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Utah Department of Environmental Quality
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Annual Report

For the period of 2011

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

FEB. 102 / 2012

Date

STAN BROWN

Print Name

DIRECTOR OF FACILITIES

Title

PACKAGING INITIATIVE

Introduction

At USANA, we intend to continue with our initiative to reduce extraneous packaging and shipping material from our products and our operations. When designing this initiative in early 2011, we identified the Essentials Green program as a key way to do so. In 2012, we are adding a second prong to this initiative in the form of shipper elimination.

Essentials Green

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 2010, 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 date, we are at 32% of total sales and 2.7 tons of packaging saved—a modest improvement.

To reach our goal, USANA's environmental management team will collaborate with the Research & Development and Marketing departments to investigate switching all current US subscribers to Essentials Green as a default, while still allowing them to switch back to the boxed version if desired.

We had planned to hire a packaging engineer to help us to further reduce the amount of packaging we use across our line, but this position was not approved.

Shipper Elimination

As our goal is measured in metric tons of packaging saved, we felt it appropriate to add our shipper elimination effort to this initiative. While it does not reduce the amount of Essentials boxes used, it does reduce corrugated cardboard purchased and disposed of by USANA. We discovered that our suppliers send us packaging materials in corrugated shipper boxes that would work very well for our shipments of finished goods to USANA warehouses in other markets. By repurposing these boxes as finished goods shippers, and by eliminating the use of shippers altogether where pallet wrap will suffice, we anticipate eliminating the need for 16,235 boxes a year, well surpassing our goal for a 6 ton annual reduction by 2012.

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 solid waste generated by our operations and 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. Utah's environment will directly benefit from the reduction in wastes generated by USANA's packaging operations and the hundreds of thousands of orders placed by our Utah customers during a year.

Measurement and Monitoring

Our progress will be measured in terms of metric tons through three metrics:

- Essentials Green sales, representing 21 grams of paper packaging that was eliminated per sale
- The number of repurposed shippers used, tracked by our packaging manager, and representing a specialized shipper not purchased, weighing an as-yet undetermined amount.
- The number of boxes not used on a "wrap-only" pallet of finished goods, as tracked by our packaging manager, representing the same specialized shipper not purchased.

Indicators

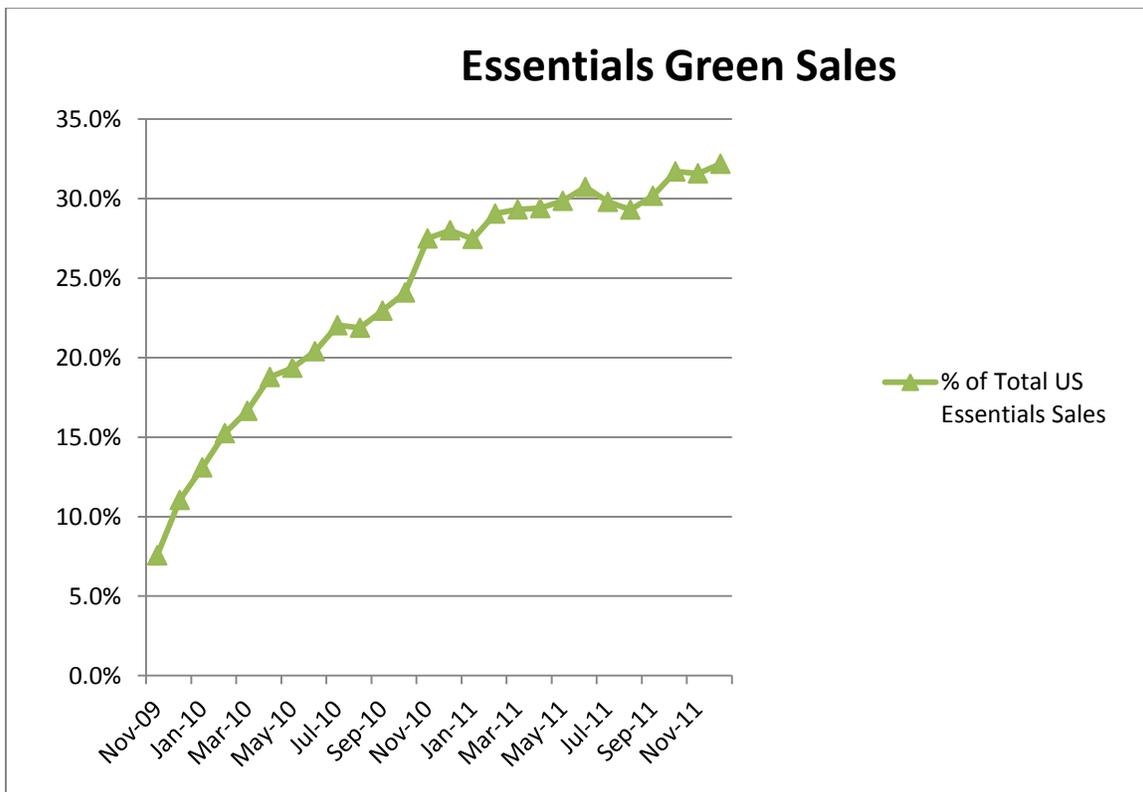
Targeted Indicator: Metric tons saved

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 crucial; we want our customers to accept our switch to a no-box option without alienating the customers or having them switch back to the boxed form, and that will require outreach. In 2011, we posted¹ to our corporate blog about the Essentials Green, inviting customers to participate. We also highlighted Essentials Green in the office tour of our facility during our August international convention. We will continue with these two strategies.

¹ <http://whatsupusana.com/2011/07/essentials-green-keep-the-essentials%C2%AE-skip-the-box/>

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 grid-supplied 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 both facility and behavior changes. The first major facility change is the relocation of USANA's skin and body care product manufacturing to our main, corporate facility, eliminating our use of a separate facility in Draper. We anticipate a reduction in overall energy use between the two sites since the new manufacturing line was built in space that was already conditioned in USANA's Phase 3 warehouse. Eliminating the Draper location should eliminate the need for a significant amount of space heating and cooling. The relocation was completed in August, 2011, but we will continue to sublease the Draper facility until early February, 2012.

The second major facility change is the December 2011 addition of 146.8 kilowatts of photovoltaic arrays on USANA's Phase 3 warehouse. This system complements the 34.8 kilowatt system we installed in 2008, bringing our total system rating to 181.6 kilowatts. While we consider the original photovoltaic installation as part of our baseline, we believe the additional photovoltaic generation will offset the need for 188,000 kilowatt hours.

The third facility change is the installation of tinted window film to reduce solar gain in the summer. We have already installed test pieces in our Phase 1 office and intend to complete the western and southern face of the Phase 1 portion of our office building in 2012.

The first behavior change we are seeking relates specifically to the use of workstations. We will have linked an online training on workstation power settings to our employee page for the USANA Green initiative. We have also developed an option for employees that will allow them to have their computers updated automatically during the day. By default, these updates happen at night, preventing employees from turning the computers off at night to save energy. We will announce the training and the daytime update option by e-mail to all employees and invite them to take advantage of them.

The second behavior change we are seeking is the turning off of office, conference room, and personal lights and other equipment when the equipment is not in use. To accomplish this, we will seek the opportunity to put small reminders on the conference room computers and light switches. We will also calculate the possible savings and send a brief email highlighting the savings possibilities and inviting employees to participate.

Project Type

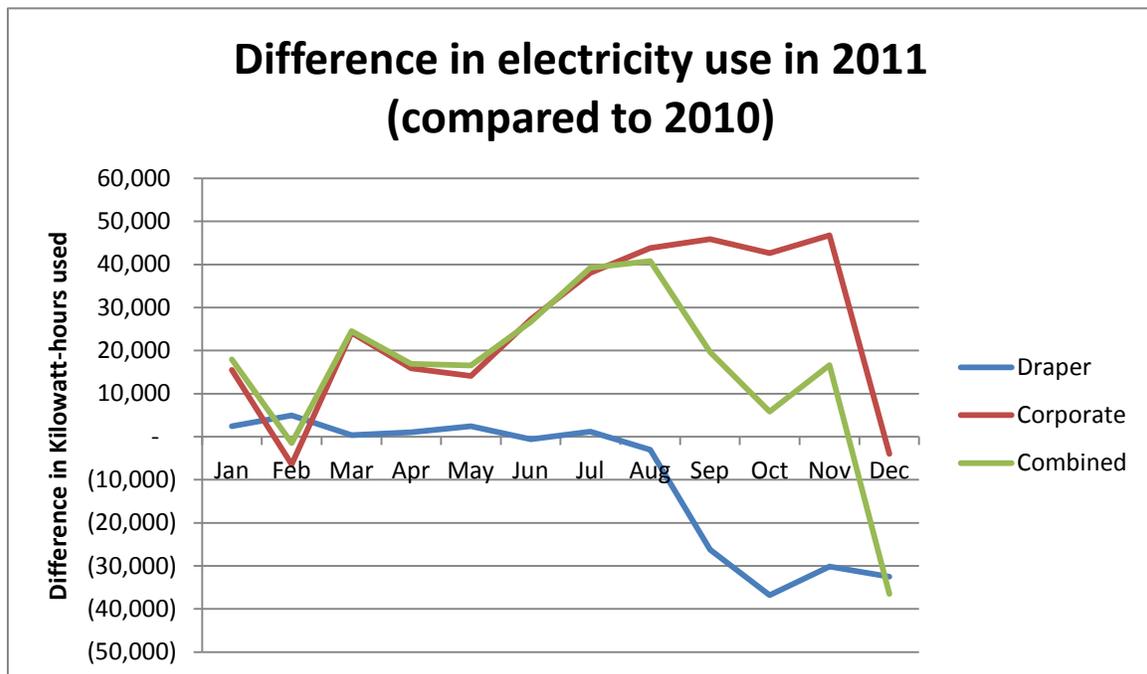
This initiative falls under the Suggested Project category for energy conservation through employee efficiency measures.

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 is on the facility level, but it includes both our corporate and Draper facilities. We use our utility bills to gauge the effectiveness of our interventions on a monthly basis in comparison to 2010. Our progress thus far has been disappointing, with our total electricity use at the two facilities higher in 2011 than 2010 by 186,818 kWh. This may be attributable to extra power use during construction of the corporate skin/hair care product area and our solar array. The significant increase in consumption relative to 2010 at the corporate facility corresponds with these two construction projects.



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, crucial public involvement will be employee involvement. Other public involvement has included (and will include) blog posts¹, press releases, and messaging at our International Convention in August.

¹ <http://whatsupusana.com/2011/12/usana-green-large-scale-solar-panel-project-completed/>