assets.

In addition, we require all of our directors, officers, and employees to certify annually they comply with the Code of Ethics. Failure to comply with the Code, USANA policies, or applicable laws can result in disciplinary action, up to and including termination.

Employees, Associates, or anyone external to the company can report suspected misconduct to a human resources representative, a member of management, or USANA's Audit Committee of the Board of Directors through our [Whistleblower Communication System](#), available globally 24 hours a day, 7 days a week, and operated by a third party. Any reported violations will be investigated promptly, thoroughly, and impartially. Confidentiality will be maintained throughout the investigatory process to the extent possible.

USANA prohibits any form of retaliation or intimidation against USANA employees or Associates for reporting a compliance concern in good faith. Staff who engage in retaliation or intimidation will be subject to disciplinary action, up to and including termination.

## 2020 Performance

	2020	2019	2018
% of employees trained on USANA's Code of Ethics	100%	100%	100%
% of employees, directors, and officers who certified they comply with USANA's Code of Ethics	100%	100%	100%

## 2021 Priorities

In 2021, we plan to develop a supplier scorecard to evaluate key suppliers on criteria including on-time delivery and quality, as well as compliance with ethical, social, and environmental standards.

## Responsible Sales and Marketing

We are committed to ethical business practices in the sales of our products globally, including responsible marketing and strong consumer protection practices.

We continually monitor and review our Associates' compliance with our corporate policies and procedures, as well as the laws and regulations applicable to our business around the world. Associates who violate our policies are subject to discipline, which may include the termination of their purchase and distribution rights.

As a member of the [Direct Selling Association \(DSA\)](#) we also adhere to its [Code of Ethics](#). The Code ensures member companies do not make statements or promises that might mislead consumers or salespeople. The Code is enforced by

an independent administrator. All USANA Associates are trained on the Code and are required to adhere to its standards. We have also appointed a DSA Code Responsibility Officer with oversight for facilitating our compliance with the Code. Outside the United States, we adhere to the [World Federation of Direct Selling Associations' Code of Ethics](#).

By signing on to the DSA Code of Ethics, we pledge USANA and our Associates will:

- Not engage in any deceptive, false, unethical, or unlawful consumer or recruiting practices
- Ensure no statements, promises, or testimonials are made that are likely to mislead consumers or prospective independent salespeople
- Ensure all product claims made by USANA and our Associates are substantiated by competent and reliable evidence and are accurate and truthful as to price, grade, quality, value, quantity, and availability
- Take appropriate steps to safeguard the protection of all private information provided by consumers





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**USANA Health Sciences, Inc.**  
3838 West Parkway Boulevard  
Salt Lake City, Utah 84120 USA

Company information: [www.USANA.com](http://www.USANA.com)  
Investor information: [ir.USANA.com/](http://ir.USANA.com/)

