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## Annual Report

For the period of 2010

USANA Health Sciences  
Facility Name

3838 West Parkway Boulevard West Valley City 84120  
Facility Street Address City Zip

## Project Status

On a separate sheet, summarize:

- your Clean Utah project commitments and accomplishments made to date,
- major indicators of environmental improvements (measurable ways that you are determining the environment is improving as the result of steps you are taking),
- public participation activities you have undertaken, and
- your project plans for next year, as they relate to this program.

## Certification Statement

*(to be signed by the senior facility manager)*

I certify that the information outlined in the attached annual report is correct and that this facility continues to meet all program criteria and has an active EMS, as defined by the Clean Utah program. I further certify that this facility has conducted periodic assessments of compliance with legal requirements, has corrected all identified instances of noncompliance, and is currently in compliance with all applicable federal, state, and local environmental rules and regulations.

  
Signed  
Timothy Woods  
Print Name

FEBRUARY 1, 2011  
Date  
Exec. VP, R&D  
Title

## PACKAGING & SHIPPING INITIATIVE

### Introduction

The purpose of USANA's packaging initiative was to reduce the total amount of waste generated at the consumer end by reducing the amount of non-essential packaging and shipping material sent to our customers. To accomplish this, various small teams of USANA employees reviewed smaller shipping box options, alternative shipping fill, and reduced product packaging

### Project Type

This was a Core Project category initiative, targeting reduction of solid waste from packaging and shipping materials sent to customers.

### Environmental Benefit

The project reduced the total landfilled waste generated by our sales of USANA products. Though it only represents an insignificant fraction of total landfilled waste in the state, we believe that marginal environmental improvements are better than none at all. In the context of this marginal improvement, we believe that a reduction of total waste (landfilled and recycled) also has an impact on air quality issues associated energy used to transport and recycle waste materials.

We note that during this period, we also eliminated the use of our bleached shipping boxes, favoring boxes made of unbleached, brown kraft instead. This reduces effluent waste from bleaching at the site of the paper mill. Though this affects paper-producing states rather than Utah, we feel it is an important environmental benefit.

### Measurement and Monitoring

The targeted shipping and packaging materials we monitored were:

- Gusset bags for drink mixes, which replaced product canisters, eliminating 70% of packaging by weight
- Shipping fill air pouches (recyclable and biodegradable), which replaced paper shipping fill, eliminating 90% of fill material by weight
- Right-size shipping boxes, which replaced our "Box 5", eliminating 30% of the box material by weight
- Essentials Green unboxed vitamin and mineral product, which replaced our boxed Essentials™ product for customers who requested it (saving a 21 gram box with each purchase)
- Sensé Splash unboxed shower products (an addition to our original project proposal) (saved a 17 gram box with each purchase)

We measured our progress using three metrics:

1. Absolute reduction in shipping and packaging materials in 2010.

	Packaging saved (kg)	\$ saved
Gusset bag	64,816	\$243,749
Shipping fill	36,936	\$ 99,543
Right-size shipping boxes	15,633	\$ 28,418
Essentials Green	1,951	\$ 27,093
Sensé Splash	1,246	\$ 22,446
<b>Total</b>	<b>120,582</b>	<b>\$421,249</b>

2. Reduction in shipping and packaging materials used per total number of shipments.

	Packaging saved (g)	\$ saved
Gusset bag	58	\$ 0.22
Shipping fill	33	\$ 0.09
Right-size shipping boxes	14	\$ 0.03
Essentials Green	2	\$ 0.02
Sensé Splash	1	\$ 0.02
<b>Total</b>	<b>107</b>	<b>\$ 0.38</b>

In hindsight, this metric does not seem to have much heuristic value; none of the targeted packaging reductions applied universally to each order we shipped. In the future, we will not control for total number of shipments.

3. Reduction in shipping and packaging materials used per million dollars of revenue.

	Packaging saved (kg)	\$ saved
Gusset bag	137.9	\$ 518.61
Shipping fill	78.6	\$ 211.79
Right-size shipping boxes	33.6	\$ 60.46
Essentials Green	4.2	\$ 57.64
Sensé Splash	2.7	\$ 47.76
<b>Total</b>	<b>257</b>	<b>\$ 896.27</b>

This metric also appears clumsy in hindsight. Controlling for revenue would allow us to compare with other companies or with future packaging reduction initiatives, but it does little to gauge our effectiveness now.

**Indicators**

Targeted Indicator: Difference in total tons of targeted shipping and packaging materials purchased

Targeted and Annual reduction: 42,000 kg

Target year to reach this goal: 2009

Actual reduction (2010): 120,582 kg

Year achieved: 2010 (as our project was accepted at the start of 2010, we updated our target date accordingly)

265 838 lbs

133 tons

\$ 421,249

**Public Participation**

USANA's public participation element included multiple strategies. Customers received smaller, "right-sized" packaging on their smallest volume orders. Customers received USANA shower products without the box in 2010. Customers also had the opportunity to select a box-free alternative on our flagship product. We further explained our reasoning in an [online blog posting](#) and [YouTube video](#).

## ENERGY CONSERVATION INITIATIVE

### Introduction

USANA's energy conservation initiative targeted electricity use as our most significant source of greenhouse gas and other air pollution. To accomplish a reduction in electricity use, we audited our use at our corporate headquarters. Based on the results of that audit, we upgraded our lighting fixtures facility-wide and redesigned our compressed air system in the second half of 2009.

### Project Type

This initiative falls under the Suggested Project category for energy conservation through building efficiency measures.

### Environmental Benefit

Energy use is associated with clear, established environmental impacts. Our goal in reducing our energy use was to eliminate the emission of greenhouse gases, particulate matter, and smog-forming pollutants.

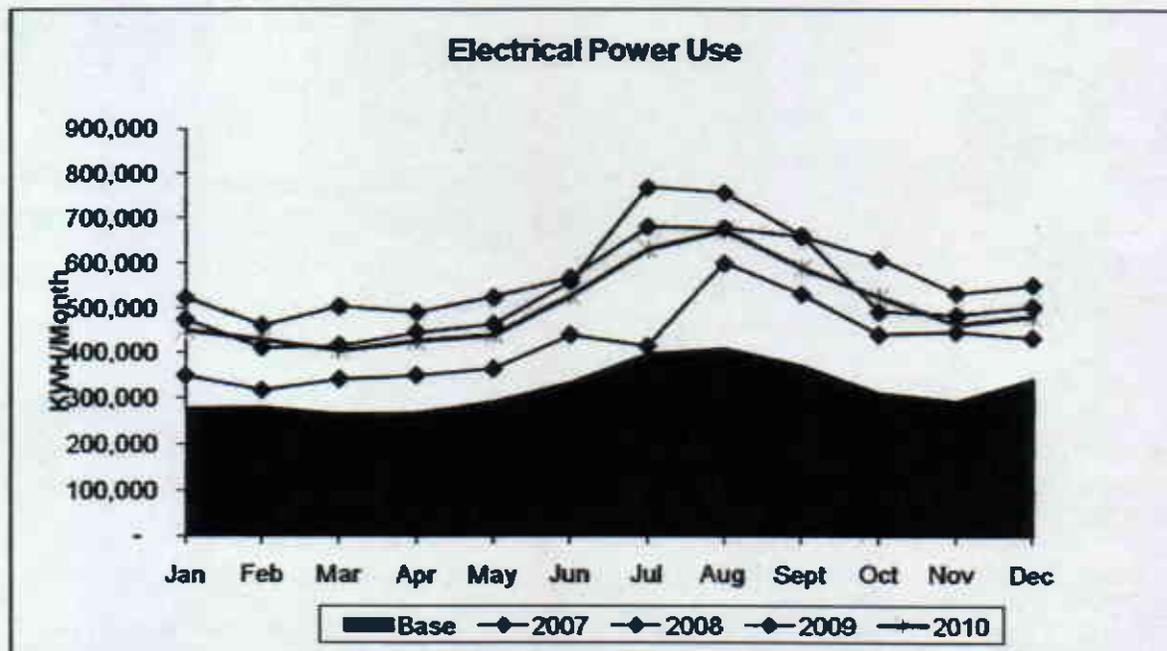
### Measurement and Monitoring

We measured our electricity use on the facility level using utility bills. Those bills show an initial decrease in electricity consumption in July of 2009 when we began our upgrades. We completed the upgrades in December of 2009, making 2010 our test year for the effectiveness of the upgrade.

### Indicators

Targeted Indicator: Annual facility kWh use  
 Baseline year: 2008  
 Baseline total: 6,645,140 kWh  
 Targeted and annual reduction: 664,514 kWh  
 Actual reduction (2010): 613,217 kWh (92% of goal)  
 Amount saved: \$40,066

613,217 kWh



**Public Participation**

USANA shared its progress in energy-savings with attendees at the company's 2010 annual convention. We described to customers our efforts at a presenter's booth along the main concourse of the convention.

## PACKAGING INITIATIVE

### **Introduction**

At USANA, we intend to continue with our initiative to reduce extraneous packaging on our products. In 2010, our customers had the opportunity to purchase our flagship product, the Essentials, without its customary box. Customers increasingly chose this "Essentials Green" option such that at the end of the year, 28% of all our Essentials sales were for the version without the box. Our goal is to increase that adoption rate to 60% by the end of 2012, saving a further 4 tons a year of packaging material.

To accomplish this, USANA's environmental management team will create new marketing materials and/or incentives to promote the adoption of Essentials Green. This entails multiple approaches, including upselling by our customer service representatives, messaging on USANA's online portal for distributors, the creation of sales tools that further promote "green" as part of the USANA image, and (pending approval) the creation of some kind of customer incentive system for choosing Essentials Green.

As a related element of this goal, we also intend to hire a packaging engineer to help us to further reduce the amount of packaging we use across our line. More information on this element of our goal will be included in our January, 2012 update.

### **Project Type**

This initiative falls under the Core Project category of solid waste reduction through the reduction in packaging and shipping materials sent to customers.

### **Environmental Benefit**

The project will reduce the total landfilled waste generated by our sales of USANA products. Though our intended reduction only represents a small fraction of total landfilled waste in the state, we believe that marginal environmental improvements are a significant starting place. Furthermore, we believe that a reduction of total waste (landfilled and recycled) also has an impact on air quality issues associated with the energy used to transport and recycle waste materials. As Essentials is our flagship product, packaging reductions on this product will have the most significant effect of any single packaging reduction effort. Utah's environment will directly benefit from the reduction in wastes generated by the hundreds of thousands of orders placed by our Utah customers during a year.

### **Measurement and Monitoring**

Our progress will be measured by one simple metric: sales of Essentials Green. We will watch our sales data monthly to verify that adoption of Essentials Green is rising. Since each sale represents 21 grams of paper packaging that was

eliminated, we will be able to measure our progress toward our goal of 4 additional tons of packaging reductions.

### Indicators

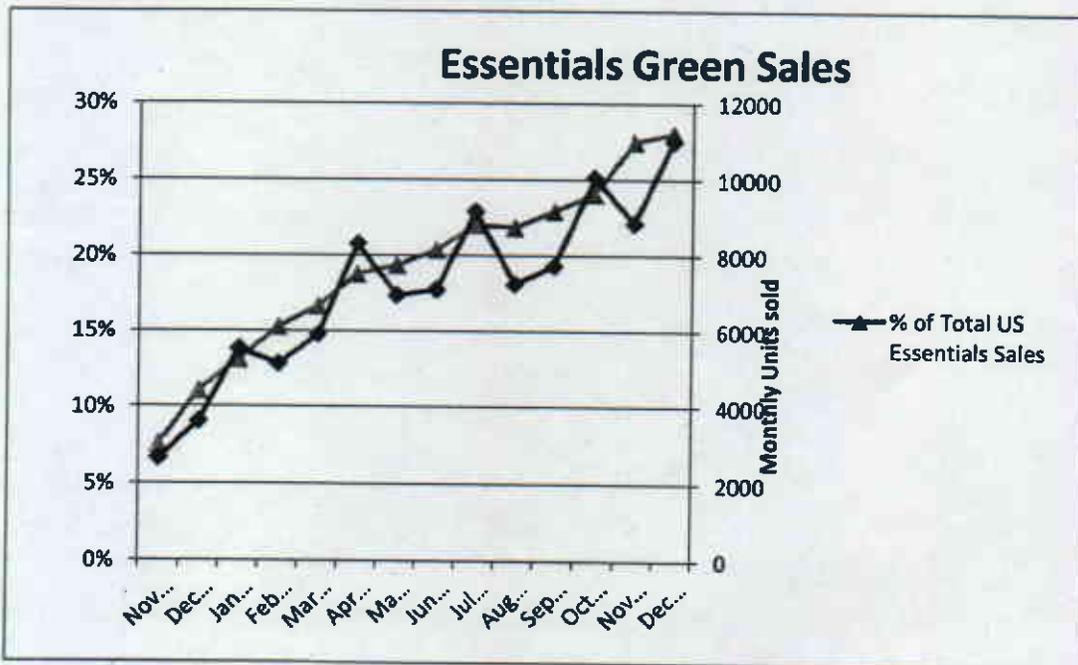
Targeted Indicator: Metric tons saved from sales of Essentials Green

Baseline year: 2010

Baseline total reduction: 1.951 Metric tons

Targeted and Annual reduction: 6 Metric tons

Target year to reach this goal: 2012



### Public Participation

Public participation is the crux of this goal; we want our customers to voluntarily select the boxless option for our flagship product. Consequently, USANA's public participation element will involve all of the aforementioned strategies. We will also include a blog posting and face-to-face messaging at our annual convention.

## ENERGY CONSERVATION INITIATIVE

### Introduction

USANA's energy conservation initiative targets our electricity use as our most significant source of greenhouse gas and other air pollution. While no regulations currently apply to USANA with respect to its indirect generation of these pollutants, the opportunity to reduce our demand for electricity will have a clear impact on the environment. We will continue to focus on reducing our electricity use in 2011 and 2012 with the intent to reduce our total kilowatt-hours used by 5% relative to 2010.

To accomplish this, USANA's environmental management team will focus on the use of workstations and conference rooms. We will develop an online training on workstation power settings and administer the training to all employees. Furthermore, we will address the central update procedures for our corporate office workstations and change the update and maintenance schedule from night to daytime so that employees no longer need to leave their computers on overnight. We will also train on and remind employees through multiple methods to turn off conference room lights and equipment at the end of a meeting.

### Project Type

This initiative falls under the Suggested Project category for energy conservation through employee efficiency measures.

### Environmental Benefit

Energy use is one of our key environmental aspects. According to our Climate Registry carbon footprints for 2008-2010, electricity use was our largest generator of greenhouse gases. Reductions in our electricity use will have a significant impact on the amount of pollution we generate as a company and on the environment of our Utah community.

### Measurement and Monitoring

Our baseline for electricity use will be on the facility level. We will use our utility bill to gauge the effectiveness of our interventions on a monthly basis in comparison to 2010.

### Indicators

Targeted Indicator: Annual facility kWh use  
Baseline year: 2010  
Baseline total: 6,032,022 kWh  
Targeted reduction: 301,601 kWh  
Annual reduction: 301,601 kWh  
Target year to reach this goal: 2012

**Public Participation**

As with our core goal, public participation is the key to our success. In this case, the public behavior we are attempting to change is employee behavior. Our trainings and reminders will be targeted at USANA employees. The general, non-employee public will also hear of our efforts through a blog posting and face-to-face messaging at our annual convention.