

sustainability through **reprocessing**

stryker[®]

Sustainability Solutions

Internal Sustainability Report

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The healthcare industry is one of the largest contributors to landfill waste in the United States. Inside our nation's medical facilities, operating rooms contribute approximately one third of all waste from each facility.

Our focus is simple: helping our customers become healthier hospitals and health systems. For healthcare organizations that have chosen us as their supplier, we begin our relationship with the foundational mantra that patient safety matters first and foremost. We offer medical devices that are FDA-cleared, safe and substantially equivalent to the original manufacturer (OM) device.

Healthy hospitals pursue initiatives, such as our reprocessing and remanufacturing programs, that improve their financial performance and reduce their impact on the environment—without sacrificing the quality of patient care they deliver. We offer reprocessing and remanufacturing services in three primary supply categories: Surgical, Vascular, and Non-invasive.

Our business model is centered on delivering sustainability solutions to our healthcare customers. Each year, we aim to expand our range of reprocessed and remanufactured products offered to our customers, providing them with a greater breadth of options for reducing their environmental footprint and improving financial performance. We also continuously introduce new initiatives within our organization that render us a healthier supplier of devices and services, a world-class employer, and a role model organization within our local community. While we know that we still have work to do, this Internal Sustainability Report is

intended to document the efforts that we have made, the results we have achieved, and the goals we are striving to attain each year.

Our Products

Our engineering and production teams are constantly pushed to investigate solutions that will reduce our environmental impact. The following examples demonstrate our commitment to preserving resources and minimizing our environmental impact in connection with our manufacturing operations and introduction of new products:



- Our Engineering Environmental Stewardship policy requires the cleaning agents we use to be free from bio-accumulative and/or toxic chemicals, or any volatile organic compounds. Our engineers are

instructed to utilize green chemicals that are EPA-approved and are biodegradable whenever possible.

- Sustaining engineering is constantly looking for ways to reduce electricity and water consumption throughout manufacturing processes.
- Our Restep DVT Solution products are unique in the industry—these devices do not contain PVC (a plastic that produces dioxins during both manufacture and disposal).
- Our Restep DVT Solution is also unique because offers the smallest portable DVT pump in the industry. The pump's small size allows for easy disassembly of the products at the end of their useful lives. Steel, plastic and other components are easily separated for recycling.

In 2011, as part of the project to re-brand our company from Ascent to Stryker Sustainability Solutions, we ensured that all of our shelf cartons (corrugate and SBS) were printed with soy-based ink instead of toxic ink alternatives. All of our packaging is in various stages of improvement; such as blister packs instead of styrofoam cushioning and using recycled materials in shipping boxes. Specific examples include:

- We are in the process of changing our Universal Catheter Trays (UCT) in existing products from polystyrene (a plastic that is not easily recyclable) to the highly recyclable plastic PETG.
- Our new Product Packaging Team has received national recognition and awards for designing packaging that uses less plastic than that of other OM devices. 2012 will be packaged in PETG trays.
- We are exploring an alternative for foam used in EP catheter return packaging to a material that is recyclable.

We installed a water system to recycle all of the rinse water used in our High Level Disinfectant (HLD) process for our DVT sleeve reprocessing operation. We also recycle all cardboard and metals, and offer a platinum rebate program

to our healthcare partners, which is designed to recover the precious metals found in some medical devices. Through our relationship with Metalor US Refining Corporation, we have been able to divert metals from landfills and pass along the residual value back to our customers. We work together with a variety of organizations to implement recycling efforts as an attempt to reduce the amount of waste being disposed to various landfills. All products that are sent to us by customers but cannot be reprocessed are broken down to metals and plastics, and subsequently sent away for recycling.

Greening the Supply Chain

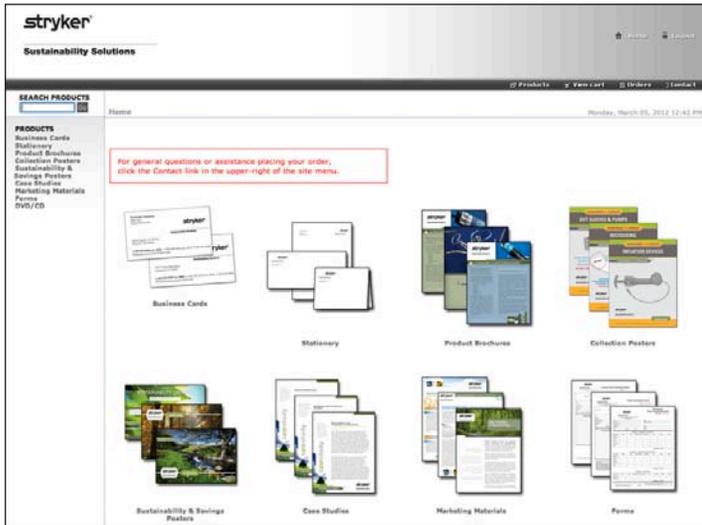


Historically, the majority of our transactions were manual, including purchase orders (POs), purchase order acknowledgements (POAs), shipping notices, and invoices. This lack of automation not only increased the likelihood for purchasing and invoicing errors, but also required us to consume vast amounts of paper.

As a solution, we leveraged our existing partnership with GHX (a technology company that enables supply chain efficiencies) to provide our customers with an e-commerce platform. Through this platform, our customers can now process a full suite of transactions, including POs, POAs, advance ship notices, invoices and price catalogs electronically. GHX serves as a bridge between Stryker and its customers, consolidating various electronic document formats submitted by customers into a single electronic data interchange (EDI) channel. Today, our transactions are virtually paperless, reducing waste by the elimination of documents previously used to facilitate procurement transactions.

Green Business Practices

As a sustainability-focused organization, we recognize the importance of minimizing the resources we consume to reduce our overall environmental footprint. Historically, all of our customer-facing marketing material, such as posters, brochures, and case studies have been printed on paper and left behind with customers.



To reduce paper consumption and the use of other consumables, we launched our “Print-on-Demand” website in the third quarter of 2011. This website has reduced our inventory of marketing materials and encourages our employees to minimize the amount of printed material they order. Many employees are now using iPads to display traditional print material electronically rather than leaving behind stacks of paper. Ultimately, our goal is to equip our sales force with tablet computers, such as iPads, to further reduce the amount of paper we consume as an organization.



Traditionally, some of our hospital customers have been transported via plane or bus to our Phoenix, Arizona and Lakeland, Florida locations to tour our production facilities. These in-depth, personal tours are one of our most effective educational tools, which enable administrative

and clinical staff to fully understand the science behind reprocessing single-use medical devices (SUDs). In 2012, we plan to execute a number of initiatives that will also help reduce our carbon footprint, such as “video tours.” Our new suite of videos for 2012 will aim to supplement in-person tours, thus reducing the number of people consuming fossil fuels to visit our production facilities.

In our new Tempe headquarters facility, we recycle paper, plastics, aluminum and glass through the Center for the Blind, and also recycle cardboard boxes and toner cartridges. We are looking into expanding the program to include fluorescent lamps and batteries. Several energy-saving measures have been executed, such as a site-wide computer controlled energy management system that controls our 40 air conditioners. We have also installed vinyl curtains and brush sealing solutions on our 12-foot bay doors and are replacing our old air conditioning units with new, more efficient systems at a rate of two per year. We have replaced incandescent lamps with compact fluorescent lights (CFLs) where possible and we have skylights in the processing areas that provide natural light.

We replaced all high-pressure sodium (HPS) and T-12 light fixtures with T-5 and T-8 fixtures, which has reduced energy consumption by 65%. Occupancy sensors in the large office areas and motion detectors in offices and conference rooms have been installed. In our facilities, we are installing new, 7-day programmable thermostats, replacing 3-lamp direct lighting fixtures with 2-lamp indirect fixtures, adding solar tinting on windows, implementing a paper, plastic, and aluminum recycling program, and installing brush seals on our 10-foot bay doors. Our HVAC ducts have been sealed at the joints and completely insulated, optimizing energy for airflow. We consistently analyze our production facilities and identify methods that will render them more efficient.

Helping Hospitals Expand Green Programs

A significant amount of waste ends up in the medical waste stream that doesn't meet the criteria for medical waste, such as paper, blue wrap, gloves and regular trash. Unfortunately, when this occurs, it's not only damaging to the environment, it increases unnecessary spending to the hospitals bottom line.

Many hospital employees want to participate and help advance their facility's sustainability initiatives, but need to know how and need to be encouraged by hospital leadership. Our representatives regularly participate in hospital Sustainability Green Team activities such as green fairs, Earth Day events and team meetings. We share initiatives that other hospitals across the country are implementing such as recycling blue wrap, plastic, cardboard and paper products. Our representatives also promote waste savings results achieved through reprocessing with hospital staff through newsletters and educational in-services.



We believe that each person within the healthcare setting has the power and ability to create change, and we are committed to helping our hospital customers expand their sustainability/green efforts beyond reprocessing.

Humanitarian Efforts



Millions of dollars worth of medical supplies are wasted every year in the U.S. healthcare system because unused instruments or devices are thrown away. A number of organizations such as Project C.U.R.E. and Esperanza, capture such devices to support US and international disaster relief as well as help ill-equipped, rural hospitals in developing countries to improve their quality of care. Medical devices are collected and packaged in large containers, then shipped to impoverished nations worldwide along with volunteer teams of physicians and nurses who put their skills and their dedication to work in an effort to deliver much needed healthcare.

We believe that getting the most out of our healthcare resources—and truly dedicating our efforts to extend healthcare to all that need it—involves an obligation to look beyond domestic healthcare. There are safe, quality medical instruments and devices that can help save or improve the lives of people in Bolivia, Nicaragua, Nepal or Burundi.

We work with organizations such as Project C.U.R.E. and Esperanza to ensure that all usable devices we collect are put to use and rarely wasted. Every year, we donate substantial amounts of medical devices to healthcare efforts in developing countries and we have been recognized as Esperanza's largest contributor of medical supplies.

Participation and Sponsorship in Healthcare Sustainability Conferences and National Initiatives

As leaders in the delivery of smart healthcare resource solutions, we believe in the importance



**PRACTICE
Greenhealth™**

of sponsoring and participating in important healthcare sustainability initiatives and conferences. We are members of Practice Greenhealth, an organization that provides practical guidance, training, consultation, and business solutions to help its members in their efforts to implement environmentally responsible practices in the healthcare sector. As members, we play an important role in supporting initiatives such as Greening the Operating Room and Greening the Supply Chain.

The Greening the Operating Room Initiative is a collaborative effort to envision what the green operating room of the future might look like, and what kinds of products, programs and best management practices hospitals can focus on as a means of getting there. The Greening the Operating Room Initiative focuses on providing the data, tools and resources necessary to substantiate these best practices as a critical step to widespread adoption across the sector.

The Greening the Supply Chain Initiative engages businesses in meeting the emerging demand for more environmentally preferable purchasing (EPP) practices for products within healthcare facilities, GPOs and in the marketplace. The Greening the Supply Chain Initiative

aims to provide a set of common tools for purchasers, suppliers and manufacturers to ensure environmentally preferable products are available, cost-competitive and in demand as the industry invariably shifts toward more environmentally and fiscally responsible purchasing systems.

We are also advocates and sponsors of the annual CleanMed conference presented by Health Care Without Harm and Practice Greenhealth. CleanMed is a place where leaders and key decision makers from across the industry come together from around the world to share best practices and keep up on current healthcare sustainability trends.

Employee Well-Being

At Stryker Sustainability Solutions, we value employee well-being and strive to offer our employees programs and incentives to improve their lives. Currently, we offer an on-site Weight Watchers at Work program. Conducting meetings on-site combines the advantage of group support and the convenience of location. To further encourage healthy lifestyles, we're exploring the possibility of providing discounted gym memberships to employees, as well as the possibility of building an on-site fitness center. We also have on-site shower facilities for employees who exercise on their commute into work or during their breaks and would like to shower afterwards.

Flexible work schedules are also part of our culture. Many of our production roles have a second evening shift and employees are often able to switch shifts to meet the needs of their personal lives. Moving forward, we are considering alternate work schedules to allow for more flexibility in the



workplace and to better optimize work-life balance for all employees. Additionally, our buildings have private rooms for nursing mothers.

In 2012, our company's health plan will provide employees an on-site biometric screening every January and February at no cost. Employees can enter their screening information in their online wellness profiles and track their health progress throughout the year. The wellness screening consists of cholesterol, body mass index, and body fat testing. Nurses are hired to discuss the results with the employee in a confidential setting.

Volunteer Activities and Charities



We enjoy giving back to our community through various employee volunteer activities and charity events. Each holiday season we participate in the Angel Tree, which reaches out to underprivileged children and their families in our local communities. During the holiday season we also host a food drive for St. Mary's Food Bank to help feed those in need.

In February of 2011, our company participated in the American Heart Association's Heart Walk and raised approximately \$8,000 for heart disease research. This fund raiser was important to us not only because heart disease affects some of our employees and their families, but also because we sell products that help physicians improve patients' cardiovascular health. We also participated in the Making Strides Against Breast Cancer Walk in October 2011 and

raised approximately \$1,000 for the cause. We will continue to look for meaningful ways to contribute to our community through volunteer activities and charity events.

Since 2003, we have been a Corporate Sponsor of the American Cancer Society's Relay For Life and have won "Best Team Participation" each year. For the Relay, we build a family-friendly themed campsite and our associates commit to walking the Relay for a full 18 hours as well as onsite fund-raising at the campsite. We don't seek external donations for this event; all money raised is from staff within our Stryker family. For the past two years, we donated more than \$15,000 to the American Cancer Society to help fund research, education, and Camp Rock and Hope Lodge—organizations that provide free lodging to cancer patients who must travel away from home for treatment.

Since 2002, we have volunteered with Volunteers in Service to the Elderly (VISTE) by delivering fully cooked Thanksgiving dinners to housebound or indigent seniors. This is a Stryker Sustainability family event and most of our volunteers bring their children to deliver the meals and visit with seniors. In 2011, we proudly delivered 78 Thanksgiving meals. Other charitable activities we regularly participate in are:

- Caroling and gift delivery to Alzheimer's patients at Hawthorne Inn, an assisted living facility
- "Stuff the Bus," which provides school supplies to underprivileged students
- Quarterly blood drives

TRIP **R E D U C T I O N** PLAN

We participate in Maricopa County's Trip Reduction Plan. To develop this program, we partnered with Valley Metro to help us create an effective Trip Reduction Plan that reduces our single occupancy (SOV) rate, which will ultimately reduce the amount of pollution in our air caused by vehicle emissions. As an incentive, for each day an employee carools or uses an alternate mode of transportation, they can enter their name in a quarterly drawing for a \$50 award.

We are in the process of developing an online tool that employees can use to locate coworkers interested

in carpooling, or even neighbors who work close to them. The Trip Reduction Plan is an ongoing program and we will continue to introduce new incentives to eventually reach our goal of a company-wide 60% SOV rate.

Several of our departments allow their employees to telecommute, which also helps us reduce our organization's carbon footprint. We plan to increase the amount of employees who telecommute based on business needs. In 2012, we will have on-site bike racks for our employees to encourage bicycling to work.

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Moving Forward

At Stryker Sustainability Solutions, we recognize that true sustainability is a journey, for both our healthcare customers and us. We are committed to making incremental improvements—monthly and annually—in the ways in which we manage resources and impact the environment. For additional information on these efforts, please send us an email by visiting: <http://sustainability.stryker.com/contact/contact>