

**Charter for Change: Stryker's Journey Towards Sustainability**

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## Executive Summary

With 86% of FORTUNE 500 companies having an established sustainability report published in 2018, it was surprising to find out that Stryker, a global medical device manufacturer, did not have a sustainability strategy in place (Governance & Accountability Institute, n.d.). Stryker's Sustainability Solutions division, a smaller entity of the larger Stryker corporation, reprocesses and remanufactures single-use medical devices (SUDs). Reprocessing is the practice of inspecting, cleaning, function testing, sterilizing, and packaging SUDs so that they can be clinically and safely used again. Being the division focused on sustainability initiatives, it made sense for this division to pilot a holistic sustainability strategy that had thoughtful environmental goals for the organization to achieve by 2025.

To begin on its sustainability journey, Stryker's Sustainability Solutions needed to approach it through a systems perspective that wove sustainability into every department of the organization so it would embed itself into the culture. A sustainability charter was developed to outline goals for the organization and be a north star when it comes to a sustainability strategy. The charter allows Stryker to keep up with competitors in the marketplace and use it to recruit and retain top talent. Additionally, customers of Stryker had recently been inquiring about what Stryker was doing to not only deliver quality products but better the communities and world it serves.

The sustainability charter for Stryker covers three focus areas of resource efficiencies, process improvement, and people development. The resource efficiency section of the charter outlines goals to reduce water, chemical, waste, and energy usage. The process improvement focus area looks at how the organization runs its internal processes and suggests goals to be implemented around the supply chain and new product development. The people development

section emphasis the importance of education and awareness around sustainability to engage the entire workforce. Gaining top-down approvals from the c-suit was essential for the execution and implementation of a sustainability strategy. Without their support, the charter would not succeed and make an impact for the organization.

This paper explores the journey, tactics, and tools needed to implement a sustainability strategy and can be applied to other companies and organizations.

Stryker's Sustainability Solutions (Stryker), is a reprocessor and remanufacturer of single-use medical devices (SUDs). Reprocessing is the practice of inspecting, cleaning, function testing, sterilizing, and packaging SUDs so that they can be clinically and safely used again. Stryker collects devices from hospitals that have been marked by the original equipment manufacturer as "single-use", reprocess them at their facility, and then sells them back to the hospitals at a fraction of the price. Reprocessing gives additional life to SUDs that would otherwise end up in local landfills while also providing hospitals with significant cost savings that they can reinvest into patient care initiatives. Last year, Stryker saved customers \$375.6M and diverted 13.4M lbs. of waste from the landfill (Home, n.d.).

To the larger Stryker corporation, Stryker's Sustainability Solutions division plays a significant role in the overall corporate responsibility strategy. Oftentimes, the CEO will refer to the Sustainability Solutions division as the "goodwill" of Stryker. With this heightened sense of responsibility, the Sustainability Solutions division should look to enhance its corporate social responsibility (CSR) strategy beyond reprocessing and implement sustainable strategies into everyday business operations. According to Willard, "within the last three years there has been growing evidence that a company's sustainability image is important in the B2B sector" (2012). Customers are increasingly asking Stryker about their internal sustainability initiatives. They are seeing questions that address sustainability in hospital's Requests for Proposals (RFPs). For example, Kaiser Permanente, a thought leader in healthcare, created an Environmental Preferred Purchasing (EPP) Standard that it asks all of its vendors to complete (Kaiser Permanente, 2017). This standard asks questions about the chemicals and waste of the products that Stryker is not currently prepared to answer (Kaiser Permanente, 2017). They have also seen other health systems follow Kaiser's lead and have adopted a similar version of their EPP standard. Beyond

EPP, customers continually asked Stryker Sales Representatives what they do with the devices that cannot be reprocessed anymore and what are some of the sustainability initiatives they are working towards. Many times, Sustainability Directors at large health systems will ask Stryker for the Corporate Sustainability report which Stryker does not produce currently. Stryker did not have a sustainability agenda, goals, or report in place that could help answer some of these tough questions that their customers are asking.

Understanding the current environmental landscape of Stryker was crucial to deciding what sustainability initiatives to proceed with. Knowing that Stryker promotes environmental sustainability as one of the benefits of reprocessing while they internally had no sustainability strategy was a glaring gap that needed to be addressed. Sales Representatives at the organization tout to customers the environmental benefits of reprocessing, yet the Representatives had nothing to offer the customers about the environmental practices that were ongoing in the operations of the business. This coupled with the fact that within the B2B sector and specifically within healthcare, there is a growing importance for sustainable vendors which led to the realization that Stryker needed a comprehensive overall sustainability strategy that allowed the organization to live up to its mission.

The mission of Stryker is to be the leading provider of sustainable solutions to the global healthcare market. The company focuses on and values providing financial sustainability, patient care sustainability, and environmental sustainability to customers to deliver on this mission. The mission of Stryker should remain the same, but the tactics and commitments to achieve the mission should change to incorporate more comprehensive CSR strategies. Stryker should focus on delivering more than one sustainable solution, reprocessing, to healthcare as well as look holistically at the way the business operates. Concentrating on material, long-term, and multi-

beneficial strategies will allow Stryker to increase the impact that its CSR program has on the organization and key stakeholders. Once this was unveiled, the next step was to come up with a solution.

Through creating and implementing a cohesive sustainability charter that uses sustainability as a strategic lens for business decisions, Stryker was able to address the material environmental impacts while increasing the financial value of the organization. The charter allowed Stryker to weave sustainability into its everyday business decisions and DNA of the organization by focusing on three areas: optimizing efficiencies, process improvement, and people development. According to *The Journal of Business Strategy*, “sustainability efforts have not been as productive as they could be, in part because management teams often fail to connect sustainability to business strategy” (Galpin & Whittington, 2012). Through the sustainability charter, Stryker aligned with all three strategic imperatives of innovation, sustainability, and customer-focus and connected directly to the overall strategy. Stryker committed to achieving the environmental goals laid out in the charter by 2025 that include people, planet, and profit initiatives such as:

1. Resource efficiencies:

- Reduce energy demand by 25%
- Reduce water consumption by 25%
- Reduce waste stream by 25%
- Reduce chemical usage by 25%
- Purchase 25% of energy from renewable sources
- Divert 100% of end of life products from the landfill

2. Process improvement

- Reduce emissions from shipping and transportation by 25%
- Source 25% of materials and supplies from sustainability-minded suppliers
- Vet 80% of direct suppliers through a sustainability assessment
- Develop new products that align with an internal sustainability scorecard
- Reduce and improve all new product packaging compared to the original equipment manufacturer.

### 3. People development

- Provide 100% of employees sustainability training
- Improve environmental health and wellness of employees by 25%
- Increase the procurement of local and/or organic products by 25%

As part of Kotter's eight steps for leading change, he recommends creating a vision, communicating the vision, and empowering others to act on the vision (Estrada, n.d.). Establishing a thoughtful and meaningful vision for the sustainability charter allowed the organization to rally behind it. The vision for the charter was to create a culture of sustainability centered around protecting future generations. This gave the project its WHY, and people connected to it easily.

After identifying the need for a strategy and sustainability charter these steps allowed for the successful implementation of the initiative:

- **Research.** A critical step in the foundation of the sustainability charter was understanding the healthcare industry and what other competitors were doing in the sustainability space. Benchmarking against Johnson & Johnson, a leader in sustainability in healthcare since the early 90s and others provided a sound basis for

the charter. Developing goals that were both ambitious yet achievable was essential to developing the charter. Additional research was conducted on the feasibility of implementing sustainability charters at manufacturing organizations and understanding what would be realistic for an organization the size of Stryker. Understanding what issues were material for the industry proved to be a good basis for the goals and ensured that they would make the biggest impact. According to the Sustainability Accounting Standards Board (SASB), the material issues for healthcare manufacturers are energy, water, waste, chemicals, supply chain, and emissions (Lavigne-Delville, 2017). Understanding what Stryker should focus on led to the development of the charter.

- **Creating the charter.** Having worked with a Sustainability consultant previously, I contacted them and asked for help developing a charter for the organization. After understanding Stryker's needs and wants, we were able to work collaboratively and outline the basis of the charter with year one recommendations for completing the goals. It was important to make sure the environmental goals in the charter were science-based and feasible for the organization to achieve. Throughout the processing of creating the charter it was important to make sure the goals aligned to the environmental impact issues that were material for a healthcare manufacturing facility. After the charter was in a draft form, I circulated it with key individuals to review. Getting people exposed to the charter allowed them to have inputs into forming it and make suggestions. Having a cohesive plan and roadmap for the organization made the strategy tangible for others and aided in building a coalition.



- **Building a coalition.** One of the most impactful steps of this initiative was building a coalition of employees and leaders who believed in the charter and wanted to see it succeed. Picking people who had a lot of influence, were well respected, and passionate about sustainability led to the formation of the coalition. In an interview with Estrada, it was voiced that establishing a well-rounded coalition for an initiative will be instrumental in its success and allow progress to be made (n.d.). The Green Team served as a solid basis for the coalition. This team is comprised of passionate individuals who are dedicated to driving sustainable initiatives within Stryker. The executive sponsor of this team is the VP of Compliance, who sits on the Senior Leadership Team (SLT). Since she is a part of SLT, she has a lot of influence and decision-making power and is very passionate about the environment. Including the VP of Compliance in the coalition created a voice at the table with the Senior Leadership Team. Another key stakeholder that showed interest in the sustainability charter was the Senior Director of Business Development. He inquired about Stryker's sustainability initiatives and asked how he could be involved. Since he has been at the organization for 15 years, he holds a lot of credibility with the managers and directors. Other members of the coalition will include employees from R&D, Finance, HR, Operations, and Marketing. The coalition was well rounded with people from varying parts of the organization. After talking about the charter openly with employees at Stryker, it was amazing how many individuals showed interest in the initiative and wanted to help. Having a diverse group allowed us to identify any areas for opportunity within the different departments.

Once the coalition was established, empowering them to take action was the next step. The coalition was filled with employees who naturally like to think creatively and outside the box. Those in Research and Development proved to the organization that when they use sustainability as an innovation driver, they are more engaged and, therefore, complete projects faster. Another tactic that was explored was aligning the vision of the charter with the goals of the people in the coalition. For example, the Senior Director of Business Development was looking for new businesses to acquire and partner with. Since he was made aware of the charter early on, he consulted with me on how his business development deals could help Stryker achieve the goals laid out in the charter. Stryker broadened the types of companies they were interested in purchasing to include sustainable and environmentally friendly companies. By connecting the influencers and decision-makers' goals to the sustainability charter, it made the path forward easier.

- **Stakeholder management.** Before presenting to the Senior Leadership Team, stakeholder management meetings were conducted with each key stakeholder. The leaders that needed to be bought into the initiative for it to be implemented were the Senior Director of Marketing, Senior Director of Finance, Senior Director of Sales, Senior Director of HR, Senior Director of Operations, VP Customer Excellence, and the President. According to Scott and Esteves, there are five phases of sustainability adoption – not being aware, waking up, compliance, operational efficiency, and strategic engagement (2013). While Stryker and the stakeholders are typically within compliance, many were not aware of how sustainability could be used as a strategic tool and help them win as an organization. During the stakeholder management

meetings, I discussed how sustainability could be harnessed as a strategic lens for the organization and the potential financial benefit. Bringing awareness and allowing them to wake up and realize the potential of sustainability was fundamental for their support. Ultimately getting Stryker to strategic engagement was the goal of the sustainability charter.

These stakeholder management meetings were very beneficial for both me and the leaders of the organization. The meeting allowed the leaders to see the content before the presentation and could voice concerns or questions that I could address 1:1 with them. It also helped me identify where any gaps in the project were and allowed me to address them before the final presentation.

- **Meeting prep** – Extensive preparation was conducted to prepare for the Special Action Review (SAR) meeting, where I presented to the entire Senior Leadership Team. Making sure the presentation was constructed in a powerful, captivating, and engaging way was essential to capture and keep the attention of the audience. Using lots of imagery to convey the message made the audience focus on what I was saying instead of reading words on a slide. Additionally, I practiced the presentation many times to ensure that I knew exactly what I was going to say. To increase my influence during the presentation, two Directors of Marketing presented with me and spoke to different sections of the presentation. This brought a heightened sense of authority to the material, and the Senior Leaders knew that if the Directors of Marketing were presenting that they believed in it themselves. Using my network, I received help from many departments to build out the presentation. For the financial ROI slides, I leveraged my relationships within Finance and Sourcing to create a five-year

financial return. My audience was very data-driven and loved to see numbers, so knowing this, I made sure to illustrate what the economic impact would be.

Understanding my audience allowed me to build a presentation that would garner the biggest impact.

- **Conducting the meeting** – The presentation during the SAR meeting was held on Earth Day, which added extra emphasis to the importance of sustainability. During the presentation, it was communicated that a Sustainability Specialist position would need to be created in order for the successful implementation and continuation of the sustainability charter. Emphasis was put on how this new Sustainability Specialist would need to “read and predict through complexity, think through complex problems, engage groups in dynamic adaptive organizational change and have the emotional intelligence needed to adaptively engage with their own emotions and to associate with complex problem solving (Metcalf & Benn, 2012). Showing a commitment through creating the Sustainability Specialist position allowed the Senior Leadership Team to have someone dedicated to oversee a comprehensive sustainability strategy. The meeting was only an hour-long, so I made sure the content of the presentation lasted 45 minutes and left 15 minutes for discussion and questions. Throughout the presentation, I engaged the audience by asking them specific questions and their opinions on topics. This helped the flow of the presentation and made the audience actively listen.
- **Implementation.** After the SAR meeting, a follow-up meeting was requested to go into details of the year one ROI. This allowed the Senior Leadership Team to understand what the specific financial commitments would be and the return they

would expect to see in year one. Since they wanted to see returns fairly quickly, it was best to focus on optimizing efficiencies. After deliberation, the Senior Leadership Team decided to open up the Sustainability Specialist role and change the strategic imperatives of the organization to include sustainability. They also agreed to have the Sustainability Specialist implement the five-year sustainability strategy for the organization. The President of the company rolled out the new sustainability imperative and newly established Sustainability Specialist to the entire organization and set expectations of how this would impact the business. After the rollout, the employees had many questions and were energized to start activating on the new direction for the organization.

To understand the gaps in the sustainability charter, a strength, weakness, opportunity, and threat (SWOT) analysis was conducted and is recommended for any sustainability initiative. Looking at this holistic analysis allowed for improvements to be made in certain areas.

- **Strength** – The timing of the sustainability charter was optimal for success. The CEO of Stryker challenged the divisions to build out a stronger sustainability story stating that he wants more from the different divisions. The timing of these comments were perfectly aligned with the presentation of the charter and created a sense of urgency. Another strength of the sustainability charter was its thoroughness. Being detailed in year one recommendations gave decision-makers the confidence that there was a path to achieve the goals.
- **Weakness** – A weakness of the charter was that no one had ever created and implemented a sustainability charter like the proposed. Stryker did not have

competence in sustainability, which made the leadership question if they could accomplish something like the charter with current resources.

- **Opportunity** – The charter allowed Stryker the opportunity to make a larger impact on the entire Stryker corporation. Following the pilot of the charter at Stryker’s Sustainability Solutions, other divisions of Stryker can adopt a version of it and gain the benefits of harnessing sustainability as a business strategy. This will allow Stryker’s Sustainability Solutions to be the “tip of the spear” when it comes to sustainability and increases its relevance.
- **Threat** – A threat to the sustainability charter was leadership focus and funds. Competing business objectives and expenses was a challenge to overcome.

Work breakout schedule

<b>Date accomplished</b>	<b>Task</b>
October – December 2018	Conducted research and case studies
January 2019	Drafted charter with sustainability consultant
February 2019	<ul style="list-style-type: none"> <li>▪ Gained feedback from key stakeholders</li> <li>▪ Built sustainability coalition</li> </ul>
March – April 2019	<ul style="list-style-type: none"> <li>▪ Stakeholder management</li> <li>▪ SAR meeting preparation</li> <li>▪ Presentation practice</li> </ul>
April 22, 2019 (Earth Day)	SAR presentation to Senior Leadership Team

June 2019	Follow up meeting with SLT
October 2019	SLT includes sustainability into the strategic imperatives of the organization
January 2020	Sustainability Specialist position opened and filled
February 2020	SLT aligns and agrees for the Sustainability Specialist to implement the sustainability charter

Creating, implementing, and maintaining a company-wide sustainability charter at a large organization does not happen overnight. It takes time, patience, know-how, networks, and grit to bring it to fruition. Throughout the journey of the project, there were many roadblocks and obstacles that had to be overcome. Putting time and energy into the research and formation of the charter created a solid basis for the project. By getting people involved with the project early on shaped the basis for a coalition and helped to propel the project further. It was essential to understand the audience for this project and continually follow-up with them to make sure it was top of mind. Staying the course, having perseverance throughout the entirety of the project, and pushing the project forward by any means possible allowed for the project to be completed and implemented. By utilizing the framework and tools outlined in this paper, other organizations and companies can learn from it and implement something similar. Sustainability is not always a comfortable or easy journey, but it is one that is rewarding beyond expectations.

## References

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## Appendix

### Stryker's Sustainability Solutions Sustainability charter

#### **1.0 Purpose**

The purpose of this sustainability charter [charter] is to advance the integration of sustainability initiatives into the culture, operations and corporate stewardship programs of Stryker's Sustainability Solutions division [Stryker]. This is in line with our mission: To be the leading provider of sustainability solutions in the global healthcare market. This charter will be used to assume corporate leadership in developing workable and profitable sustainability strategies that will be leveraged across the organization.

The charter is designed to:

- Meaningfully connect our operations to sustainable solutions
- Demonstrate our commitment to financial, environmental, and patient care sustainability
- Highlight our sustainability journey to stakeholders
- Encourage and align all stakeholders in the importance and implementation of sustainability practices that enhance the competitive position of the firm, including corporate and division leaders

#### **2.0 Commitment**

We are committed to operating in a responsible manner that places value on human health and well-being, minimizes its impacts on the environment and operates as efficiently and economically as possible. Through programs such as energy efficiency, water conservation, waste prevention, sustainable procurement and stakeholder education, we will evaluate current operations; utilize continuous improvement to optimize performance; ensure compliance; operate in a socially responsible manner; and implement business practices that align with the guiding principles outlined in this charter.

To successfully implement this charter, we will partner with and support stakeholders to foster shared commitment for implementing these guiding principles and associated programs.

**Summary of goals and major influencers**

<b>Category</b>	<b>Goals by 2025</b>	<b>Influencer</b>
Resource efficiency	Reduce energy demand by 25%	Operations
	Reduce water consumption by 25%	Operations
	Reduce waste streams by 25%	Operations
	Reduce harmful chemical usage by 25%	Operations
	Purchase 25% of energy from renewable sources	Operations
	Divert 100% of end of life products from the landfill	Marketing and Operations
Process improvement	Reduce emissions from shipping and transportation by 25%	Finance
	Source 25% of materials and supplies from sustainability-minded suppliers	Sourcing
	80% of direct suppliers have been vetted through a sustainability assessment	Sourcing
	Develop new products that align with sustainability scorecard	NPD
	Reduce and improve all new product packaging compared to the OEM	NPD
People development	Provide 100% of employees sustainability training	HR
	Improve environmental health and wellness of employees by 25%	HR
	Increase the procurement of local and/or organic products by 25%	HR and sourcing

### 3.0 Definitions

**2.1 Sustainability:** Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**2.2 Stakeholders:** Stakeholders include employees, contractors, suppliers, customers, shareholders and communities surrounding our facilities.

### 3.0 Responsibilities

**3.1 Administration:** The Charter shall be administered by a dedicated Sustainability Manager with support from cross-functional sustainability subject matter experts (SMEs) and the division Green Team members. As the Sustainability Manager is not currently an established division resource, the Charter may initially be administered by the Green Team. For each guiding principle and goals listed below, responsible personnel, shall establish a baseline, create a plan of action, goals, monitoring and incentives for encouraging stakeholder behavior change.

**3.2 Management:** Our management team commits to supporting and adhering to the Green Team recommendation in developing and implementing cost effective and sustainable solutions.

**3.3 Employee responsibility:** All staff, at every level and in every department, are responsible for understanding, developing and implementing sustainability policies and programs that align with this charter.

### 4.0 Guiding principles

#### 4.1 Improve environmental footprint

Each business unit is responsible for protecting natural resources through development and implementation of policies, programs and procedures that ensure minimal environmental impact; and focus on the prevention of negative environmental impacts before they are created.

4.1.1 Implement efficiency measure that minimize the demand and use of energy

**4.1.1.1 Company goal: Reduce total energy demand by 25% by 2025.**

4.1.1.2 Activities for year one may include:

- Conduct an American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) level 2 or equivalent energy and audit to measure efficiency and identify/implement system improvements.
- Using building automation system data and/or the results of the energy audit, develop and implement an energy plan.
- Install light-emitting diodes (LED) and motion-sensors in all areas of facilities, while ensuring safety and compliance with all regulations.
- Conduct environmental impact assessments of energy intensity associated with existing product cleaning and manufacturing processes.

- Prioritize and implement lean green process improvement initiatives for high energy intensity product cleaning and manufacturing processes, with special considerations to minimize non-renewable energy source usage.
- 4.1.2 Purchase and utilize energy from renewable sources
  - 4.1.2.1 **Company goal: Purchase 25% of energy from renewable sources by 2025.**
  - 4.1.2.2 Activities for year one may include:
    - Gather current and recent energy data and contrast a procurement budget for renewable energy.
    - Create a new energy procurement plan with renewable resources minimum requirement that maintains or cuts current procurement budget.
    - Identify, confer with and establish long term agreements with green power suppliers
- 4.1.3 Implement conservation efforts that reduce water consumption
  - 4.1.3.1 **Company goal: Reduce water consumption by 25% by 2025.**
  - 4.1.3.2 Activities for year one may include:
    - Conduct water audit and use the Environmental Protection Agency's WaterSense program.
    - Create a water savings plan with strategies and goals based on the water audit results.
    - Improve the decontamination process to be more water efficient.
    - Install low flow fixtures across the facility.
- 4.1.4 Implement prevention practices that eliminate waste. This includes more efficient product design and technologies, recycling and handling/disposal of all waste through safe, compliant and responsible methods, as well as the reduction of packaging waste.
  - 4.1.4.1 **Company goal: Divert 100% of end of life products from the landfill by 2025. Divert 25% of all other waste streams from landfills by 2025.**
  - 4.1.4.2 Activities for year one may include:
    - Develop an integrated waste management plan with purpose, goals, strategies and responsibilities with targets.
    - Research the regulatory definition for categorizing materials as biohazardous waste as defined by the state in which the facility operates; and create process and education program to separate and dispose of waste accordingly.
    - Inventory surplus materials that are considered RDI and determine how to manage these products out of the landfill.
    - Yield improvement projects shall be considered to reduce devices sent to landfill. Impact assessments should be

completed and reported to reinforce environmental initiatives.

- Conduct assessment on end of life alternatives including various waste to energy solutions.

#### 4.2 Procure, utilize and create sustainable materials, products and services

Each department is required to reduce the use of and make continual progress towards elimination of any substance that causes environmental or health degradation.

##### 4.2.1 Specify sustainable criteria for material and supplies.

**4.2.1.1 Company goal: Source 25% of materials and supplies from sustainability-minded suppliers by 2025.**

**4.2.1.2 Company goal: 80% of direct suppliers have been vetted through a sustainability assessment or through a third-party company e.g., Ecovadis**

**4.2.1.3** Activities for year one may include:

- Establish a list of eco-certifications that sourced component parts could achieve
- Purchase Energy Star certified or other internationally recognizes energy efficiency labels for all appliances, lighting and equipment.
- Purchase cleaning products that have the Green Seal certification or other internationally recognized cleaning material certifications.
- Ensure that new toilets, faucets or other water fixtures have the WaterSense certification or other internationally recognized waster conservation labels.
- Establish a framework and tools for measuring, tracking and reporting supply chain sustainability and sustainable procurement. E.g., Ecovadis.
- Create and disseminate a Global Supplier Code of Conduct to all prospective and current suppliers.
- Engage suppliers in improving environmental sustainability through the creation of a “Sustainable Procurement Program Guide”.
- Complete supplier environmental sustainability scorecards and/or assessments for all tier 1 suppliers that account for 80% of corporate spend.
- Incorporate supplier environmental sustainability performance into all supplier selection decisions.
- Create “Sustainability Excellence” award for high performance suppliers.

##### 4.2.2 Develop criteria for choosing chemicals used in our process that move towards elimination of toxic chemicals.

**4.2.2.1 Company goal: Reduce or substitute the use of harmful chemicals by 25% by 2025.**

**4.2.2.2** Activities for year one may include:

- Conduct a chemical and hazardous material audit as baseline.
  - Focus on reduction of toxic and/or caustic chemical reduction first.
  - Create a list of ten chemicals to avoid moving forward, based on health impacts and existing classifications.
  - Develop and utilize a supplier scorecard including criteria for toxic chemicals. Procure products and materials that do not have the most harmful chemicals.
  - Reduce the use of toxic chemicals in the product decontamination process.
- 4.2.3** Integrate sustainable design solutions into our product innovation process.
- 4.2.3.1** **Company goal: Develop new products that align with sustainability scorecard by 2025.**
- 4.2.3.2** Activities for year one may include:
- Develop and utilize sustainability scorecard for all products developed including criteria such as reprocessing cycles, replacement component design, manufacturing and end of life waste.
  - Incorporate Design for Sustainability metrics and scorecard assessments into each product development Design Review phase.
  - Create a list of eco-certifications for raw materials for component parts.
  - Conduct Life Cycle Analysis (LCA) for all new designs, minimizing total life impacts.
  - At the end of year one set 5-year goal for revenue attributed to selling “green products”
- 4.2.4** Minimize product packaging
- 4.2.4.1** **Company goal: Reduce and improve all new product packaging compared to the original equipment manufacturer by 2025.**
- 4.2.4.2** Activities for year one may include:
- Optimize structural and material design of packaging material.
  - Identify and utilize lightweight packaging material.
  - Incorporate recycled material in secondary and tertiary packaging.
  - Eliminate unnecessary packaging.
  - Enhance division competency in sustainable packaging through employee recruitment and/or training.
  - Identify or develop at least one sustainable packaging subject matter expert (SME) at the division level.
  - Lead and launch a corporate-wide Sustainable Packaging Working Group to establish processes and programs to

promote, assess and measure sustainability in packaging design.

- Signal commitment to sustainable packaging and establish credibility by becoming a member of the Healthcare Plastics Recycling Council (HPRC)

#### 4.2.5 Optimize efficiencies in logistics and transportation

##### 4.2.5.1 **Company goal: Reduce emissions from shipping and transportation by 25% by 2025**

##### 4.2.5.2 Activities for year one may include:

- Conduct a transportation audit to set baseline and highlight areas of improvement
- Consider centralized collection facilities to presort devices
- Track and report on emissions based on travel options
- Subsidies for fuel efficient cars
- Optimizing shipping through efficient routes
- Increase procurement of local supplies

#### 4.3 Create a culture of health, wellness and sustainability

Each department shall empower and engage stakeholders to live their full potential at work, home and in the community.

##### 4.3.1 Maximize employee potential through leadership, engagement, education and training.

##### 4.3.1.1 **Company goal: Provide sustainability training to 100% of employees by 2025.**

##### 4.3.1.2 Activities for year one may include:

- Establish system for tracking attendance and outcomes of sustainability training.
- Develop and deliver sustainability curriculum for employees at all levels of the organization.
- Conduct webinars and/or trainings with contractors, supplies and business partners to discuss the company's commitment to sustainability, recent strides and future way to improve.
- Literacy and awareness

##### 4.3.2 Create solutions that enhance the environmental health and wellness of employees.

##### 4.3.2.1 **Company goal: Improve the environmental health and wellness of employees by 25% by 2025.**

##### 4.3.2.2 Activities for year one may include:

- Distribute a survey to assess employee perceptions of environmental health and wellness to establish a baseline; create benchmarks.
- Create a Strive program focused on environmental health and wellness specific to our division.

- Increased participation on Strive, carpooling and/or number of hours engaged in environmental volunteer efforts.

**4.3.3** Implement policies and programs that provide positive social, environmental and economic benefit on the communities in which we operate.

**4.3.3.1** **Company goal: Increase the procurement of local and/or organic products by 25% by 2025.**

**4.3.3.2** Activities in year one may include:

- Establish a definition of 'local' and evaluate procurement to identify areas where purchasing can be redirected to local providers.
- Partner with local farmers and food producers to provide fresh and healthy options for employees.
- Serve local, organic and sustainable food/drink at all meetings and trainings.

**4.4** Showcase sustainability metrics

Create transparent and measurable sustainability metrics that can be integrated across the enterprise and shared with the public for enhanced corporate stewardship.

**4.4.1** Sustainability metrics will align with our goals, processes, services and operations as outlined in this charter.

**4.4.2** Sustainability metrics will showcase continuous improvement and progress in environmental practices and performance.

**4.4.3** Sustainability metrics will be publicly shared on an annual basis.

**4.5** Establish dedicated corporate environmental sustainability staff position and cross-functional Sustainability Working Group for implementation, execution and progress reporting of aforementioned sustainability initiatives.

**4.5.1** Recruit, hire and allocate resources for a full-time equivalent employee to serve as Sustainability Manager and execute the charter.

**4.5.2** Employees to be allocated up to 20% of working time for duties associated with sustainability initiatives.

## **5.0 Financial impact**

See appendix

## **6.0 Items for consideration**

**6.1** 25% of financial gains from sustainability initiatives be reallocated into other environmental business activities

**6.2** 25% of financial gains be reinvested into GQO personnel and processes.

**6.3** 50% of financial gains distributed back to the division.

**6.4** Incorporate sustainability projects into employee KPIs as managers see fit.

**6.5** Tie bonus metrics to sustainability goals for ELT, SLT and President.





Energy Use (MWh)	10,054	10,752	11,348	11,932	12,552	13,150	13,658	14,192	4.7%
Water Use (cubic meters)	76,126	84,010	91,079	98,706	106,995	115,217	122,388	130,024	7.6%
Recycled Waste (metric tons)	781	781	783	785	787	795	804	813	0.7%

**Table 3. Projected resource and waste management costs, all facilities (2019-2025)  
Without sustainability initiatives (status quo)**

Metric	FY2018 (BASELINE)	FY2019F	FY2020F	FY2021F	FY2022F	FY2023F	FY2024F	FY2025F	CAGR ('19-'24)
Energy Cost (\$)	\$732,733	\$785,942	\$829,849	\$871,118	\$914,753	\$955,228	\$985,797	\$1,017,492	4.4%
Water Cost (\$)	\$229,135	\$269,750	\$309,716	\$356,592	\$410,608	\$469,317	\$528,356	\$594,867	14.1%
Total Waste Cost (\$)	\$1,352,632	\$1,320,329	\$1,426,340	\$1,546,487	\$1,677,028	\$1,804,606	\$1,911,231	\$2,024,192	7.4%
Chemical Cost, Lakeland	\$1,041,901	\$1,182,501	\$1,274,311	\$1,385,093	\$1,505,651	\$1,622,873	\$1,719,115	\$1,821,075	7.5%
Chemical Cost, 51 <sup>st</sup> St	\$110,336	\$136,607	\$152,495	\$160,120	\$168,126	\$176,532	\$185,359	\$194,627	6.1%
<b>Total Cost</b>	<b>\$3,466,737</b>	<b>\$3,695,128</b>	<b>\$3,992,712</b>	<b>\$4,319,411</b>	<b>\$4,676,166</b>	<b>\$5,028,556</b>	<b>\$5,329,857</b>	<b>\$5,652,252</b>	<b>7.3%</b>

**Table 4. Projected resource utilization and waste production, all facilities (2019-2025)  
With sustainability initiatives (intervention)**

Metric	FY2018 (BASELINE)	FY2019F	FY2020F	FY2021F	FY2022F	FY2023F	FY2024F	FY2025F	CAGR ('19-'24)
Energy Use (MWh)	10,054	10,752	9,860	9,190	8,688	8,283	7,897	7,530	-5.8%
Water Use (cubic meters)	76,126	84,010	75,609	70,029	66,527	63,201	60,041	57,039	-6.2%
Total Waste (metric tons)	4,610	4,951	5,349	5,799	6,289	6,767	7,167	7,591	7.4%
Non-recycled Waste (metric tons)	3,830	4,170	4,566	5,014	5,501	5,972	6,363	6,777	8.4%
Recycled Waste (metric tons)	781	781	783	785	787	795	804	813	0.7%

**Table 5. Projected resource and waste management costs, all facilities (2019-2025)  
With sustainability initiatives (intervention)**

Metric	FY2018 (BASELINE)	FY2019F	FY2020F	FY2021F	FY2022F	FY2023F	FY2024F	FY2025F	CAGR ('19-'24)
Energy Cost (\$)	\$732,733	\$785,942	\$726,017	\$682,806	\$651,893	\$627,101	\$603,395	\$580,725	-4.9%
Water Cost (\$)	\$229,135	\$269,750	\$257,708	\$252,696	\$254,851	\$257,031	\$259,237	\$261,468	-.05%
Total Waste Cost (\$)	\$1,352,632	\$1,320,329	\$1,426,340	\$1,546,487	\$1,677,028	\$1,804,606	\$1,911,231	\$2,024,192	7.4%
Chemical Cost, Lakeland	\$1,041,901	\$1,182,501	\$955,733	\$1,038,820	\$1,129,238	\$1,217,155	\$1,289,336	\$1,365,806	2.4%
Chemical Cost, 51 <sup>st</sup> St	\$110,336	\$136,607	\$114,371	\$120,090	\$126,094	\$132,399	\$139,019	\$145,970	1.1%
<b>Total Cost</b>	<b>\$3,466,737</b>	<b>\$3,695,128</b>	<b>\$3,480,169</b>	<b>\$3,640,899</b>	<b>\$3,839,104</b>	<b>\$4,038,292</b>	<b>\$4,202,218</b>	<b>\$4,378,162</b>	<b>2.9%</b>

**Table 6. Estimated annual savings from goal attainment (2019-2025)**  
*With sustainability initiatives (intervention)*

Metric	FY2019F	FY2020F	FY2021F	FY2022F	FY2023F	FY2024F	FY2025F	TOTAL SAVINGS
Total Savings	-	\$512,542	\$678,512	\$837,062	\$990,264	\$1,127,639	\$1,274,091	\$5,420,110