

**ATTACHMENT 2**

**INTRODUCTION**

Phillips Medisize Corporation offers facilities for design development, pilot-phase clinical builds, plastics manufacturing, metal manufacturing, assembly, and training. With continual investment in state-of-the art technology, we help minimize time to market, reduce costs, improve quality, and achieve a seamless flow through. At our multiple facilities, we have the expertise and the technology to enhance the most complex manufacturing processes, to examine new product and process opportunities, and to evaluate, design and build automation systems.

Located in Hudson, the Design and Development Center is a provider of product development services, with an emphasis on product usability and design for manufacturing. This facility is considered the Corporate Headquarters and is capable of design, development and manufacturing processes. Because this facility most commonly serves as the starting point for our customers, it is imperative that environmental efforts are incorporated early on in the process to ensure continuity to the other Phillips facilities in which it serves.

Although the Design and Development Center is currently not certified to ISO 14001, it continues to keep environmental factors in the forefront of business practices. The Hudson facility adopts the same environmental values and aligns efforts with corporate objectives and targets. By driving environmental efforts, DDC has successfully implemented several projects aimed at reducing our impact on the environment.

Our efforts begin by educating all employees. By utilizing the acronym "FACE", the company sets out expectations of each employee to **F**ollow laws, **A**void pollution, **C**ontinuously improve, and have **E**nvironmental respect. Throughout the year we refresh employees on basic ISO 14001 requirements through various forms of communication and training.

**EMS OBJECTIVES & TARGETS**

DDC subscribes to the corporate objectives which center on the following topics: Waste Reduction, Energy Reduction, Involvement, and WI Green Tier Participation. These topics are addressed with the following facility objectives & targets for 2012 and further expanded upon in subsequent pages:

<b>Topic</b>	<b>Objective</b>	<b>Target</b>
Waste Reduction	Minimize pollution impact through proper waste disposal/recycling	Track current scrap/waste output until the end of CY 2012 to develop trends. Establish waste goals for CY 2013 by 12/31/12
Energy Reduction	Reduce energy consumption via energy reduction projects	Review & implement 2 energy reduction projects based upon energy reduction ideas by the end of the fiscal year
Involvement	Increase overall awareness of recycling efforts and energy reduction to solicit new ideas	Develop, communicate, & post EMS, energy & recycling awareness topics throughout the year through the involvement of the sustainability/recycling committee
Wisconsin Green Tier	Evaluate and attempt to achieve Green Tier status	Provide a Green Tier (Tier I) application packet to the DNR by 12/31/12

## **RESULTS**

### **Waste Reduction**

Minimization of waste going to landfill is a top priority not only at DDC but throughout the company. With the ultimate goal of zero waste to landfill, we continuously seek options to reduce and recycle. Additionally, we focus on ensuring proper disposal of universal wastes such as computers and electronic waste, batteries, printer cartridges, mercury, lamps, and other waste streams. As part of our commitment to environmental stewardship and continuous improvement, we have developed a recycling committee to focus on current practices and identify ways to improve recycling at the facility. This has included communication and new/additional recycling containers throughout the building for paper, lunchroom recyclables and all production plastic scrap. This past summer we requested that our local waste disposal services company visit our site to evaluate our current practices and work towards better solutions for our waste streams. We are in progress of developing an option for composting our lunchroom wastes.

Additional waste reduction projects include:

- Elimination of mercury containing devices with parts that do not contain mercury.
- Use of recycled office furniture from other facilities in recent office renovations.
- Recycle program for coolant used in tool room machinery (instead of replacing coolant, we utilize a service that will separate out oil and heat up coolant to clean out the system)

### **Energy Reduction**

Another emphasis for DDC is reduction of electrical and natural gas consumption. Through monthly tracking, we are able to compare energy usage year over year to establish rates and trends. We are on track for this calendar year to have a reduction in consumption of both natural gas and electricity from last year and will continue to minimize energy consumption as business is added each year.

In cooperation with Wisconsin Focus on Energy Program, the facility has completed several energy saving projects and continues to seek additional projects to minimize consumption. With focus on the lighting in the building, we have installed LED exit lights. We have replaced all metal halide fixtures and are working to replace the remaining T-12 lights with energy efficient T-8 fluorescent fixtures with low watt bulbs/ballasts. A new air compressor with variable frequency drive compressed air storage and an updated supply system has significantly helped in cost savings and benefits with increased reliability for manufacturing processes. Additional completed projects included:

- Replacement of boilers with high efficiency boilers
- Purchase of electric and hybrid injection mold presses
- Shut down of hydraulic motors on certain presses when not in use

We have recently performed a comprehensive facility air leak survey and will continue to work towards fixing air leaks. We have plans for the future that include evaluation of a new energy efficient chiller system for the building. DDC will continue to brainstorm ideas and work with the

other Phillips facilities and companies in the area to help reduce the amount of energy consumed.

## INVOLVEMENT / ENGAGEMENT

Employee participation in the environmental program is encouraged throughout all levels of the organization. Phillips Medisize believes training and awareness is what drives our continual path forward in achieving superior environmental performance. Education and training of the environmental system occurs throughout the year. We also educate our employees on how to be environmentally friendly not only at work but also in their personal lives. We have posted several topics including how to save on energy tips for home, information about recycling and proper disposal of hazardous household goods, green initiatives other businesses have put into place, and much more. Also, in cooperation with WI Focus on Energy, we set up an Energy Information Stand that provides information for all of our employees on ways to reduce their home energy bills.

Our continuously improving process allows employees to voice ideas and suggestions relating to environmental efforts. Involvement in safety and environmental efforts are included in on annual performance reviews to ensure people remain active. A few ideas generated this year includes formation of a sustainability committee, added focus on recycling lunchroom wastes, composting, and encouragement to utilize carpools or bicycles while commuting to and from work. From a corporate level, the decision for payroll to go green was implemented as well.

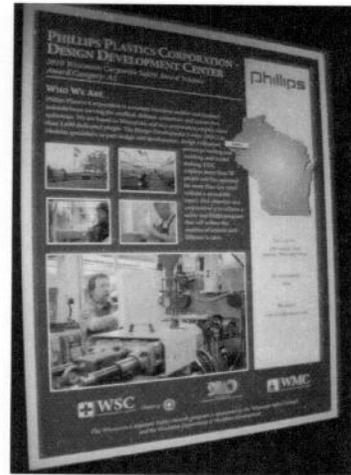
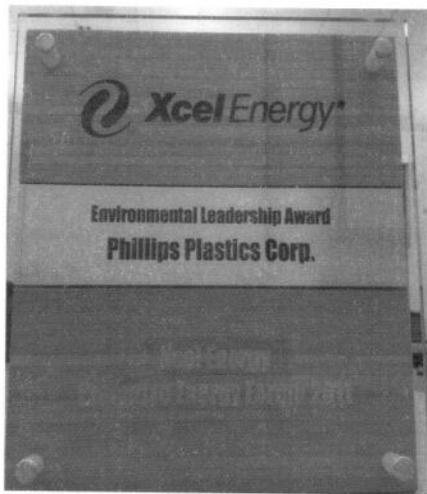
Other efforts to expand the emphasis on environmental stewardship of our employees include our annual tree/shrub giveaway in recognition of the Earth Day. Over the past few years we have given away almost 500 trees at the DDC location alone. More recently, we have donated funding to the city to plant trees in the community. Our donation last year was put towards a tree that was to be cut down due to its location however they were able to use our money to relocate the tree to an area park near a playground area.



Last year we encouraged energy savings through selling CFLs at a discounted price for employees to utilize at home. The proceeds used for this sale were donated to the local Red Cross and United Way organizations.

## ACCOMPLISHMENTS

Year	Award	Recipient/Location
2009 & 2012	WI Business Friend of The Environment	Entire Corporation
2010-Present	Green Masters	Entire Corporation
2011	Xcel Energy – Environmental Excellence Award	Entire Corporation
2010	Wisconsin Corporate Safety Award	Design Development Center



## CONCLUSION

DDC has built a strong foundation to help foster a successful environmental program. We are actively working to incorporate our current practices as well as the company's environmental vision to achieve ISO 14001 certification at this facility. Going forward, we will continue to achieve superior performance through continuous improvement processes that will focus our efforts of reduction of waste generation, reductions of energy use, continued exploration of new recycling options and implementing best practices for the environment, our employees, community, and customers. Promotion of environmental respect through personal and company values will ensure the success of our efforts.